

FINAL

10 SEPTEMBER 2018

Tourism Business Council of South Africa's (TBCSA) Input on the proposed New SETA landscape

1. Introduction

The Tourism Business Council of South Africa (TBCSA) is an umbrella organization, which represents the unified voice of businesses in the Travel and Tourism (T&T) sector. TBCSA is a non-profit, private organization working to unite and influence the diverse Travel and Tourism private sector behind one core mission to contribute to a competitive, responsible and inclusive Travel and Tourism (and South African) economy.

TBCSA hereby makes input into the proposed new SETA landscape. We welcome the initiative to have a review of the SETA landscape so that there will be accountability and delivery of services to the sectors.

2. Background

The SETAs are meant to assist the youth to find jobs in various industries, through having them participate in learnerships and apprenticeships; and offering them bursaries to further their studies. This would partly contribute towards reducing the rate of unemployment in the country which stands at 26,7%, according to Statistics South Africa. Most SETAs have not been able to perform this role effectively and efficiently partly due to poor governance and maladministration. The graduate unemployment rate was 33,5% for those aged 15–24 and 10,2% among those aged 25–34 years, while the rate among adults (aged 35–64 years) was 4,7%.

3. Principles underpinning the proposed new landscape

3.1. Financial sustainability and operational viability

We agree with this principle and under it we suggest that “Good Corporate Governance” should be added under this principle. This is due to the fact that there have persistent challenges in

regard to corporate governance and non-compliance with the Public Finance Management Act within SETAs. Other identified challenges linked to poor governance were mismanagement of funds and corruption, with serious irregularities in a number of contracts or tenders entered into, including enrolling ghost students. Research has shown that billions of Rands were wasted by SETAs on administrative functions, malpractices and unethical practices, such that training and skills development was compromised.

The Tourism Business Council of South Africa is of the view that good corporate governance should include risk management, where internal controls are put in place. The board as well as executive management should ensure that strategic and financial controls are put in place, which would deal with both strategic as well as operational risks.

Systems to be put in place to ensure good corporate governance should include integrity management systems, which would encourage whistle blowing and training on ethical practices. Studies (Harris, 2016)¹ have shown that good corporate governance practices are highly crucial to capital investment, especially for countries like South Africa, where there is a great need to attract direct foreign investment and strengthen the economy.

3.2. Accountable and competent leadership

This is one of the principles that TBCSA proposes. In relation to SETA management, a media briefing by the then Minister of Higher Education and Training in 2017, Dr Blade Nzimande on SETAs that were under administration, revealed that there was lack of unity, cohesion and co-operation from one SETA's board members to exercise their duties effectively and efficiently. TBCSA is of the view that there should be a rigorous process of appointing boards, which would ensure that there would be accountable and efficient leadership in place.

¹ Harris, H. Corporate Governance Law Reform in South Africa. Dissertation submitted in fulfilment of the requirements for the LLM degree: Corporate Law. University of Pretoria.

4. Overall functioning of the SETAs

Sectors tend not to participate in the board, committees and strategic planning of the SETAs. SETAs such as CATHSSETA for example, have committees which function in the areas of human resource management, finance and strategic planning. The input of the sectors in informing the work of the SETAs is crucial, and yet they do not fully participate. For instance, there is an outcry about the mismatch between skills required and training offered by SETAs. If sectors were participating in strategic planning and operations of the SETAs (through the committees) they would be able to outline the skills needed in sectors for SETAs to know and offer training accordingly.

Our position is that sectors should play an active role in the nomination of board members in order to have a person who has knowledge and understanding of the sector represent the sector's needs. Overall, sectors should be active in the affairs of the SETAs. *Ends.

Yours Sincerely

Mr. Tshifhiwa Tshivengwa
INTERIM CHIEF EXECUTIVE OFFICER
Tourism Business Council of South Africa

TRANSMITTED ELECTRONICALLY, THEREFORE SENT UNSIGNED