

University of the Western Cape



Assessing participation of small fishing companies
in the Transport Education Training Authority
(TETA): identifying fault lines and potential
responses to increase participation

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requirements for the degree of Master in
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KEY WORDS:

Skills Development

Sector Education Training Authorities (SETA's)

Transport Education and Training Authority (TETA)

Sector Skills Plan (SSP)

Levy paying enterprises (LPE)

Participation

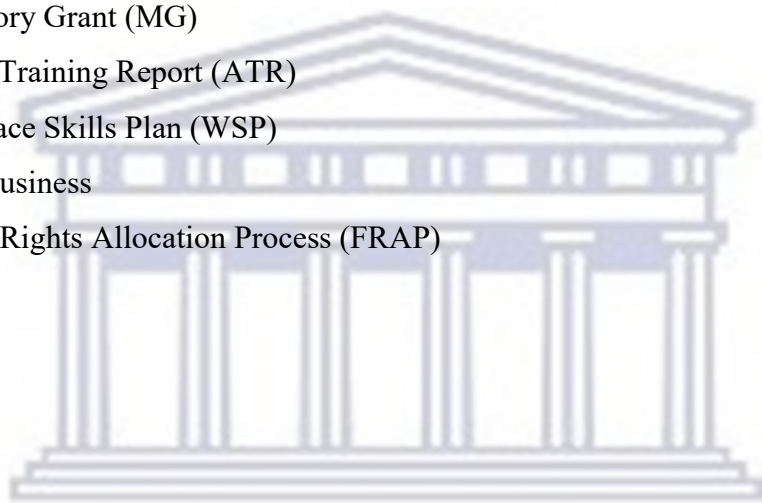
Mandatory Grant (MG)

Annual Training Report (ATR)

Workplace Skills Plan (WSP)

Small Business

Fishing Rights Allocation Process (FRAP)



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ABSTRACT:

The study focusses on the transport sector, where company participation level is measured at approximately 20% of levy paying enterprises, and this level is mostly based on relatively high levels of participation from large and medium sized companies. The study explores the relationship between SETAs (sector education training authorities) and the companies within the sectors they are mandated to serve by researching the TETA maritime sub sector. The research focus is on small companies and the focus is specifically on the low rate of participation of smaller entities in the skills development landscape. The consequences of the lack of participation are investigated and the study concludes that the SETAs ability to effectively research its sector skills, as well as the SETAs ability to provide effective skills planning in support of the national agenda, are both negatively affected by current levels of poor participation. The research was conducted on small fishing companies registered with the Transport Education and Training Authority (TETA), in order to determine the reasons for low participation in the government mandatory grant scheme. The research is survey based across participating small companies and non-participating small companies.

In addition, it is proposed that the elements contained herein are transferable to other sub-sectors of the transport economy (e.g. air, road and rail) as well as to the multitude of other SETAs that have small companies registered. Succinctly there is no financial incentive to a small company to participate, the SETA's should consider incentives schemes to increase participation that are project based and allow for subsidized training.

The value of an improved Sector Skills Plan that matches the skills needs of the sector increases the likelihood of projects having a meaningful impact for the sector and reduces fruitless and wasteful expenditure in the sector. The small business environment has huge potential to assist in skills development, a skilled workforce, improved productivity and reducing unemployment.

DECLARATION:

I declare that: Assessing participation of small fishing companies in the Eastern Cape registered to the Transport Education Training Authority (TETA): identifying fault lines and potential responses to increase participation is my own work. It has not been submitted for any degree or examination at any other university and, all sources used or quoted have been acknowledged by complete references.

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2019

Signed: _____

Supervisor: Stefan Buchholz



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LIST OF ABBREVIATIONS

APP	Annual Performance Plan
ATR	Annual Training Report
BBBEE	Broad Based Black Economic Empowerment
BUSA	Business Unity South Africa
COSATU	Congress of SA Trade Unions
DAFF	Department Agriculture Fisheries and Forestry
DEAT	Department of Environmental Affairs and Tourism
DoL	Department of Labour
DHET	Department Higher Education and Training
DPRU	Development Policy Research Unit
DTI	Department Trade and Industry
FRAP	Fishing Rights Allocation Process
GPR	General Published Reasons for the Decisions on the Allocation of Rights and the Quantum in the Hake Inshore Trawl Fishery
HACCP	Hazard Analysis and Critical Control Points
HWSETA	Health and Welfare Sector Education Training Authority
LPE	Levy Paying Enterprise
LTRAMP	Long Term Rights Allocation Management Process
MG	Mandatory Grant / Mandatory Grant payable against criteria as specified by Department of Higher Education and Training
MLRA	Marine Living Resources Act
NEDLAC	National Economic Development & Labor Council
NFF	National Fishing Forum
NLPE	Non Levy Paying Enterprise
NPO	Non Profit Organization
NQF	National Qualifications Framework
NSA	National Skills Authority
NSF	National Skills Fund
NSDS	National Skills Development Strategy
NUMSA	National Union of Metalworkers South Africa
PVT	PIVOTAL plan or report

SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SDA	Skills Development Act
SDF	Skills Development Facilitator
SDLA	Skills Development Levies Act
SEBRAE	Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (Portuguese: Brazilian Micro and Small Enterprises' Support Service),
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SSP	Sector Skills Plan
TETA	Transport Education Training Authority
WSP	Workplace Skills Plan



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CHAPTER 1 TETA MANDATORY GRANT PARTICIPATION

1.1 Introduction

According to the quarterly labour force survey released by Statistics South Africa (Quarterly labour force survey, 2013) around 24,7% of South Africa's working age population (16 – 64 years) is unemployed. This untenable situation has led to the prioritisation of SMME (Small Medium and Micro Enterprise) development in an attempt to reduce unemployment. The Department of Trade and Industry (DTI) (Rogerson, C.M., 2008) and StatsSA both confirm that the SMME sector account for over 35% of the Gross Domestic Product (GDP) and approximately 72% of all employment in the country.

In order to develop SMME's, a detailed understanding of the needs of the enterprises is critical to support them with relevant and fitting solutions. Sector Education and Training Authorities (SETA's) are well positioned to identify and develop SMME's registered to the SETA, and skills challenges are identified within the top five reasons for small firms not growing their number of employees (The Presidency National Planning Commission, 2012, p. 142).

The transport sector contributes significantly to the economy of South Africa in terms of the country's gross domestic product and employment. Since 2012, the transport sector has contributed approximately 9% of the country's gross domestic product (GDP). The sector's revenue contribution increased to about R256 billion in 2015 and is home to approximately 6% of the labour force of the country. Gauteng serves as the region with the highest economic and labour activity for the sector; the coastal provinces of KZN, Western Cape and Eastern Cape, which are largely driven by ocean business, fall behind Gauteng (TETA, 2018). TETA is the Transport Education and Training Authority which is responsible for supporting and developing the transport sector through skills development.

1.2 Significance of the research

While the transport sector has large companies, including some of the largest state-owned companies (South African Airways, Passenger and Railway Agency of

South Africa, Transnet etc), large companies constitute 5% of all TETA registered companies. Medium sized companies constitute 7% of TETA registered companies. The sector's largest constituency (88%) consists of small companies. Within the small companies there exists opportunity to grow the companies and create employment in the industry (TETA, 2018).

The transport sector consists mostly of 95% small to medium sized companies. It is thus imperative that the Transport SETA increases the mandatory grant participation rate of SMMEs in order to improve the relevance of the SETA Sector Skills Plan (SSP) and to increase the sector's chance of attaining the National Development Plan's (NDP) employment targets by 2020 (TETA, 2018). Low employer participation rates, particularly within the small companies, result in the SETA SSP not representing the needs of the small companies. There is simply insufficient relevant information available from the sector to target small business skills needs. As the small companies are not participating, the SETA Sector Skills Plan and Annual Performance Plan are not able to respond to the needs of small company skills development as their needs are unknown. The low participation rate results in the sector skills supply and demand being understated in the SSP.

Any strategies developed to meet the SSP are developed in the knowledge that the SSP is missing the data of most employers in the sector. As the annual discretionary grant targets are developed and contracted there is a very real risk that the projects and budgets are not spent in the most effective or efficient way in the sector. There is a huge amount of funding spent on training, and in order to make a real difference to the sector, SETA research and planning must include the small companies in order to develop plans and projects that develop the entire sector need, and not just the need of large and medium companies that have the incentive and resources to participate in skills development.

The greatest challenge of increased SETA participation lies within the small companies; if the participation rate can be increased, all SETA SSP's and Annual Performance Plans (APP's) will be more relevant to their sectors while the

consolidation of scarce and critical skills will assist national government in basing plans and strategies off increased data quality and quantity. This should enable better implementation and impact of government projects.

With a paucity of research relevant to this area of study, it is intended that this research can assist in building theory towards increasing participation. The legislative framework limits the SETA flexibility to promote new small business activity in the mandatory grant system, but the legislation does allow discretionary projects to tackle this challenge. The reduction of the levy recovery (grants) from 50% of levies paid to 20% almost certainly served to decrease participation of small and SETA registered companies paying low value levies. At the very least, the grant reduction made the SETA's efforts to increase participation a more difficult sale. SETAs need to target increased market penetration (i.e. increase participation of small non-active levy paying companies) and product development (i.e. develop products aimed at small business such as customised ATR/WSP templates and SDF support mechanisms).

While the above is true for SETA registered small levy paying companies, fishing companies have additional requirements in order to apply for a fishing quota (via the DAFF quota allocations process) that includes assessment of the SETA relationship (specifically the submission of the ATR/WSP) and the implementation of learnerships. It is this requirement that provides leverage to TETA to communicate this message to the fishing sector. The prime motivation to submit can be driven from the desire to continue fishing (i.e. to be awarded a quota), while the actual grant value recovered is less of an incentive.

An analysis of the TETA registered levy entities identified 16 252 companies registered to the transport SETA; each of these is identified by a unique levy number which has been allocated by the South African Revenue Services (SARS). Of the companies currently registered with TETA, 4 228 are registered as levy paying and, of these, only 852 are currently active in the mandatory grant system (i.e. the

company submits an annual training report and workplace skills plan). This is a participation rate of under 20% (Tsotsotso, 2016).

Each company is further classified by size (i.e. the number of permanent employees of the organisation) and in this way TETA will classify its registered companies as large (the company employs 150 or more employees), medium (the company employs 50 or more, but less than 149, employees) or small (the company has 49 or less employees). Of the 4 228 companies registered with TETA, 3 719 of these are in the category 'small' and have no defined SIC code or chamber allocation. During the annual submission period for the mandatory grant, the company Skills Development Facilitator (SDF) updates the Sector Industry Code (SIC), which in turn identifies the chamber within TETA that specialises in that sub sector. Table 1 below identifies the relationship between the SETA, the SIC codes and specialisations used by TETA to allocate companies to chambers. The blue highlighted selection in Table 1 identifies SIC codes allocated to TETA's maritime chamber.

The TETA levy history report for 2016 / 2017 (TETA Levy history, 2016) records 3 916 small companies, of which levies paid to TETA range between R0.01 and R13 450 592.98. From the levies paid, a company may recover 20% of the levy if the company submits an Annual Training Report (ATR) and Workplace Skills Plan (WSP). The recovery value alone is an important factor in determining the recovery rate; this because the annual submission has an associated cost as the company will need to appoint a Skills Development Facilitator (SDF) prior to submission.

1.3 Reducing the research area to a sub sector (maritime fishing)

3 916 small companies (TETA Levy history, 2016) is too large a population to research and is further complicated by differing subsectors with differing legislative and industry requirements. As an example, the taxi sub sector is a different environment to aerospace. Each chamber has a duty to support the sub sector allocated, for example the maritime chamber is to support the maritime sector to participate in skills development and it is in the environment of the small fishing companies where the greatest potential lies to increase participation. This research

therefore is only focused on ocean and costal fishing which is the sub sector (SIC code) that includes the highest number of companies in the sector “Maritime”.

Table 1 below illustrates the SIC code linkage to TETA chamber.

Table 1: TETA SIC codes and chamber allocation

SIC	Specialization	Chamber
73000	Air Transport	Aerospace
73001	Civil Aviation	Aerospace
74100	Supporting and Auxiliary Activities Air Transport	Aerospace
74134	Operation Airports; Aerodromes & Air Navigation Facilities	Aerospace
71232	Freight Forwarding and Clearing	Forwarding and Clearing
74110	Cargo Handling	Freight Handling
74120	Storage and Warehousing	Freight Handling
13100	Ocean and Coastal Fishing	Maritime
72000	Water Transport	Maritime
72111	Coastal Shipping	Maritime
72112	Ocean Shipping	Maritime
72200	Inland Water Transport	Maritime
71112	Railways Commuter Services	Rail
71300	Transport via Pipelines	Rail
71230	Freight Transport by Road	Road Freight
71201	Land Transport	Road Freight
74112	Tow Truck Services	Road Freight
74121	Tow Truck Services	Road Freight
94004	Waste Management	Road Freight
71200	Other land transport	Road Passenger
71211	Urban; Suburban, Inter-urban Bus and Coach Passenger Lines	Road Passenger
71212	School Buses	Road Passenger
71221	Taxis	Taxi

Source: Authors table based on data sourced from SARS and TETA SSP 2017

Table 2 below identifies the SIC codes and specialisations allocated to TETA maritime chamber, as well as the number of levy paying companies i.e. the number of companies eligible to submit an ATR / WSP to TETA. The blue highlighted selection identifies the focus of the research area within the scope of TETA,

maritime chamber, SIC code 13100, i.e. ocean and coastal fishing which includes 108 companies.

Table 2: Maritime SIC codes - registered companies per SIC code

Code	Specialization	Number of companies
13100	Ocean and Coastal Fishing	108
72000	Water Transport	16
72111	Coastal Shipping	10
72112	Ocean Shipping	30
72200	Inland Water Transport	3

Source: Authors table made up of data sourced from SARS and TETA SSP 2017

1.3.1 Levies not claimed by maritime fishing

In Table 2, the 108 companies referred to as ocean and coastal fishing contribute R3291 635.94 (TETA Levy history, 2016). This allows for a potential R658 327.19 to be recovered at the current 20% return. 17 of the 108 companies submitted and recovered a total of R182 642.15.

This leaves R475 685,03 as unclaimed and the amount is swept by the SETA to Discretionary Grant pool and used to fund priorities as identified in the Sector Skills Plan. This is a significant loss to the fishing companies training budgets - and an example of the financial loss of the companies in a small subsector (maritime) within the overall transport sector. TETA has 4 228 companies across all sub sectors that pay levies and do not submit to TETA (TETA levy history, 2016). The value lost to training across the sector is huge in a country that is trying to transform and implement skills development initiatives.

1.3.2 Link between low participation and SSP relevance

Figure 1 below represents current SETA participation as an image. 20% of the image is viewed with clarity while 80% of the image lacks detail. This is a visual representation of the sector 20% participation in the mandatory grant process. 20% of companies' information is used to determine 100% of the sector initiatives.

The identified needs of the sector that will be funded as discretionary grants are identified from 20% of the companies that participate. As these companies tend to be large and medium sized with the financial incentive to contribute (value of recovered levies), the skills shortages of the 80% non-participating companies are unknown to the SETA and cannot be responded to through discretionary grant funded projects.

Figure 1: Sector participation in mandatory grant submissions



Source: Alexander, MC. 2018 Amsterdam. Alexander MC Private Collection

This skewed picture is indicated visually in Figure 2. and is a representation of the 20% participation applied to the fishing sector that forms the basis of this research, i.e. to explore the reasons and dynamics behind the individual decision to not submit an ATR/WSP to TETA and to identify solutions to increase submissions.

Figure 2: Sector participation in mandatory grant submissions - Fishing



Source: Alexander, MC. 2018 Hout Bay. Alexander MC Private Collection

1.4 Problem statement, research question and objectives

1.4.1 Problem statement

80% of the transport registered companies do not participate in skills development with the TETA. As a result, the development of the Sector Skills Plan (SSP) is based on data sourced primarily from large and medium sized companies that have the resources and financial incentive to participate in the mandatory grant process. As the SSP is a critical document that prioritises projects and funding to address skills shortages in the sector, 20% participation is insufficient to inform the SSP with data relevant to address skills shortages in the sector. This carries a high risk of failure of projects implemented and funded by TETA.

A SETA cannot meet the needs of the sector based on data provided by 20% of that sector. This is especially true where the non-participating companies are mainly

small sized companies and where the needs could be totally different to the needs raised by the large and medium sized companies.

The South African Broad Based Black Economic Empowerment strategy is a tool designed to transform the country's economic potential by including the black majority into the mainstream economy. The strategy, brought into force by law, i.e. the Broad Based Black Economic Empowerment Act of 2003 (Republic of South Africa, 2003) and the codes of good practice, provides a measurement scorecard allowing a company's BBBEE level to be measured which then determines the company BBBEE level. The BBBEE Act is voluntary for business and mandatory for government. Government assesses the level of a company when doing business with the private sector as part of checking the company's BBBEE status. Any company that wants to do business with government needs to maintain the highest rating possible and the company rating is dependent on the BEE rating of all companies the company does business with. The BBB-EE Act 2003 makes the codes binding on all state bodies and public companies, and government is required to apply them when making economic decisions on procurement, licenses, concessions, public-private partnerships and the sale of state owned assets.

The generic BBBEE scorecard measures aspects of companies across seven key elements, i.e. ownership (20%), management control (10%), employment equity (15%), *skills development* (15%), preferential procurement (20%), enterprise development (15%) and socio-economic development (15%).

By not participating in BBBEE, a company runs the risk of side-lining its business from economic participation in South Africa; this is especially true where a company wants to do business directly with government, or where a company wants to do business indirectly through contracts with another business that has a government tender or contract. On the other hand, a company stands to improve its BBBEE rating by participating in skills development, and submitting to its SETA.

1.4.2 Research question

In the context of the research problem identified above, the main purpose of the research is to provide an answer to the following research question; why is the mandatory grant participation rate so low for small companies registered to the Transport Education and Training Authority (TETA) maritime chamber SIC code 13100 (fishing)?

1.4.3 Aim of the research

The research aim is to identify the reasons why participation is so low and to suggest solutions to increase participation. The rationale is to ensure that the TETA SSP and the annual funded projects match the sectors needs and that projects implemented are both relevant and assist the employers and employees to access skills development opportunities. The research was conducted utilising semi structured interviews in the Eastern and Western Cape with TETA registered small fishing company owners and / or representatives.

1.4.4 Objectives of the research

In order to achieve the aim, the specific objectives are:

- 1) To provide a summary of the SETA environment including any applicable theories, literature and legislative considerations applicable to small companies;
- 2) To identify the reason or reasons for low participation as identified by the non-participating companies;
- 3) To identify and quantify any training that is taking place in non-participating companies and to assess how the unreported participation would influence the SETA SSP;
- 4) To identify and provide solutions or potential solutions to increase company participation with the SETA.

1.4.5 Research assumptions

The researcher has made the following assumptions:

- 1) Participation is dependent on financial return and, where cost to participate exceeds the benefit of participating is compounded by a one-year penalty (for first time applicants), the environment provides a very poor incentive to participate.
- 2) Ineffective communication has resulted from the fact that there is no communication strategy or projects to encourage and support participation.
- 3) Under-reporting of training in the SSP arising from the fact that significant training occurs in the small business companies, but is unknown to the SETA. This results in the SSP not reflecting SMMEs in the reported training, planned training or scarce and critical skills.

Theoretical discussion and empirical results will show if these assumptions can be supported or if other factors matter. The above assumptions are preliminary thoughts rather than guided assumptions.

1.5 Exclusions and limitations

In order to reduce the size of the research area and to ensure a cluster into similar-type organisations, the research is focussed on companies that fall under the SIC Code 13100 (ocean and coastal fishing). Geographically the research is limited to the Eastern Cape and Western Cape provinces where the vast bulk of fishing companies are registered. Outside of these provinces, Limpopo, Mpumalanga, Northern Cape and KwaZulu-Natal each have one small fishing company registered within the province.

The decision to narrow the scope of the research to small levy paying fishing companies registered to TETA SIC code 13100 will automatically exclude the following:

- Small scale fishers (i.e. fishers with traditional rights that are not registered to a SETA);
- Fishing cooperatives (i.e. cooperatives that are not registered to a SETA);

- Fishing companies registered with another SETA;
- Fishing companies registered with TETA but exempt from paying SDL.

This decision is made intentionally in order to keep the research focussed on increased participation of TETA, and also to exclude additional levels of complexity that arise within the environment of the small-scale fishers and fishing co-operatives. The decision does, however, not detract from the need for additional research to assist or guide strategies to alleviate the plight of the small-scale fishers.

The following chapter discusses the background to the research problem environment, in particular the origin of the South African skills development environment to provide the reader with an overview of SETA sector representation and the role per sector. The chapter includes an explanation of how a SETA develops and implements the Sector Skills Plan (SSP) in the designated sector. This “background” chapter provides important information on the development of the skills development environment and does not add to the literature review relevant to the research area.



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CHAPTER 2 BACKGROUND TO THE RESEARCH PROBLEM ENVIRONMENT

The dawn of a new South Africa in 1994 heralded an inclusive South Africa with unlimited potential. Of the many changes experienced during the transition from an apartheid to post-apartheid era, the progressive skills development pact signed by government, business and labour was a social contract which committed the three parties to work together to develop the nation through skills development.

2.1 Origin of the Skills Development environment

This pact culminated in the promulgation of the Skills Development Act (The Skills Development Act, Act 97 of 1998). The Skills Development Act (SDA) was the end product stemming from the late 1980's, during a period where the country was moving to a new political dispensation and based on the awareness that skills development would be critical in addressing past imbalances. This process was largely spearheaded by the Congress of SA Trade Unions (COSATU) and one of its largest affiliates the National Union of Metalworkers of SA (NUMSA), and comprised a rethink of the then existing training system. This process led to a NUMSA vocational training project in 1991, which laid the basis for COSATU's policy position which later influenced the drafting of a new training reform strategy – the National Strategy Initiative (NTSI) in 1994. This strategy was negotiated with business and accepted the concept of integration between education and training. This was achieved through a National Qualifications Framework (NQF) that was established by the South African Qualifications Authority (SAQA) Act 58 of 1995 (<http://www.saqa.org.za/docs/webcontent/2014/nqfhistory.htm>, n.d.).

Ideally, the NQF, overseen by SAQA, would operate as a qualifications framework including all qualifications from vocational, professional and higher education to be incorporated into a single framework. This culminated in the SDA being promulgated in 1998 (Republic of South Africa, 1998) following negotiations in the National Economic Development and Labour Council (NEDLAC) and a public participation process in parliament.

Three national skills strategies supported the implementation of this Act; these are known respectively as National Skills Development Strategy 1 (NSDS 1) from 2000-2005, NSDS 2 from 2005-2010, and NSDS 3 from 2010 until present date. Since the passing of the Act (and subsequent amendments), the Sector Education and Training Authorities (SETA's), identified as primary delivery agents in partnership with the employer workplaces, have been under significant pressure to achieve the skills development objectives.

The advent of each strategy has brought about various changes to the SETA landscape, i.e. in terms of scope, composition and number of SETA's, as well as changes to their operational focus, i.e. goals and outcomes. With each change in strategy however, the SETA's single most important "chart to success" has been its Sector Skills Plan (SSP); the SSP being a high-level plan determined largely by input from contributing organizations (primarily through the submission of Workplace Skills Plans and Annual Training Reports) as well as other forms of consultation and sector participation.

After 1994, evidence of the seriousness of government's intention to address skills shortages, and its commitment to promoting an active labour market, was made clear by the introduction of the SAQA, the Skills Development Act and the Skills Development Levies Act (SDLA) (Skills Development Levies Act, Act 9 of 1999). These Acts brought into existence the National Qualifications Framework (NQF) and gave rise of the National Skills Authority (NSA) and 25 SETA's (this number later reduced to 21). Each SETA was demarcated a specific sector of responsibility, for example the Agricultural Sector Education and Training Authority (i.e. AgriSETA) is responsible for sector skills development in the agricultural sector, whilst the Transport Education and Training Authority (TETA) is responsible authority in the transport sector.

AGRISETA	Agricultural Sector
BANK SETA	Bank Sector
CHIETA	Chemical Industries Sector
CETA	Construction Sector

CATHS SETA	Culture, Arts, Tourism, Hospitality and Sports Sector
ETDP SETA	Education, Training and Development Practices Sector
EWSETA	Energy and Water Sector
FASSET	Finance and Accounting Services Sector
FOODBEV	Food and Beverages Sector
FP&MSETA	Fiber Processing and Manufacturing Sector
HWSETA	Health and Welfare Sector
INSETA	Insurance Sector
LGSETA	Local Government Sector
MERSETA	Manufacturing and Engineering Related Sector
MICTSETA	Media, Information and Communication Technology Sector
MQA	Mining Sector
PSETA	Public Services Sector
SAS SETA	Safety and Security Sector
Services –SETA	Services Sector
TETA	Transport Sector
W&RSETA	Wholesale and Retail Sector

The South African Qualifications Authority (SAQA) and the National Qualifications Framework (NQF) were created to address systemic issues and ensure the eradication of inequality in an educational system that had previously lacked consistency, quality, and adequate stakeholder participation in decision making (Meyer, Marius; Mabaso, Jabulani; Lancaster, Ken; et al, 2004). The legislative changes resulted in the South African education, training and development (ETD) environment having to face significant change and forcing it to fit into the NQF with the activities underpinned by the philosophies and principles of outcomes-based education (OBE). The change to OBE virtually compelled South African organisations to align their training and development strategies' in the interests of all South Africans (Meyer, Marius; Mabaso, Jabulani; Lancaster, Ken; et al, 2004).

The result was that the national skills development environment was radically changed by the National Skills Development Strategy (NSDS) - as was the architecture, being based on a single framework of qualifications (NQF). In the new environment, the National Skills Authority (NSA) was created to, amongst other things, advise the Minister of Labour on national skills development policy, strategy and guidelines. It implements the NSDS through the SETA structures, which in turn source, collate and report individual company Annual Training Reports (ATR) and Workplace Skills Plans (WSP) into Sector Skills Plans (SSP). These collectively inform national skills development policy and strategy.

2.2 SETA sector representation and role

The South African economy is represented by 21 SETA's and each SETA represents a sector of the economy and their functions are set out in the Skills Development Act, 1998 (Republic of South Africa, 1998, p. 10), Chapter 3, Section 10. The Act defines the role of the SETA is to:

- 1) Develop a Sector Skills Plan to identify trends in the sector, skills that are in demand and to identify priorities for skills development;
- 2) Develop and administer learnerships;
- 3) Support implementation of the National Qualifications Framework (NQF);
- 4) Undertake Quality Assurance.

2.2.1 SETA Sector Skills Plan development

Development of a Sector Skills Plan is one of the most important roles of a SETA as it is the Sector Skills Plan that informs the SETA as to how to prioritise funding and projects that address skills shortages needed to to grow the sector (economic activity and reduce unemployment).

The SETA data is reliant on the employers submitting an annual Workplace Skills Plan (WSP) and Annual Training Report (ATR). The data submitted is utilised to profile the sector. The relevance of the Sector Skills Plan to the SETA sector is dependent on quantity (percentage of employers that submit) and the quality (completeness of data submitted).

