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The Whistle

"You Are On The Right Track"

Official Newsletter of the B-BBEE Commission

April 2021 5th Edition



2021 Annual B-BBEE Conference:

Skills Development On The Agenda

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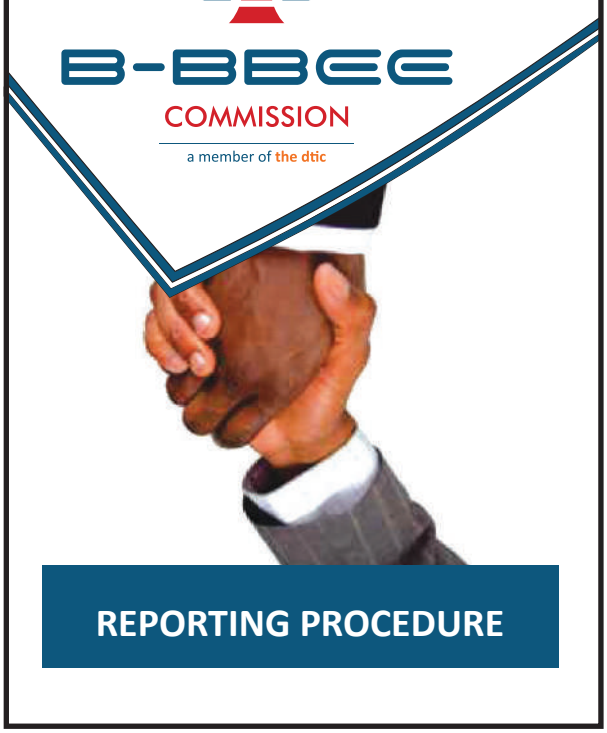

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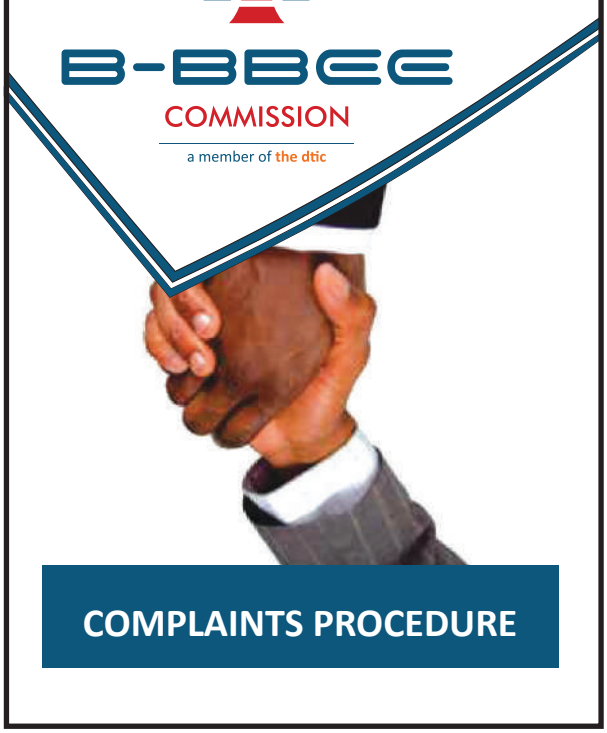

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GLOSSARY

In ***The Whistle***, the phrases and words commonly used have the following meaning, unless specified otherwise:

B-BBEE Act	Broad Based Black Economic Empowerment Act 53 of 2003 as amended by Act 46 of 2013
B-BBEE Commission	Broad Based Black Economic Empowerment Commission established by section 13B
B-BBEE Regulations	Regulations issued by the Minister in terms of section 14 of the B-BBEE Act
Codes	Generic Codes of Good Practice issued by Minister
DFI	Development Finance Institution
EME	Exempted Micro Enterprise
Entity	Any measured entity, including company, close corporation or trust
ESD	Enterprise and Supplier Development
IRBA	Independent Regulatory Board for Auditors
JSE	Johannesburg Stock Exchange
Minister	Minister of Trade, Industry and Competition
QSE	Qualifying Small Enterprise
Sector Codes	Sector Codes gazetted by Minister in terms of section 9(1)
SED	Socio-Economic Development
SANAS	South African National Accreditation Systems

EDITORIAL

This is the fifth edition of our publication, ***The Whistle*** which is published to feature news and information on content related to the recently held B-BBEE Annual Conference, under the theme "Skills Development: What is at Stake?".

This edition of ***The Whistle*** occurs within the context of the global pandemic, COVID 19 which has ravaged world economies and as such the economy of South Africa was not spared.

This particular context is important especially in light of the fact that a year after the national lockdown in South Africa, discussions and debates are underway to ensure that the post COVID – 19 era occurs with a renewed focus on growing the economy. It is also for this reason that government has adopted the economic reconstruction and recovery plan which seeks to propose mechanisms aimed at reconstructing and recovering the South African economy with the view to stimulate inclusive and equitable growth. It is widely understood that there is no economy that will growth without taking into account the skills required for the economy, in its quest for growth. The theme of the 2021 edition of the conference was aimed at advancing debates on the means to which skills development as part of the pillars of B-BBEE Act and policies can be further enhanced under the current climate. In particular, the B-BBEE Act carries code series 300 of codes of good conduct in guiding entities in adherence to the aspect of skills development. This particular provision is in line with the requirements of the National Development Plan which expressly states the need to build capacity for skills for purposes of economic growth.

This edition therefore puts the spotlight on the proposals to further advance skills development in order to create sustainable jobs for black people. The value and benefit of investing in Skills Development for the economy also featured within the debates at the conference. Effective skills development for black youth in rural areas also become a pertinent subject as well as the emphasis on creating critical skills while unblocking challenges.

This edition of ***The Whistle*** consists of voices of sector specialists who share their views about the current gaps and proposals on effective skills development programmes for an inclusive economy. The conference featured four selected entities which demonstrated innovation in respect of skills development and they include, ISFAP (Ikusasa Student Financial Aid Programme), Entsika Consulting, M&C Accounting and ABP (Association of B-BBEE Professionals). The work and strategies of these entities are published in this edition of ***The Whistle***.

It should be noted that apart from the entities whose work was featured at the conference, a keynote address was made by Future Nations Schools (represented by Mr Sizwe Nxasana). Mr Nxasana placed emphasis on addressing challenges associated with producing skills that are necessary for the future of work in South Africa. The Department of Higher Education also shared their insights (at the conference) on the policy requirements for skills development under the National Skills Framework and the progress made in relation to implementation.

