



SSACI NEWS

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This newsletter aims to keep SSACI's partners informed about what the Initiative is doing, and why. It seeks to give sponsors and project-holders a better understanding of one another's perspectives. It highlights issues in the fields of education, training and skills development that affect SSACI's work.

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SSACI wins Enterprise Development Award



At the national BigNews Enterprise Development Awards ceremony held on 6 November, SSACI won the award for "Best Partnership in Enterprise Development".

These prestigious annual awards are organized by Big News, a national newspaper for the SMME sector within the Business Day / Financial Mail group. The awards are co-sponsored by the Department of Trade & Industry, Sanlam Insurance and Engen, with the objective of promoting good practice in small-business development by recognising people and programmes that have "got it right".

The organizers noted that the prizewinners in each of the four categories had distinguished themselves from amongst a large number of entrants by the quality of their work. The judges said that they had been particularly impressed by SSACI's programme of ongoing monitoring and support for emerging young entrepreneurs.

Shown above receiving the award are SSACI's CEO, Mr Ken Duncan, flanked by colleagues Ms Thantshi Masitara (holding citation) and Mr Jayesh Bhana (right), with some of the judges.

SEETHING ABOUT SETAs

Finance Minister Trevor Manuel's comments on the Sector Education Authorities (SETAs) during his mid-term budget report to Parliament on 30 October once again threw an unflattering spotlight on these parastatals that are charged with using R5-billion raised annually from a levy on company payrolls to fund vocational skills training. Manuel pointed out that, at the end of the last financial year, the SETAs held over R3.7-billion in cash reserves while parts of the education and training system were short of money. Predictably, the SETAs blamed this on external constraints, including employers who don't take up available grants, service-providers who don't deliver agreed services on time and the Public Finance Management Act, which requires them to keep some cash in reserve as a contingency fund. These are undoubtedly factors to consider when judging the SETAs. But they do not alter the unpalatable fact that, by every objective measure we have, the SETAs are simply not working.

The government's own figures are damning. An official Department of Labour (DoL) report released at in October this year stated that only 19% of learners in SETA-funded learnerships ever complete their courses. In 2004, the National Skills Authority put the completion rate at 14% and in 2003 the National Skills Development Strategy Implementation Report said 15%. Learnerships are the backbone of the SETAs' training strategy and are expensive both to develop and to implement. This evidence shows that they are failing dismally to produce skilled workers.

Even completing a learnership is no guarantee that the learner actually has the skills employers want. A 2006 DoL impact study found that the placement rate of previously-unemployed graduates of learnerships was only about 46% - a figure considered optimistic by many independent researchers. In November this year, the ICT SETA revealed that, in one of its flagship projects - a high-tech training course for 405 jobless matriculants that cost R18-million - only 33% of graduates obtained work after qualifying.

What's gone wrong? Recent research by the Development Policy Research Unit at UCT highlights some of the problems.

Firstly, governance of the SETAs is weak. Each SETA is governed by a council representing the three main stakeholder groups - government, employers and organised labour. This formula has in many cases led to chronic paralysis or, worse, disruption as disputes

between employers and unions spill over from other sites, such as bargaining councils, into SETA board rooms. In some cases, union representatives have been instructed by their organisations to disrupt SETA operations by boycotting council meetings or refusing to release mandatory training grants, as a means of securing a negotiating advantage over employers. Almost every SETA council has had difficulty in agreeing on its priorities and developing a coherent strategy towards them.

The failure of SETA councils to exercise fiduciary oversight of their funds is reflected in regular media reports of corruption and malfeasance. Last month, the media and advertising SETA was placed under administration and DoL is known to be considering whether to do the same to the SETAs responsible for the local government, energy, construction and health and welfare sectors. The transport SETA is already under curatorship following its loss of over R200-million in the Fidentia scandal.

Another major problem is that many of the SETAs have been under unstable management. During the first five years of their existence, 20 out of 25 SETAs lost their CEOs, many of them under a cloud. Some SETAs have had three or four CEOs in six years. Nor is their sufficient accountability of management to council or of staff to management. As a result, patronage and cronyism are rife in many SETAs.

Moreover, the SETAs are staffed with people who, in most cases, know little about skills development or the business of the sectors they are meant to serve. This has led to low levels of competence, high levels of bureaucracy and unproductive use of resources. Currently, the greatest demand for skills is at the intermediate to high level. Yet the vast majority of learnerships are pitched at low levels of skill and many SETAs spend a substantial portion of their budget on ABET, the lowest level of all. A great deal of SETA-funded training is not even occupationally directed. The engineering SETA, for instance, has spent less than 5% of its training grants since 2001 on scarce artisan skills, with the majority of its money going to training in "soft" skills such as industrial relations, health and safety, and communication in the workplace. Most SETAs have conspicuously failed to focus their spending on "hard" training in the vocational and occupational skills most in demand in their sectors.