Employers are incentivised to submit these plans by being able to recover a percentage of the levies they pay to the SETA they are registered with. The percentage recovered is mandated by the Skills Development Levies Act (Republic of South Africa, 1999, p. 9) and is set at 20% of levies paid to the SETA.

2.2.2 SETA Sector Skills Plan implementation

Based on this structure, each SETA is responsible to formulate and implement a SSP. The main purpose of the plan is to “provide the sector with a strategic overview of trends and challenges for the given period, as well as to assist companies to develop and implement a framework that promotes economic growth and achieves the goals of the NSDS” (DHET, 2013). Accordingly, the SSP includes a sector profile, an analysis on skills supply and demand and a profile on the Small Medium and Micro enterprise (SMME) environment. The plan forms the basis of reporting to the Department of Labour (DoL) regarding achievements against targets as stipulated in the Service Level Agreement (SLA) between the SETA and DoL.

The system is funded by payment of a skills development levy by companies; current legislation has set this at 1% of payroll. Each company can reclaim a percentage of the levy through meeting the minimum requirements of the Skills Development Act (SDA), as well as any reasonable criteria added on by the SETA. Collectively these criteria are referred to as mandatory grant criteria and are used to determine whether a company will receive a percentage of their levy as a grant. This provides the financial incentive for companies to participate in the National Skills Development Strategy (NSDS), and the levy return is meant to fund training and development in employer organisations.

Between 1999 and 01 November 2009, all SETA’s reported their activities to the Department of Labour (DoL). In 2009, the new Department of Higher Education and Training (DHET) was formed through presidential proclamation and this split the (old) Department of Education (DoE) into two departments, namely the Department of Basic Education (DBE) focussing on the schooling system and the

Department of Higher Education and Training focussing on the post school education and training system (President of the Republic of South Africa, 2009).

The DHET convincingly argues for an integrated post school system and provides clarity on the next phase of the National Skills Development Strategy. It emphasizes where the strategy should change the traditional role of SETA's from those that they had previously performed (DHET, 2014). The intention is to simplify the role of the SETA's and to build capacity in line with its core functions. The SETA focus will be on developing skills within existing enterprises and also developing the skills pipeline to such workplaces. This effectively narrows the focus of the SETA's that have historically suffered from target creep and a dilution of their energies and funding pools.

The White Paper heralds the return to the workplace i.e. where SETA activity is focussed on industry and business. This is a significant change from previous strategies where emphasis on employer engagement had diminished. The White Paper for Post School Education and Training (DHET, 2014) provides guidance on the new environment for SETA operations, and narrows the focus of the SETA to engaging with stakeholders in the workplace, establishing their needs, and ensuring that providers have the capacity to deliver against these needs.

Renee Grawitzky deals well with the context of the SSP in the broader SETA environment and this is best summarised by "What you measure is what you get" (2007, p. 30). Notably, Grawitzky identifies that while the SETA may have achieved the NSDS targets this may not meet or match public expectation or sector needs. This has the result that while the SETA may appear to achieve the NSDS targets set per annum, the targets set out in the SSP is not necessarily accurate regarding the needs of the sector.

Low employer participation has a direct impact on the SETA Sector Skills Plan (SSP), as well as its use as a tool by role-players in guiding the sector regarding skills development and informing national strategies. It becomes critical therefore

that the SSP is informed by actual skills development information. This is required to ensure accurate sectoral planning and national economic growth.

Figure 3: Sector Education and Training Authorities (SETAs)

AGRISETA	BANK SETA	CHIETA	CETA	CATH SETA
ETDP SETA	EWSETA	FASSET	FOODBEV	FP&MSETA
HWSETA	INSETA	LGSETA	MERSETA	MICTSETA
MQA	PSETA	SAS SETA	Services	TETA
		W&RSETA		

Source: Authors Figure

2.3 TETA Skills development environment

Figure 3 above illustrates the SETA’s, noting that this research is focussed within the Transport SETA (TETA) which represents road, rail, air and land transport in the sub sectors Aerospace, Forwarding & Clearing, Freight Handling, Maritime, Rail, Road Freight, Road Passenger and Taxi. This research is within the Transport sector, Maritime chamber. Figure 4 below illustrates the TETA chambers and sub sectors with maritime highlighted.

Figure 4: TETA chambers / sub sectors

Aerospace	Forwarding & Clearing
Freight Handling	Maritime
Rail	Road Freight
Road Passenger	Taxi

Source: Authors Figure

Figure 5 below shows employer reports (i.e. Annual Training Report and Workplace Skills Plan’s) depicted as “Annual report”. The SETA uses the

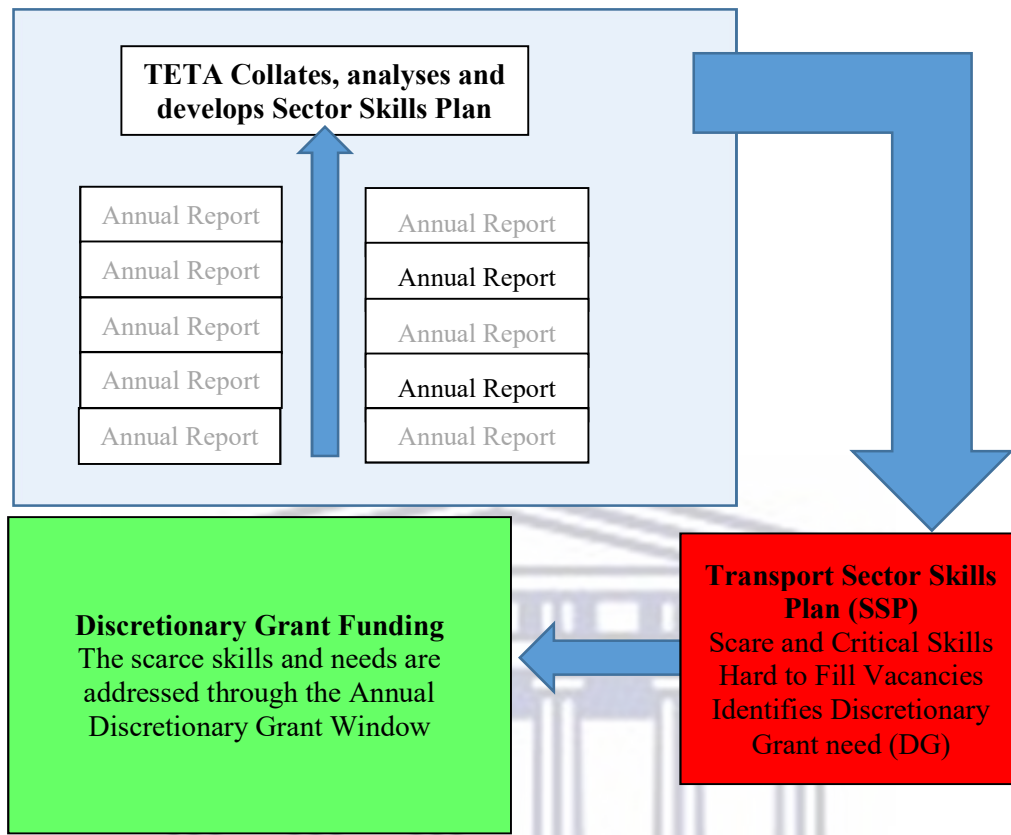
ATR/WSP data to develop the Sector Skills Plan (SSP). The Transport sector is represented by the large blue square while the sector-registered employers are represented by the rectangles titled “Annual Report”. The grey text “Annual Report” blocks indicate non participating companies (80%) and the black text indicate participating companies (20%). 20% of the sector is used to develop the Sector Skills Plan which includes the sector scarce and critical skills list – and it is this list a SETA will target for its Discretionary Grant funding.

The SSP is used to develop the sector and in particular identifies the skills shortages needed to be funded by Discretionary Grants (DG). The DG funding is made up from 80% of the levies received by the SETA and any unclaimed levies from non-participating companies. It is critical that the available funding is used to address sector needs representative of the entire sector.

Each SETA has a defined list of registered companies and each company may either be registered as a Levy Paying Enterprise (LPE) or Non Levy Paying Enterprise (NLPE). These categories are based on the organisation’s core business (SIC codes) as well as its annual payroll; in the case of the latter, an organisation with a payroll in excess of R500 000 per annum is required to pay a skills development levy, an organisation with payroll below this threshold is exempt from paying the skills development levy.

Profiling the sector is critical to ensure well informed Sector Skills Plans are developed annually by a SETA and the data is available across the SETA’s for national government to utilise in national strategy and planning to grow skills and advance transformation.

Figure 5: Source and Usage of Sector Skills Plan information



Source: Authors Figure

Within the large blue square representing TETA employers, the employer bodies submitting annual reports are in black text i.e. (20% or 2 / 10 are represented) and the grey text indicates employer bodies that do not submit. The Sector Skills Plan (red square) utilises the data from participating employer bodies and uses this information to address scarce and critical skills through a Discretionary Grant window. Discretionary Grant window (green square) is the skills requirements as identified by the Sector Skills Plan that are prioritised for funding by the SETA.

National Skills Development Strategies are planned over five year periods and the SETA's prepare for each National Skills Development Strategy by reviewing current performance and determining a 'current status' on which to build and improve. With a renewed focus on sector workplaces, there is an urgency on SETAs to engage with registered Levy Paying Enterprises (LPE's) in order to increase the participation rate of these companies and to improve the relevance of the SSP.

Currently, with low industry participation, there is insufficient sector specific information used in formulating the plan and an offset with reality that has a direct and negative impact on skills development within the targeted sector.

Despite the fact that seventeen years have passed since the establishment of the SETA's, to date only 852 of a potential 4 228 Transport companies (sector registered levy paying companies) participate and benefit from skills development initiatives. This represents a participation rate of twenty percent (20%) which in effect means that the transport sector scarce and critical skills are determined by 20% of the sector. This leaves 80% of the sector's participants potential input towards scarce and critical skills that is simply unknown.

The TETA 2019 – 2020 Annual Performance Plan (TETA, 2018) tables the funding values across the four strategic goals of TETA. The budget for strategic goal 1 is factored into total budget of goals 3 and 4 as 7.5% administration cost.

TETA Strategic goals:

Strategic Goal 1:	Administration	
Strategic Goal 2:	Skills planning and research	R 12 617 500.00
Strategic Goal 3:	Learning programs and projects	<u>R 523 654 541.00</u>
Strategic Goal 4:	Quality assurance system	R 18 544 541.00
Total:		<u>R 554 816 581.00</u>

The aim of goal 3 is to implement occupationally directed learning programs in the transport sector ranging from bursaries, apprenticeships, skills programs to internships and workplace integrated learning for both employed and unemployed persons. Goal 3 is costed at a value of R523 654 541.00 of a total APP budget of R554 816 581.00. The implication is that 94.3% of the APP budget is committed to targets based on 20% of the sector participating. This is a huge sum of money invested in transport sector projects in order to grow the transport economy through skills development.

2.4 TETA Small business strategies and / or policies

This section is based on the researchers 12 years' experience in TETA and the maritime sector. The below summarises the current organisational strategy and performance plans. TETA does not have a specific strategy in place to increase participation or one that specifically targets small TETA registered companies. TETA has recently developed a small business strategy (dated 2017 October) in support of goal 5 of the Annual Performance Plan (TETA, 2017). The strategy is inclusive of all small entities, however it does not specify entity-type targets (e.g. levy registered, cooperatives, non-levy paying) nor does it provide for sub sector targets (e.g. freight handling, maritime, taxi, etc.). Improved drafting of this strategy would have defined the entity-types as per the SIC codes and benchmarked the participation across sub-sectors; it would also provide for predetermined sub-sector targets. This would immediately define the opportunities to be advertised by the SETA. In addition, the maritime chamber experience in the management of small business contracts is that companies struggle with the administration and reporting requirements; this leads to delayed contract issues that prove problematic to both parties (TETA and the company) regarding payment, reporting and management.

The maritime sub-sector is well defined and driven by legislative compliance to the SAMSA requirements through training conducted by employers irrespective of a SETA SSP or funded project. Such training is delivered by SAMSA-accredited providers and these could be engaged to facilitate communication and awareness through partnership with TETA. This could even include the appointment of an SDF to a small business that wants to benefit from TETA projects, and support to the company in its annual submissions. TETA's current small business strategy allows for support to small levy-paying enterprises (LPE), black economic empowerment organisations, non-levy paying enterprises (NLPE), Non-Governmental Organisations (NGO), Community Based Organisations (CBO) and Community Based Co-Operatives (CBC). The policy also includes support to informal businesses in the transport sector, as well as rural and township revitalisation. The policy allows that applications be submitted to any of the three TETA offices, i.e. Randburg, Durban and Cape Town.

As it stands, the policy is open to virtually any small business application made to TETA. Over the last 18 months' TETA has funded applications from consultants that plan to support high numbers of emerging / new business that are not TETA levy-registered. These awards do much to support new business, but do very little to support small business registered to TETA. While such support is within the policy guidelines, the policy should be reviewed to reflect targets 'per entity-type'; this to ensure that support is shared across the different categories. Justification for this view can be found in TETA Strategic Plan itself; the 2016/17 – 2018/2019 plan (TETA, 2016) separates the small business into type and target. It indicates that TETA must provide support to 250 small businesses on an annual basis over the next four years. The internal processes of TETA would do well to allocate sub-sector relevant proportional targets to TETA chambers, based on the percentage of small non-participating companies registered to each chamber.

Table 3 below identifies a target of 250 small TETA registered enterprises for the 2016 – 2019 period. It further indicates a baseline of 131 companies, however the baseline cannot be tested as no record can be traced as to the science behind the baseline calculation.

Table 3 Extract from TETA Strategic plan 2016/2017 - 2018/2019

PROGRAMME 5: SMALL ENTERPRISES SUPPORT AND SKILLS DEVELOPMENT							
Strategic Goal 5: INCREASED SMALL ENTERPRISES SKILLS DEVELOPMENT INITIATIVES							
Strategic Objective	Indicator or	Baseline	Previous Year	Current Year	Medium Term Targets		
		14-15	15-16	16-17	17-18	18-19	19-20
5.1 Small Enterprises Supported							
Number of small TETA enterprises funded.		131	288	250	250	250	250
Number Cooperatives funded		20	16	14	14	14	14
Number NGOs funded		6	16	16	8	8	8
Number CBOs funded		6	16	16	8	8	8
Number labour unions funded		0	10	10	10	10	10

Source: TETA Strategic plan 2016/17 – 2018/19

2.5 Small fishing company Mandatory Grant activity 2016 - 17

22 small companies are active in the mandatory grant system and 73 have no mandatory grant activity recorded; in other words, they do not submit an ATR/WSP to TETA. Of the 22 participating companies, 15 submitted both an ATR and WSP and are currently in their second year of participation. Five companies have a WSP approved but no grant is payable because this was their first year of submission. The remaining two companies accessed the TETA system, but did not complete their submission. With 22 of 95 small companies participating, the participation rate is currently 23%; this figure correlates to the average for TETA as identified by the University of the Witwatersrand (Wits) 2016, i.e. 20% (Tsotsotso, 2016).

2.6 Small Business Development grant activity

There are a number of reasons small companies being unable to comply with the mandatory grant requirements. These include limited capacity within the company, completion of the levy / grant system, levy contribution being too low or exempt from paying levies. TETA has a history of being proactive and supporting such companies by allowing them to apply for small business support. If successful they would be awarded a contract that funds the company planned training. Companies can apply to their chamber representing their sub sector or to the chamber that acts as the provincial representative. Maritime chamber is based in Cape Town and is representatives for the maritime sector and Western Cape companies.

During 2015 the maritime chamber received applications from 46 small businesses (with registered levy numbers), of which 26 companies were approved and six were declined (i.e. they were registered with a different SETA and advised to transfer their registration to TETA). The balance of the applications that were approved fall under different TETA chambers, and were managed by the maritime chamber in its provincial capacity. The chamber further received another 16 Small Business Development (SBD) applications, of which 11 were fishing co-operatives that were approved and funded as a single project and five were Non Levy Paying Enterprises (NLPE) consisting of small non levy registered companies and Non Profit Organisations (NPO's).

During 2016 TETA maritime chamber received applications from 14 small businesses (with registered levy numbers). The small business development strategy and budget were challenging due to a new strategy that required focus on rural agenda and resulted in the applications been declined as they were not considered to support rural activity. A later resubmission of the recommendations (with additional clarity) resulted in the approval of 13 of these applications; one was however declined as it was registered with a different SETA. Of the 13 approvals, 11 were fishing companies.

2.7 Small Business Mandatory and Discretionary Grant history

The combination of mandatory grant and small business development participation and approvals provided the researcher with a rich source of information regarding small fishing companies registered to TETA maritime chamber, as well as their participation. This served as the source of potential companies to interview in order to determine the stakeholder perception and experience in order to identify mechanisms to improve participation.

The following chapter marks the literature review titled “more holes than net” which is a summary of all available literature which can be found and is related to the research problem. The review commences with the most recent of the legislation and amendments, criteria and guideline as the skills development environment is bound by legislation which defines the environment of skills development.

The chapter discusses the available literature relevant to the research area from the legislative context as set out by Department Higher Education and Training (DHET), including legislation, criteria and guidelines to frame the reporting environment. The review also covers research articles related to the research problem, before reviewing historical and contemporary TETA specific criteria regarding mandatory grant that included TETA specific small business strategy, policy and participation records.

Included in chapter are related small business government departments and their respective roles. This is followed by indications that DHET is considering revisiting the skills development process. The chapter ends with a summary of the literature review highlighting key points.



CHAPTER 3 LITERATURE REVIEW - MORE HOLES THAN NET

The title of this chapter summarises the scarcity of research literature in this area. Review of the SETA websites and requests made to the SETA's was unfortunately unsuccessful in identifying or accessing any research related to SETA employer participation as participation is largely unexplored by researchers. The history of fishing along the South African coast can be traced back at least 100 000 years (Voigt, 1975) (Thackery, 1988).

G.M Branch *et al* provide a succinct summary in the process that led to the definitions used to define fishers in the South African context into small scale and industrial scale fishing (Branch, Hauck, Siqwana-Ndulo, & Dye, 2010). The article does well to summarise the process followed in defining fishers into categories and includes useful details in differentiating small-scale fishers within the broader category of commercial fishers. While defining small-scale fishers, the intention of government to promote small, medium and micro-enterprises (SMME's) is identified and it is this intention from government that has linkages to the SETA's and the SETA roles in growing the respective economic sector through skills development.

Mafiniso Hara (Hara, 2008) provides insight into the history and current work situation of squid fishers based in St. Francis Bay in the Kouga municipality of the Eastern Cape. The paper does well to summarise the conditions of the squid fishers employed on a casual basis. The comparison of earnings (paid per kilogram) and deductions (equipment and food) perfectly illustrates the crewmembers, whom catch less than their deductions may well at the end of a fishing trip end off owing the vessel owner money.

The paper however does not delve into the regulatory training required by the skipper and crew and the cost of training the crew and maintaining SAMSA training requirements are not covered. Considering the working paper included transformation and governance it is unfortunate that the skills development

relationship of the vessel to the SETA they are registered to was not considered as this is a key area where SETA's can provide relief to the skipper and crew in order to assist in employment and transformation.

However, within a SETA context, the starting point is the legislative environment within which skills development is situated as the legislation prescribes the rules around participation and recovery. The environment framed by legislation, sets the framework within which the literature review is conducted in order to assist in the research problem. This limits the available of literature relevant to a uniquely South African skills development environment.

Following this, the chapter covers related literature and research articles. It goes on to provide an overview on TETA specific skills development areas of scarce and critical skills, TETA criteria, TETA small business strategy and policies, TETA small fishing company mandatory and small business grant history. This is critical in order to define the status quo and any relevant additional TETA requirements.

The literature review includes legislation, criteria and relevant research articles to the research problem to ensure that the literature reviewed is relevant to the research area and problem. Small, medium and micro enterprises (SMME) are often described as the lifeblood of a country and as the pistons of the economic engine. In most developing countries, they constitute the majority of employment opportunities and represent more than 90% of business operations and transactions (White, 2005).

The DHET guidelines in fact allow a SETA to make simpler templates available to small business; they do not however set a minimum template. While this allows SETAs to take different approaches, it is in the absence of a baseline that no SETA has yet provided a simpler small business ATR / WSP. TETA has removed some of the tabs for small businesses (each tab is a screen of data / information that needs to be completed), but this in itself does not simplify the submission; this, despite some reduction in the quantity of information.

While there has been an increase in research relevant to SETA's, employer participation is largely unexplored by researchers. This literature review is limited primarily to legislation, with limited DoL / DHET guides. To date, no scientific article or report, relevant to the research area in the transport sector can be found within the NSDS III period. Cosser et al (Impact of skills development support on small, medium and large enterprises, BEE enterprises and BEE Co-operatives) study investigated the state of skills development in South Africa with a focus on objective 2 of the NSDS II, namely the promotion and acceleration of quality training. The study does cover a number of SETA's and includes some reasons identified for low participation by small business, but does not delve into significant detail or root causes.

Ciara and Thomas (Human resource development in SMEs: A systematic review of literature, 2015) provide the most comprehensive literature review that could be sourced online. While comprehensive, the review does not refer to or identify any literature relevant to the research of SETA participation of small companies. The research is focused on synthesizing cumulative research of 117 papers published in 31 journals between the period 1995 – 2014. The research conclusion includes that there is some progress towards understanding HRD in SMEs and this area is a worthwhile area of research. This conclusion can only be supported while adding that within the South African skills development environment there is a dire need for research within the SETAs that focusses on levy paying company participation.

3.1 Department of Higher Education and Training SETA Coordination

The Department of Higher Education and Training SETA Coordination Directorate are responsible for the national list of scarce and critical skills, publishing and annual reporting on the state of skills, as well as developing and communicating regulations for skills planning. The scarce and critical skills are developed from the SETA Sector Skills Plan (SSP) which in turn are reliant on participation of the employer bodies.

3.1.1 Legislative considerations

There are two acts relevant to the area of research, i.e. the Skills Development Act 1999 (that brings into existence SAQA, the NQF and the SETA's) and the Skills Development Levies Act (that, without prescribing a finite list of requirements needed to receive payment back from a SETA, focuses on the payment of grants and collection of levies). Amendments published in 2007 (supported by guideline documents) arose from interactions between the National Skills Authority and various bodies that felt that the regulations, in certain aspects, were not clear. The areas in specific that required clarity included the allocation of mandatory and discretionary grants by SETAs, and the subsequent guidelines do allow SETAs to request additional information, but further caution SETAs to be mindful about over-complicating the requirements.

The Skills Development Levies Act 97 of 1998, and amendments, particularly the 2012 amendment, contentiously reduced the mandatory grant recovery of an employer organisation from 50% to 20% of levies paid. This amendment was challenged by Business Unity of South Africa (BUSA) which took the matter to the Labour Court (Business Unity South Africa and Minister of Higher Education and Training, 2015); on finality the court later declared Government Gazette R 990 of 3 December 2012 was invalid. The matter was set aside and suspended until 31 March 2016 after which Minister Blade Nzimande again re-promulgated the regulations on 13 January 2016 (i.e. retaining the grant recovery at 20%). Following a long series of court processes, the Labour Appeal Court (LAC) dismissed with costs the appeal by the Minister of Higher Education and Training (09 November 2017) in favour of BUSA. In the key elements of the LAC decision, the court set aside the original regulation 4(4), which reduced the mandatory grant from 50% to 20%, on both substantive and procedural grounds. This effectively returns the mandatory grant to 50% - which should serve as an incentive to encourage participation, if only from a financial perspective.

This however does not dispose of the re-promulgated regulation made by Minister Nzimande on 13 January 2016 and BUSA has challenged this and has sought to

obtain a declaratory order confirming the 50% mandatory grant remains in force. The re-promulgated Regulation 4 (4) is the subject of a further review application, which is still pending before the Labour Court. BUSA had requested a meeting with the newly appointed Minister Hlengiwe Mkhize. Minister Mkhize appointment was from October 2017 - 26 February 2018 when Minister Naledi Pandor took over the Department of Higher Education and Training). It is unknown at this time (07 January 2019) if BUSA has approached Minister Pandor regarding this matter. BUSA's intention is to endeavour to seek ways to resolve this matter without having to resort to further court processes (Hamel, 2017).

The above can be summarised as "the lower the recovery, the lower the incentive for a company to submit an ATR/WSP to the SETA". Most small companies already have low incentive due to the low levy contributions and an increase to a 50% return would possibly be the greatest possible motivation to improve participation.

3.1.2 Legislated criteria

DHET is responsible for the Skills Development legislation (Skills Development Act No. 97 of 1998, Skills Development Levies Act no. 9 of 1999) and updates which set mandatory criteria to which a SETA may add additional requirements, but SETA's are encouraged to be mindful of adding additional criteria. Below are the legislated requirements:

- | | |
|---------------------|--|
| Submission date: | A date is stated by which the submission must be submitted to the SETA; |
| Format: | The company must submit in the SETA prescribed template; |
| SDF: | A SDF must be appointed in writing to submit on the company behalf; |
| Training committee: | An employer who has a recognition agreement with a trade union or unions, evidence must be provided that the WSP and ATR has been subject to consultation with |

the recognised trade union and the WSP and ATR are signed off by the labour representatives appointed by the trade union;

ATR/WSP: The company must submit a report on training completed (ATR) and report on training planned (WSP).

3.1.3 DHET guidelines

DHET, as principal of the SETAs, manages the legislation and issues guidance notes regarding the SETA management of its sectors. Guidelines on the implementation of SETA Grant Regulations (DHET, 2013), issued after the legislation reducing levies to 20% (i.e. 2012 December), indicate an intention by DHET to correct a number of inefficiencies identified within SETA's. These most notably include the lack of clarity in strategy, plans and policies, while further emphasizing that the focus of a SETA should be to make a difference in their designated sector by focussing on discretionary grant funding on PIVOTAL programs that address the scarce and critical skills. In this way, the guidelines recognise the value of the Sector Skills Plans in underpinning the national strategy and framework (DHET, 2013, p. 17).

The guidelines clearly identify the importance of the mandatory grant to encourage accurate data to the SETA, and acknowledge that incorrect or incomplete data will distort the strategy of the SETA (DHET, 2013, p. 9). The WSP must therefore reflect the actual needs of the employer, whilst the importance of the discretionary grant is to implement the SSP in relation to the development of the sector (DHET, 2013, p. 10).

The guidelines note that the submission of a mandatory grant application is compulsory for large and medium enterprises, and are voluntary for small enterprise. SETAs are, however, requested to develop simplified PIVOTAL reports for small and micro enterprises; the purpose being to encourage maximum returns by all companies in gathering data about the actual needs of the sector – which again

would improve the quality of the SSP information (DHET, 2013, p. 11). The guidelines also note the importance of sector relevant plans in minimizing the risk of chasing artificial targets that lead to funding skills development outside the sector.

In summary the DHET guidelines of 2013 provide clear direction to focus on the quantity (participation) and quality (accurate data) in an effort to provide the data to develop a sector relevant SSP. Small company participation is specified, as is the simplified submission framework for small companies to assist in improving participation.