We hope that insights shared will be of benefit to entities whose interest it is to advance skills development.
Regards
Mofihli Teleki
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2021: A make or break year for B-BBEE?

By: Zodwa Ntuli (Commissioner: B-BBEE Commission)

Economic transformation remains too stagnant to create an inclusive economy, making the attainment of Vision 2030 of the National Development Plan (NDP) impractical.

As the interventions to redress the economic and other inequalities of the country move at a snail's pace, we are fast moving towards the need to implement drastic measures to help black business enter the mainstream economy in any meaningful way.

In 2020 three reports namely the B-BBEE Commission National Status and Trends on B-BBEE Report; Major B-BBEE Transactions Analysis Report; and the 20th Commission for Employment Equity Annual Report 19/20 all underlined the fact that transformation of the economy is not only largely stagnating, but even regressing. The data shows that for the calendar year 2019, South Africa experienced a 1% decrease in the number of submitted annual reports by JSE listed entities. The report also indicates that only 49.3% (50.9% in 2018) of JSE listed entities are at level 4 and higher, while 50.7% (44.5% in 2018) of entities are between level 5 and non-compliant B-BBEE status.

B-BBEE legislation must be used more effectively to drive a change in behaviour in the business world. More importantly, the B-BBEE Commission in 2021 and beyond will have to be more proactive in bringing interventions and enforcing harsh penalties to non-complying entities. Under these circumstances it is obvious that among the priorities for 2021, the B-BEE Commission will have to start showing its teeth. The decline of compliance is concerning and calls for the introduction of penalties for non-compliance right away; and we must capacitate the Commission to

adequately monitor transformation and enforce compliance. One of the options is to strengthen the engagement with the Johannesburg Stock Exchange to enhance the submission of compliance reports as this is a listing requirement on the JSE. Similarly, in the public sector we have engaged with the Auditor General to tighten the reporting requirements for organs of state that are largely non-compliant.

Major B-BBEE transactions having little impact



Some 95 major B-BBEE transactions were filed for 2018/19 FY with the total transaction value of R111,9 billion compared to a R188,7 billion from 272 major B-BBEE transactions in 2017/2018.

We will have to focus on management control, as it will automatically influence change regarding skills development. The Commission will engage other regulators to enforce the implementation of sections 10 (1) and 13G of the B-BBEE Act, which will include referral of non-compliant entities for prosecution through the National Prosecuting Authority.

Our interactions indicate that the public need to see transformation and progress through the implementation of the B-BBEE legislation. Many view ownerships in companies as the most effective vehicle to de-racialize the economy, that has served a minority to the exclusion of the majority. We believe that government must be more stringent on fronting practices and to capacitate the B-BBEE Commission to be able to act decisively against fronting and to fulfil its mandate.

To do so, we must lobby government in funding transactions; find a way to balance acquisition and controlling stakes because vendor financing still dominates resulting in the funders exerting more control over the majority black shareholders. There is a need for conducive market structures to stimulate real ownership deals, over and above making funding available for acquisitions. We must strengthen the regulatory framework to protect black entrepreneurs, especially SMMEs, against abuses so they can create and sustain enterprises to absorb unemployed South Africans.

B-BBEE initiatives must not be mere box ticking exercises. Most importantly government must drive transformation by increasing funding for black people and enforcement mechanisms for the lack of transformation.



In 2020 our research was corroborated by a report by the Commission for Employment Equity (CEE) in measuring transformation progress against the requirements of the Employment Equity Act and the B-BBEE Act, respectively.

The research indicates that white and Indian population groups are still overrepresented; and that white males continue to dominate the corridors of power. It is clear that the private sector, and to a lesser extent the public sector, must support, implement and promote the transformation agenda and consistently apply the B-BBEE Act.

The reports show us that in 2020 women continue to lag behind and we must focus on the increasing the number of B-BBEE deals that women benefit from. Our emphasis must shift to looking at the total monetary value that women benefit from in B-BBEE transactions. To promote compliance, entities need to be made aware that they cannot trade or deal with government if they do not comply with the transformation regulations. Skills development and women empowerment in South Africa is urgent, and we must establish structures that prepare more women to participate at the board level. It is evident from the data that 25% of woman make up on top management and 35% senior management, which remains well below the economically active persons target of 45%.

In addition, we will encourage those women with the experience and skills to also empower others and ensure that women and black people are truly empowered to change the spectrum of the economy. Transformation must be a deliberate intervention driven by government which yields great power through procurement and other programmes. If there is no penalty there will be no compliance, so the conditions must be imposed upon industry to enforce compliance and issues around funding.



Skills Development

Skills development is an intrinsic part of economic transformation and the building of an inclusive economy.

As we face challenging times on funding and employability, entities will share best practices and strategies to accelerate the upskilling of black South Africans, including those in rural and under-developed areas of our country. This aspiration is given effect through the B-BBEE Act's Code Series 300 of the Codes of Good Practice

The Code Series 300 incentivises the implementation of skills development as the means to ensure that black South Africans are placed within sustainable employment and effectively participate in the South African economy. This Code requires private and public entities to spend 6% of their payroll annually towards skills for their employees and non-employees.

Our annual national status reports on transformation show that of the 6% of the payroll, the public and private sectors only managed to spend 37% in 2017, 49% in 2018 and 49% in 2019.

It is our view that this could be enhanced by improving the funding capacity into higher learning, training and learnerships. Our records on submitted compliance reports of between January and June of the previous year, indicate that entities spent R625 million while the public sector spent R129 million towards skills. More can be done.

As we enter the post COVID-19 economic recovery phase, we hope that proposals that were made during our Annual Conference can be enacted to ensure that skills development continues to be the foundation for the strategies that aim to build and sustain our economy.



Opening address: 2021 Annual Conference

By: Zodwa Ntuli (Commissioner: B-BBEE Commission)

The Conference was opened by B-BBEE Commissioner Ms Zodwa Ntuli. She thanked all those in attendance for honouring the event, in particular Deputy Minister of the **dtic**, Ms Nomalungelo Gina, in absentia, Speakers, Delegates, Media and the B-BBEE Executive Team, for their effort and support in executing on the Commissions' mandate. This mandate included educating society on what to do to benefit from the transformational initiatives that government had in place and in monitoring compliance to B-BBEE legislation.