A related problem is that quality control over SETA-funded training is weak to non-existent. It's unclear where ultimate responsibility for this rests. The Skills Development Act allows the SETAs to assure the quality of training courses and service providers but the Further Education and Training Act says that only Umalusi, a statutory body, has that authority in the FET band. There is a similar legal contradiction in the higher education and training band. Proposed legislation will create a new

body called the Quality Council for Trade and Occupations, under the Department of Labour, with jurisdiction over all workplace or work-related learning. Whether this separation of the domains of three national QA bodies is workable remains to be seen.

In the meantime, all the independent research conducted to date has cast serious doubts on the SETAs' capacity to quality assure their training. The accreditation process for service providers is almost entirely paper-driven and seems to focus on things that have little to do with the quality of training. Thus, hardly any "accredited" training service-providers have ever received a visit from QA assessors, had their curricula reviewed by experts or their learners' results scrutinised. But they have all been asked about their mission statements, HR policies and asset registers.

Little wonder that employers surveyed by the Centre for Development and Enterprise in June this year characterised SETA-approved training as "superficial", "woefully inefficient", "not done properly" and producing "a shocking standard of workmanship".

It is clear that the SETAs need to be radically overhauled. Scarcely a week goes by without a call for this from one industry body or another. Government itself has mooted various ideas but has not yet committed itself to a particular course of action. Until it does, the vast resources available for skills development in South Africa will continue to be largely squandered, much to the nation's detriment.

2010 HOSPITALITY SKILLS PROJECT TRAINS 300 YOUTHS

After finishing matric in 2004, 20-year-old Babalwa Magadla, enrolled for a course in business computing, hoping to make a career in office administration. Instead, she spent most of the next two years jobless and increasingly depressed. Things

began to change when, in 2007, a friend showed her an advertisement for a training programme run by the Hospitality Youth Initiative (HYI), a training organization that prepares young people for careers in the hospitality industry. Babalwa enrolled for, and was soon accepted into, this SSACI-supported programme. After a one month residential training course in Grahamstown, Babalwa began a four-month internship at the three-star Cape Castle Hotel in Cape Town. Today, half-way through her interhsip, she has a firm job offer once her training is completed. Babalwa is very excited about the prospect of a full-time job in a reputable hotel and is optimistic about her future.

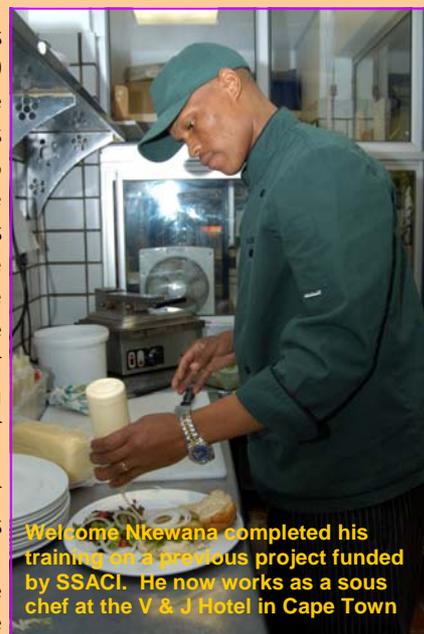


Intern Babalwa Magadla sets a table at the Cape Castle Hotel restaurant

Welcome Nkawana, is another example of a young person who has benefited from SSACI-sponsored training in the hospitality industry. In 2002, after completing his hotel internship through this programme, Welcome jumped at the chance of a job in catering and today, at 31 years of age, he is sous-chef in the up-market four-star Victoria Junction Hotel in Cape Town. Welcome is determined to achieve still more in his career.

The Hospitality Youth Initiative (HYI) trains unemployed youth in entry level skills for the hospitality industry.

The project has trained over 2,000 trainees over the last 7 years and has placed about 70% of them in jobs. The training comprises technical skills, life skills and workplace based experience. Trainees spend their first month in Grahamstown for institutional training, followed by four months in hotels and guest houses, where they are rotated through the



Welcome Nkawana completed his training on a previous project funded by SSACI. He now works as a sous chef at the V & J Hotel in Cape Town

various departments, including housekeeping, catering, reception and restaurant-service. As with all other SSACI-supported training programmes, trainees also spend three days in an HIV/AIDS awareness workshop examining the potential impact of this disease on their lives and how they can combat it. The experiential training takes place in hotels of the Protea and City Lodge groups and selected guest houses.