3.2 Annual submissions to SETA – Small company challenges

DHET has the duty to set the legislative framework that informs the SETA with regard to any changes that may be required. Once finalised, each SETA publishes its mandatory grant policy and criteria to the sector. This framework opens the door for the company to appoint its Skills Development Facilitator (internal or external) and the registration, or renewal of registration, by the SDF with the SETA. This process allows the SDF to gain access to the SETA online system, in order to complete the SETA required templates and to upload any required documentation. Companies submit their reports to the SETA with which they are registered with by SARS.

The following three paragraphs are based on the researcher's experience in the sector as the practitioner for the transport maritime sector over 13 years.

Not only do large and medium companies have the resources to submit the online application, they generally also have financial incentive to do so (i.e. recovery of the 20% levy). In addition to this, such companies also benefit from an improved BBBEE scorecard (the BBBEE benefits alone play a huge role in incentivising large and medium companies to submit) and are further better positioned when applying for Discretionary Grants.

Small companies generally face significant challenges in their online application; typically, the small companies tend to focus on core business and are often not aware of the need to submit, or indeed the manner of submission. Communication to the sector is primarily through existing networks (i.e. participating companies) and on the SETA website.

Even when aware of the opportunity, the complexities of the submission and compliance requirements often frustrate the small companies even before they commence the IT challenges of system compatibility and actually working on the system. Even if a new small company submits the WSP, their grant will not be payable where there was no previous submission; this results in a one-year penalty for every company registered with a SETA for longer than six months. The first submission is an automatic levy recovery rejection, in other words, their plan might be approved in year 1, but their grant is not payable. The above environment is simply not encouraging nor rewarding to small companies.

3.3 Research articles

It is surprising and concerning that only three research papers specific to the identified problem area can be found. This in itself is a cause for concern; as the low participation rate affects all SETAs, and collectively these result in a greater percentage of registered organisations not participating in skills development - other than to fund the SETA by writing off their levies as a tax. This has huge consequences for all SETA SSP's, as well as financial and employee development loss to the non-participating companies.

Grawitzky's DPRU working paper, (SETAs - A vehicle for skills revolution?, 2007) is time-bound; having been conducted after the completion of NSDS I (2001 – 2005) and during the commencement of NSDS II (2005 – 2010). The research focuses on the role of SETA's in contributing towards skills development in South Africa and explores the SETAs core deliverables, responsibilities, and factors underlying SETA performance. It recommends certain interventions to improve SETA performance. Grawitzky based the paper using document review and semi

structured interviews with the SETA CEO's, board members, policy makers and SDF's. Semi structured interviews were conducted, in person in the Gauteng area and telephonically in other regions. By focussing on three SETA's (MERSETA, FASSET SETA and ETDP SETA), the report does well to cover the broader skills development environment and the selection of SETA's includes those with significant small business exposure.

The SETA sectors are as follows:

- MERSETA is the Manufacturing, Engineering and Related Services Sector Education and Training Authority;
- FASSET is the Finance and Accounting Services Sector Education and Training Authority;
- ETD SETA is the Education, Training and Development Practices Sector Education and Training Authority.

Every SETA publishes a Sector Skills Plan annually and within the SSP the SETA participation is listed as x number of large, medium or small companies having submitted a mandatory report. None of the SSP's or annual reports reviewed include data aligned to total companies registered, total companies paying grants and then report participation of companies against size category. Table 4 below is a suggested standard for all SETA's to utilise in their annual reports that succinctly tables the registered companies and participation rates of levy paying companies. For example, 10 000 companies registered to SETA A of which 6 000 companies are levy paying. Of the 6 000 levy paying companies:

Table 4: Suggested standard to report SETA MG participation.

SETA A 2019 Mandatory Grant Summary				
Size	Registered	Levy Paying	Participating	Participation rate
Large	1000	900	860	86%
Medium	2000	1800	600	30%
Small	3000	2200	450	15%

Source: Authors table

Standard use of the above table will allow for accurate tabling of the SETA company profile of levy paying company participation. Research in the field of SETA mandatory grant participation is challenging in that there is no standard reporting template measuring registered, paying, size and participation. SETA Sector Skills Plans (SSP) and Annual Performance Reports (APR) reviewed trend towards reporting participation rate against a benchmark of previous participation history, as examples;

The MERSETA Annual Performance Report (APR) (MERSETA, 2015, p. 18) states that:

“Despite changes in the funding regulations that “decreased the mandatory grant award from 50% to 20%, the number of mandatory grant applications remained constant. Disbursements of mandatory grants were slightly below budget, resulting in the current year’s total of R175 million. The decline in mandatory grant disbursements is due to non-compliance of the sign-off requirement by labour”.

The above extract alludes to a disbursement challenge (payment of a grant) as a result of noncompliance of the sign off requirement by the labour representatives. Annual submissions to the SETA for companies with 50 or more employees must be endorsed by employer and employee representatives. There is no report or data identifying a baseline of the number of large, medium and small companies registered to MERSETA, against which the performance is measured against.

Table 5 below is adapted from the report (FASSET SETA, 2017, p. 46) and summarises the performance information of the FASSET SETA for the period 2016/2017 related to mandatory grant submissions in large, medium and small category. The researcher is unable to determine the partnering of *“submit a WSP and attend lifelong learning events”*. The report does not define what a lifelong learning event is. The 2016/2017 planned target is measured against the 2015/2016 achievement. Again there is no report or data identifying a baseline of the number of large, medium and small companies registered to FASSET, against which the performance is measured.

Table 5: FASSET SETA 2016/2017 MG submissions against target

Strategic Outcome – orientated objective	Programme Performance Indicator	Actual Achieved 2015/2016	Planned Target 2016/2017	Actual Achieved 2016/2017	+ / -	Reason
Encouraging better use of workplace based skills development	Number of LARGE firms that submit WSP/ATR and attend lifelong learning events	61	60	62	+2	
	Number of MEDIUM firms that submit WSP/ATR and attend lifelong learning events	89	80	95	+15	Over achieved. Possibly as a result of positioning for Discretionary Grants (DG)
	Number of SMALL firms that submit WSP/ATR and attend lifelong learning events	849	600	513	-87	Not achieved. Not obligated to submit. The mandatory grant tends to be an insignificant motivation to submit

Source: Adapted from FASSET SETA Annual Integrated Report 2016 / 2017

Performance information

The ETDP SETA 2016/2017 Skills Planning Guide on Scarce and Critical Skills refers;

“This section provides a current analysis of Annexure 2 WSPRs data focusing on the submissions per province, size and constituency. According to the South African Revenue Services (SARS), there are approximately 3 700 active levy payers. Based on the total of active levy payers, 1 039 participated in the mandatory grants process by submitting their WSPRs for 2015-2016 period” (2016/2017 Skills Planning Guide on scarce and critical skills, 2017, p. 22).

The above italics are a quote from the ETDP SETA report and the data is based on source data from SARS requiring every SETA to report its mandatory grant participation performance. The use of the word “approximately” is an indication of the data challenges when using data from SARS. The levy data received by the SETA includes all registered levy numbers including trading, ceased trading, shelf and holding companies and deceased estates. This data includes companies incorrectly registered to the ETDP SETA and also includes companies that only pay grants when their payroll exceeds R500 000 per annum. In the above example the use of the word “approximately” is quite apt.

The ETDP SETA could improve the focus of submission reporting by further categorising and reporting large, medium and small categories and measuring participation (submitted mandatory grant application against the registered size category of companies). The ETDP SETA has measured participation (1 039) against active levy payers (3 700). This equates to approximately 28% submission rate but does not indicate grant approval rate (i.e. of those that submitted, how many received a grant in return).

From the SERVICES SETA Annual Report 2013/2014 Programme 3: Mandatory Grants (SERVICES SETA Annual report 2013 - 2014, 2014, p. 17);

“The number of employers that submitted Workplace Skills Plans and Annual Training Reports decreased by 145 (-5%). The data show a greater proportional decline amongst medium-sized employers but the greater numeric decrease is amongst small enterprises employing less than 50 employees. Evidence-based reasons for this decline have not been established. Hypotheses attribute the decline to the reduction in the mandatory grant reimbursement from 50% to 20% of contributions. Reimbursement processing has been inhibited by outstanding documentation and a change in the timing of compliance verification”.

The SERVICES SETA does not indicate the number of registered large, medium and small companies that the performance is measured against. The report does

indicate somewhat tactfully that its assumed that the decline in medium and small companies is due to the reduction of grant percentage by DHET.

Grawitzky notes 6% of MERSETA registered companies (2007, p. 18) are classified as large companies; this is seen as a major reason for low WSP submissions. It is interesting that the submission rate is estimated at 4 000 companies and not based on actual data. The researcher is unable to access data listing the total number of employers registered to the SETA and of these how many pay levies. Reinforcing the issue that SMME participation remains a challenge, a key solution provided was that of assisting participation through the appointment of SDF's. Significantly, Grawitzky does refer to the intent of the drafters of the Act, i.e. to allow employers the flexibility to drive their own training agenda (together with unions) and incentivise companies that are training (2007, p. 9). This intimates that the sector (i.e. levy paying enterprises) should be free to conduct the training they require, rather than be led or forced to train against SETA identified scarce or critical skills.

97% of the FASSET SETA are SMME companies (2007, p. 22); this constitutes 38% of the workforce. FASSET did well to achieve a participation rate of 34% WSP submissions in 2005. This could be due to the nature of the sector where 60% of employees are in managerial, professional or semi-professional occupations and aware of the legislation and requirements which are inherently financially focussed (e.g. recovery of levies).

94% of the ETDP SETA are considered SMME's; this is a SETA with diverse groupings of organisation (private and public sector with public schools making up the majority) but the study fails to identify the participation rates of employer bodies.

As indicated, the research is time-defined between two strategies (NSDS I and NSDS II) and is focussed on overall SETA performance rather than specific SETA (or sectoral) issues and participation rates. Grawitzky (2007, p. 35) does identify

that SMME participation is problematic and the study does not go into specific reasons for low contribution; partly because the study was never designed to do so. The trend of low participation is identified as far back as 2007 and this was even before the reduction of the levy return to 20%.

Thwala conducted a comparative study within the Health and Welfare SETA (HWSETA) (Workplace Skills Plan analysis report: Examining the submission trends of 2012, 2013 and 2014 - a database analysis, 2014, p. 4); the purpose was to research submission trends and organisational profiles between 2012 and 2014. Thwala notes within the study limitations that the research does not include the rate of participation (i.e. of those registered, how many submitted), but rather serves to analyse organisations that have participated and have been approved.

The conclusion and recommendations (2014, p. 13) do well to identify areas with general applicability to all SETA's, namely;

- *“Awareness workshops should be conducted to locate new firms and increase the number of submissions.”*

This is a viable recommendation that could be improved by first analysing the SETA levy data received from DHET, i.e. to identify organisations that could be contacted to attend a workshop. The unstated challenge is how to identify and make contact with non-participating companies as by default these companies are not known.

- *“Identify and recruit SDF's to cater for levy exempt organisations.”*

Practically, the incentive to submit is based on the financial return received by the company for participating (i.e. 20% of levies paid). The appointment of SDF's to cater for the non-participating companies is a solution, assuming that the SDF's are paid by the SETA to conduct the SDF roles and duties. Continued and sustained participation for levy exempt organisations can only be maintained if the SETA funds the SDF annually for the submissions, as the exempt companies do not recover any grants (20% of zero remains zero). The appointment and funding of SDFs by the SETA is viable if this includes levy-paying organisations. It is in year two of participation (i.e. when the company is due the 20% grant) that sustained

participation will be maintained if the company realises real benefits in its SETA participation. If no benefit is experienced by the company, there is no incentive to continue participation and the company will return to non-participating status.

- *“These must be an active campaign to increase the WSP submissions in provinces with low submissions rates.”*

As the study was limited to companies that had submitted (and been approved), the low performing provinces can only be measured for participation against organisations registered within their respective province. In other words, the individual provincial performance can only be measured by calculating the participation rate of levy paying companies registered to the SETA in the province being measured.

The key issues, i.e. awareness, recruitment and campaign to increase participation, are identified. It is the “how” that will determine the effectiveness of any strategy to increase participation. Reading any SETA SSP will indicate the intention to increase participation of employers in the mandatory grant system. It is in the annual analysis of SETA SSP’s that will indicate that while the intention is stated in every SSP there are no strategies that are operationalised and result in increased submissions against registered levy numbers in the subsequent year.

Cosser et al (Cosser, Mncwango, Twalo, Roodt, & Ngazimbi, 2012) conducted a study to investigate the state of skills development in South Africa with a focus on objective 2 of the NSDS II, i.e. promoting and accelerating quality training for all in the workplace for the success indicators as identified below. The below success indicators were selected from the NSDS II as published by DHET/DOL. The NSDS II lists multiple success indicators, the below being the success indicators most relevant to this research area.

- Success indicator 2.1: By March 2010 at least 80 per cent of large enterprises’ and at least 60 per cent of medium enterprises’ employment equity targets are supported by skills development. Impact on overall equity profile assessed

- Success indicator 2.2: By March 2010 skills development in at least 40 per cent of small levy-paying enterprises supported and the impact of the support measured
- Success indicator 2.5: Annually increasing number of small BEE enterprises and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE enterprises and BEE co-operatives within the sector from the second year onwards. Impact of support measured (DoL, 2005).

The research was survey based with the majority of questions retained from a survey conducted in 2007, which allowed for a comparison between the 2007 and 2010 surveys. The researchers did well to identify that the different types of organizations (private companies and BEE / COOPs) are unique from one another and this required separate strategies and research areas.

The study focused on private companies across all SETA's with significant private sector activity. The Public Services SETA (PSETA) is not associated with private sector activities and was excluded from the survey. At the very start of the study, understanding that the SARS April 2010 database of levy paying enterprises was unlikely to be 100 percent correct regarding all the organization records, it was noted that from a database of 120 683 enterprises the vast majority were inactive and retained in the database for reference and record keeping. The database was refined by removing all records relating to estates, companies that were de-registered, companies that could not be traced or had closed down. This reduced the number of companies to 19 960, which is 16.5% of the original dataset.

This is a clear indication that a SETA should not accept the dataset as received by SARS without analyzing and cleaning the data to active companies. As an example, the Wits 2016 WSP/ATR Data (Tsotsotso, the WSP/ATR data, 2017) is based on the SARS data baselines of 16 252 registered businesses of which 4 228 pay levies (an indication of activity). Where the Wits 2016 report lists activity based on the total number of companies, this should in fact be limited to active companies. At

first reading the Wits report identifies a participation rate of 5%, as 15 400 business do not participate in the mandatory grant submissions. However, when focussing on active companies, TETA has 852 companies of 4 228. Therefore, the participation rate increases to 20%.

Cosser et al (Impact of skills development support on small, medium and large enterprises, BEE enterprises and BEE Co-operatives, 2012) distributed questionnaire's to the three areas of the survey to 8 372 companies. Only 220 companies responded (i.e. a response rate of 2.5%), which does have an impact on the validity of this study. As a result, the 2010 survey could not be compared to the 2007 survey and the 2010 report will not satisfactorily address the key research questions. Despite the low response rate, the data gathered does have merit, the following stand out as trends:

- The size of the enterprise has a direct relationship to the existence of training budgets, i.e. 33% small companies have a dedicated training budget compared to 94% of large companies (2012, p. 89).
- The highest proportion of instances where nobody was responsible for training was found in a quarter (25%) of small companies (2012, p. 91).

The relationship between enterprises and SETA's was particularly informative as it explored the relationship between the company and SARS as well as the relationship between the company and the SETA (i.e. registration). The point is clearly made (2012, p. 95) that participation with SARS is involuntary and the intention is that the levy value will serve as an incentive against which companies can make claim. The levy was never intended as a tax and the system was fairly successful in bringing large companies (97%) and medium companies (87%) into participation, while small companies lagged behind at 63% (2012, p. 96).

This is an above average achievement for small company participation and is a result of measuring SETA participation by being registered to a SETA and paying levies. When measuring participation as the company recovering the levy from the SETA, large companies (88%) and medium companies (88%) are far ahead of small

companies (41%). The research did not indicate if this was a measure of company claiming (submitting) or company approved and receiving the grant.

Cosser *et al* (Cosser, Mncwango, Twalo, Roodt, & Ngazimbi, 2012) included reasons for non-participation by companies that did not claim a grant from their SETA; these reasons are important indications of where change could be effected. This is a very difficult area to survey as it's difficult to get responses from companies that do not respond or participate. The below points stand out as examples of the respondent's experience:

- Respondent does not know about grants (30.9%).
- Respondent views process as too complicated (23.4%).
- Respondent views the financial return value not being worth the effort (21.3%).

The point is made that if the levy is treated as a tax, it will not achieve the intention of having an impact on enterprise training behavior. The large and medium companies have significant financial incentive while noting significant challenges to engage with and recover the levy from the SETA. As the levy recovery percentage was decreased from 50% - 20%, small company participation should be lower as the incentive is less. It is very concerning that since 1999 (Skills Development Act passed) small companies have no awareness of the grant opportunities and / or find the process too complicated, and questions may be reasonably asked if the "system" is appropriate to the small business environment.

The research incorrectly assumes the SETA's have the power to amend the ATR/WSP documents. The template is controlled by DHET and while the SETA's have the power to add reasonable requirements, they must nevertheless comply with the minimum template. Interestingly DHET guidelines (DHET, 2013) do state that SETA's should develop a simplified template for small business, but offer no details with regard how to achieve this.

It is relatively difficult to obtain reliable information from SETA's pertaining to the numbers and types of companies registered and participating, as the SETA annual reports tend to refer to number of companies submitted rather than the number of companies submitted from a baseline of companies registered to the SETA. An example is reporting "600 companies submitted", but there is no indication of this as a percentage of companies registered to the SETA. Simply stated there is no indication of participation.

Paterson, et al. (Paterson, Pillay, Reddy, Juan, & Twalo, 2014) concluded that there was a poor fit between the SDLA and the public sector skills development environment. The public sector companies have no incentive to participate, primarily because the government departments are exempt from paying skills development levies, but also because they are not penalised if they do not participate. As a result, systematic and complete data on skills development was lacking. Importantly the lack of fit between SDLA and the public sector created conditions for policy failure. Unintended consequences of poor policy fit hampered the generation of new data, restricted planning, monitoring & evaluation, and impeded effective government wide coordination of training.

From the above, it is interesting that the influence of poor participation is felt directly by the PSETA; so much so that government had to respond and it did so by introducing incremental changes in the environment through policy adaptation to increase participation with PSETA. Most of the changes were noted as indicators of improved implementation by authors such as Brinkerhoff and Crosby (Managing policy reform: Concepts and tools for decision makers in developing and transitioning countries, 2002).

There are similarities in the transport sector where the lack of financial incentive (i.e. return on levies) limits participation; the unintended consequence is poor SSP quality and a SSP that does not talk to small business. Accordingly, any policy developed would simply not address the unheard voices of small business.

Ivor Blumenthal (Services SETA, 2009), former CEO of the Services SETA, is quoted as saying that: *“95% of WSPs received are fraudulent, and the majority are prepared by external SDF’s”*. His statement was, however, made in the context of lack of engagement in the workplace between employers, labour and SDF’s

Lyal White’s paper (Small Business the Case of Brazil, 2005) focusses on Brazil’s success in the SMME environment; in particular, governments’ efforts to support small business. Two particular initiatives stand out, i.e. the clear definition and categorisation of the different kinds of SMME in Brazil, and the creation of an SMME body.

The paper highlights the importance of defining SMME to help in distinguishing between SMME’s that are ‘survivalist’ versus those that are ‘commercialised’. While the distinction is vital, it is often confused in South Africa, muddling the welfare objective of supporting income generation in the ‘survivalist’ sector, with the economic objective of small business promotion.

Only a handful of ‘survivalists’ are equipped with the skills required to sustain a business. Government’s establishment of the Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (SEBRAE), i.e. the Brazilian Micro and Small Enterprises' Support Service (later privatised), created organisational structure and legitimacy to this crucial sector.

SEBRAE first achieved a clear definition of SMME’s that created a membership base and allowed for operation that is more efficient. It also provided additional services to incentivise the creation and registration of small businesses. Of significance to the South African small business environment, the Brazilian government implemented a number of policies and initiatives that favour small business in a legally friendly environment.

These policies have subsequently improved the speed and efficiency of starting / registering a small business and further provided a single tax regime to such

companies, aimed at reducing the tax and social security loading. In short, these successes were achieved through government *identifying* and *targeting* small business and *reducing bureaucracy* and *red tape*.

In the article “Developing a matrix for career path development in small-scale fishers”, Mark Botha (Botha, pp. 15 - 16), provides a useful summary of small-scale fisher projects from 2002 to date. Bearing in mind that small-scale fishers are under the threshold for skills development levies and are economically opportunistic (i.e. they will fish when there are fish, but will take any other work out of season), small-scale fishers will not participate in skills development unless included in a project funded by outside funding agencies (e.g. TETA or NSF).

Botha does well to articulate the challenges, needs and viable solutions needed to support the small-scale fishers. The article provides some pertinent points, both for small-scale fishers and the fishing sub sector in general; most notably are inter-organisational disagreements (or silo’s) between DAFF (that awards licences and rights – so the client base is known and contactable), SAMSA (custodians of crew training and licencing) and TETA (which is targeting company support). Further he refers to a lack of shared knowledge or information between these bodies; thus establishing a framework that does not allow for proper company identification, communication and support. Botha also identifies the mismatch between TETA SSP 2016/17 and the needs of the fishers and he does offer the reason that the fishers are likely not invited to the SSP sessions. Small-scale fishers have no representation that speaks on their behalf (e.g. to a SETA) as they are under the threshold of participation and subsequently fall outside the communication networks.

3.4 TETA Research related to participation

Section 3.4 is a summary of TETA specific research based on internal sources such as scarce and critical skills, client survey’s, mandatory grants and small business awards made by TETA. This data is sourced from the sector in the following ways:

3.4.1 Analysis of ATR/WSP submissions – Scarce and critical skills

Towards the end of 2016 TETA commissioned the Wits School of Governance to research the annual Sector Skills Plan with a focus on skills supply and demand in the transport sector (the WSP/ATR data, 2017). The research was a non-administered survey utilising the submitted ATR/WSP submissions made to TETA in 2016. It identified that, of a potential 16 252 TETA registered companies, only 5% (i.e. 852 companies) submit in the ATR/WSP process.

This should however be read in the context that only 4 228 companies pay levies to TETA - and it is the recovery of the levy that incentivises the companies to participate. The total figure (i.e. 16 252 companies) is primarily made up of non-participating companies but also includes holding companies, dormant levy numbers and companies that are incorrectly allocated to TETA. As the survey was focussed on submitted ATRs/WSPs (by contributing companies), they have done well to identify the challenge of low participation rate, as well as the influence it has on the published SSP and its relevance to the sector. As the primary data was sourced from the online submissions, feedback was limited to responses from those companies already participating in the system, a case of preaching to the converted.

The online survey included questions regarding why companies fail to submit (question 8) and how to increase submissions (question 9). This has provided useful information on how participating companies think the system could be improved, and why companies do not submit. Even so, the low participation rate is of concern as the participating companies tend to be large / medium sized companies with established training budgets - and the non-participating companies tend to be smaller in nature with low or no training budget for skills development.

3.4.2 Analysis of ATR/WSP submissions – Client survey

As part of the 2017 mandatory grant process, TETA included a client survey to determine the client experience. The survey was not compulsory and 27% (i.e. 235 / 852) of companies completed the survey. 852 is the number of company submissions recorded, but it should be noted that some SDF's represent more than one company.

33% (i.e. 157 / 235) of the respondents had attended the non-compulsory SDF forums presented by TETA) and 97% of the SDF's (i.e. 229 / 235) felt that they received adequate support from their chamber. 62% (i.e. 148 / 235) respondents identified that the system was user-friendly and 51% suggested areas that could be improved. Approximately a quarter of participating SDF's completed the online survey; of these almost all felt that the SETA had provided them sufficient support to submit. Various suggestions for areas for improvement were made; overall, this is a relatively good result, with useful guidance provided to TETA on how to improve the system. The data is however limited to those already participating and adds no data regarding non-participating companies.

Annually TETA invites SDF's to roadshows in each of the nine provinces; the purpose is to update the SDF's prior to the annual mandatory grant submission, and provide advice on legislative, policy, criteria and system updates. The forums are useful in that they do assist SDF's that are currently participating in the system; however, they are less useful for non-participating companies, as these companies are often unaware of the importance of submission and are often not included in the emailed invitations.

Figure 6 below illustrates how the submitted ATR/WSP data informs the SSP which in turn directs the discretionary grant funding earmarked to address the sector scarce skills. Any increase in either the quality or quantity of data will assist the SETA in meeting its sector needs and also reduce fruitless or wasteful discretionary grant funding.

By showing the critical path in the submission of the ATR/WSP, (i.e. the analysis, determination of strategic plans and implementation of plans) the diagram below illustrates the risks of incomplete and inaccurate data made to TETA. If the data submitted is incorrect, or insufficient (e.g. because of a low percentage of the sector submitting), then the source data results in strategic plans that do not meet the needs of the sector.

Figure 6: MG data, development of SSP and SETA APP

	Company submits a quality ATR and WSP (accurate and complete Data)	
Low participation Poor data	Submission of ATR and WSP Data Quantity and Quality	High participation Quality data
Data does not represent the sector needs	Analysis of data and preparation of the SSP	Data is relevant to the sector and represents the sector across large, medium and small companies
SSP is biased towards participating company submissions and is unable to meet the need of non-participating companies.	Approval of the SSP and compilation of the SETA strategic plan based on sector skills supply and demand	SSP is relevant to the sector enabling the SETA to identify large, medium and small company needs
Projects and plans for the sector do not meet the sector needs	Determination of interventions, targets and budget to be funded via Discretionary Grant projects	Projects planned do not match the sector needs
Projects implemented have high risk of fruitless and wasteful expenditure	Implementation of discretionary grant projects as awarded against strategic plan	Projects implemented match the sector needs and assist the sector to grow
Project output (learners) unable to be employed / absorbed by industry Strategic interventions fail at growing the sector	Management of discretionary grant projects and reporting of developed learners or project outputs	Project output (learners) employed / absorbed by industry. Strategic interventions grow the sector
	Company submits a quality ATR and WSP (accurate and complete Data)	

Source: Authors adaptation of the Wits School of Governance 2016, The WSP / ATR data. Slide 2.

3.4.3 Rules of the game – Legislation and TETA criteria

The skills development legislation allows for a SETA to develop a simpler submission for small registered companies. TETA has, for the past few years, reduced the submission for small companies; however, any participating company is restricted to:

- An approved Workplace Skills Plan, where the grant will not be payable in year one of submission, and
- A maximum grant which is limited to 20% of levies paid by the company.

Of the companies registered to TETA maritime chamber (classified as small and are not participating), newly participating companies would be able, in the second year of consistent participation, to recover under R10 000.00. The cost of submission would however have to be borne by the company and all training cost would be carried by the company in the first year of submission. As these companies tend to have a training budget determined by immediate regulatory training needs, submission to TETA would further stretch available budget to meet regulatory compliance.