Ms Ntuli stated that the Commission was mandated to:

- Enhance mechanisms that were introduced through the Constitutional imperative from Section 9 that guarantees the right to equality and ensures that the State implements measures where Black people are included in the economy;
- Bring black people into the mainstream of the economy and value chain in various industries, by being marginalized over the years through exclusion; and
- Ensure that black people can study at higher learning institutions, through society and corporate contributions of bursaries, learnerships and internships, enabling them to participate in the economy.

She noted that skills development was an intrinsic part of economic transformation and the building of an inclusive economy.

> *"As we face challenging times on funding and employability, entities will share best practices and strategies to accelerate the upskilling of Black South Africans, including those in rural and under-developed areas."*

Ms Ntuli strongly condemned the notion that B-BBEE was equated to corruption and said that while corruption was prevalent in tenders, unethical conduct must be dealt with accordingly and not taint the spirit and intent of the government's economic transformational imperatives.

She added that in the same vein that fronting continued to be a problem, shareholding and control; executive and management appointments; and enterprise development, are other areas where the objectives of B-BBEE were being undermined. Similarly, skills development was also being undermined as young unemployed people were placed on learning programmes but then told to stay at home or companies produced invoices of money paid for training which was never facilitated.

> *"Our annual national status reports on transformation show that of the 6% of the payroll, the public and private sectors only managed to spend 37% in 2017, 49% in 2018 and 49% in 2019, and this could be improved significantly to fund higher learning education and offer more on-the-job training through internships and Learnerships."*

It was Ms Ntuli's view that there were those entities that did not plan for skills development initiatives, and as a result entities end up "dumping" money on initiatives that fail to empower individuals.

In closing she stated that ways needed to be identified to spend the available funds and considering the plight of students who were burdened with historic fees debt or who were unable to afford the fees, as highlighted in the ongoing protests, the opportunity existed to relieve the situation through constructive partnerships with civil society, corporates, government and higher learning institutions.

> *"The B-BBEE Commission is responsible for monitoring entities compliance, in 2017 it was evinced that 34% of the national fund resource was spent and in 2018-19 it was 49%. Notwithstanding the increase, money that is available is not being spent."*

that She commended those initiatives that had shown positive results and encouraged those entities still found wanting to emulate them, as there was no better time to coordinate efforts on this topic than now, as South Africa was robustly implementing measures for economic recovery and reconstruction resultant of the pandemic.

Ms Ntuli reaffirmed the Commission's commitment to assist those entities that were struggling to comply with the precepts of the Code and or to access the benefits of B-BBEE.

Keynote Address by Deputy Minister Ms Nomalungelo Gina

The Deputy Minister of Trade, Industry and Competition Nomalungelo Gina extended an apology for not being able to attend the Conference in person. However, her speech was delivered at her behest by B-BBEE Commission Senior Manager for Compliance Ms Lindiwe Madonsela.

The Deputy Minister thanked the Commission for the invitation and emphasised the importance of the skills development, which was a vital part of the Commission's mandate as regulator. She noted that skills development faced glaring challenges, if not in some cases deliberate opposition, to the skills development regime. Such issues arose because of not being implemented successfully as anticipated by the legislation.

> *"... the implication is many companies remain lily-white at the middle and top management levels as black workers and women at the bottom remain unskilled and thereforeforgo any career pathing"*

Ms Gina noted that skills development was one of the priority elements within the B-BBEE Act and required persistent dialogue with public and private sector entities to boost its impact on the economy. It is her belief that South African companies will fail to successfully transform if they do not follow the country's skills development regulations. The Deputy Minister noted several risks if skills development was not implemented to the full.

She said that previously disadvantaged employees would fall by the wayside in the current pipeline established by companies, except for white and other privileged groups. She added that the lack of skills development meant that matriculants and graduates would fail to find new entry-points into the workforce.



Ms Nomalungelo Gina (Deputy Minister: Trade, Industry and Competition)

> *"This ugly fact - by its nature - undermines the transformation agenda of the country in addressing the centuries-long legacy of colonialism and apartheid economic exclusion, management and control by the colour bar."*

She stressed that while the Code required private and public entities to spend 6% of their payroll towards skills development annually for their employees and non-employees, many companies either engaged in "box ticking" to meet this requirement or failed to take it seriously.

Some of the things the deputy minister says companies are doing include:

- *Exhausting training and development expenditure by spending it in non-core training courses, which translates into fiscal dumping rather than actual training;*
- *Deliberately 'mismatching' their training courses with the skills that are actually needed, condemning trainees to inertia and a lack of growth opportunities;*
- *'Simulation' training which does not impart real skills or practical experience - the equivalent of a box-ticking exercise.*

Ms Gina said that despite entities being incentivised to implement skills development to advance the development of black South Africans for sustainable employment and effective participation in the economy, deliberate preference had been given to training courses that were at variance with the skills development profile that companies required for future promotions and general career pathing dispensations.

This skills training mismatch was not by fault, she said, but instead by design to condemn those employees at the receiving end into a permanent inertia of non-growth.

"This is the worst form of corporate racism in display that the B-BBEE Commission, as a regulator, must exercise in both its compliance and enforcement strategies in stemming this tide from the companies."

The Deputy Minister acknowledged that on the other hand, there were companies that were unintentionally not complying with the dictates of the skills development legislation. Most of those entities were small- and medium-sized with less technical capacity to drive training processes and they required a handholding mechanism from other more established industry players. She said the Commission may have to share its data and experiences from monitoring successful companies to empower those who were struggling.

She lamented the fact that the COVID-19 pandemic had negatively impacted the economy. It had led to an increase in company closures and insolvencies, resulting in increasing retrenchments that further drove unemployment and wipedout socio-economic gains of recent years.

She highlighted that the following issues that had been exacerbated by Covid-19:

- More economically active people were now sitting at home unable to fend for themselves, swelling the ranks of already unacceptable levels of poverty.
- More young graduates from universities and colleges were joining the numbers of the unemployed as both the public and private sector could not employ further due to current fiscal constraints.
- Many learners who passed matric this year would not proceed to universities and colleges, as their parents had been retrenched and had no income to pay for their education.
- The NSFAS has announced its own financial constraints and would therefore not support funding for certain programmes. This meant the number of prospective students supported by the fund would be lower than usual. Many prospective students will be compelled to stay at home.
- The consequence of this downturn is that more young people were going to increase the number of those referred to as Not in Employment, Education and Training (NEET).



The cumulative impact of this situation was that social instability would erupt. Unemployment, poverty and hopelessness bred social upheaval and no country could experience peace and stability, including low levels of crime, when its economy could not create enough jobs for its labour force.