Demand for services continues to grow in the tourism and hospitality sectors, owing to South Africa's appeal as a popular tourism destination and the approach of the 2010 football World Cup. Training is therefore imperative to ensure that people who enter the sector are well prepared to provide quality service. HYI is giving young people the necessary skills to get into the industry and to serve as a foundation for on-the job training and development.

Babalwa is one of the 300 youths to be trained by SSACI through its "Hospitality Skills for 2010" project between June 2007 and May 2010. All trainees will

be unemployed youths from tournament host-cities who will be placed in jobs after completion of their



Intern Msawenkosi Mpongo at the Victoria Junction Hotel in Cape Town

training. Like Babalwa and Welcome, they will have good prospects for interesting and rewarding careers in the rapidly-growing hospitality industry.

How Do We Choose Who and What to Fund?

SSACI is very selective of the projects it funds. We seek to use our limited resources effectively in providing young people with the skills they need to earn a living, either as wage-employees or in their own businesses.

To begin with, we focus on growth industries that are generating new jobs accessible to young people with entry-level skills, yet still offering good prospects for future career advancement. Then we look for projects and partners that:

- Serve out-of-school youths
- Have a workable plan of action for producing measurable results in terms of employment opportunities created
- Incorporate a strong technical or vocational training component
- Provide comprehensive post-training support to trainees to help them get into sustainable, full-time employment
- Are cost-effective, with an efficient management structure, low overhead costs, high levels of technical expertise and an effective means of service delivery
- Bring equal benefits to men and women
- Operate in one or more of the geographical areas upon which SSACI is presently concentrating, namely Mpumalanga, Gauteng, Free State, KwaZulu-Natal and the Western Cape
- Have the potential to be replicated or upscaled by government departments and other public agencies
- Have a credible plan for sustainability beyond the period of SSACI funding

Ultimately, no programme or project that is dependent upon donor funding is sustainable. Thus, SSACI's goal is to "prime a pump" that will keep running on government or commercial service contracts when SSACI's funding ceases to flow.



List of Current SSACI Projects

Name	Description
KZN Rural Health Initiative	Training of 35 youths from rural KwaZulu-Natal province as health professionals, followed by placement in rural hospitals and clinics
Innovative Enterprise Development	Training, mentorship and business loans for emerging young entrepreneurs with innovative businesses in Cape Town to help them grow their businesses and create more jobs.
KZN Poultry Farming	Training of 85 youths in KwaZulu-Natal as commercial poultry farmers through a new learnership implemented in collaboration with the Agriculture SETA
Stellemploy Artisan Training	Establishment of a local skills training centre in Stellenbosch and entry-level training of 390 artisans, followed by placement in the construction and light engineering industries
Business Start-Up Training	Training and business development services for 350 young entrepreneurs in Gauteng, North-West and Free State provinces
Wits Rural Health Initiative	Training of 60 youths as health professionals from rural communities in North West and Limpopo provinces, followed by placement in rural hospitals and clinics
Thembaletu BDS	Business development services for youth-owned enterprises in rural Mpumalanga
Basic Entrepreneurial Skills Development	Start-up training and business development services to 400 enterprises in 6 provincial sites (Free State, Limpopo, Gauteng, North West, KZN & Mpumalanga), through a programme developed for replication by the Department of Labour and the National Skills Fund.
Community ECD Services	Training and placement of 50 early childhood development (ECD) practitioners, accompanied by in-service training and support for 40 community-based ECD centres in the Western Cape
FET College Training	Assistance to four public Further Education & Training colleges in implementing the new engineering skills curriculum by providing teachers with in-service training and learners with access to workplace-based experiential training
Youth Hospitality Training	Training of 300 youths for the hospitality industry, leading up to the 2010 FIFA World Cup tournament, and assistance with job placement.
Mobile Mentors	Provision of "mobile mentorship" and other on-site business-development services to youth-owned enterprises in Gauteng and the Western Cape
Accelerated Artisan Training	"Fast-track" training in critically scarce artisan trades such as boiler-makers, fitters and turners, millwrights and electricians
Inner-City Furniture Skills	Training of 17 youths from inner-city Johannesburg in carpentry and upholstery and place them in jobs in the furniture manufacturing or repair industry.