3.5 Small business government support agencies and / or departments

The below agency descriptions, missions and objective are taken off the National Government website (<https://nationalgovernment.co.za/>) as the Department of Small Business Development website (<http://www.dsbd.gov.za/>) cannot be accessed. Within the descriptions, sections in italics indicate where the Department of Small Business, Small Enterprise Development Agency and Small Enterprise Finance Agency have the direct mandate to partner with SETA's. Research was unable to determine the definition of small business utilised by the Department of Small Business which may differ to the SETA categories which are based on number of permanent employees.

The below government agencies do not provide training and development support to small business. Opportunity exists for partnerships between SETA's and the below government entities for the SETA to provide skills development to the small businesses supported by the government agencies.

The government has set up the **Department of Small Business Development** and its mission is to focus on enhanced support to small business and cooperatives, with emphasis on programmes to advance entrepreneurship amongst women, youth, and people with disabilities to contribute to job creation and economic growth.

The objectives are to:

- Facilitate the development and growth of small businesses and cooperatives to contribute to inclusive and shared economic growth and job creation through public and private sector procurement;
- Facilitate partnerships with all spheres of government as well as the private sector to ensure mutual cooperation that will benefit small businesses and cooperatives;
- Advocate for a conducive regulatory environment for small businesses and cooperatives to enable access to finance, investment, trade equitable and market access in an and sustainable manner; and facilitate radical economic transformation through increased participation of small businesses and cooperatives in the mainstream economy.

The Department of Small Business has two agencies to implement the mission and objectives, namely:

The **Small Enterprise Development Agency (SEDA)**: its purpose is to implement government's small business strategy; design and implement a standard and common national delivery network for small enterprise development; and integrate government-funded small enterprise support agencies across all tiers of government.

The **Small Enterprise Finance Agency (SEFA)**: its purpose is to provide access to finance to survivalist businesses, and Small, Medium and Micro Enterprises (SMMEs) throughout South Africa by:

- Delivering wholesale and direct lending and providing credit guarantees to SMMEs;

- Supporting the institutional strengthening of financial intermediaries so that they can be effective in assisting SMMEs;
- Creating strategic partnerships with a range of institutions for sustainable SMME development and support;
- Monitoring the effectiveness and impact of its financing, credit guarantee and capacity development activities; and developing (through partnerships) innovative finance products, tools and channels to catalyse increased market participation in the provision of affordable finance.

All three agencies were contacted via email and requested to provide any information regarding SETA partnerships or communicating SETA relationships to the small business's. SEDA did respond stating their objectives and attaching information regarding their partners including SEFA, Land bank, Industrial Development Corporation, Gauteng Enterprise Propeller, National Youth Development Agency and Anglo Zimele. No reference was made to SETA's nor were any contact details shared.

The Department of Small Business has a huge opportunity to partner with the SETA's and to connect small business to the SETA's (at the same time SETA's can connect small business to the Small Business Development Agency, SEDA and SEFA). Every small business that is assisted by the Small Business Development Agency, SEDA and SEFA would have a training and development need that the SETA will be able to meet. The SETA's have small businesses that can benefit from SEDA and SEFA support but the support excludes training and development (SETA mandate).

3.6 Indications of revisiting the Skills Development processes

One of the first indications of a rethink of how and what data should be collected from employers can be found in the concept note by Prof Hoosen Rasool and Cuen Sharrock (2016). The concept note proposes a new mandatory grant process and instrument to collect and analyse data from employers, in other words, one that replaces the ATR/WSP altogether. The rationale is that the current standard

ATR/WSP does not provide sufficient or relevant data to make informed decisions on skills planning. This clearly identifies a current mismatch in the data collected and the data required for effective skills planning.

The thinking stems from the White Paper on Post School Education and Training (DHET, 2013) which called for a review of the ATR/WSP. The paper suggests a revised instrument, in other words a national template that includes information on all training that takes place in the workplace, as well as data on the current levels of skills, experience and qualifications of employees, skills priorities and gaps for both the short and medium term. The intention of the White Paper is to produce a “user friendly and accessible template” and to balance the data that an employer can reasonably provide (and the submission thereof) with the national imperative to collect useful and accurate information on the labour market.

The proposed changes have the potential for improvements in the collection of data in a standard or template that would reduce the inputs of the current ATR/WSP data sets. Additional benefits include having a SDF that can work across SETA’s as well as using the same collection tool. A hidden financial benefit is the cost savings in maintaining and updating a single platform across multiple SETA’s, where currently each SETA is currently paying an IT provider for the same product.

However, the concept note does not in itself address low participation. Even with aggressive marketing, the return on levies (i.e. 20%) is too low to be a viable incentive. As a result, most small companies would continue to dismiss it as a tax write off. The concept note does well to identify the challenges to participation and offers a glimmer of hope in referring to and supporting the Davis Tax Committee Report (Davis, 2016), suggesting that tax compliant small businesses should have access to separate mandatory and discretionary grant pool. The Davis Tax Committee Report goes further and states that the current SETA refund system is skewed against the SMME sector (Second and final report on small and medium enterprises, 2016, p. 44). A standard small business template for both the

discretionary grant and mandatory grant submissions would likely go some way to providing financial incentive to participating companies.

3.7 Summary of the literature review

Grawitzky (2007, p. 35) identified small business participation as problematic, Thwala's (Workplace Skills Plan analysis report: Examining the submission trends of 2012, 2013 and 2014 - a database analysis, 2014) recommendations highlight solutions to address participation of small business within areas of communication, recruitment and active campaigns to increase employer body participation. The DHET guidelines (2013, p. 11) emphasize SETA's are to focus within their sector and are provided the flexibility to reduce the online templates to increase small business participation. DHET however does not provide any guidance or template in this regard and should seriously consider taking the lead regarding this by setting out a simplified small business template.

Despite the data limitations, Cosser et al (2012, p. 99) do well to identify reasons for low participation which can be summarised as communication (small companies don't know), complexity (beyond the scope of small companies that do not have dedicated staff to pursue the SETA relationship) and the cost to submit which exceeds recovery (if more money is spent on the submission than is recovered then there is no money left to implement the training plan as submitted). It must be noted that the financial incentive referred to above predates the lowering of the levy recovery from 50% to 20%, which radically reduces the recovery value while the submission cost remains the same. This has the unintended result of further lowering the small company submission rate.

Within TETA scope, Wits (Tsotsotso, 2017) also emphasized that the quality of the SSP is determined by participation – and at 20%, TETA has a low participation rate. Botha (Developing a matrix for career path development in small scale fishers, 2017) does identify inter-organisational disagreement (or silo's) between DAFF, SAMSA and TETA (all of which play overlapping roles in the fishing sub sector, yet do not communicate with each other), insufficient information-sharing (between

the organisations) and poor communication (to the sector). Hoosen *et al* (New mechanism to collect and analyses employer data for effective skills planning, 2016) offers a “new mechanism” with practical and viable solutions, using some of the findings in the Davis Tax Committee Report (Davis, 2016) to increase overall support (simplified, single template) and specifically small business support.

It is refreshing to read, within the literature review, that there are suggestions of a change from “one size fits no-one” to both improved reporting across SETA’s, reduced costs (single platform and provider) and a small business focus. The intention aligns well with the proven success of SEBRAE in the Brazilian small business environment (White, 2005). The Brazil example is a relatively simple strategy of clear definition of SMME which allowed for defined membership. Of significance to the South African small business environment, the Brazilian government implemented a number of policies and initiatives that favour small business in a legally friendly environment. These policies have subsequently improved the speed and efficiency of starting / registering a small business and further provided a single tax regime to such companies, aimed at reducing the tax and social security loading. In short, these successes were achieved through government identifying and targeting small business and reducing bureaucracy and red tape

The intention of this research is to investigate the reasons for poor participation by small companies in the fishing sector by interviewing the small company owners and / or representatives. Through identifying the reasons for non-participation it is possible to put forward recommendations to increase small company participation to enable company support and skills development to the small company and its many employees (permanent or seasonal) whom currently have severely limited opportunities, if any.

The research output should be applicable across sub sectors in the Transport SETA (i.e. to small and medium companies where the 20% recovery of levies is perceived by the company as a low value) and also across any other SETA as the legislation and templates are the same across all SETA’s. This could radically change the data

quality and quantity input into the SETA SSP and will greatly assist in ensuring the individual SSP and APP is relevant to all levy paying companies registered to the SETA. No SETA has achieved a ATR/WSP participation rate that exceeds 20% and all SETA's will be able to draw lessons from the research.

Fishing has the added incentive of the DAFF fishing quota but this is an additional requirement only applicable to fishing companies.

Chapter 4 discusses the theoretical framework; this chapter has proved most challenging as the closest theory that can be associated with SETA participation falls within the field of business management studies.



CHAPTER 4. THEORETICAL FRAMEWORK

The theoretical approach to the research has been particularly difficult to identify, as the initial consideration of social change theories proves problematic when applied to this particular research area. The overall goal of the thesis is to identify factors that explain fisher's decision making process on tax recovery. Although this problem resides in the realm of social change theory or socio-psychological theories on decision making (e.g. theory of planned behavior / theory of reasoned action etc.), the behavior that constitutes the research problem will however be understood as business decision. The research problem is a business decision whether to participate and as a result, business study theory has been utilised. Of the available options, the Ansoff Model is the most suitable model relevant to the research problem to investigate how to increase company participation within the SETA environment.

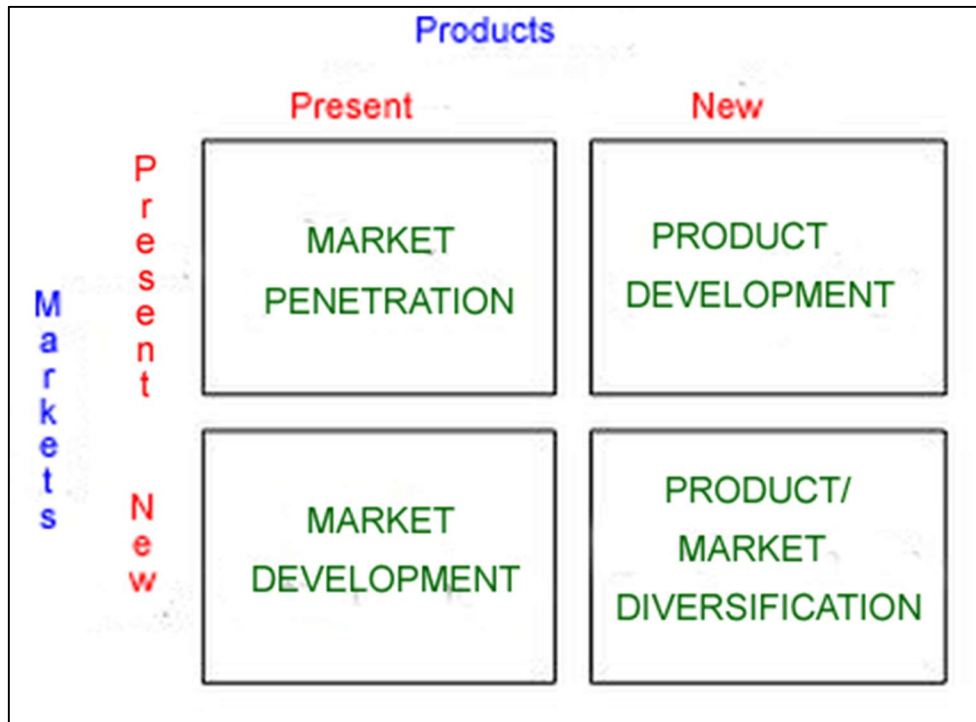
This research belongs in development studies as the SETA Sector Skills Plan is a plan for the sector (and its constituent sub sectors) and profiles the employer organisations with significant detail of the employee, including age, race and gender. The Sector Skills Plan also identifies scarce and critical skills with hard to fill vacancies. The Sector Skills Plan is a critical source of information to enable the sector to align to and implement national strategies, particularly the transformational agenda. This enables targeted skills development projects to reduce unemployment and grow the relevant sector through skills development.

This research intends to find ways to increase small company participation and the Ansoff Matrix (Ansoff, 1965) provides a useful and relevant framework. As employer participation is low, the knock on effect to the Sector Skills Plan is significant as one cannot profile a sector with low participation as the data is not sufficient to profile the sector. Any SETA needs to follow business theory in their sector in order to grow participation.

The Ansoff Matrix is a strategic planning tool that provides a framework to help executives devise strategies for future growth. The model, devised by H Igor

Ansoff, a mathematician with insight into business management, provides four alternatives of marketing strategy, namely market penetration, product development, market development and diversification.

Figure 7: The Ansoff Matrix diagram



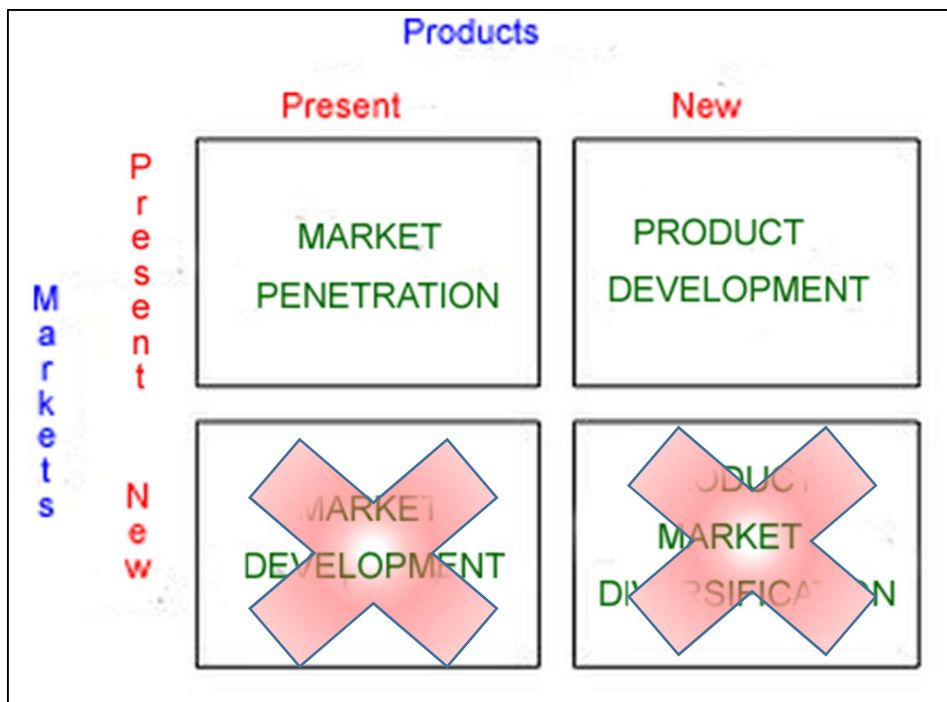
Source: Adapted from Ansoff HI, 1965. *Corporate strategy: an analytic approach to business policy for growth and expansion.*

The market penetration strategy requires the organization to grow its existing products and services in existing markets, by attempting to increase its market share in the current market. With product development, the company creates new products and services targeted at existing markets, in order to achieve growth. Market development on the other hand is a strategy to develop new markets using existing offerings, whilst diversification entails a strategy for an organization to grow its market share by introducing new offerings into new markets (product and market development).

Due to the legislative environment and the DHET reporting / validation requirements, TETA's market is defined as the transport sector and levy registered

companies. Accordingly, of the four strategies, those relating to market development and diversification are both excluded from any desire a SETA may have to increase participation. The Ansoff Matrix applicable to a business environment can be considered as the “next best” approach to SETA participation in the absence of any other model. The SETA is viewed as a business operating in the SETA demarcated sector, the transport sector in this case.

Figure 8: The Ansoff Matrix applied to TETA business environment



Source: Adapted from Ansoff HI, 1965. Corporate strategy: an analytic approach to business policy for growth and expansion.

Figure 8 shows the Ansoff Matrix as it applies to a SETA business environment, where, of the basic four strategies available, legislation precludes SETA creativity to its own defined sector. This leaves market penetration and product development as possible strategies to follow in order to increase participation.

Market penetration and product development within the South African business environment must take consideration of the influence that the Broad Based Black Economic Empowerment (BBBEE) policy and codes have on the particular sector.

TETA has felt the influence through increased participation of large and medium sized companies that simply have to participate to maximize their BBBEE score in order to do business with government in South Africa.

There has been a visible increase in self-funded workplace training (where a company funds a learnership, for example, without any TETA funding) because of a company's efforts to achieve an improved BBBEE rating. However, the necessary skills and understanding required to change business practice in aligning to BBBEE codes is simply not available in small companies. Of particular relevance to the small fishing companies is the quota allocation process that a company must go through under Department of Agriculture, Forestry and Fisheries (DAFF).

This process is called the Fishing Rights Application Process (FRAP), which includes an allocation of points towards scoring a fishing company in determining whether or not a fishing right (or quota) should be awarded. The communication to the small business community needs to survey the small business environment and offer such companies an attractive user-friendly option that supports other sector imperatives or government legislation. An example would be the DAFF quota allocation process taking consideration of the fishing company's skills development history with the SETA.

4.1 Fishing Rights – context and legislation

The fishing industry is reliant on the allocation of fishing rights awarded by Department of Agriculture, Forestry and Fisheries (DAFF) through a process named Fishing Rights Application Process (FRAP). The right to fish determines whom may conduct fishing in South Africa.

4.1.1 An introduction to the history and process

During 2005 and 2006 the then Department of Environmental Affairs and Tourism (DEAT) embarked on the Long Term Rights Allocation Management Process (LTRAMP). In preparation for LTRAMP, the DEAT published a general policy on the allocation and management of fishing rights in 2005, as well as sector specific policies for 20 commercial fishing sectors. On conclusion of the LTRAMP process,

fishing rights were granted in terms of Section 18 of the Marine Living Resources Act (MLRA) Act No 18 of 1998. Rights were issued for periods ranging from two to fifteen years.

Fishing rights in Kwa-Zulu Natal Prawn Trawl, Demersal Shark, Squid, Tuna Pole-line, Hake Handline, White Mussel, Traditional Linefish and Oyster fishing sectors were allocated for periods ranging from two to eight years, and these sector rights' expired and reverted to the state on 31 December 2013. They were subsequently reallocated for a period of seven years.

Prior to this allocation, the General Policy on the Allocation and Management of Fishing Rights 2005 was revised to align the allocation objectives of the department with the broader objectives of government, as well as the changing nature of the fishery sectors. The revised General Policy on the Allocation and Management of Fishing Rights 2013 was published in the government gazette 17 July 2013. Fishing rights in Abalone, Hake Inshore Trawl, Patagonian Toothfish, Horse Mackerel, West Coast Lobster (Nearshore), West Coast Lobster (Offshore), Seaweed, Kwa-Zulu Natal Sardine Beach Seine, Large Pelagic Longline and Netfish and Fish Processing Establishments (FPE) were allocated for periods ranging from ten to fifteen years and these sector fishing rights' expired and reverted to the state during 2015.

The above necessitated the Fishing Rights Allocation Process 2015/16 (FRAP 2015/16) to be managed by the Department of Agriculture, Forestry and Fisheries (DAFF). DAFF published eleven draft sector specific policies on the allocation of fishing rights (June 2015) for public comment, and held 52 consultative meetings held at venues in relevant provinces. The dates, times and venues were published in local, regional and national print media and displayed at all Fisheries Compliance Offices (FCO) along the coast.

In addition, the department also made provision for a formal notice and comment process. After consideration of all the comments received, DAFF published the final sector specific policies, the application forms and the final application fees

and grant of fishing rights fees on 16 November 2015. The 11 policies published were in the four predominant coastal languages, namely, English, Afrikaans, isiXhosa and isiZulu.

DAFF distributed the fishing rights applications to prospective applicants in all coastal and inland provinces; the distribution and receipt was managed by Price Waterhouse Coopers, the recording and capturing of applications / annexures was managed by Data World, and the verification of the processes was conducted by an independent auditing firm, namely Business Innovation Group. This process resulted in the creation of the FRAP 2015/16 database and the database was utilized by Assessment and Advisory Teams for allocating rights in each of the fishing sectors under the delegated authority (DDG: Fisheries Management).

4.1.2 Linkages to SETA's and Skills Development

The General Published Reasons for the Decisions on the Allocation of Rights and the Quantum in the Hake Inshore Trawl Fishery 2015/16 (referred to as the GPR) published on 10 November 2016 by Department of Agriculture, Forestry and Fisheries (DAFF) set out the criteria, weighting, process, methodology and the policy reasons for the decisions on the allocation of rights and quantum in the Hake Inshore Trawl sector.

The FRAP 2015/16 application differentiated applicants into category A (previous rights holders) from category B and C (new entrants). In both categories the application forms provide for a section (i.e. Section 6) that measures transformation, and include five (of seventeen) criteria that relate directly to the SETA relationship. These would either improve or reduce an applicant's overall score. Table 6 identifies the criteria used to assess Section 6 applicable to skills development environment.

Table 6: DAFF Fishing rights application (Category A, B + C)

Criteria	Breakdown	Max score	Comments
Has the applicant complied with the Skills Development Act 97 of 1998	Yes = 5 No = 0	5	Relevance uncertain as the referred Act sets up the framework. There is no action for the employer to carry out. The framework sets the environment the SD levies act 1999 is applicable to and sets up the SETA – Employer relationship.
Has the applicant paid levies in terms of the Skills Development Act 9 of 1999	Yes = 5 No = 0	5	1% of levies are payable for values of R 500 000.00 payroll. This is automatically administrated by SARS. Small fishing companies tend to be exempt (under threshold) or are minimal contributors. The recovery of levies is currently at 20%, as most companies contributions are low the 20% return is not a viable financial incentive.
Has the applicant appointed a skills development facilitator	Yes = 5 No = 0	5	Formal appointment of an SDF to facilitate between provider and employer (one page appointment letter)
Has the applicant developed a workplace skills plan	Yes = 5 No = 0	5	Annually a SETA requires an Annual Training Report (ATR) and a Workplace Skills Plan (WSP) submitted in the SETA template, by 30 April 2017 and the SETA may or may not add sector specific requirements. The criteria “developed a WSP” refers to the first step towards submitting to a SETA.
Does the applicant participate in learnership programs	Yes = 5 No = 0	5	Learnerships need to be registered by DHET and the employer needs to register the learnership with the SETA the employer pays levies to.

Source: 2015/16 Fishing Rights Application Process (FRAP) Department of Agriculture, Forestry and Fisheries (DAFF) June 2015

4.1.3 Fishing Rights – SETA relationship summary

The GPR assessment transformation scoring (Section 6) requires companies to comply with skills development legislation, which includes the submission of an ATR/WSP to the SETA. Small fishing companies currently have a low submission rate to SETA's as their primary perspective is that the cost to submit (time and money) is not viable financially and generally exceeds the potential levy return (20% of levies paid in year two of participation). This short-term view however needs to be changed through communication by DAFF, fishing bodies (e.g. Fish SA, National Fishing Forum) and the SETA's, as the long term benefits of participation will assist in the award of fishing rights / quota's; the value of which far exceeds the direct financial relationship with the SETA.

4.1.4 Fishing Rights - Criteria to Skills Development Legislation alignment

The Skills Development Act 1998 specifies that a company employing more than 50 employees must submit an ATR and WSP (section 4.1.a). The Act does not state the requirements for a company employing less than 50 employees (small company) and, as a rule, SETA's apply the same requirements to companies irrespective of size. Recovery of the grant (section 9.2.d) requires submission of a WSP and a Pivotal report that contributes to the relevant SETA Sector Skills Plan, and also that the WSP from the previous year has been implemented. Currently the SETA's accept only a WSP in year one of submission (i.e. the plan is approved but the grant is not payable) and ATR/WSP in year two (whereby the report and plan are both approved, and the grant payable). The time to recover (i.e. two years) and the value recovered (i.e. 20% of levies paid) can be a disincentive – however fishing companies need to be advised that the long term rights benefits outweigh the short-term costs.

4.2 Skills development - Legislative environment

Any theoretical framework needs to include the legislative environment and the limits imposed by the DoL/DHET guides. There are two Acts relevant to the area of research, namely the Skills Development Act 1999 (which brings into existence SAQA, NQF and the SETA's) and the Skills Development Levies Act (which

focuses on the payment and collection of grants, but does not prescribe a finite list of requirements needed to receive payment back from a SETA).

The amendments published in 2007 were supported by guideline documents that arose from interaction with the National Skills Authority by various bodies that felt that the regulations, in certain aspects, were not clear. The areas requiring clarity were the SETA allocation of mandatory and discretionary grants. The guidelines allow SETAs to request additional information, but caution SETAs to be mindful of over-complicating the requirements. It would be a huge improvement if all SETAs utilised the same policy, templates and systems, with some flexibility in adopting criteria. This would standardise operating platform and utilisation of the system and the savings of utilising a single source IT provider would be significant. User access and guidelines would also be standard which would simplify the role for SDFs.

Of all the amendments to date, the amendment that most risked participation was the reduction of the mandatory grant recovery from 50% to 20% of levies paid. The 2012 amendments resulted in a further reduction in employer's submissions to the SETA's for mandatory grants; in other words, it reduced an already low participation with the unintended consequence of reducing sector relevant data to inform the SSP. Following notice by the Labour Court that a set down would be issued in November 2017, BUSA requested the then newly appointed Minister of Higher Education Hlengiwe Mkhize to resolve this matter without resorting to further court processes. Minister Mkhize was replaced by Minister Naledi Pandor in a cabinet reshuffle in February 2018 and as of yet (January 2019) there is no information if Minister Pandor has been briefed regarding the situation or if any further development has occurred.

The potential recovery of the levy from the SETA is an important factor in a company's decision to submit; a 20% recovery of levies is a low recovery particularly where the company payroll is just above the payment threshold level. With a cost to submission ranging between R1 000.00 and R1 500.00, the levy recovery should at least cover this cost to be an attractive option.

In addition to the above, small companies tend to focus on core business activity (i.e. they regard non-core activities as incidental) and, in the case of fishing companies, they are already burdened by additional Employment Equity (EE) and fishing quota requirements. One must also not forget that in the current legislation, even after paying a SDF for submission, the company submitting for the first time cannot recover any levies in the first year and has to pay the consultant and submit two years in succession in order to recover any levies. Bearing in mind further that the levy recovery is aimed to support planned training in the company, the lower the recovery, the less funds remain for actual training (after paying the costs associated with submission).

4.3 TETA report on the Sector Skills Plan 2016/2017

The Wits School of Governance Sector Skills Plan Research Report 2016/2017 of the TETA SSP states that the current participation rate of levy registered companies is 20% (2016, p. 12). The previous TETA SSPs supports this finding where low participation has been consistent between 2013 and 2016. At present the quantity and quality of data is simply insufficient to guide a sector and the low market penetration leaves room for significant improvement. If TETA intends to be relevant to the transport sector, the reasons for non-participation need to be researched, as do potential solutions to increase this rate. It is in increased employer participation that the quality of the SSP is improved; and it is with an improved SSP, that the relevance of TETA is increased. In addition, the SSP has a direct bearing on the TETA funding stream; as it is the SSP that identifies a sector's scarce and critical skills, and it is these skills that are funded by the TETA as discretionary grants. In parallel, it is small companies where skills development is most needed; and training often withheld due to lack funding. This is funding that could be accessed through SETA participation.