Ms Gina affirmed that government was working with the private sector to put in place measures to bolster the economy. It would avail more bursaries for training and development.

She also said serious consideration should be given to a proposal to increase the 6% target placed on employers to spend on skills development and training its workforce and youth outside of its employment fold, to a baseline of 10% through a possible legislative amendment.

In closing Ms Gina stated that government committed itself in 1994 to transform every facet of society, knowing that such a path was not going to be easy. To this end it had setup statutory bodies such as the B-BBEE Commission to use the institutional framework, armed with its foundational legislation, to monitor and enforce these stark transformational imperatives.

In this regard, she hoped that the Conference would serve as an important platform to discuss and share experiences about the complex challenges faced by South Africa's skills development and training dispensation.

More importantly, she said she hoped the conference would lead to the development of solutions that would take this important element forward.

NSFAS enhances potential of poor and working-class students

By: Thaaniya Isaacs (Chief Governance Risk and Compliance office: NSFAS)



The National Student Financial Aid Scheme (NSFAS) was established in terms of the NSFAS Act 56 of 1999, with the 2020/21 financial year marking its 28th year. It is its mandate to administer financial support to poor and academically deserving students to gain access to higher education institutions. Following widespread student protests between 2015 and 2016, former president Jacob Zuma in December 2017 announced that government would subsidise free higher education for poor and working-class students.

A set of new principles for the allocation of the Department of Higher Education and Training (DHET) funding was introduced for new entrants to the post-school education and training (PSET) system in South Africa for the 2018 academic year and thereafter. The new scheme changed the landscape of financial support for students wishing to access PSET in two ways. Firstly, the former loan and bursary scheme was changed to a pure bursary scheme with no repayable loan component.

Secondly, it redefined the financial definition of poor and working-class students from those with a household income of less than R122,000 to ones with household income up to R350,000.

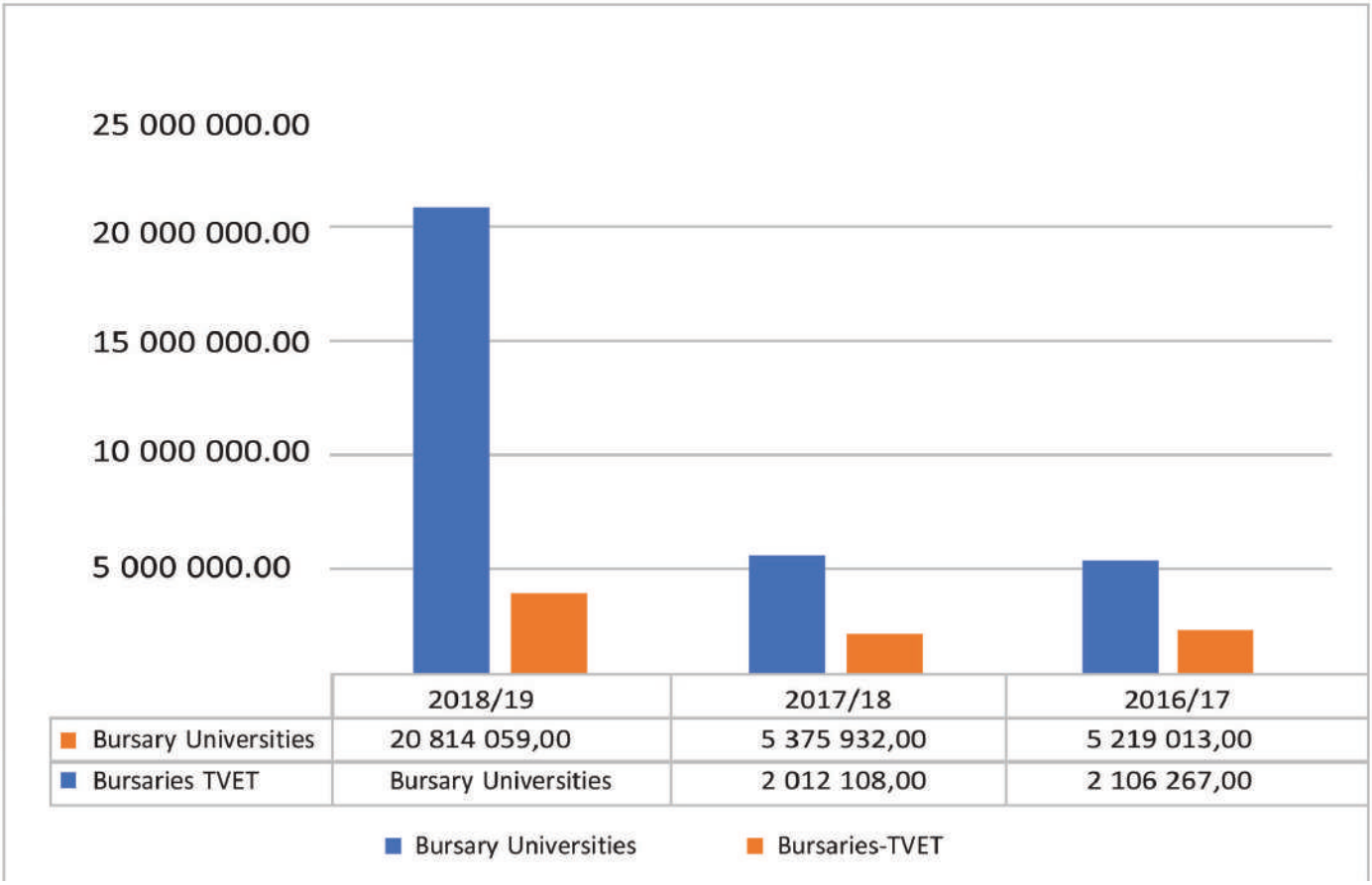
At the same time, it was announced that the subsidy to universities would increase from 0.68% to 1% of gross domestic product.

Significant growth in students supported

The extent of growth in funding over the last 29 years is illustrated by growth in students funded and the quantum of funding.

In 1991, NSFAS (then Tertiary Education Fund of South Africa) funded 7 240 students. This has now grown 100-fold to over 720 000 students funded in 2019, constituting about 42% of university and 70% of TVET college registrations.

A closer look at more recent figures illustrates the significant increase in the amount of funding for students since 2016/17.



NSFAS contributes to overall societal transformation

Extant knowledge linked to gaining access to education confirms some of the features of constrained opportunities and outcomes for disadvantaged groups in South African society.

