SETA landscape under review

Last week Wednesday (the 22nd of August) the Minister of Higher Education published a document for public comment which outlines a fundamental change in the landscape for Sector Education Training Authorities (SETAs). The document seeks to overhaul the SETA landscape by, amongst other things, merging the SETA for agriculture with that of the Food and Beverage Industry. Industry and affected persons were given until the 12th of September to submit comments on the proposed changes.

Good training and skills development are cornerstones of any competitive industry. In the South African context, the Skills Development Act mandates qualifying employers to ringfence 1% of their employee's pay for skills development and training by paying it over to a fund administered by the SETA. In this regard, the SETAs administer monies paid over by business, to be used for the training of employees. It is therefore absolutely critical that the SETAs are administered in a manner that is efficient, credible and allows businesses to access these funds when undertaking training.

The proposal to merge the AgriSETA with the FoodBevSETA should be considered very carefully. As per the notice, the proposals aim to follow a 'value chain approach', by "Linking similar functions and processes for value addition and competitive advantage". It is true that food and beverage can form part of the same value chain as the agribusiness sector, but it remains somewhat unclear what competitive advantages will be gained by merging the two entities. On the one hand, it could increase the overall funds available as the food and beverage industry accounts for a large portion of the consumer goods sector, and as such the food and beverage industry will surely contribute substantially to the funds administered by the SETA. On the other hand, there is also a risk that the funds contributed by the agribusiness sector are diluted and are not used for training in the specific sector. The notice also states that the SETAs must be "fit for purpose", one can argue that the opposite is achieved if all of the funds are lumped together and the two sectors are expected to compete for funding from it on a first-come, first-serve basis. This would surely not be desirable. This situation could of course be avoided if special provisions are put in place to ring-fence the funds contributed by an industry for training in that specific industry.

Another consideration related to the governance of a joint SETA would be the proportional representation of the industry on the board of the SETA. Once again, there are pro's and con's either way. Proportional representation on a joint SETA would dilute the influence which the sector has over the management of its funds. However the addition of non-industry experts on the board (representing other industries) could have a positive effect on corporate good governance as it increases oversight.

The pros and cons still need to be thoroughly unpacked and debated with other industry role-players before a submission is made by Agbiz.