Chapter 5 is focused on the research methodology followed and the process followed to identify the research population. Full census was achieved during the interview process for the Eastern and Western Cape fishing companies.

CHAPTER 5 METHODOLOGY

5.1 Research philosophy

The context of this research study is the actual reality as experienced by company representatives as a potential participant in the SETA relationship. The ontological position of the researcher is relativist within the understanding that our experiences are relative to our specific cultural and social framing being open to a range of interpretation (King & Horrocks, 2010). This study follows a qualitative research design because the nature of the problem needs to be investigated in depth and needs to be based on the experience of the small company with TETA.

Small companies can be represented by a consultant, generally already appointed to manage Employment Equity (EE) and Human Resource management (HR), or an employee that is nominated to act as the Skills Development Facilitator (SDF).

The fishing industry entails a diverse group of companies represented by internal and external representatives across different catch species and seasons (squid, pelagic, inshore etc.). Both the internal and external representatives have personal experiences with SETA's, these may vary from excellent to poor service. Each representative may have a group of companies registered to different SETA's (requiring different criteria to be met and formats to be completed), and these may include companies over the threshold (companies paying levies to TETA can claim a grant back) and companies under the threshold (companies not paying levies to TETA are unable to recover any funds back).

Where a quantitative design provides accurate statistical data (e.g. participation rate), it limits the possibility to observe multiple diverse experiences or truths. The intention of the research is to identify the company's reasoning for non-participation as viewed from the company perspective. The research is interview based to capture the personal experience of the company representative.

The research intends to gain an in-depth insight into the experience of the company and the factors behind the decision of the company to not participate with TETA -

despite the financial and BBBEE benefits of doing so. The research is a qualitative study based on complex relationships and subtleties between the companies, the SETA and associated government entities (e.g. SAMSA and DAFF).

The research conducted is interview based with the representatives of the small fishing companies. The interview is guided by a questionnaire and allows for open ended dialogue with the intention to capture the experience from the small company as represented by the SETA contact person. It is this experience which needs to be understood in order to identify mechanisms to increase participation.

5.2 Data collection methods

Data collection is based on a qualitative field study that includes interviews, documents, and company / participant history of submissions. The research design provided for exploratory research. It was exploratory to the extent that it would identify the profile of small companies' submission (i.e. what is the rate of participation) and identify why they do not participate. Neuman (2000) identifies that exploratory research identifies the "what" and it is the "what" that allows for extrapolation or at least insight to the "why" (explanatory). This research will add to the available body of research that can be utilised in the future by researchers in order to conduct explanatory research. Some of the research activities could be relatively simple such as a business case study to determine if a single IT provider could provide the mandatory and discretionary grant platforms for all SETA's. This should result in significant financial savings and standardize reporting across SETA's.

Explanatory research can build on this research paper by researching:

- SARS allocation of SIC codes and linking company to the correct SETA.
- Correlation between government national plans and SETA small business strategies.
- Integration and alignment of goals and outcomes between national government and government agencies.

- A longitudinal study on small business projects implemented by SETA's to determine the impact as experienced by the company supported.
- Participation rates across SETA's and the effect this has on SETA Sector Skills Planning.
- Business case study to determine if a single IT provider could provide the mandatory and discretionary grant platforms for all SETA's.

A common error encountered with qualitative studies is the tendency by researchers to attempt to answer too broad a question or a topic with too many objectives. Several authors including (Yin, 2009) suggest placing boundaries to prevent this. The case study is limited to transport SETA registered small fishing companies (SIC Code 13100) registered with a levy number as identified by the levy reconciliation received from DHET. This was made available to the researcher by the TETA finance unit with the agreement that the data provided would not be used for any other purpose than this research project.

5.3 Selection of participants

To generate data for this study, convenience sampling has been applied. It's a technique widely used in qualitative research for the identification and selection of information rich cases for the most effective use of limited resources (Patton; 2002). In the approach followed the company levy data for the period 2016/2017 defines the sample by SETA (code 26) and fishing sub sector (13100). Geographically the fishing company distribution is as follows, Western Cape (51), Eastern Cape (40) and one company registered in each of Kwazulu Natal, Mpumalanga, Northern Cape, and Limpopo. The researcher focussed on the Western Cape and the Eastern Cape as provincial areas for the interviews. This resulted in a full census consisting of 91 companies in the Eastern and Western Cape of a potential 94 companies nationally.

5.3.1 Identifying the Population

Using company levy data for the period 2016/2017 (as provided by the TETA finance unit) in MS Excel, I sorted the data into categories of SIC code 13100. This

identified 121 fishing companies of which, five are large, eight are medium-sized and 108 are small companies as defined by skills development legislation. Currently, 100% of large companies participate and 87% (seven of eight) medium companies participate in the mandatory grant process. Interestingly the 8th medium-sized company was unknown to the maritime chamber until the levy data was analysed.

Table 7: Population SIC code 13100 Ocean and Coastal fishing

Code	Specialization	Number of companies
13100	Ocean and Coastal Fishing	108

5.3.2 Population refining and provincial distribution

Of the 108 registered small fishing companies, 13 are registered with the incorrect SIC code; in other words, they are not fishing companies. There is a trend for transport sector training providers (core business should result in registration to ETDP SETA) transferring their levy number to TETA in the expectation of Discretionary Grant (DG) funding opportunities. The training providers are incorrectly registered to TETA and should be transferred to ETDP SETA.

Table 8: Population SIC code 13100 Ocean and Coastal fishing reduced

Code	Specialization	Number of companies
13100	Ocean and Coastal Fishing	108 less 13 incorrectly registered = 95 Small fishing companies

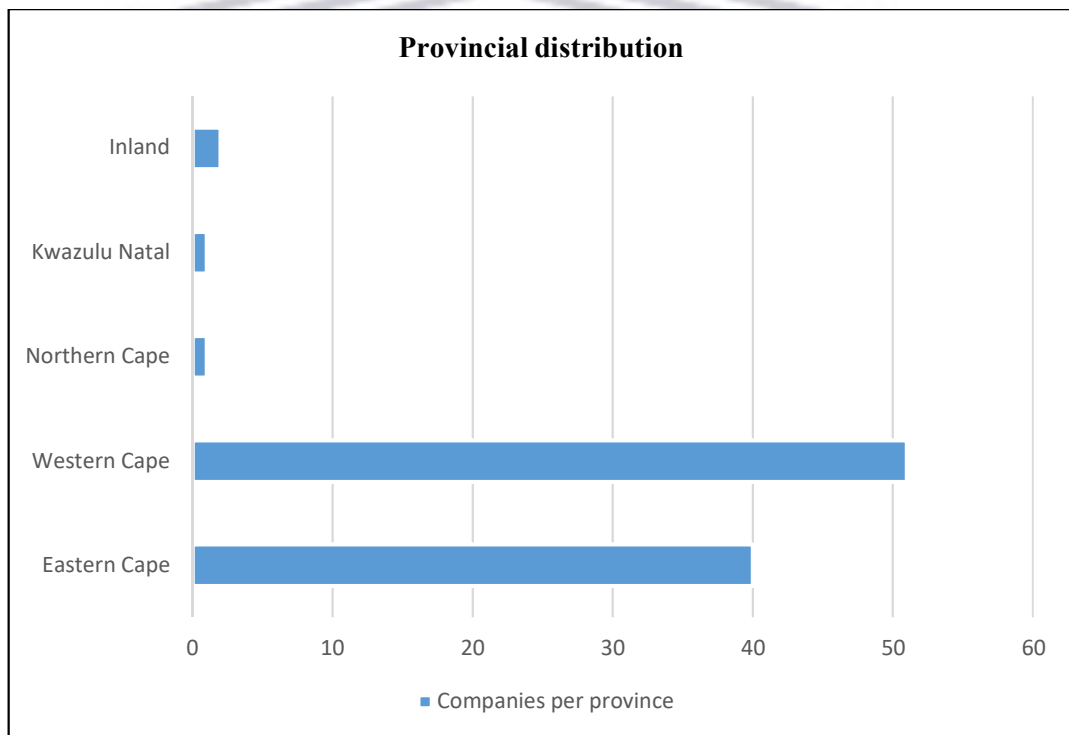
This effectively means there are 95 small fishing companies registered as TETA levy-payers from the TETA levy data set. The vast majority of these are registered in the Western Cape (51) and Eastern Cape (40) and one company is registered in each of Kwazulu Natal, Mpumalanga, Northern Cape, and Limpopo.

According to this data the Northern Cape and KwaZulu-Natal have one small fishing company registered in each province. This seems extraordinarily low for provinces which have fishing activity. This could be as a result of incorrect SETA and SIC code registration or that the companies are registered to TETA but fall

under the threshold to pay levies. Two of the companies are represented as inland as their details indicate head offices in Limpopo and Mpumalanga.

In total, the 108 companies interviewed are based in the Eastern Cape or Western Cape and contribute between R36 000.00 and R140.00 per annum to TETA. The four companies that are outside either the Eastern Cape or Western Cape were intentionally excluded due to logistical reasons (travel costs would have exceeded data benefit) and due to the fact that the companies were not contactable using the available information from SARS.

Figure 9: TETA Small fishing companies' Provincial distribution



Source: Maritime levy registered small fishing companies TETA levy data

5.3.3 SETA fishing support

Primary research was conducted within TETA to determine the state of small business support provided by TETA (i.e. TETA strategy, policy and operations). Small business development falls under Goal 5 of the strategic plan, which contains a basket of diverse types of support mechanisms for companies and project goals. The original plan included internal TETA staff interviews with the Skills

Development Manager, the Strategic Projects Manager and unit manager (maritime), however, as TETA does not have a participation strategy for small business development (aimed at levy-paying companies), no internal interviews were conducted.

The interviews would not have resulted in any new information, other than highlighting the fact that TETA has not provided a support mechanism for the different types of organisations (i.e. levy registered, non-levy registered, NGO, CBO, rural development), each with its own unique target, budget and dedicated strategy. Had this been the case, this would have provided great leverage for increased participation and support to small companies within the sector.

5.3.4 Fishing sector interviews

The initial research plan was to stratify the types of organisations into two groupings, namely small fishing companies (group 1) and training providers of fishing companies (group 2). While conducting interviews it became apparent that no simple groupings were possible as an individual may own multiple companies (i.e. fishing boats), each with their own levy number, or that a single consultant may represent multiple companies. It transpired that in every case where an owner had multiple vessels, he also had levy numbers registered with at least two SETAs (e.g. TETA and FOODBEV SETA). Training providers facilitated the SETA relationship and were appointed as SDF's by the companies.

The appointment as SDF is a formal agreement to represent the company in any SETA opportunity that the provider may have facilitated or is aware of. The SDF relationship was of a passive nature and activated only when small business opportunities were available. It typically did not include active participation of the companies in the online ATR/WSP submissions.

As the interviews commenced it became clear that the intention to interview a client per levy number would not be possible and the interviews would be across groups of levy numbers held by a single SDF /company representative, with the company's participation ranging from:

- those currently actively participating in mandatory grants,
- those currently actively participating in Small Business Development (SBD),
- those that previously participated in SBD but no longer do so,
- those that have never previously participated, and
- those that are and registered with another SETA.

Six interviews were conducted in the Port Elizabeth harbour area including the surrounds (Cape St Francis). These interviews resulted in representation of 33 fishing companies, of which 31 are small fishing companies. All of the companies identified the same training needs, namely SAMSA crew training and SAQA Hazardous Analysis and Critical Control Points (HACCP) training. The SAMSA training is to ensure the vessel and crew can proceed to sea while the HACCP training is part of the requirements to meet the European Union import standards.

Two interviews were conducted with the two main training providers focussing on the fishing industry in the Eastern Cape. These are well-established providers that offer training to the companies interviewed, as well as other fishing companies in the area. It is a known fact that fishing companies have to regularly maintain the SAMSA standards for seagoing crew, and this necessitates training and refresher training on an ongoing basis for crewmembers.

The two largest SAMSA training providers in the region service all the fishing companies (noting that, in order to benefit from small business development contracts, these companies have previously played a facilitation role between the fishing sector and TETA). The two providers facilitate the SDF role on behalf of the companies, Provider A represents many fishing companies of which 17 companies are registered to TETA and Provider B represents many fishing companies of which 11 companies are registered to TETA.

One interview was conducted in the Western Cape with a consultant representing 100 fishing companies. For the purposes of this research the interview was accepted as the voice of the companies represented by the consultant. The consultant has

been representing these companies for at least ten years ranging across Employment Equity (EE), Labour Relations (LR), quota applications and skills development. The companies were all non-participating in the mandatory grant but previously enjoyed small business contracts from TETA over several years.

Of the 100 companies, 58 companies are registered to TETA, five companies are registered with other SETA's and 19 are fishing companies that are not registered with any SETA. The SDF has been waiting for the Inter SETA transfer to TETA since 2016 for the five companies registered incorrectly to FOODBEV SETA (three) and Wholesale and Retails SETA (two).

In addition to the above, inputs were captured from a meeting held on 06 December 2017 with a group of fishermen (boat owners) in the Gansbaai area. The meeting was at the request of a consultant SDF whom represented five small fishing companies. The meeting was initially hostile due to the fisher's perception that they were paying these levies and getting nothing in return. The situation was exasperated by their experience of the SBD contracts they received being dated after the training they implemented. This resulted in TETA not being able to pay for the training as listed in the contract as the training had predated the signed contract.

Despite the history, the meeting progressed well and through dialogue the fishers were capacitated with regards to SETA compliance and opportunities going forward. The meeting was the only time during the research that "hostile" fishing companies were directly interviewed with the consultant present.

5.3.5 Fishing sector participant overview

This section summarises the first section of the interview questionnaire designed to identify the type of respondents. It is noted that the below SETA's and SIC codes are sometimes used when a company is registered with SARS, which leads to complications and delays when a fishing company tries to transfer to TETA (SIC Code 13100 Ocean and Coastal Fishing). These are:

AGRISETA SIC code 13000 Fishing, operation of fish hatcheries and fish farming;

FOODBEV SIC code 30120 Processing and preserving of fish and fish product.

The TETA levy data that was analysed to identify the participants using SIC code 13100 (fishing) identified 95 fishing companies (i.e.108 less 13) as per Table 8. During the interview process and the analysis of the company records made available by the companies, an additional 65 fishing companies were identified as registered to TETA but unknown to the maritime chamber. This was due the fact that the companies had not previously submitted a mandatory grant application which would have forced the SDF to select a SIC code which defaults to a TETA chamber. As a result, the companies were lost in the data despite being maritime fishing.

This had the effect of increasing the population to 162 small fishing companies. On analysing the levy data from TETA, updated data is only available where a company has been participating in the system. Where a company has no participation record, it is very difficult for a SETA representative to guess which chamber a company should be registered with, as the only guide is the name of the company which is not very accurate unless the company name is very specific.

Examples are trusts or generic names. Some accuracy can be achieved when the company name includes the word “fishing”. Table 9 summarises the participant’s details, i.e. 10 persons representing 114 small TETA companies. The participants consisted of 40% female and 30% black. The roles of the participants tended to include any fishing related issue ranging from administration of training, purchasing of stores, refuelling and repairs.

Where Table 9 indicates 114 small TETA registered companies, the respondents themselves also represent fishing companies registered to other SETA’s, or companies under the levy threshold that are not required to pay SDL. Where companies are registered with the incorrect SETA, Inter SETA Transfers have been submitted as far back as 2016. Any company without a TETA levy number cannot participate and their data was removed from the research.

Table 9: Overview of participants

	Area	TETA companies	Role	Qualification	Gender	Race
Interview 1	EC	4	HR Officer	B Tech HR	Female	Black
Interview 2	EC	3	Director, manager, bookkeeper	ND Public administration	Female	White
Interview 3	EC	1	Shareholder and owner	Nil	Male	White
Interview 4	EC	5	Consultant	B Com and HR	Male	White
Interview 5	EC	11	Training Manager	Captain	Male	White
Interview 6	EC	5	Shareholder and Director of group	SDF	Male	Black
Interview 7	EC	17	Training Manager	Nil	Female	White
Interview 8	EC	5	HR Director	ND Finance	Male	Black
Interview 9	WC	58	Consultant	ND HR Management	Male	White
Interview 10	WC	5	Consultant	SDF	Female	White
TOTAL		114				

Source: Authors research data

Table 10 below is based on data sourced during the interview process and benchmarked against the TETA levy data received from DHET, namely 171 companies of which 114 are registered with TETA as small fishing companies. Four companies are excluded from the research due to size (medium 50 – 149 employees), 13 are incorrectly registered with different SETA's and 40 are exempt from paying levies. As a result, their details do not appear in the TETA levy data (no levies due or paid). This leaves a total of 114 small TETA levy registered fishing companies highlighted in blue in Table 10 as the final research sample.

Table 10: Types of fishing companies

	Number of Companies Represented	TETA Registered Large / Medium	TETA Registered Small	Other SETA	No SETA registration (under threshold)
Interview 1	7	2	4	1	
Interview 2	3		3		
Interview 3	3		1	1	1
Interview 4	5		5		
Interview 5	13		11	2	
Interview 6	10	2	5		3
Interview 7	38		17	4	17
Interview 8	5		5		
Interview 9	82		58	5	19
Interview 10	5		5		
TOTAL	171	4	114	13	40

Source: Authors research data

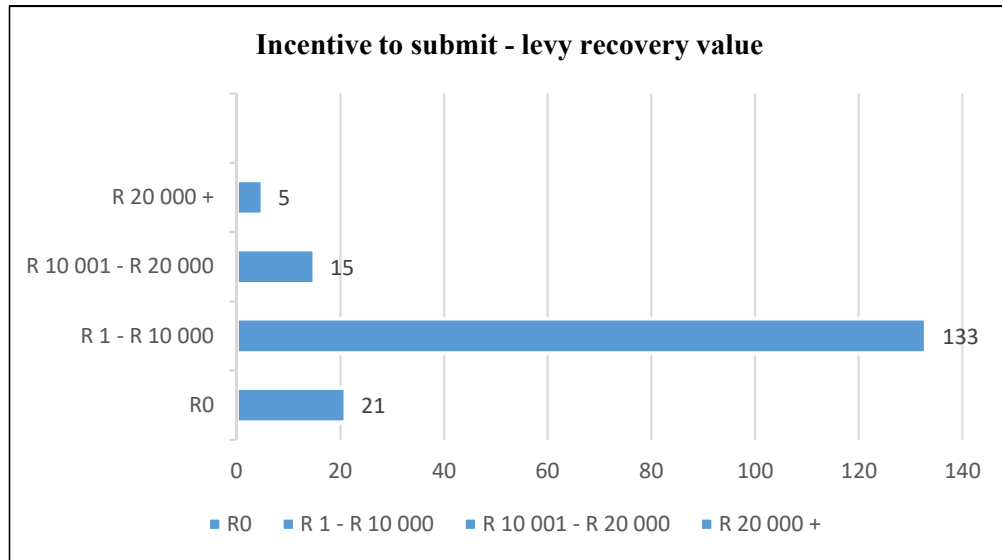
5.3.6 Mandatory levy grant records for fishing companies (2016)

A list of the fishing companies registered to TETA and the value of levies paid per annum can be found in Appendix 5. The companies are arranged from highest to lowest in terms of levy value paid. The distribution of participating companies is higher at the top of the table where the levy return, even at 20%, is an attractive incentive; towards the end of the table submissions drop off. The mandatory grant records are provided by TETA finance unit and the initial database was limited to maritime SIC code (table 1-2 SETA link to SIC code, specialisation Maritime chamber). Accordingly, 174 small fishing companies contribute R3 884 753,83 in levies with the potential to recover R776 950,77. It is pointless to average values across the group of companies as each company is restricted to 20% of levy paid.

During the interview period, each respondent had at least one fishing company registered to TETA but not linked to maritime chamber. This resulted in a data mismatch due to the record extracted from TETA listed SIC code 13100 (fishing). Analysis of TETA company records (levy number) after the interview process

identified the below participation level of small fishing companies registered to TETA (irrespective of SIC code allocated).

Figure 10: Fishing companies financial incentive (grant) to participate



Source: Authors research data

Figure 10 above identifies the distribution of companies relevant to the value of levy available for recovery from year two of submission.

The highest value these companies can recover, if still active after the second year of participation, is R2 000. This value is approximately the same as the cost of submitting to the SETA, resulting in a zero financial return to fund the planned training. These companies and employees have very limited (if any) prospects to participate in skills development in order to grow and transform.

In the above illustration, potential return to companies is expressed as a numerical value within differing value sets. From the 174 companies:

- 21 companies are non-levy paying and cannot recover any levy;
- 133 companies contribute between R1 and R10 000 (The highest levy contributor has an incentive to participate as R2 000 that can be recovered in year two of participation);

- 15 companies contribute between R10 000 and R20 000 (The highest levy contributor has an incentive to participate as R4 000 that can be recovered in year two of participation);
- 5 companies contribute between R30 000 and R40 000 (The highest levy contributor has an incentive to participate as R8 000 that can be recovered in year two of participation).

This needs to be understood in conjunction with the BBBEE scoring benefits of a mandatory grant submission. Fishing companies are predominantly found in the Western Cape and Eastern Cape. Companies at the lower end of the table are less inclined to participate due to the cost of submission exceeding return, e.g. recovering R32.00 (20%) of an annual contribution of R160.00 does not cover the cost of submission and provides no financial support to training need identified in the WSP.

Within these provinces Western Cape has a 17.6 percent participation (nine of 51) and the Eastern Cape has 30 percent participation (12 of 40); the reason for this difference is that the Eastern Cape companies tend to be connected through a network of directors, share ownership or joint ventures. Further, there is often a single SDF that represents multiple companies; where one of these companies is medium or large, this forces the SDF to participate with the SETA. Once the communications commence, through capacitation by TETA, the SDF is aware of the short term (levy recovery) and long term (quota application) benefits. This is then rolled out across all the companies in the network.

5.4 Organising and analysing data

There is no single “right” way to analyse data in a qualitative study. Data analysis and interpretation are closely interwoven. T.H. Schram expresses this idea as qualitative inquiry is fundamentally interpretive (Conceptualizing qualitative inquiry: Mindwork for fieldwork in education and the social sciences, 2003).

Creswell (1998) best describes the process as a data analysis spiral where the researcher goes through the data several times following the below steps (adapted to the researchers process for this study):

- Organise the data per respondent against each question ensuring the message as communicated is captured.
- Review the data set several times to make sense of the content as a whole and relevant to each area of questioning.
- Identify general patterns or themes relevant to the “sense” of what the data means.
- Integrate and summarise the data in a manner that will convey the meaning to any reader.

5.5 Data process followed

The researcher captured the raw data from meeting records and structured the responses vertically (per respondent) and horizontally (per question). The interview questionnaire consisted of two sections, section one with five questions relating to the respondent role, experience and qualifications. Section two consisted of twenty-one questions relating to the SETA (TETA) experience. The same capturing process was followed for both sections and each response area was interrogated after capturing to identify themes and phenomena. Thematic analysis was conducted and the content was structured into themes.

Particularly telling was the candidates profiles and duties as no respondent’s primary role was as a SDF. The entire group ranging from consultants, training providers, company SDF’s and company representatives all had many other duties of which the SDF role was secondary or even tertiary to their main role.

Respondent two arrived at the interview straight from the vessel where repairs were in process and she was returning to the vessel to complete repairs and carry out fuelling after the interview. The two consultants added that while the SDF role was a value add (to employment equity, labour relations and quota applications), the

company's real priority was a crewed vessel at sea, followed by any support activities (e.g. maintenance / repairs and training).

5.6 Semi Structured Interviews

Interviews are a widely used qualitative research technique used by qualitative researchers. The ability to provide undiluted and detailed personal context to the phenomena investigated is its key feature. The critical input required in this applied research is the personal experience of the small company registered to TETA.

Semi structured interviews were set up as this technique allows for a combination of structured and unstructured questions during the event which allows for adding additional questions to seek clarity or expand on issues raised. The following are the questions that were completed during the semi structured interviews conducted. The interviews consisted of two sections, i.e.:

- Section one being an overview of the participant's role and experience at the company, and
- Section two being 21 questions related to the SETA relationship.

The interviews were held at an agreed venue per interview. The venues selected were conducive to the interview process as the venues were either the respondent's office or a training room at a central training provider. In one instance the interview was held at a restaurant due to protest action in the planned interview area. The restaurant was very quiet at 10.30 in the morning and the interview was completed successfully.

The questions were designed to categorise the respondent (section 1) and to structure the interview questions to the respondents SETA relationship (personal experience of the event). The questionnaire was piloted to test usefulness and this resulted in some changes being made to the draft questions. All participants were interviewed using the same questionnaire. The researcher held all the interviews with the participants using the designed interview form and all participants were interviewed using this interview form as a guide. Questions were phrased differently within the questionnaire in order to allow for triangulation of the

responses in order to check validity and consistency. For example, questions 2.11 – 2.17 all interrogate the planned training and the scarce / critical skills of the company.

Interview Questionnaire:

Section 1 (1.1 – 1.5) summarises the biographical data of the respondents

1.	Personal information	Research Area
1.1	Name and surname	Biographical
1.2	Position	Biographical
1.3	Duration at company	Biographical
1.4	HR / SDF qualification	Biographical
1.5	What is your role in the company?	Biographical

Question 2 (2.1 – 2.21) Explores the company experience across communication, participation and cost, as well as skills planning and linkage to fishing quota. The questionnaire below is colour coded across the different research questions.

2.	SETA relationship	Research Area
2.1	Do you know you are registered with the TETA?	Communication
2.2	Do you know why the SETA system exists?	Communication
2.3	Do you participate with the SETA and how?	Participation and cost
2.4	If you do participate – what is the cost to submit to TETA?	Participation and cost
2.5	If you are participating in the MG, what is your financial return?	Participation and cost
2.6	If you are participating in SBD, is it working for you?	Participation and cost
2.7	Does TETA communicate with you and how?	Communication
2.8	What do you think is the way TETA should be communicating with you?	Communication
2.9	Do you know how you can benefit from TETA?	Communication
2.10	Have you had any support from the SETA?	Participation and cost
2.11	Do you plan to train any staff during a financial year?	Skills planning
2.12	Do you have a dedicated training budget?	Skills planning
2.13	How do you manage any staff training?	Skills planning
2.14	What is the average training spend per year?	Skills planning
2.15	Are there any skills you struggle to get?	Skills planning
2.16	What types of training do you need – ashore?	Skills planning
2.17	What type of training do you need – at sea?	Skills planning
2.18	Have you ever used consultants?	Participation and cost

2.19	If you have used consultants –what role, cost, return?	Participation and cost
2.20	Do you have your own quota allocation (specify including duration)?	DAFF fishing quota
2.21	When applying for quota's, does the SETA relationship assist?	DAFF fishing quota

5.7 Informed consent and Ethical considerations

The TETA levy report identified the participants and included contact details. The maritime chamber database of mandatory grant and small business development contracts served as the database of potential participants. The Eastern Cape and Western Cape were identified as the provinces with the highest recorded registered small fishing companies and the research focussed on these two provinces.