- Poor employment outcomes are evident where educational attainment is low;
- The disadvantaged are more likely to have lower educational attainment;
- Not having money for fees constitutes the reason for not gaining higher levels of education; and
- Disadvantaged students are more likely to participate in distance and part-time programmes because of lack of funding.

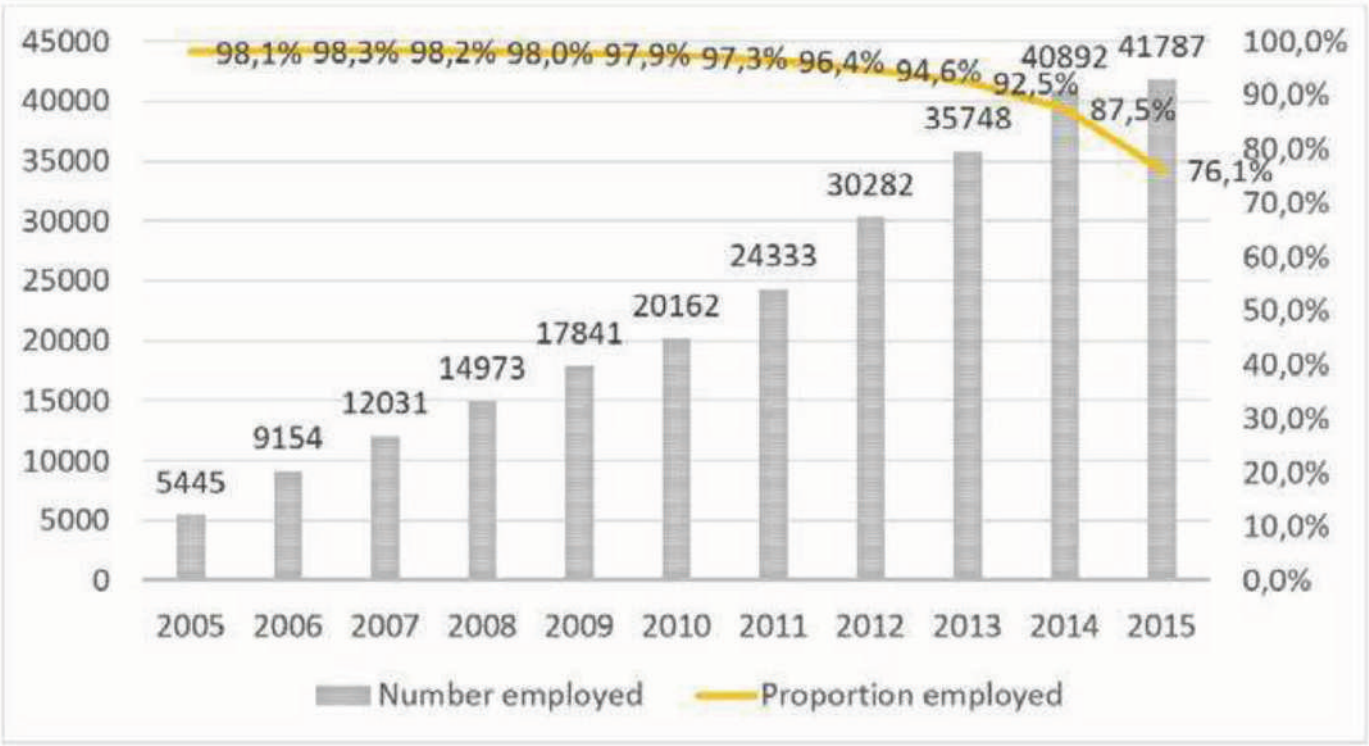
Cohort studies commissioned by the DHET suggest that this investment is providing good returns.

Higher levels of throughput (10% higher) and lower levels of first-year drop-out rates (10% lower) of the NSFAS beneficiaries in comparison to the national cohort have been achieved.

Related research also indicates a high average absorption of NSFAS-funded graduates into employment. About nine out of 10 NSFAS-funded graduates were employed.

The findings also indicate that graduates in the fields of engineering, health sciences, education, architecture and the built environment have higher employment proportions than those in the public management and services, psychology, social sciences and life sciences fields.

Figure 1: Majority of NSFAS funded graduates find employment



Wildschut et al. (2017)

Continued need to address remaining challenges in the ecosystem

The government's investment in facilitating access to financial aid is driven by transformation, social mobility and redress.

Within a higher education system which has historically been divided by race and class, questions always emerge around the transformative potential of a university education, but it is a concern that is equally important for all schooling. The inequities in the system, with regards to ensuring access and success, have been laid bare again. COVID-19 has required re-evaluation both at operational and policy levels on the objectives of the scheme in facilitating access and success in higher education.

When the lockdown was announced on March 26, 2020, NSFAS shut down its head office and activated a business continuity programme that allowed staff to work from home, in addition to a virtual call centre. This step was further supported by a WhatsApp platform to deal with specific queries in a direct manner.

An example of where NSFAS has been challenged to move faster is in the category of students that fall into the so-called "missing middle".

Here, the scheme has investigated a flagging mechanism between NSFAS and the National Research Foundation to pre-identify NSFAS-funded students for postgraduate funding. Similarly, there are efforts to flag students rejected for household incomes between R350,000 and R600,000.

The formalisation of a memorandum of understanding between the B-BBEE Commission and NSFAS in 2019 was an example of how synergistic relationships could assist. As skills development is one of the priority elements under the Codes of Good Practice, the B-BBEE Commission identified

NSFAS as one of the good causes that may be a beneficiary of the once-off monetary contributions.

The contributions go towards the advancement of B-BBEE initiatives, arising from the alternative dispute resolution processes, which funds NSFAS may lawfully receive in terms of the NSFAS Act of 1999.

Leveraging this policy provision, NSFAS was able to use funds (R3,026,476.37 available at the start of 2019/20 financial year) to assist students who had outstanding balances including interest on their pre-2018 loan accounts.

These were students who had completed their undergraduate qualifications. Over the reporting period, this resulted in a total of 236 students receiving assistance in settling outstanding debt.



'Matching skills' strategy can create jobs

By: Felleng Yende (CEO: Fibre Processing and Manufacturing SETA)



Finding individuals who excel in their job is a challenge in most industries. With the ever evolving political, social and technological landscape that is worsened by COVID-19, the shortage of critical and scarce skills is a source of aggravation to companies and organisations. They are not only working to dampen the impact of the pandemic but planning for life after the pandemic.