The research was undertaken in accordance with UWC Social Sciences Research Ethics Committee' guidelines (Appendix 1). Potential participants were contacted telephonically and then emailed an invitation and overview document (Appendix 2). For each interview a date was arranged to meet and the interview was booked. The research information sheet was sent by email prior to the meeting. On the day of the interview the participants were provided time prior to the meeting to read the information form and ask questions as required. All invited participants agreed to participate and signed the consent forms (Appendix 3). Each interview was guided by the questionnaire (Appendix 4). The above process and documentation fulfilled the ethical requirements of respect for the participants, obtaining consent prior to commencing study and protection of the participant's privacy and anonymity.

The TETA finance unit provided the levy data under the provision that the data sources from TETA records may only be used for the purposes this research project.

On the day of the interview, each applicant was taken back to the purpose of the study and it was emphasized they had the right to withdraw at any time. All participants were willing to participate but were not comfortable being recorded electronically. The interviews were transcribed during the interview and the respondents were given the opportunity to check the transcription for accuracy and

in order to sign off on correctness. There was a general discomfort regarding the use of voice recordings, so the decision was made to not use the voice recorder as a recording device even before the first interview commenced.

Geographically, the interviews were maritime chamber registered small levy paying fishing companies in the Western Cape, interviewed in the Cape Town harbour, and Eastern Cape with interviews in Port Elizabeth harbour and Cape St Francis harbour. The Eastern Cape has the highest proportion of active companies with TETA while the Western Cape has the largest number of small fishing companies, but with a lower rate of participation.

While conducting the first interview it became apparent that generally, each respondent would be representing more than one fishing vessel, and this subsequently increased the value of each interview. Each individual represented many vessels and was able to explain why vessel participation varied from “registered incorrect SETA” to full mandatory grant participation, even though the levy return was insufficient to fund actual training planned and implemented.

The research was limited to transport SETA registered small fishing companies (SIC Code 13100) registered with a levy number as identified by the levy reconciliation received from DHET. This was made available to the researcher by the TETA finance unit with the agreement that the data provided would not be used for any other purpose than this research project.

5.8 Data Quality

Replication means the ability of an independent researcher to verify the claims made from the original research. The data obtained in an experiment must be reliable, meaning the same result must be achieved if the study is repeated. If observations are not repeatable, our descriptions and explanations are thought to be unreliable (Burns, 2000, pp. 6 - 7). Another term to use would be repeatability following the basic research plan and methodology of the original research. A standardized research plan as followed for the research is repeatable within the sub

sector (fishing) and also in any other sector or sub-sector. The interview elements were completely standardised as the companies all fall within the same skill development regulations, TETA mandatory grant criteria / processes and DAFF fishing quota requirements.

Validity is the extent to which the requirements of the scientific research method has been followed during the process of generating research findings. Given the sample and the research tool, it is highly likely that another researcher would get the same result. Validity is a compulsory requirement for all types of studies (Oliver: 2010). Cohen *et al* (2011) consider the main types of validity are content validity, criterion-related validity, construct validity, external validity, concurrent validity and face validity.

Validity can be ensured through measures (including but not limited to), appropriate time frames, appropriate methodology and the specific characteristics of the study. The sampling method is directly related to the validity of the data collected and the research instrument and methodology are valid to the phenomenon investigated.

The researcher is comfortable that the methodology followed to define the target group and the standardised instrument will ensure validity. This assumes the fishing environment and fishing requirements for quota's as determined by DAFF remain constant.

Reliability is a concern as the interviewer was also the SETA representative and this could have an influence on the responses. The consent form and confidentiality went some was to resolving this as did the relationship of the interviewer with the small companies over a period of time. The research participation was partly due to the small company representatives wanting to be part of the system and they used the opportunity to be frank and honest. A classic example can be quoted by the six fishers in Gansbaai during the interview process:

“Ons is te slap gat en verstaan dit nie, ons volg nie op en ons wil net vis vang”.

Translated from Afrikaans to English: *“We are just too lazy and we don’t understand, we don’t follow up and we just want to catch fish / go fishing”*.

The skills planning data sourced from the interviews match the published scarce and critical data (TETA, 2018) and this served a useful cross-reference to check validity of the interviews. English was the mutually agreed language for the research but a single interview session included responses in Afrikaans which the interviewer was able to understand and respond to. There were no language barriers identified during the research process.

As the interviewer was also the TETA representative it must be noted that despite all precautions taken, the respondents may have tempered their responses to ensure a positive forward relationship. Based on the quality and quantity of the responses it is the researcher’s opinion that the responses were both factual and valid.

5.9 Limitations

The scope of this research study was limited to the TETA fishing sub-sector registered small companies in the Eastern and Western Cape. The research is bound within the Skills Development regulations and also TETA participation criteria, guidelines and templates. As a result, the findings are applicable to TETA registered small business irrespective of chamber of registration. Generalisations can be made within TETA, across TETA sub sectors, as the skills development policy and criteria is standardised. While the findings will be transportable to other SETA’s in relation to small business participation, any solutions offered by this research will need to reviewed within any other SETA unique systems and criteria.

It must be noted that the interviewer was a TETA representative and this may have influenced the responses by the company representatives, i.e. the interviewer is the maritime practitioner responsible for monitoring and evaluating the companies mandatory and discretionary grants. It is likely that responses may have been tempered to ensure a positive working relationship in the future. Response consistency was assessed through triangulation of the responses to the questions

using different questions statements. The TETA SSP also allowed for cross referencing and validation of the data gathered from the interviews.

Language did not play a significant role and all interviews were conducted in English. None of the participants requested translation services and were comfortable with English as the medium. One of the sessions (Gansbaai) did include both Afrikaans and English. Questions were posed in English and generally responded to in English, where the discussions grew complicated some of the participants swapped to Afrikaans. The interviewer is able to communicate in Afrikaans so this was not a challenge to the interview session. It must be noted that the respondents represented different number of companies ranging from one to fifty-eight per respondent. The responses were not weighted to account for this as the responses were consistent across the interviews.

Chapter 6 follows and is the summary of interviews listing the responses. The intention is to capture and summarise the voice of the fisher into key areas from which recommendations can be made. The main areas are communication, participation and skills planning. The chapter closes with various scenarios for SETA – client relationships ranging from win – win to lose – lose.

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CHAPTER 6. THE STUDY

This chapter summarises the interviews responses against the key areas of the interview. The key areas capture the voice of the fisher of the SETA experience as they have experienced it.

- Cost of participation: Participation is dependent on financial return and where cost to participate exceeds the benefit of participating is compounded by a one-year penalty, for first time applicants the environment providers a very poor incentive to participate.
- Communication: Ineffective communication has resulted from the fact that there is no communication strategy or available projects to encourage and support participation.
- Skills planning: Underreporting of training in the SSP arising from the fact that significant training occurs in the small business companies, but is unknown to the SETA. This results in the SSP not reflecting SMMEs in the reported training, planned training or scarce and critical skills.

6.1 Cost of participation

Participation and the cost of participating investigates the experience of the company in dealing with TETA. The below extract identifies the questions posed to the respondents.

Do you participate with the SETA and how?

If you do participate – what is the cost to submit to TETA?

If you are participating in the MG, what is your financial return?

If you are participating in SBD, is it working for you?

Have you had any support from the SETA (if so what type of support) ?

Have you ever used consultants?

If you have used consultants – in what role, cost, return?

Do you participate with your SETA and how?

Four of the respondents submit mandatory grant applications to TETA for the companies that have financial incentive to submit (i.e. recovery exceeds submission cost). Five of the respondents do not submit as the recovery is too low or the

companies are exempt from levies and there is no recovery benefit. The respondents that do not submit mandatory grant applications have a history of activity in the Small Business Development (SBD) strategy, which is their preference as the strategy funds up to R50 000.00 per company based on the companies submitted training need.

The below responses summarise the sentiment:

“Too busy to spend time trying to find opportunities or making phone calls to be transferred elsewhere”.

Eastern Cape vessel owner and manager

“It’s easier to work through the representatives when funding is available”

Eastern Cape maritime training and consulting company

“It’s just not worthwhile because with a 20% recovery, it costs more to submit, so you already have less money when it is time to train”.

Eastern Cape Human Resources Director

Both of the training providers with a history of communicating TETA funding opportunities (discretionary grants and SBD strategy) to the companies in their network stated;

“It used to be easy but lately there are no SBD targets communicated or available. The companies check with us before fishing seasons to check if there is any free training”.

Eastern Cape Maritime training and consulting company.

Note: The “free training” reference indicates how companies understand the TETA SBD strategy and further indicates the lack of knowledge of the SETA system and benefits.

If you do participate, what is the cost to submit to TETA?

The question is to assess the experience of the company with regard to the cost of submission to TETA. The submission cost is only viable when the return to the company (funded training or mandatory grant payment) exceeds cost.

All of the respondents agree that the cost to submit exceeds the recovery value. The company levy contributions are generally too low to result in a financial benefit (see Appendix 5: Maritime chamber 2017 MG records). This is compounded by an already low motivation to submit due to the fact that current legislation has a one-year penalty for first time submissions which results in a company having to carry the cost of training and submission for the first year. By submitting the company actually has a reduced training budget in year one of participation, as the company now has to pay the SDF from the training budget in order to do the submission.

The below experiences echo the themes that have been identified in above sections, i.e. the benefit of submission is outweighed by the energy and time required to submit for a very low return (if any):

“There is no point in submitting a mandatory grant because the staff payroll is low. The directors don’t see the point of submitting to recover such low levies. Time is the biggest cost and the return does not make it not worthwhile.”

Eastern Cape Human Resources Manager

“It’s too big a schlep and too much time is taken. Even if there is a return the cost exceeds return. This is what I have heard, it’s not based on my actual experience.”

Eastern Cape Vessel Manager.

Note: The vessel manager comments were based on hearsay and not on actual experience with any SETA. The vessel management company is registered to another SETA (not TETA) and does not participate in any SETA activity.

Consultants fulfilling the role of SDF as part of a broader value package continue to support the theme that cost to submit exceeds recovery:

“Approximately R2K per submission, the return does not make it a worthwhile exercise”. “The submission is a small part of a bigger product to clients and

mandatory grant participation is costly due to the time required to consult and record data, manage training, record evidence and provide transport and accommodation for training”. “Forms part of employment profile and costs roughly R6K for time and effort per submission.”

Western Cape Consultant

If you are participating in the mandatory grant, what is your return?

None of the respondents saw any value in submitting a mandatory grant return (WSP/ATR). All of the responses continued to emphasize:

“No point in submitting as it costs the company more to submit”. “The management of submission and training at R750 - R1000 per hour x 8 hours (R8K) results in a cost exceeding the levy recovery before any training even takes place”.

All Respondents

Four of the ten respondents simply stated “nil participation”. The most common response is that it simply does not make business sense to submit if the levy recovery is low or often zero (under the threshold). To take it further, its common sense that there is no incentive to submit if it will cost companies more than they can recover.

If you are participating in SBD, is it working for you?

This question was designed to assess the SDF / company perception of the SBD system where TETA made annual funding available under the SBD strategy. A small company could submit a SBD application to TETA for funding up to a maximum value of R50 000 per annum.

The SBD system was preferred by all respondents including those that submit mandatory grant applications to TETA. The real benefit of the funding support was that the SBD system offered funding for training needed by all fishing companies, including those paying low or no levies to TETA. There was no penalty for a first time submitter and the companies could claim up to R50 000, which is a much

higher value than the company would recover in the mandatory grant system (recover 20% of levies paid).

The training provider / consultant maintained communications with TETA to determine when funding opportunities were available, the consultant / provider then represented the fishing companies by completing and submitting all the requirements, particularly technical compliance in order to be awarded funding. The companies preferred that the provider / consultant manages all the administration, this allows the company to send crew for training and receive a crew member back with a certificate of competence. Accordingly, the company can focus on its core business.

Interestingly, eight of the 10 respondents indicated that the budget of R50 000 per annum was too high and could be reduced to R25 000. This would effectively allow a doubling of the number of companies supported against the same budget.

“Not all companies need R50 000 to train”

“Difficult to make training cost R50 000, the contract values are too high.”

“The R50 000 budget was a little high for most fishing companies. R25 000 would be a more realistic figure.”

The respondents all preferred the SBD system and perceived the system to be easier to use with the ability to receive funded training to a maximum of R50 000.00 per annum. The financial benefit far exceeds the 20% levy return, specifically those companies that do not pay any levies. Challenges were noted, primarily those associated with funding cycles and processes matching fishing seasons (contract must be signed and valid to allow for implementation during a closed season) as well as cost to attend the approved training exceeding the actual cost of training (crew transport and accommodation costs exceed the funded training value where the crew needs to travel to attend training). The representative of 79 fishing companies had a preference to SBD as the system allowed access to training for all fishing companies (levy paying or not) registered to TETA. Currently companies

have no alternative to the mandatory grant system, despite the submission costs, first year penalty and the limitation of a grant based on 20% of levies paid.

Overall the respondents were all in support of the SBD strategy;

“The SBD used to work and we could apply. The contracts were simple (four pages) and the requirements were clear. It must be emphasized that it worked for small companies and was their only opportunity for support.”

“Indirect benefit, yes. The provider did all the administration and the training was a huge benefit.”

“Yes, on behalf of clients, fantastic initiative. It gave those not paying levies a huge incentive to train staff, administration was simpler than WSP.”

While the respondents were all in support of the SBD strategy, all of them raised areas for improvement. The below is a summary of responses:

“The sequence of opportunity from funding window to application, assessment and award of a contract is too long and often contracts are finally signed during a fishing season resulting in a six to eight-month delay before implementation can commence. Fishing companies are limited in availability due to fishing seasons (closed / open periods). This sometimes forces companies to train before the contract is signed in order to meet the sea time compliance.”

“The application to approval takes too long and often contracts are out of planning with fishing seasons (can't train if at sea)”. We have trained a good number of people.”

“Contracts are too specific as the need is against a unique ID (person X requires pre sea). If there are crew changes the need changes which requires addendums (up to 90 days' delay). It's much easier if the training provider does all the administration.

Lots of wastage, individuals sometime sent on training and don't attend or walk away during training.”

“SBD is a benefit but does not include travel and accommodation which often costs more than the training does.”

“No guarantee of opportunity or availability of SBD funding per year”

“Een keer was daar kontrakte (SBD) maar die opleiding was klaar voordat die kontrak geteken was. Omdat ons so ver van die opleiding is, kos die vervoer and akkomodasie veel meer as wat the opleiding kos.” [At one stage we had contracts (SBD) but the training was completed before the contracts were signed. Because we are so far from where the training is presented, the accommodation and travel costs to attend the training cost more than the training itself.

All respondents

It was noted by all that the SBD opportunities and processes take too long, especially submission of application to a mutually signed contract. The training can only commence once a mutually signed contract is in place and any changes to the training need (e.g. changed maritime standards or crew rotation) requires an addendum to the contract which takes too long to administer and implement during limited training periods. From the SETA experience the administration of a high number of low value contracts results in an increased administration burden.

All the respondents emphasized that the companies prefer external SDF's or consultants to administer the SETA relationship, in addition to their labour relations, BBBEE reporting and fishing quota applications. The fishers did not enter a fishing career in order to not spend all day doing government paperwork. All of the respondents shared the same perception or view best summarised as - SETA participation is determined by levy recovery and time available. In both cases this is a low priority for already stretched companies.

6.2 Communication

Communication is critical to increase and maintain participation and the below extract identifies the questions posed to the respondents that are related to SETA – Sector communications.

Do you know you are registered with the TETA?

Do you know why the SETA system exists?

Does TETA communicate with you and how?

What do you think is the way TETA should be communicating with you?

Do you know how you can benefit from TETA?

Understanding the SETA environment

All of the respondents are aware that their companies are or should be registered to a SETA. Four of the respondents identified the challenge in tracing which SETA the company belongs to:

“We call TETA and ask them to check the levy number. If the company is not registered with TETA then we need to try other SETA’s. It’s very frustrating”

Eastern Cape vessel owner

The following challenges arise once it is determined that a company is incorrectly registered with a SETA;

- (a) Identification of the SETA they are currently registered with;
- (b) Making contact with the relevant person at that SETA
- (c) The delays and time lost in transferring from one SETA to another.

One of the consultants has been trying for three years to transfer companies to TETA whilst another was not sure which SETA the company was registered with, but was aware they are registered to a SETA.

A SETA employee will only have access to levy numbers registered to their SETA i.e. there is no “master list” of all levy numbers registered to SETA’s. In other words, TETA can only check against levy numbers registered with TETA. This means that a client can be advised that the levy number is not registered to TETA, but TETA is unable to advise the client which SETA the levy number is registered with.

Critically, identification of the SETA of registration and transfer (if incorrectly registered) are the most important first steps in participation. SETA’s should be able to check a levy number against the main database held by SARS and, as a minimum, confirm which SETA the company is registered with and the contact details of that SETA.

SETA communication

Communication between the SETA and sector participants is critical to ensuring and maintaining participation. The communication experiences ranged from effective to two examples where the respondents were reactive and worked through training providers:

“Yes, roadshows, can phone and get help anytime”.

Eastern Cape Human Resources Director, and;

“Yes, regularly and effectively through emails and forums”

Eastern Cape Shareholder and Human Resources Director

“TETA communicates with us very well. TETA is not really known in the fishing sector, especially with regard to funding opportunities. People (fishers) want information quickly and easily. The current communication documentation is cumbersome and complicated. This scares people off in small companies unlike large companies that have dedicated staff to deal with SD requirements”

Western Cape Consultant”

In all cases where an existing TETA – company relationship has been formed (e.g. as a result of previous SBD projects or an SDF relationship) communication with TETA was positively experienced. As the company representatives had a working relationship with the SDF or consultant / management company, their contact details were available to the SETA and were up to date.

Two respondents indicated that they were not receiving direct communication at all. These respondents tended to check with local training providers to see if any opportunities existed. One of the respondents (Eastern Cape) admitted that generally she was so busy with the fishing business that emails from TETA were generally read too late to respond to any opportunity.

6.3 Skills planning

Skills planning is critical to the company to ensure the vessel is crewed safely and compliant to the SAMSA requirements. The skills planning (and reporting) data is the critical supply and demand data required by a SETA to develop the Sector Skills Plan.

The below questions investigate skills planning within the interviewed organisations. The interviews and the TETA mandatory grant submissions made in 2018 identified that companies do conduct significant training for their employees during the year – see figure 14 comparing large, medium and small companies planned training for 2018 / 2019 period.

Do you plan to train any staff during a financial year?

Do you have a dedicated training budget?

How do you manage any staff training?

What is the average training spend per year?

Are there any skills you struggle to get?

What types of training do you need – ashore?

What type of training do you need – at sea?

Two of the respondents who are in-house SDF's (permanent employees of the company represented) do not have any challenges recruiting staff with the required skills. In both cases these respondents represent a group of companies with structured HR support and administration. The company group has the physical and financial resources to support all the companies and vessels within the group often through cross-subsidisation.

Eight of the respondents identified skills shortages, generally as a result of SAMSA training standard requirements. Key themes raised were the fact that fishing vessels or companies forming part of a fishing group have the physical and financial resources to support all the companies and vessels within the group, while single companies and / or fishing vessels struggle to develop, recruit and retain skills as the fishing season is approximately six months a year. An alternative employment

is required for the remaining six months which limits the potential pool of employees.

Single companies and / or fishing vessels struggle to develop, recruit, and retain the following skills at sea, namely Skippers, Watch Keepers, Motormen, Able Seaman, Ordinary Seaman, Safety Officers and HACCP. All fishing companies have a need to develop, recruit and retain the following skills ashore or in the harbour area, i.e. SAMSA Pre Sea for all employees working in harbour on vessels, Shore Skippers, SDF training, HIV/AIDS, personal finance, administration skills (computer literacy, Microsoft, how to run an office), business management (including finance), factory workers, HACCP and apprentices (e.g. welding, auto electrical and refrigeration).

The SAMSA requirements have a huge effect on the skills supply and the perception by fishing companies (eight of 10 respondents) are the following *“It seems as if the short courses stop and are replaced by longer more expensive courses, especially officer training, which is not accessible to disadvantaged employees due to cost”*. Transformation goals are challenged due to major issues with numeracy and literacy levels of previously disadvantaged fisher’s, effectively preventing SAMSA course progress as the fishers end up doing the course twice as they tend to fail the first time.

Shore skills needs are mainly management, financial, administration type skills required to manage the organisation more efficiently. Cultural diversity, HIV/AIDS and substance abuse awareness training are further identified for both sea and shore.

Are there any skills you struggle to get?

Two of the respondents who are in-house SDF’s did not have any challenges recruiting staff with the required skills. In both cases these respondents represent a group of companies with structured HR support and administration. This allows the group to have a pool of trained staff to choose from and the general response was *“no, not really an issue, if you don’t train / treat staff right they will leave.”*

Eight of the respondents listed very similar skills needs as Skippers, Watch keepers, Motormen, Able Seaman, Ordinary Seaman and Safety Officers. The reason for the skills need was commonly identified as the difficulty in attracting and retaining crew / staff because the fishing season is only six months of the year. It was also noted that new skills (SAMSA new standards) are very expensive to implement and changes to the SAMSA standards (current and previous) often create shortages which are most felt by the disadvantaged fishers, who do not have the funds to update their skills.

What types of training do you need – ashore

Shore skills are required by all fishing companies including vessels in order to manage and maintain the vessel, irrespective of whether the shore management is managed by the company or the company group. Shore training is also controlled by SAMSA and this includes updates to training standards.

“None, admin and maintenance done by parent company. Vessels go to sea”

Eastern Cape Human Resources Officer

Shore skills needs were consistent across the companies and identified as;

- Administration skills (computer literacy, Microsoft, how to run an office),
- Finance management and administration,
- Apprentices (welding, auto-electrical and refrigeration) and,
- Factory workers and HACCP.

What type of training do you need – at sea?

Sea going skills are required by all fishing companies in order to pass the SAMSA audits in order to work at sea. The training needs are fairly consistent and primarily SAMSA, HACCP or health and safety related. People management, cultural diversity and substance abuse awareness are secondary needs but nevertheless critical for an effective vessel.

The skills identified above are critically needed in the TETA Sector Skills Plan in order to identify and address through TETA funded discretionary grant projects. As

the companies do not participate via the annual mandatory grant submissions TETA is unable to accurately assist this sub sector in skills development.

6.4 SETA relationship benefit to fishing quota applications

100% of the respondents agree that the SETA relationship benefits the application for a fishing quota. Only the consultants active in fishing quota allocations were aware of the additional skills development requirements in the fishing quota application (i.e. submit WSP and implement learnerships).

Table 11 below summarises the relationship between TETA and the fishing company per interviewee. The table lists the number of companies represented and their SETA status by SETA relationship (direct or indirect), mandatory grant history (yes or no), SBDS history (yes or no) and the preference of the company representative for SBD or mandatory grant. Column A includes the potential return if active.

All of the representatives prefer the SBD contracts (column F) as the return of R50 000 per TETA registered company exceeds the potential return in year two of participation of the company's as reflected in column A (i.e. the companies potential return).

Table 11: Fishing company SETA relationships 2018

A	B	C	D	E	F
Interviewee	Occupation / role	SETA Relationship	MG History	SBDS History	Prefer SBD or MG?
4 companies 3 TETA registered 1 Deregistered. 3 Small companies not participating Potential return: R 11 400.00 in year 2 of submission	Internal General manager (boat owner doing all activities)	INDIRECT Via Training Provider	NO	YES	SBD

3 Companies 1 TETA Registered 1 Small company not participating Potential return: R 2 100.00 in year 2 of submission	External Management company	INDIRECT Via Training Provider	NO	YES	SBD
6 companies 5 TETA registered 1 Large company active in MG 5 Small companies not participating Potential return: R 82 000.00	Internal HR manager	DIRECT SDF for group of companies	YES	YES	SBD
10 Companies 8 TETA registered 2 Medium companies in MG 5 Small companies participating in MG. 1 Small company participates in MG but under threshold for levy payments. Potential return: (0 levy recovery)	Internal HR manager	DIRECT SDF for group of companies	YES	YES	SBD
5 Companies 5 TETA registered 1 Medium company active in MG. 3 small companies participate in MG. 1 small company ceased MG submission (under threshold) Potential return: (0 levy recovery)	Internal HR manager across group of companies. Submits all ATR/WSPs	DIRECT SDF for group of companies	YES	YES	SBD

<p>5 Companies 5 TETA registered 1 company closed 4 Small companies participate in MG of which 1 is under the threshold but participates (submits but recovers 0 levies) Potential return: (0 levy recovery)</p>	<p>External Consultant SDF</p>	<p>INDIRECT Company Relationship via Consultant</p>	<p>YES</p>	<p>YES</p>	<p>SBD</p>
<p>82 Companies 58 TETA registered 5 Other SETA 19 Companies under levy threshold (do not pay levies) TETA small companies supported under SBD when available Potential return: (0 levy recovery – R 10 000.00 per company)</p>	<p>External Consultant Quota's, Employment Equity and Labor Relations. SDF as add on</p>	<p>INDIRECT Company Relationship via Consultant</p>	<p>YES</p>	<p>YES</p>	<p>SBD</p>

2016 - 2019 TETA MG levy history (TETA 2018 MG records)

6.5 Interesting issues raised outside scope of planned research

During the interview process a number of issues were raised by the respondents that fall outside the scope of the planned research. The issues are raised here as the points serve to identify additional areas of improvement in the organic skills development environment.

6.5.1 SARS Registration and SIC code

SARS registration and the linking to a SIC code is the starting point for any company in the skills development environment. Within the research population there are numerous examples of companies registered to the incorrect SETA that have challenges transferring to the correct SETA via the IST (Inter SETA Transfer)

process. The companies are challenged virtually every step of the way in first realising they are incorrectly registered and then identifying the SETA they are registered to, and making contact and transferring to TETA (transfer based on SIC code 13100 Ocean and Coastal Fishing). In some examples this process has taken three years and has still not yet been resolved.

6.5.2 Client perception of the SBD strategy

100% of respondents including those that submit WSPs, prefer the TETA SBD strategy as this strategy offers funding for training needed by all fishing companies including those paying low or no levies to TETA. The strategy is capped at R50 000.00 per annum. To small companies this is a huge sum of money compared to the cost and penalty for first year submission of WSP with a levy recovery of 20%. The majority of respondents stated that the R50 000.00 was too high per company and could be reduced to R25 000.00. 50% of the respondents previously awarded SBD contracts identified that the SBD funding value did not include travel and accommodation costs. This resulted in instances where the training was funded by TETA but the company had to spend more than the contract value in order to get the crew to the training venue.

As fishing sectors have seasons, it is critical that TETA administration processes (advertise, accept, assess, award and signed contract) are completed in the fishing season so that the crew can train during the off periods. Timing is critical to ensure that the contracts awarded can be effectively utilised by the companies. Due to the nature of contracting, the contracts list specific training needs as identified by the company on application. If there are any crew changes this will result in new requirements (not specified in the contract) or render the contract unfeasible (i.e. where some of the training is no longer relevant).