The notion of "critical skills shortage" requires reference of a few factors that are important to its meaning. One of them is the concept of "scarce skills" which relates to the unavailability of skills for a specific occupation which later outstrips the supply at a specified wage.

The other is the notion of "skills gaps" which occur when employees do not have the requisite qualifications, experience or skills that meet the needs of a particular occupation. In this case, employees might not be adequately trained or qualified for a specific occupation.

The other is the concept of "skills shortage" which refers to a situation where employers are unable to fill up vacancies or specialised skill needs. On the other hand, there are times when jobs demonstrate relatively strong employment growth and experiencing shortages in the labour market. This is what is referred to as "occupations in high demand".

There is also the notion of "hard-to-fill vacancies" which relates to job opportunities that companies find difficult to fill due to a lack of candidates with the requisite skill.

From the FP&M SETA, what are the challenges associated with increasing critical and scarce skills?

Scarce skills lead to challenges that include poor economic performance; unreliable electricity supply; high unemployment and inequality; labour unrest; policy uncertainty; and the advent of the Fourth Industrial Revolution (4IR). These issues are faced by employers, tertiary institutions and skills development agencies such as the Fibre Processing and Manufacturing (FP&M) SETA.

The global economic crisis has worsened the risk that a growing number of people - particularly youth and low educated individuals - are becoming disconnected from the labour market. Declining labour market demand has reduced job seekers' prospects, resulting in increasing long-term unemployment.

Tackling unemployment requires a "matching skills" approach. This way implies providing the right skills required to fill vacancies while generating the economic activity that will drive job creation. When the skills held by the labour force do not match the skills demanded by industry, it is called a skills mismatch, signalled by hard-to-fill vacancies.

Active labour market policies and youth employment services are crucial to supporting a "matching skills" approach and containing the risk of structural unemployment.

A comprehensive strategy to reduce skills mismatch requires that the quality of education be secured, and participation raised. This demands a mixed approach, recognising that both medium skills (technical and vocational) and high skills (tertiary education) are required in the labour market and for economic growth.

Among the literature on jobs for the future, one thing is clear: no one can work out what jobs will be demanded. There are predictions that jobs will be lost, new jobs will be formed, and some will become obsolete. As part of the SETA skills planning process, there is a need for an instrument that includes labour demand forecasting models based on previous economic performance, employer surveys, industry specific strategic foresight groups, as well as emerging initiatives to use big data analysis and create tools to gather and analyse vacancy information to better understand skills needs and trends.

Because it is difficult to predict jobs for the future, the challenge lies in designing school and university curriculums to match the constant evolution. As the demand for high-skilled jobs intensifies, there is also a demand for science, technology, engineering and mathematics (STEM) qualifications in manufacturing.

A point of contention in the 4.0 (or 4IR) debate is its potential impact on the labour market, namely employment and skill needs. Some experts believe that the adoption of new technologies will lead to increased automation on the factory floor. Others argue that "industry 4.0" is likely to increase employment due to the creation of new industries, products and services in much the same way as the advent of computer technology.

B-BBEE compliance

It is important that businesses comply with the sub-minimum standards set for B-BBEE compliance. There is a greater demand investment in skills development with an emphasis on accredited training, internships and learnerships. It must also be noted that training spend earns businesses a large number of B-BBEE points while making them competitive. This means that employers must:

- Proactively develop the skills necessary to excel in business;
- Invest in employees to retain them longer;
- Develop ladders of learning that create career paths; and
- Use learnership and internships as an alternative way to attract new recruits.

For us at FP&M SETA, continued research on the topic of skills development remains important and as such, everything we do at the SETA is informed and underpinned by research. It is always important to identify and set skills development objectives; clearly set out a training action plan; implement training initiatives; and evaluate and revise training.

Entsika bridges the gap for very disadvantaged students

By: Cheryl Sambaza (Entsika: Senior Manager)

entsika™
Driven by a desire to make a difference

In 2017, the directors of the consulting company, Entsika, identified the need to bridge the gap in skills development among the very disadvantaged youth.
The company decided to place particular focus on scarce skills such as science, engineering and mathematics but the challenge was gaining access to those qualifying students and the absence of an efficient way to identify the top performers who were most in need.

Entsika then approached the Department of Basic Education (DBE) to assist in the selection process and this led to a formal partnership wherein both Entsika and the Department benefitted from the student support programme.

As a result of this partnership, Entsika registered their first intake of students and since then every year, 10 students are selected for the bursary programme. To date about 30 students have been part of the skills development programme.

The students go through a rigorous selection process which includes site visits to each of the shortlisted candidates. This visit gives Enstika staff an opportunity to adequately assess the backgrounds of the deserving students as well as their social circumstances. This step ensures that the right investment – of four to six years – is made and that it delivers an impact to those students and communities that fulfil the criteria.

Entsika prides itself in its "wrap around" model that provides additional support to bursary recipients. The model consists of living allowances, travel allowance, tutoring support, books and stationery, laptops and equipment. It also includes a mentorship component whereby each student is allocated a mentor who will guide the student throughout their tertiary career.

This rationale for the holistic nature of the programme is to ensure that students are well equipped to make a meaningful contribution in the employment market. Entsika also offers support to the NSFAS student funding programme. The company provides funding in programme areas where NSFAS experiences a shortfall.

On an annual basis, beneficiaries of Entsika bursary programme are taken to the Center of Excellence where they are able to interact with one another, engage in life skills activities and also get an opportunity to be addressed by motivational speakers and university academics. Apart from that, Entsika beneficiaries are given the opportunity to take up vacation work twice a year where they are placed in work that they are studying for. In the process, students get to earn a stipend while taking up their role. The aim is to introduce the students to issues and matters of importance as they are related to the work that they are studying for – in turn they are able to have a full understanding of what their future work entails.

Ikusasa's mission to help "Missing Middle"

By: Shane Perrier, ISFAP (Senior Executive-Fundraising and Strategy)

Ikusasa Student Financial Aid Programme (ISFAP) is a non-profit organization which was formed in 2016 because of outcomes of a Ministerial Task Team that recommended that the students who fall within the missing middle need to be catered for.

Background to the formation of ISFAP comes from the major challenge of funding tertiary education, which is reliant on government, even though the private sector shares has a responsibility of resolving the challenge.

ISFAP was established under the upliftment of Thuthuka Education fund, which is a member of the South African Institute of Chartered Accountants, soon after the first "#Feesmustfall" protests commenced.