Any changes to the contract specifications have to be administered through an addendum process. The time taken to generate an addendum to the contract can be as long three months (from requesting the change to a mutually signed addendum

to contract). If the company trains before a contract or addendum is formally concluded, then the cost is borne by the company.

The challenge with TETA implementing the SBD strategy via company specific contracts is that the administrative burden is increased (i.e. a high number of low value contracts) and critically, that these companies do not submit to the mandatory grant system. Non submission into the system results in the small company data being excluded from the research process needed to develop the TETA Sector Skills Plan.

There is no mechanism or process to identify the data required by TETA that is required to complete the online Workplace Skills Plan and Annual Training Report. The unintended consequence of contracting small fishing companies for training is that the small companies do not submit the ATR/WSP to TETA which silences the voice of small business when the system data is used to profile the sector.

So while the small company owners prefer the SBD strategy, from the TETA perspective and specifically the research agenda, companies are required to submit online in order to improve the quality and quantity of data. This is particularly true for small companies that have the lowest participation rates.

6.5.3 SETA - fishing quota application relationship

All respondents agree that the SETA relationship helps a fishing company when applying for a fishing quota from DAFF. Two of the respondents also noted that TETA has submitted letters on behalf of the companies summarising their skills development and appreciated the efforts of TETA in supporting small business.

Only the consultants active in fishing quota allocations were aware of the additional skills development requirements, and especially the technical aspects in the fishing quota application (i.e. submit WSP and implement learnerships). Fishing company owners tend to have very limited SETA knowledge and a huge opportunity to

capacitate the small companies regarding the full benefits of SETA participation exists, whether or not they use an external SDF.

Respondents suggested fishing forums or workshops in the provinces are held annually and are focussed on the fishers and fishing needs. Too often, workshops across the transport sector as a whole sector are either not attended or poorly attended by fishers. The challenge is how does TETA communicate with fishing companies that are not participating, as there are no contact details to reach these companies.

As all fishing companies have to train and stay in date through SAMSA accredited providers, another solution offered was to communicate to the companies through SAMSA providers. These providers can be a very useful network to reach fishing companies.

Invariably when companies are approached, the low levy return after year two of participation serves to extinguish any spark of interest. Participation is a hard sell to these companies as there are very few incentives to the small fishing company.

6.5.4 SBD Strategy: the unintended consequence

Any small company transferring from an SBD contract to the mandatory grant submission is opting out of R50 000 per annum in order to recover 20% in year two. None of the 93 companies in Table 1.7 would benefit by transferring to mandatory grant as each would lose out financially.

Where the intention of the SBD strategy was to support small companies the unintended consequence was to steer small companies away from mandatory grant participation towards SBD contracts. This resulted in less information to TETA for the SSP about the fishing sub sector, as well as a serious risk to the company with regards to future quota applications.

While small companies were supported, the contract management burden within TETA had increased. This was often due to changes in the composition of the crew

resulting in changes to the training need. Typically, this would require an addendum to contract to be processed and delivery of the contract within different fishing seasons and approval cycles.

Despite the good intentions of the SBD strategy, it would always remain a high administration burden and often have a negative influence on both TETA performance (mismatch of contract approvals to fishing season's results in delayed implementation) and consequential reduction in TETAs ability to disburse funds against the contract. The result is a double fail of performance and the management of funds.



CHAPTER 7. FINDINGS

SETA records of levy registered companies prove that despite small business being the largest number of companies registered to a SETA, they remain largely non participating with the result that the SETA identified sector needs from the SSP will not match the small business needs. This is a huge lost opportunity to grow small business to improve the economy, to reduce unemployment and to drive economic transformation.

The 2018/19 data for TETA registered maritime companies proves that small companies do train and, on average, plan to train more employees as a percentage than either large or medium companies separately or collectively. Small business participation is critical to accurately profile the sector – yet, participation is low due to the lack of an incentive to participate. SETA’s need to incentivise small business to participate as the current value proposition has no value to the small business.

The answers to increasing small business support are to be found in the registration of the small business at SARS, in improved government department communication and targets between Department of Small Business and DHET, in improved communication and targets between DHET and the SETA’s and finally, in improved communication and targets between the SETA and the sector. Using a top down approach, DHET should guide the SETA’s to baseline registered companies (stratified into large medium and small), and then set annual targets off this baseline to increase participation. Part of this exercise will be ensuring that companies registered to the SETA do in fact belong to the SETA they are registered with.

7.1 Research assumptions

The research question posed is, in spite of the legislative requirements above, 80% of the transport registered companies do not participate in skills development with the TETA. The reader is reminded of the assumptions made by the researcher below, i.e.:

- 1) Participation is dependent on financial return and where cost to participate exceeds the benefit of participating is compounded by a one-year penalty, for first time applicants the environment provides a very poor incentive to participate.
- 2) Ineffective communication has resulted from the fact that there is no communication strategy or projects to encourage and support participation.
- 3) Underreporting of training in the SSP arising from the fact that significant training occurs in the small business companies, but is unknown to the SETA. This results in the SSP not reflecting SMMEs in the reported training, planned training or scarce and critical skills.

7.1.1 Assumption 1 *Participation is dependent on financial return*

A company's motivation to submit is dependent on the perceived financial return it will acquire in exchange. The cost of submission (i.e. appointing a consultant or attempting to submit on their own, the time required to be up to date with respect to legislation and criteria, consolidation of the annual report and plan and the technical requirements to access the online system and submit) and the current mandatory grant criteria (i.e. recovery of 20% of levies paid) exceeds the potential return for small companies.

The cost to participate far exceeds the potential recovery of 20% of levies paid in purely time cost. This is even before the first year penalty (no grant payable as no previous plan submitted) and the company having to carry the cost of submission for two years before being eligible to recover the 20% of levies paid. Ultimately the participation cost would reduce the available training budget. The irony is that more training would be conducted by the company if they did not participate with the SETA.

7.1.2 Assumption 2 *Communication is not effective*

The current communication strategy used by TETA is geared towards companies that are currently participating - and that such communication is not heard or understood by small companies. There is no communication strategy targeting non

participating companies. Common across all respondent's experiences was the related challenges of identifying and making contact with the SETA the company is registered to, and then also the general experience of delays when transferring from one SETA to another. None of the respondents had any positive experience in this regard.

General knowledge regarding the role and function of SETA's tended to be a simplistic notion that SETAs support training. Generally, all respondents prioritised their limited time to activities that would drive or support their business, they simply do not have the time to dedicate trying to find which SETA they are registered with. Even if they are eventually successful, the low return of value simply does not make the exercise worthwhile to the company.

All respondents prefer to outsource the SETA activities to external SDF's or consultants to administer the process. The companies already outsource labour relations, BBBEE reporting and fishing quota applications to consultants who add SETA relationship as a value-add product. Outsourcing to external SDF's has the negative result of distancing the company from the SETA.

Aggressive targeted strategy to increase participation

As the most significant SETA for the fishing sector, TETA has no dedicated strategy to support or increase participation of levy-paying registered companies. Small companies form the largest segment of those companies that are not participating as levy paying companies, and should be targeted for support and participation. Lyal White's (2005) identification of Brazil's initiative that provides for clear definition and categorisation of small businesses, is one that should be heeded in the RSA, and by SETAs in particular.

The SETA specific targets allocated to small business should be categorised in order to help distinguish small companies that are survivalist, against those that are commercialised. Currently, identification and support is muddled.

Annual target setting with DHET can easily define targets for small TETA registered companies, by distinguishing those that are registered (whether levy-paying or not), from those that are not registered. Section 2.1 of the Skills Development Act (1998) clearly identifies the purpose of the Act to develop the skills of the South African workforce and in particular 2.1.a, to improve the quality of the life of workers, their prospects of work and the labour mobility.

SETA levy data records received from DHET do not link companies to sub sectors unless a company has accessed the system previously and selected a SIC code. The overview of fishing sector participants on Table 11 highlights the differences between the SETA levy records (as accessible by SETA staff) and individual company records. Only through the interview process were an additional 67 TETA registered small fishing companies identified. The 67 companies were in the levy records but not allocated a SIC code.

The SETA levy records can provide the following data:

- a. Identify companies that are economically active, and with a payroll above R500 000.00, as these levy numbers will record levy payments.
- b. Data sorting from highest to lowest levies paid will set a priority scale of companies that should be contacted to participate. Accordingly, the companies that are not submitting WSP/ATR need to be targeted for participation.

7.1.3 Assumption 3 Under reporting of training in the SSP

Recent changes to the SAMSA standards have necessitated that all crew at sea, and all crew / shore staff on board a vessel in harbour or working in the harbour, to meet certain standards. As a result, the companies plan and implement significant training in the maritime sector, whether supported by a SETA or not.

The SAMSA requirements have a huge effect on the skills supply and the perception by fishing companies are the following:

“It seems as if the short courses stop and are replaced by longer more expensive courses, especially officer training which is not accessible to the previously disadvantaged fishers due to cost of the training”.

This is a general summary of all ten respondent’s comments relating to the SAMSA training requirement changes.

The SAMSA requirements inform minimum skills requirements at sea and in harbour. Two new requirements are the need for a Shore Safety Officer and the need for everyone that works on a vessel in harbour to obtain a pre-sea certificate. The increasing standards place a high financial burden onto the fishing companies and crew. As a result of the companies not participating with the SETA via the mandatory grant submissions, TETA is not formally aware of these challenges and is unable to respond and support. The skills supply and demand is critical information required to inform the TETA Sector Skills Plan through annual mandatory grant submissions.

All respondents raised the challenge of low literacy as there remain a high number of fishing entrants (including youth) that do not have a strong educational background or level. The new fishers are challenged when training, particularly as the training increases in complexity up the different fishing levels (e.g. Ordinary Seaman, Able Seaman, Motorman, Mate, Skipper etc.). This results in a high failure rate which, with re-writes and re-doing courses, takes longer and costs more.

Figure 18 compares the percentage of planned training in the workforce for large, medium and small companies. Large and medium companies plan to train less than a 1 000 employees each, while the small companies, albeit increased through a new TETA intervention, planned to train just under 2 000 employees. This is critical information that the SSP requires that is only available if small companies submit. By year of submission

Table 12 shows a size profile of participating maritime registered companies for the period 2016 – 2019.

There are a number of interesting points within the data.

- “Not payable” refers to a company submitting for the first time or a company that participates but does not pay levies (NLPE).
- “Accessed but did not complete” refers to an SDF that accessed the system but did not submit the mandatory grant (ATR/WSP). These SDF’s need support to use the system.
- Between 2017 and 2018 the mandatory grant submissions doubled as a result of the pilot Small Business Development (SBD) project.

Table 12: Maritime registered company participation 2016 - 2019

YEAR	Large	Medium	Small	Total	Comments
2016	8	20	63	91	68 Approved (payable) of which 12 Approved (not payable). 3 Declined 20 Accessed but did not complete
2017	9	21	61	91	79 Approved (payable) of which 11 Approved (not payable) 12 Accessed but did not complete
2018	9	21	152	182	176 Approved (payable) of which 99 Approved (not payable) 6 Accessed but did not complete
2019	9	24	170	203	153 Recommended approved (payable) of which 24 Recommended approved (not payable New submissions) and 25 Recommended approved WSP (Not payable – NLPE)

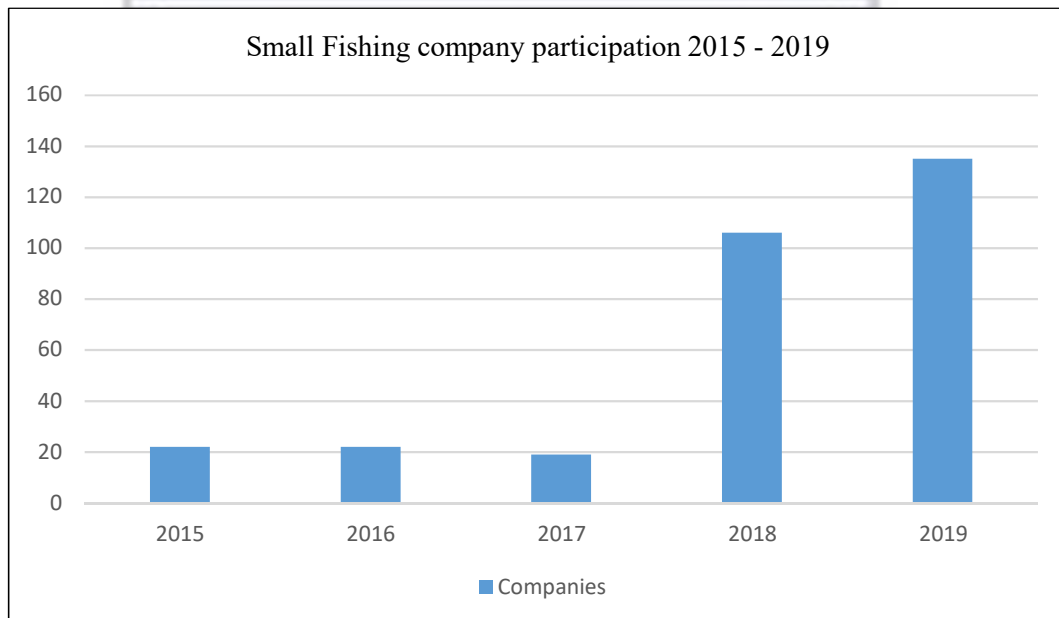
2016 - 2019 TETA MG levy history (TETA MG records)

The pilot SBD project emanates from the researcher’s study and was introduced during the course of the research work. Having adopted the preliminary finding, the TETA executive provided a budget of R2 500 000.00 for the maritime chamber to introduce the pilot SBD project to support small TETA maritime companies to submit the WSP 2018/19. The project objective was to increase the participation of small companies. It did so by incentivizing participation through funding the cost of the SDF to submit the WSP 2018/19 (i.e. planned training for 2018/19) and then

again when submitting the ATR for 2018/19 (i.e. implemented training during the 2018 period) and WSP 2019/20 (i.e. planned training for 2019). In addition, the training planned in the WSP for 2018/19 would be funded to a maximum budget limit of R50 000 per participating company with a planned number of 50 new small companies. This was later increased to 99 new companies as a result of demand.

As can be seen from Table 12, the participation rate has grown exponentially between 2017 – 2019. This is triggered by funded support to companies in submitting the 2018 WSP and the funded training as identified in the WSP. The growth continued in 2019, and this can be attributed to compliance to the funded support contract whereby the 2018 ATR and 2019 WSP submission continued to be funded and the training reported would be paid for by TETA. An added incentive is the preparation of fishing companies for the 2020 FRAP requirements which will assess a company skills development participation. 25 of the new submissions were from NLPE's, i.e. companies that are unable to claim grants back as they do not contribute levies.

Figure 11: Small fishing company participation growth 2015 - 2019

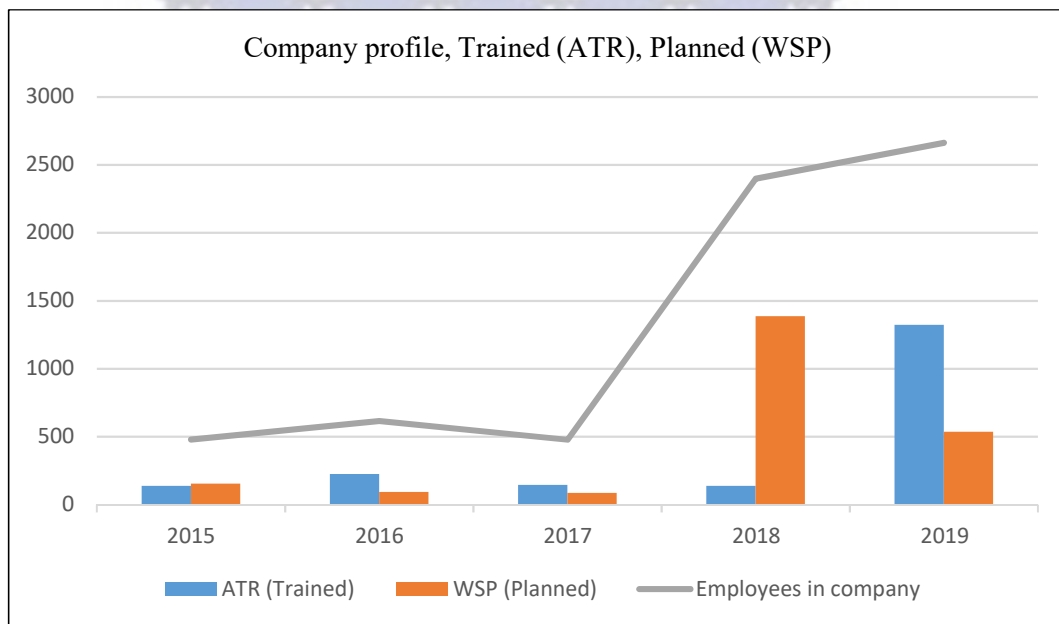


2015 - 2019 researcher data – Small fishing company participation

The above increased participation proves the viability of SETA funded projects to target small company participation within existing funding models (SBD funding model). The company submitted ATR/WSP reports on the company profile (number of employees), planned training and achieved training. This is critical data needed by a SETA to develop a SSP, particularly in profiling the sector and identifying the training trends and scarce skills.

The scarce skills and hard to fill vacancies form the basis of the discretionary grant projects which are aimed at addressing skills shortages. Significant skills development occurs in maritime registered small fishing companies and Figure 12 shows how the increase in participation results in improved employment and training data (planned and achieved).

Figure 12: Small fishing company data increase 2015 - 2019



2015 - 2019 Small fishing company MG records (TETA)

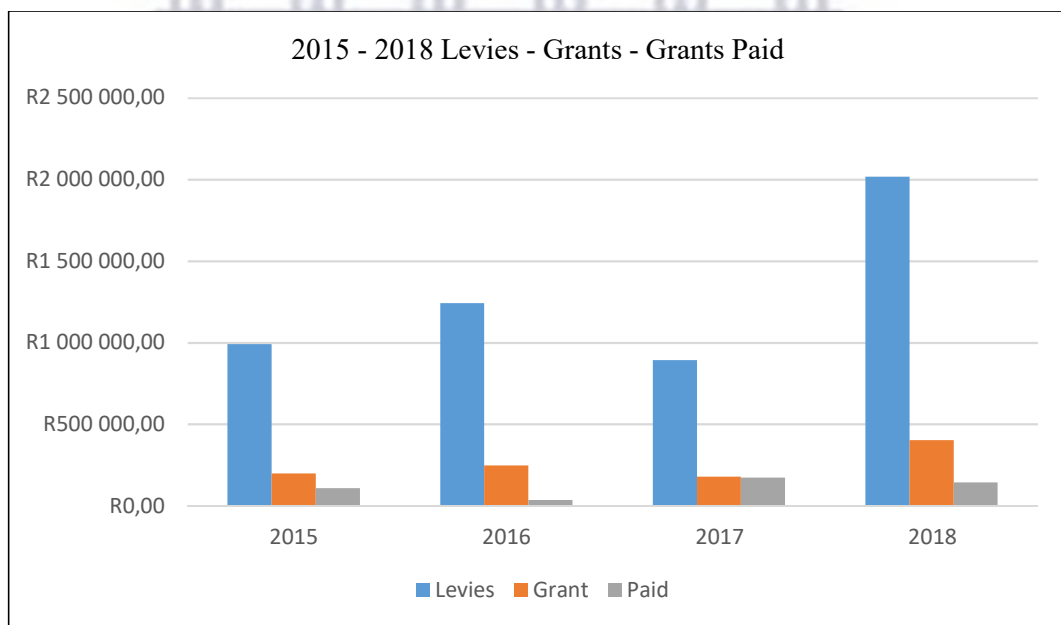
Figure 12 proves the importance of the increased participation in improving the quantity of data available to a SETA that can be used in annual sector updates. The increase in real sector data is a valuable contribution to the data sources utilised in developing and updating the SSP and the small business data is especially useful in a SETA’s ability to profile and analyse small business needs.

Some examples of increased data are listed below:

- Company employment profile data increased from 500 to over 2500 employed fishers. The data includes age, race, gender and occupation details.
- Occupational profile (based on the 2017 OFO codes) increased from 500 to over 2500 employees.
- Completed training data increased and this data includes age, race, gender and occupation details, training type and level.
- Planned training data increased and this data includes age, race, gender and occupation details, training type and level.

Figure 13 summarises the impact of increased participation on the levies received by the SETA, as well as the impact on grants approved and grants paid. Due to the legislative requirement to submit for at least two years before a grant is payable, the 2019 grant data will show a further increase as the new participating companies (in 2018) are only due for grant payments after submitting in 2019.

Figure 13: Levies - Grants - Grants paid 2015 - 2019



2015 - 2019 Small fishing company MG records (TETA)

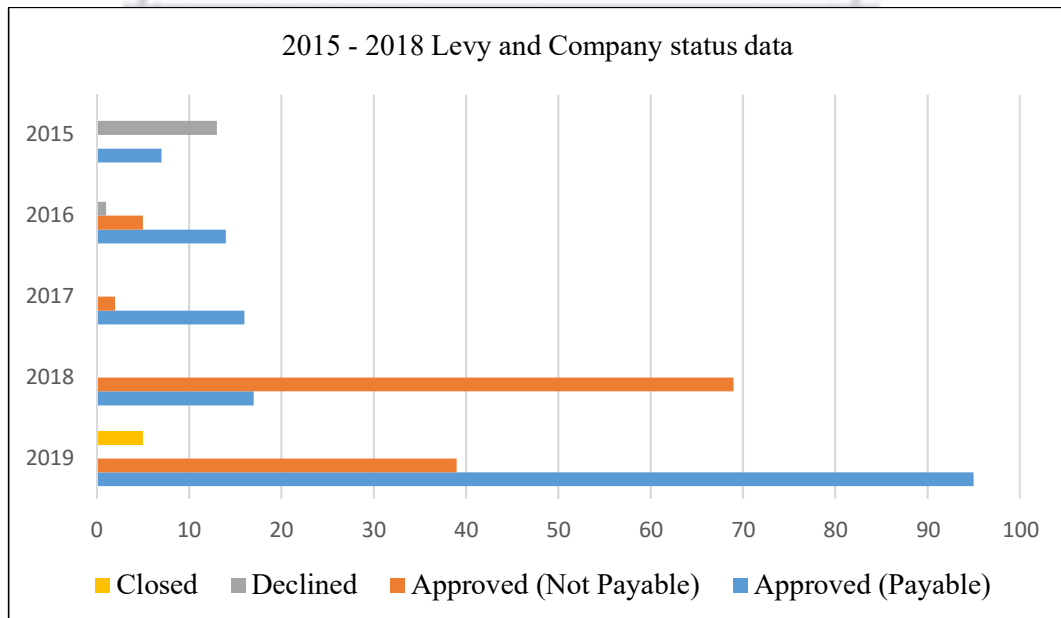
The increase in grants paid to companies will be available from June 2020 after the financial year has ended and SARS and DHET have updated the levy data. Payment

of the grant is critical in developing a relationship where the small companies are directly benefiting through grant payments. The payment of the grant allows the company to pay for the training planned in the WSP.

Data management of levy history is a challenge experienced by SETA's. The levy data received from DHET forms a baseline allowing for a SETA to identify levy paying enterprises (LPE) and non-levy paying enterprises (NLPE). However, the levy data does not identify companies that are closed down. The distinction between companies that are not paying levies from companies that are dormant or closed is important to a SETA, as management of the levy data is critical to ensure the sector profile is updated. TETA has developed the below grant status when assessing mandatory grant submissions.

- Approved The grant will be paid quarterly
- Approved Not Payable The training plan is approved.
The grant is not payable.
This is applicable to first time submission companies.

Figure 14: MG submissions and Grant status 2015 - 2019



2015 - 2019 Small fishing company MG records (TETA)

Figure 14 illustrates the growth in participation and the assessment status of the submissions per year. The increased participation during 2018 has further

assisted in improving levy data because SDF's also now reporting closed companies. This allows for a SETA to record this against the levy number, allowing a slight reduction in the overall levy numbers against which participation is measured.

7.2 Fishing company – SETA relationship Types

The fishing responses represented the following types of relationships based on the company representative's experience of participation with a SETA.

7.2.1 Company Lose / TETA Lose

This relationship is characterised by zero relationship between the fishing company and the SETA. The fishing company does not participate in any way and does not receive any funding or support from the SETA, either direct (mandatory grant or SBD contract) or indirect (through a discretionary grant contract awarded to a local provider). The SETA has no relationship or knowledge of the company skills needs or activities. There is no annual data submitted via the ATR/WSP and this results in less fishing data to inform the SETA Sector Skills Plan. As the Sector Skills Plan does not contain these companies' skills needs the discretionary grant funding, targets and projects cannot meet these unknown needs. These companies have no financial incentive to participate as the cost to submit, the first year penalty and the 20% return of levies paid in year two only effectively serves as a disincentive to participate. Non-participation with the SETA actually allows for a larger training budget in year one (no cost accrued by submitting), as the training budget is wholly spent on training. TETA is unable to support or report under mandatory grant or discretionary grant.

7.2.2 Company Win / TETA Lose

The non-participating companies had previously benefited from the SBD contracts and this "easy access" to funding actually served as an incentive to not participate, as the levy returns were of a lower financial value than the SBD contracts awarded. TETA, while supporting the companies via SBD, does not gain any new company employment information needed to strengthen the SSP, so TETA benefits with regard to the APP performance (small business support) but loses the opportunity

to gain research data needed for SSP development. This includes TETA reporting low mandatory grant participation due to the company being supported under discretionary grant.

7.2.3 Company Win / TETA Win

Fishing companies mandatory grant participation, i.e. the company submits for the purposes of compliance to the fishing quota application and, where due, levies are recovered (i.e. the long term fishing quota goal is the incentive and levy recovery is mostly an added benefit).

Ten respondents representing 171 fishing companies were interviewed. Thirteen of these companies are registered to other SETA's and eight of these are trying to transfer to TETA. Forty of the companies are not SETA registered and are not registered to pay levies. Sixty-nine of the companies registered to TETA, are participating in the mandatory grant system – even when, as in the case of a few companies, the levy return is zero. The SDFs (two internal and three consultants) all submit in order to best position the company with regard to the fishing quota application process.

7.3 Turning fishing company relationships to win / win

From a SETA perspective, mandatory grant participation is crucial to profiling and developing sector plans, as a result any small company incentive must include the mandatory grant submission. Conversely the small company cannot see the rationale in paying for the submission and then waiting a year to submit again (and pay again) in order to then receive 20% of levies paid by the company.

Creative solutions are needed, much like the pilot SBD project, developed under this study. The SETA can run small business support projects whereby the submission costs are covered for the WSP (year 1) and ATR/WSP (year 2). The incentive should include financially supporting the planned training in the WSP for year 1. This was piloted in 2018 and resulted in an additional 99 small fishing companies participating in the mandatory grant. This increase doubled the maritime chamber company participation for 2018 (

Table 12).