> *The third form of support from ISFAP is referred to as the "Wrap Around" support and it relates to the provision of mentorship, career guidance, extra tutorial classes, personal coaching, work readiness, as well as financial literacy among other things.*

In essence, ISFAP was established to support students who fall into the category of the "missing middle" - households that have annual incomes that range between R350,000 and R 600,000 and who do not qualify for NSFAS funding. ISFAP also pays attention to funding critical skills by supporting students and job markets by preparing students for careers that are sustainable.

Organisations such as ISFAP play a role filling in the gap in areas where government is unable to, especially at a time when education expenditure seems be dwindling.

This continues to be a challenge as SA needs an additional R60-billion annually to fund "missing middle" students and R60-billion for impoverished students. The latter category is largely funded by the state through NSFAS which receives its budget from the National Treasury.

In catering for the missing middle students, ISFAP also uses "wrap around" support to them cope with the pressure of being at tertiary institutions. This initiative has resolved the problem of student dropouts as it leads to adjustments of students on campus and in the world of work. The initiative is important as it enhances students' prospects of adjusting into meaningful employment and participating in the economy.

ISFAP has a focus on four key areas of support for students. The first area is support for certain professions or professional development. This aspect largely relates to the professions that the Department of Higher Education refers to as critical skills. These professions include medical, engineering, actuarial sciences, professions in the financial sector, and pharmacology, among others.

The second key area is a full bursary to needy students. This support includes funding for the cost of studies; accommodation, transport, stipend, books and other forms of allowances. This element is meant to ensure that students are relieved of other financial burdens which may be problematic in coping with the pressures of higher education. As an extension of this commitment, ISFAP has started providing data to students in cases where blended learning occurs due to COVID-19.

ISFAP
Ikusasa Student Financial Aid Programme

The third key area is wrap around support and relates to the provision of mentorship, career guidance, extra tutorial classes, personal coaching, work readiness, as well as financial literacy among other things.

This form of support covers all students who come from impoverished backgrounds and is intended to ensure that students do not drop out of their university programmes due to reasons that fall outside of their curriculum.

The fourth form of support from ISFAP is related to the usage of technology as an aid to the success of students that receive support.

The fifth key area of support relates to capacity building as a value proposition. This form of support is aimed at making sure that universities design courses that are important for future careers and in line with the 4th Industrial Revolution. This type of focus is undertaken with various universities, offices of vice chancellors and other stakeholders in the academia.

ISFAP's funding is derived from both the public and private sectors – two thirds from the private sector and rest from the public sector. There are also efforts to source additional funding from the international donor community.

ISFAP continues to enjoy a good relationship with the Department of Higher Education, and other key stakeholders such as the National Treasury. It always endeavours to strengthen the public and private partnerships to continue providing funding to students who need support.



Disadvantaged and rural poor are in desperate need of skills development

By: Sibusiso Makhalima (Managing Director: M and C Accounting)

One of the major objectives of training initiatives is to promote skills development to allow unemployed and semi-skilled black people to access information and opportunities offered by B-BBEE measured companies as well as SETA accredited training providers.

The lack of skills in black communities is stark. Often, we accept minimal payment form clients, SMMEs, for providing basic accounting to help manage the businesses operating costs and capacity to render service.

Such services have benefited a number of micro business owners. Since the establishment of advisory services coupled with consulting services, M and C Accounting has assisted clients to comply with statutory bodies in their respective fields of business and with industry regulators such the SA Revenue Services, the Department of Labour and relevant associations.

Placing more emphasis on the benefits of compliance for the businesses and their sustainability, has trained clients to understand the consequences of non-compliance.

As a result, clients have over time learnt the basics of developing business plans, responding to tenders and filling in tender documents; taking into consideration the onerous compliance requirements of bid documents.

One of the major outcomes from the offering of M and C Accounting is the demonstrable sustainability of businesses which thrive through the harshest conditions.

Because the business environment is constantly changing, clients have come to depend on a service that guides them with reliable information and advisory on skills development.

Proposed Best Practices on B-BBEE Skills Development Element

Our focus as skills development agents is to promote education and training initiatives that allow unemployed and semi-skilled black people to access information about opportunities offered by B-BBEE measured companies and SETA accredited training providers.

It is thus important to provide advisory to unskilled people in the rural areas and poor communities to improve numeracy and literacy skills and to complete grade 12 at Adult Basic Education and Training (ABET) or technical training centres.

Our systems must support learners who lack funding and/or information to access higher education and training from registered and accredited service providers.

This need is why it is also important to facilitate access to work-place based training for graduates with NQF level 5 to NQF level 7 qualifications. As this occurs, scarce and critical skills need to be promoted across sectors through partnerships with various stakeholders to prepare leaners for the job market.



Targeting strategy

The beneficiaries of the training initiative are unemployed black people living in disadvantaged communities and rural areas especially remote rural places. The emphasis should be placed on youth between the ages of 18 and 35, especially those who could not complete grade 12 and those with grade 12 qualification but who the lack skills to secure employment.

The second group is young undergraduates who lack experience and know-how to find a job. These individuals need on-the-job experience to make their qualification worthwhile. In some instances, the skill to job search can be provided through support centres to assist the learner with skills to secure employment.

The final group includes more than 2.8 million discouraged job seekers who are between the ages of 35 and 45. Within this group are high school dropouts who require assistance with ABET registrations.

M and C Accounting has proposed the use of a web-based database management system or application that has the capability to keep academic and work experience records of prospective learners and match them with employers that offer learnerships, internships and apprenticeships. It will include a database of all stakeholders in the skills development sector.

Each learner will have an account where he or she can contribute towards the education and training; employers (measured entities) can also contribute through the 6% allocated for skills development as per legislation.

The systems will have database of all B-BBEE measured companies, the collaboration will include all TVET's private and public Universities, frunding institutions, private colleges, NPO's and SETA accredited training service providers. Included in the system will be the qualification authorities to assist with quality assurance of the information provided by learners.

This system allows for B-BBEE measured companies to make submissions online regarding the progress of the learner in question related to any form of

training that has taken place. The learner will have access to update the career achievements, which will work as verification method to ensure that training has been offered.

This system is also designed to identify learners with potential and critical skills but who have no access to opportunities due to a lack of information. We hope to change that by facilitating access to information that will close the gap between the poor and labour market.

Since this model is web-based, a special consideration must be made to assist communities in rural areas and those who cannot afford cell phone data or a smart phone.

Support centres can be set up to assist youth with career advice, registration or browsing for available opportunities in the job market. Addressing the skills shortage is a collaborative effort that requires commitment from companies, big and small. Hence all measured entities must participate to ensure that we all contribute to skilling and educating the nation.

Benefits for leaners, regulators and society

Learners will be able to access information about the workplace, and registered and accredited training providers. They will also be able to receive career guidance; advice on skills shortages and access funding opportunities.

Employers will benefit from attaining the skills that are needed to grow their business and the economy. This will increase the suitability of people who occupy positions offered by companies thereby increasing productivity. By attaining the correct skills, companies will retain skilled employees and in turn minimise unemployment.

The proposed model will also be helpful to regulators by minimising the probability of fronting learners as data on the system will prove information that is important for compliance. The overall gain for society is a decrease in socio-economic problems caused by unemployment.

Engaging the private sector will not only assist unemployed learners but also the employers who seek skills to fit in their strategies.

Participation by SETAs and the B-BBEE Commission will assist with measuring the absorption of learners into the system and identifying potential needs and shortages of critical skills. Analysis of the data collected will assist in measuring and reporting on the success of the initiative and help South Africa keep up with changing labour trends.



Legislative framework in place to drive B-BBEE success

By: Dumisani Mpafa (Chairperson: Association of BEE Professionals)

The Association of Black Economic Empowerment Professionals (ABP) is an industry body of verification agencies. It was established under the auspices of clause 10 of Code 000 Statement 000 of the B-BBEE Act no 53 of 2004 as amended by Act no 46 of 2014. The ABP is the only entity recognized by the South African Qualifications Authority (SAQA) as a professional body in the B-BBEE industry.

The Association seeks to promote the professionalisation of all B-BBEE practitioners and promote the objectives of the Act and the Codes, which, among others, include the regulation of members conduct and consistent application of B-BBEE and the Codes of Good Practice.

Considering its mandate, the ABP adheres to the SAQA requirements or prerequisites, and thus is responsible for making sure that members are trained as per the Codes of Good Practice. This upskilling is done through the Continuing Professional Development (CPD) requirements. The undertaking of regular CPD ensures that verification professionals sustain knowledge and skills to provide services of the highest quality; upskilling in new legislation and policy; and adequate verification and advisory on B-BBEE compliance.

Since its establishment in 2005, the association has had various forms of engagement with industries to ensure that services that are offered with professionalism, ensuring that the solutions promote are guided by the Act and for verifiers to ensure that they identify and reject all forms of fronting in B-BBEE initiatives.

Skills Development: What is at stake?

It is our view that the Constitution of South Africa (Act 102 of 1996) provides that "everyone has the right to basic education and to further education which the State, through reasonable measures, must make progressively available and accessible."

Skills development is critical so that black people can access quality jobs and extricate themselves from poverty. It is equally critical to the employed for career advancement.

In South Africa, progress has been made in the development of a legislative framework to underpin the development of a skilled labour force. This progress has been achieved through the publication of the Skills Development Act; Skills Development Levies Act; the B-BBEE Act; and SAQA Act among others. Such steps have unlocked more than R120-billion per annum for skills development and transformation.



This lack of progress is caused mainly by the following:

- *Companies are not making use of the mandatory grants from SETAs and are spending less than the 6.3% target for skills development under the BBBEE Codes.*
- *Companies are engaged in training for the purpose of their Annual Training Report. Their training programmes are not relevant for the skills needs of the company and the industry.*
- *The "tick-box approach" and "expenditure dumping": some companies simply conduct assessment to determine what amount will give them a certain number of points.*
- *There is a tendency by executives to do as little as possible to earn as much BEE points; and*
- *The recruitment of learners for training programmes is not linked to job opportunities and training is not linked to e*mployment equity plans and organisational strategy.

ABP advocates for an all-encompassing and integrated training model that companies should adopt. This model includes the following:

Unemployed Learners:

Socio-economic development promotes education as a focus. Sponsoring youth while still at school is the best way to encourage them to proceed with their studies.

Identify learners with the long-term vision of employment: where lacking, use skills development budgets to educate learners through a structured roadmap.

Be part of the solution through funding and bursaries: target the disadvantaged students, participate in the #feesmustfall movement.

Structured programmes such as the Youth Employment Service; and

Sponsor educators, ensuring the quality of education in schools is world class.

Employed Learners:

Identify skills gaps internally: use skills development budgets to fund the upskilling of employees, leading to increased productivity and profitability;

Funding not only as a retention tool, but to encourage growth through fair and empowering practices such as bursaries, management development programmes.

Develop and monitor professional development programmes and succession planning.

Gallery

2021 Annual B-BBEE CONFERENCE



Thabo Shole-Mashao (Facilitator)



Dr Felleng Yende (Chief Executive Officer: Fibre Processing and Manufacturing (FP&M) SETA



Mr Zakhele Mkhize (Founder Entsika Consulting Services (Pty) Ltd)



Ms Nontokozo Nokhwali- Mboyi (COO: B-BBEE Commission)



F: Lindiwe Madonsela (Senior Manager: Compliance, B-BBEE Commission)
B: Thembakazi Dondashe (Senior Manager for Organisational Strategy & Performance, B-BBEE Commission)



Mr Shane Perrier (Senior Executive: Fundraising & Strategy Ikusasa Student Financial Aid Programme (ISFAP)



Mr Sizwe Nxasana (Chief Executive Officer & Founder: Future Nation Schools)



Lance Claasen (Zindela Communications)



Ms Nomalanga Langa (Entsika Beneficiary)



Dr Thabo Mashongoane (Executive Officer National Skills Authority: Department of Higher Education & Training (DHET)

Awards for the best practice and practical experience in implementing skills development



L-R: Mr Sibusiso Makhalima (Managing Director: M & C Accounting (Pty) Ltd) and Ms Nontokozo Nokhwali- Mboyi (COO: B-BBEE Commission)



L-R: Mr Zakhele Mkhize (Founder: Entsika Consulting Services (Pty) Ltd), Ms Nomalanga Langa (Entsika Beneficiary) and Ms Nontokozo Nokhwali - Mboyi (COO: B-BBEE Commission)



L-R: Mr Shane Perrier (Senior Executive: Fundraising & Strategy Ikusasa Student Financial Aid Programme), Mr Tetelo Letsoalo (ISPAP Beneficiary) and Ms Nontokozo Nokhwali - Mboyi (COO: B-BBEE Commission)



L_R: Mr Dumisani Mpafa (Chairperson: Association of B-BBEE Professionals) and Ms Nontokozo Nokhwali - Mboyi (COO: B-BBEE Commission)

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