7.4 Additional findings - Registration and SETA transfer

During the interview process additional findings were made outside the scope of the original research. These findings contribute to the challenges encountered by companies within the skills development environment and the challenges commence at the point of first registration and the allocation and choice of a SIC code. This first step is critical in ensuring a company is homed at the correct SETA. Companies that are incorrectly homed (registered to the wrong SETA) experience delays and frustration in moving to the correct SETA. As long as the company is with the incorrect SETA, both the company and the SETA lose as the companies' submissions may be challenged by unique SETA criteria, while the SETA has an inflated company count against which participation is measured. Any data used by the SETA will dilute the SETA SSP as the company skills profile, supply and demand do not fit that SETA.

If the registration through SARS can be improved to ensure the correct SIC code and SETA are identified, all SETA's will benefit as the companies registered to the SETA will be correctly homed and no further identification and transfer will be required. In some cases, small companies have been trying for over a year to transfer, this serves to exasperate companies trying to transfer as they are unable to participate fully until transferred. Until the company is consistently submitting for at least two years, no grants will be paid. BEE verification has of late been very useful in advising the company if they are correctly registered and this has assisted greatly in prompting the Inter SETA Transfer (IST) process.

7.4.1 SARS Company registration and SIC Code

Generally, companies only start paying attention to the SETA relationship when it is measured for BEE coding or if, for example, an accountant notices a relatively high value of levy is being paid – and should not be written off as a tax. This is far too late in an organisations life; at the point of registration, the South African Revenue Service (SARS) has an important advisory role to play by advising the

company as to best fit to a SETA. This is based on the core business of the company and the SIC code which is ultimately selected.

7.4.2 Initial registration and SIC code

The guidance from SARS is crucial and will pay dividends in the future when the company grows and starts contributing levies exceeding the R 500 000.00 payroll threshold. At the point the company commences investigating how to recover the levy, it is immediately penalised by a year for not having submitted previously, unless they have registered the company, or have commenced paying levies, within six months prior to submission to the SETA. The trend is that by the time a company commences participation there is an automatic one-year penalty when commencing participation.

7.4.3 SIC code – SETA alignment

Fishing companies tend to be registered against the following SIC codes;

13000	AGRISETA	Fishing, operation of fish hatcheries and fish farm
13100	TETA	Ocean and coastal fishing
30100	FOODBEV	Production, processing and preservation of meat, fish, vegetables oils and fats

From the above SIC code 13100 (TETA) is the best fit for any fishing company that utilises vessels in order to catch fish. SIC Code 13100 should be set as default for any fishing company by SARS.

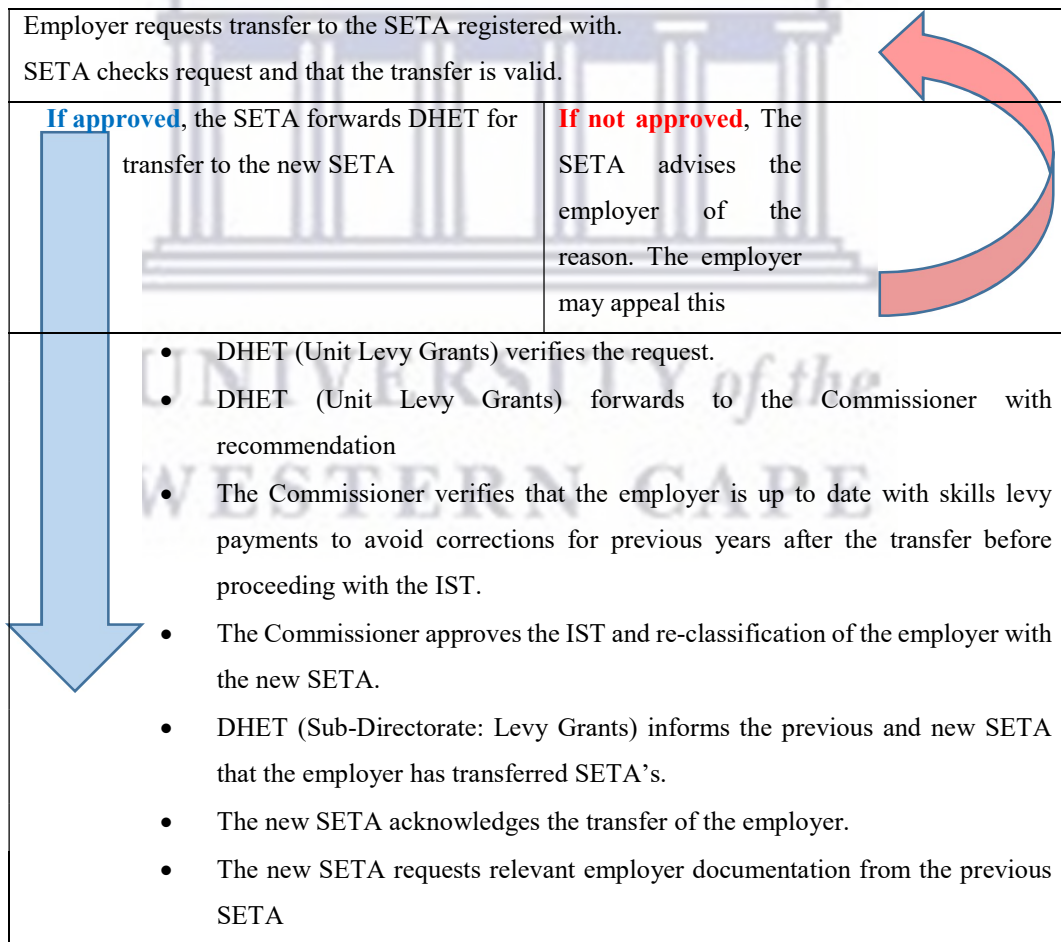
7.4.4 Central database access to SETA – Company registration

There are huge challenges experienced when a company is trying to determine the SETA they are registered with. DHET should make baseline levy data available to all SETAs where the company name, levy number and levy history (paying or not) can be checked by SETA's. Currently, when a company calls into the SETA, the SETA staff are limited to levy numbers registered to their SETA. This means that if the company querying their levy number are not registered to the SETA they have contacted, the SETA can only state "not registered to us" and then provide some guidance as to likely SETA to call.

7.4.5 Inter SETA Transfers (IST) efficiency

The summary of types of small companies interviewed (Table 10) identifies that 8% of companies (i.e. 13 / 167) are known to be registered to an incorrect SETA and have been waiting up to 18 months to be transferred to TETA. The company representatives were very frustrated at the delays and poor customer service experienced. The consultants raised the issue regarding delays experienced when requesting an IST. Some examples were discussed where the IST had been submitted as far back as 2016. Any SETA registered company may submit an IST and motivate why they are incorrectly registered. This process should be between 60 – 90 days and the request to transfer must be submitted to the SETA the company is currently registered with.

Figure 15: Inter SETA Transfer (IST) process



Source: Authors adaptation of the DHET Inter SETA Transfer process

SETA transfers are planned between April – June annually. The delays in transferring to the correct SETA results in the company being excluded from any opportunities arising within the SETA they should be registered with (i.e. they are not on the database) while not being able to participate with the SETA they are incorrectly registered to (i.e. scarce skills and priorities do not align).

A number of companies are currently registered to SETA 99 (SETA unknown); this alone indicates that there are issues at registration if a default position is an unknown SETA. There simply cannot be an option of an unknown SETA as these companies are effectively in the wilderness. Who do they contact if each SETA can only check companies that are registered with them?

7.4.6 Company – SETA fit (SIC) and participation

Every SETA has an unknown quantity of incorrectly registered companies. The vast number will be small companies that have no incentive to submit and will be identified in the SETA levy data as non-participating and paying levies. Unless SETA's take proactive action to analyse the levy contributors and to verify they are correctly registered, SETA participation will always be a challenge and profiling of the sector will be diluted by any data submitted by incorrectly registered companies.

As the submitted data is used to develop the SSP and fund discretionary grant projects, the data compromises the relevance of any discretionary grant projects implemented to address any skills shortages with risks of wasteful or fruitless expenditure.

7.4.7 Key Finding: Company relevance to Sector Profile

A SETA must aggressively interrogate the levy data received from DHET in order to categorise the organisations based on a) sector fit, i.e. are they correctly registered, and b) identify and prioritise companies based on levy-return to proactively engage with them in order to encourage and support participation.

The Wits study (2016, p. 4) provides a perfect example of how a story can be misinterpreted if the data is not understood. The illustration below indicates that only 5% of transport companies participate in mandatory grants; this from a total of 16 252 registered companies. The number of participating companies (i.e. 852) is indeed correct, and this can be measured.

It is however impossible to measure the non-participating companies using registered companies as the baseline; this because only companies that pay levies (i.e. 4 228) will potentially submit to recover the 20% of levy paid. This changes the participation to 20% (i.e. 852 / 4228).

This measurement is still incorrect as there are an unknown number of companies within the 4 228 that are not relevant to the TETA SIC codes and should be transferred to their correct SETA. There are also a large number of companies that are just over the threshold and pay very low levies, making the levy recovery cost higher than the levies recovered.

Bearing in mind that the return of levy is designed to support the training of employees, the value returned after the cost of submission must incentivise the company to submit. Even at 50% levy recovery, the levies paid are so low that there is no incentive to submit and the levy is merely written-off as another tax.

This emphasizes the importance of SARS advice when registering a company. To clean a database of thousands of companies is a huge challenge, to correctly register a single company at SARS is a simple solution.

Figure 16: Understanding the numbers

<p>This column represents companies that pay SDL and participate</p> <p>4 228 Businesses Pay SDL (26% of registered Businesses)</p> <p>852 Businesses Participate in the WSP Survey (5%)</p> <p>These companies have an incentive to participate (20% of levies paid)</p>	<p>16 252 Registered businesses</p>	<p>This column represents companies that do not pay SDL</p> <p>12 024 Businesses do NOT Pay SDL (74% of registered Businesses)</p> <p>15 400 Businesses do NOT Participate the WSP Survey (95%)</p> <p>These companies have 0 incentive to participate (20% of 0 levies paid)</p>
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Source: Wits 2016 WSP/ATR Data

The total number of companies registered with TETA (i.e. 16 252) is inclusive of non-transport sector companies, shelf companies, holding companies; this in addition to 12 024 (74%) that do not pay skills development levies. This means that no less than 74% of levy numbers registered to TETA have no incentive to submit whatsoever (20% of zero remains zero). It is difficult to determine the number of relevant and valid (operating) small transport sector companies that are represented in this number, and it would take dedicated research to clean the SETA data in order to develop a more accurate and reliable baseline level which could be used as an indicator of participation.

4 228 companies do pay the skills development levy to TETA, and of these 852 currently participate. Within this grouping there are nevertheless companies that are not transport related and are erroneously registered with the SETA, some of which participate in the SETA mandatory grant process. This has some risk to the relevance of the SSP that is developed from the submitted ATR/WSP data, however it's a low risk as many participating companies are BBEE verified and the BBEE

verification process assists the company in identifying the correct SETA (based on SIC code) and transferring to the correct SETA if necessary.

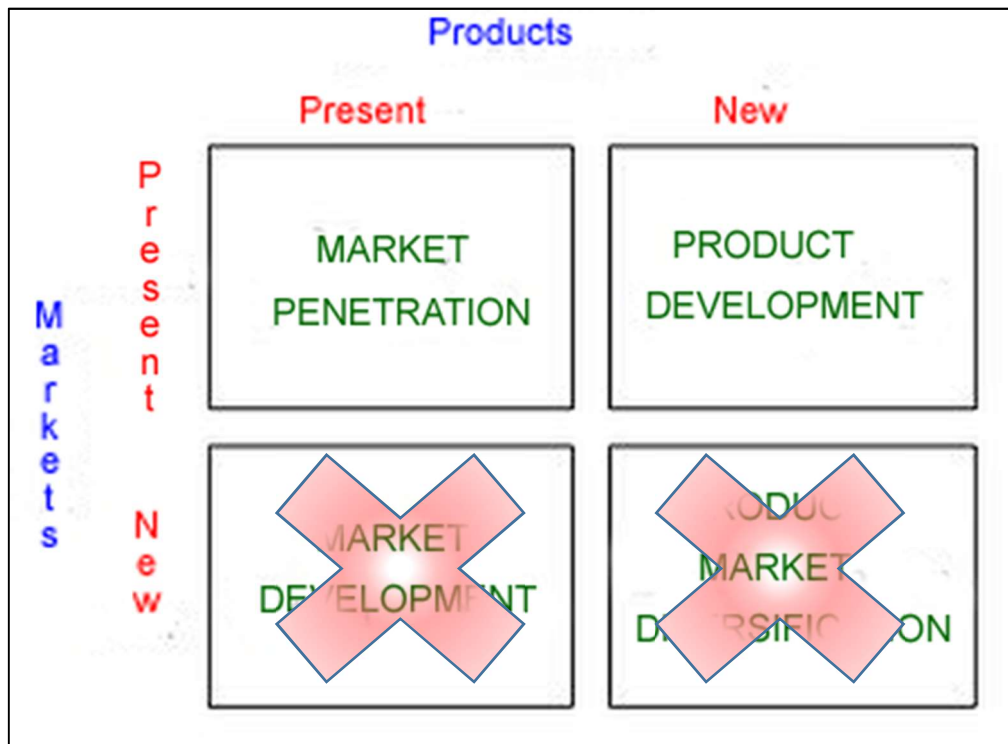
7.5 Additional findings – SBD strategy counter productive

The TETA SBD strategy implemented through the awarding of small business contracts had the unintended consequence of incentivising the companies not to submit an ATR/WSP. The reason for this is that the small business development contract could claim up to R50 000.00, while the ATR/WSP would only ever pay a maximum 20% of levies paid by the company, from year two of participation. This effectively encourages companies not to submit annual training plans and reports and this reduces the data informing the SSP which in itself serves to guide TETA on how to support and develop the transport sector. Small business is severely under-represented in the SSP and TETA should encourage and support small business WSP/ATR reporting in order to strengthen the SSP relevance to small business needs. However, the SBD strategy can be revised to include financial support mechanisms aimed at increasing the participation of small companies. The 2018 pilot SBD project targeting TETA small fishing companies has shown the product development can make a huge difference to participation (the maritime chamber doubled participation in 2018).

7.6 Interpretation of the Ansoff Matrix in light of the empirical results

As concluded already in Chapter 3, the strategies for market development and diversification are both excluded from any desire a SETA has to increase participation. This leaves market penetration and product development as possible strategies to follow in order to increase participation. Market penetration (in the TETA context to increase small business participation) is to focus on the registered TETA companies, to identify the non-participating companies and to target the companies to participate. Product development (in the SETA context to provide a unique product tailored to small business) is possible in the SETA environment. This requires TETA to develop reports and plans specifically for small business.

Figure 17: The Ansoff Matrix applied to TETA MG



Source: Adapted from Ansoff HI, 1965. *Corporate strategy: an analytic approach to business policy for growth and expansion.*

7.6.1 Market penetration

Aspects that SETAs should consider when pursuing a strategy of market penetration include:

- Market identification by analysing levy data received from DHET;
- Identify new companies and contacts to verify company correctly registered;
- Transfer companies to the correct SETA if not correctly registered;
- Connect the company to the relevant unit within the SETA (if correctly registered) in order to assist with regard to participation;
- Classify the levy numbers registered to the SETA in order to determine relevance (transfer if required);
- Analysing levy income so that it can guide in incentivising companies to participate. A simple approach is to data sort levy income from highest to lowest value and prioritise high values for attention.

While the above is a huge task, it will define the market into categories and, ranking within each category, will allow the SETA to identify the companies with the greatest incentive to participate. The task will require specific attention but over a period, will ensure that the SETA databases are clean, and that companies have been transferred to the correct SETA. Through product development, participation can be increased.

7.6.2 Product development and market penetration

SETAs would be required to develop product offerings that are unique to the small business environment and that incentivise a small business to participate. The current product and service on offer have essentially been the same for a number of years. Despite the 20% recovery, BBBEE alignment has assisted in increasing participation – this is mainly due to companies wanting to increase their scorecard rating. The pilot SBD project implemented in 2018 showed an increase of 99 small fishing companies where both the company and TETA benefited. As a pilot this project was very useful in product development realising increased market penetration.

7.7 Application of product development and market penetration pilot

Small business is recognised as a sector with significant opportunities for economic growth in the RSA, but is also an area where many employees can derive benefit from the skills development legislation. Maritime chamber categorised and prioritised the company levy data, identified companies per province and hosted workshops to capacitate the companies regarding the benefits of participating.

As most of these companies had indirect relationships via consultants, the workshops included the consultants who also fulfilled the role of SDF but generally steered the company towards SBD contracts (highest return).

The SDFs were advised of the pilot SBD project, the intention being to increase submissions and the incentive was that TETA would pay for each submission (offset cost of submitting) and also fund the training submitted in the WSP. This

incentive worked for both TETA, the small companies and the consultants, as evidenced through 99 new company submissions to maritime for the 2018/2019 submission period (Mandatory grant submissions report, 2019). Due to the small size of the company and the relatively small size of the first submission (WSP only) a flat rate of R750 was paid to the SDF upon TETA acceptance and verification that the WSP submission met the required standard. The first submission is recorded as a submitted plan, but the grant will be rejected.

The submitted WSP's allowed for simple budgeting, R750 per WSP and up to R50 000 per company for training as identified in the WSP. One year later the SDF will submit the ATR/WSP and again be paid R750 again. The submission process is via an online platform, and the management of the WSP's at TETA level was primarily driven by the system rules. The project was implemented via the interviewed respondents and was open to all small fishing companies registered to TETA. During implementation the increased participation required the planned number of companies to be increased to 100 companies of which 99 submitted. The project was budgeted utilising the TETA SBD funding model (R50 000) per company.

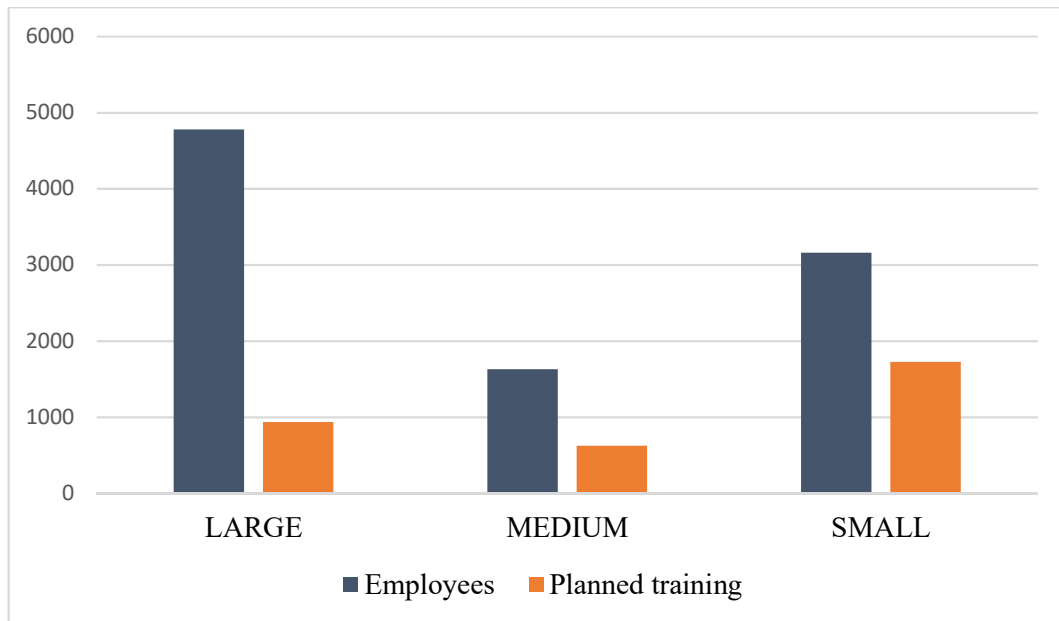
The pilot project directly resulted in increased participation of small maritime companies. 143 small companies submitted a WSP of which 99 are first time participating companies. As 2017/18 period reported 35 small companies, to increase participation to 143 is a huge increase. As a direct result of the small company data entered into the TETA online mandatory grant system, the TETA Sector Skills Plan (SSP) includes fishing small company's needs.

Analysis of the 2018 mandatory grant information submitted to TETA provided some interesting data regarding the maritime chamber registered companies' employment profiles and planned training for the 2018 / 2019 period. Figure 18 below represents the 2018 WSP data reduced to maritime chamber registered companies. The SSP is used to inform the Discretionary Grant window through

which specific scarce skills are targeted for funding. From the submitted 2018/19 WSP information:

- 10 Large companies with 4778 employees and plan to train 937 employees
- 18 Medium companies with 1633 employees and plan to train 625 employees
- 143 Small companies with 3160 employees and plan to train 1728 employees.

Figure 18: 2018 report Company size and planned training per category



Source: TETA 2018 08 mandatory grant report

Figure 18 is a very real indication of the amount of training happening in the small fishing company sector which would not otherwise be available to the SETA. Where previously the large and medium companies seemed to train higher numbers of employees, the 2018 maritime increase in participation is the first year the maritime fishing sector had significant number of small companies submitting WSP data. This increase in small business data paints a very different picture within the maritime registered companies. Small companies have planned to train more employees on average than both large and medium companies planned to train during the 2018/19 period. Small companies plan to train more employees than large and medium even when the planned number for large and medium companies are added together.

It is likely that small business participation will change the profile of the sector as currently represented in the annual SSP based on the maritime example. Chapter 8 follows and structures the findings into similar themes against the assumptions made by the researcher.



CHAPTER 8 RECOMMENDATIONS

Recommendations are suggested below across all areas of challenge identified during the research. The recommendations are tabled from the macro level (national standardisation) to SETA and the SETA subsectors. The recommendations include the additional findings raised during the interviews.

8.1 Recommendation 1: Standardise across SETAs

Grawitzky (2007, p. 9) reminds us that the intention of the drafters of the Act was to allow employers the flexibility to drive their own training agenda (together with unions) and to incentivise the companies that are training. Within this can be read a caution that SETAs should not overload the annual mandatory grant submission with additional criteria which may lead to adjusted reporting merely to fit the criteria. The adoption of a single ATR/WSP template and criteria would simplify submissions for SDF's working across SETA's and also allow for data consolidation for sector planning and research at a national level.

8.1.1 *Standards template across all SETA's by a single IT provider*

SETA requirements are the same and DHET could, for example, appoint a single IT provider to provide standard ATR/WSP submissions and ETQA requirements. This alone would reduce the spend by SETAs, where currently 21 SETAs are paying one or two IT providers for developing the same baseline platform. At its simplest level, SETAs are paying for the same system individually to have it in a different colour with minor adjustments for SETA specific criteria. Large and medium companies can utilise the same template across SETA's.

The current practice of multiple IT providers providing the same product in slightly different versions is a very expensive option for a single-system use and reporting solution across the sectors. Further, the challenges of working across SETAs (all with different systems and templates) merely results in reducing the quality and quantity of data for the SETAs.

The department (DHET) should take the lead and enforce standard templates for all employers submitting to a SETA. This would significantly simplify the task of submission, particularly where an SDF works across SETAs and has to deal with different templates, criteria and requirements.

8.1.2 Simplified templates small companies

The DHET grant guidelines (DHET, 2013) provide the SETA with the mandate and flexibility to simplify templates for small business PIVOTAL submissions (DHET, 2013, p. 11). This may need some further interrogation as the PIVOTAL report is only one of three reports (WSP and ATR being the others), and the PIVOTAL report is a compliance report to indicate a company's appetite for discretionary grants. For the most part, small companies are already largely excluded from discretionary grants due to the complexity of the application process as well as TETAs resistance to fund low value contracts in the light of the high administration cost.

TETA has nevertheless taken some steps to simplify the templates by reducing the number of tabs on the submission made by a small company. While it is an attempt in the right direction, it does not really simplify the submission; rather it reduces the size of the submission. While the DHET guidelines do exclude the requirement for a small company to submit a PIVOTAL plan, this in itself will not assist the small business unless the ATR and WSP are also simplified.

8.2 Recommendation 2: Sector communications

The current communication strategy is geared towards communicating to those companies already in the system and does not assist in encouraging new participation. TETA would have to revisit communications to ensure that the communication is made to the broader transport sector in order to bring new companies on board. Thwala's (2014) recommendations best summarise the efforts a SETA can do to increase participation, direct quotes are below in italics, namely:

- *Awareness workshops to locate new firms:* this could be improved by analysing the SETA levy data received from DHET to identify organisations to attend the workshops;
- *Identify and recruit SDFs for levy exempt organisations:* this can be expanded to non-active levy paying organisations;
- *Active campaign to increase participation in provinces with low participation:* provincial participation performance needs to be measured against the number of levy registered organisations registered in the province.

As expressed, Grawitzky (2007) and Thwala (2014) identify with concern the low participation rates and both authors identify the need for dedicated programs to increase participation. Workshops targeted at non-participating companies can be planned in the provinces to capacitate companies with regard to the value to the company in the short and long term.

8.2.1 Transport sector-partner communications

Existing authorities would provide useful communication channels in the transport context and these would include the South African Revenue Service (SARS), Civil Aviation Authority (CAA), South African Maritime Authority (SAMSA), Department of Agriculture Forestry and Fishing (DAFF) as well as industry associations that have databases of companies with contactable details.

The above organisations are able to communicate the mandatory grant windows to contacts in their networks that would greatly assist in getting the message out timeously (i.e. before the deadline). Co-hosting SETA contact details on their websites would be a low-cost solution to at least increasing the communication attempts to reach companies that are not active with the SETA but are active with the government authority / body. Training providers under SAMSA are also a good point of contact for all TETA maritime registered companies and they should be approached by TETA to assist in communicating the opportunities to the companies within their network.

8.2.2 Government Departments Communications

The Small Business Development Department and its agents SEDA and SEFA have a responsibility to assist in connecting small business to SETA's as stated their objectives "facilitate partnerships with all spheres of government as well as the private sector to ensure mutual cooperation that will benefit small businesses and cooperatives". Any business that the Small Business Department assists in order to grow will need the SETA relationship for training and development, BBBEE score carding and levy recovery.

The sooner a small business is participating with a SETA the sooner the relationship is beneficial to both parties. Improved small business participation with SETA's would assist economic growth by ensuring the SSP and discretionary grant window identify and fund the skills small business needs in order to grow.

8.2.3 Communication incentivising companies to submit

The key to successfully increasing the participation rate however is incentive. The question is what incentive is there for a small company to pay for submission of a plan to a SETA, that, if approved, will penalize the company by not paying a grant until the following year's submission - and then pay only 20% of levies received by the SETA (for the period of assessment)?

Appendix 5 (Maritime chamber 2017 mandatory grant records fishing companies) lists 174 small maritime registered levy-paying companies. Only 11,4% of these (i.e. 20/174) have the potential to recover more than R10 000. 62% (108/174) can recover between R1 000 and R9 000, but only in the second year of participation.

Where companies have submitted the mandatory grant ATR/WSP (column E) and, based on the assumption that expectation of the financial incentive to be a key motivator, one would expect the highest levy return potential to have a higher frequency of submission. While this may hold some truth, the blue rows (which indicate mandatory grant submissions) are found frequently throughout the table, including the lowest recovery of R140.

While the spread of submissions throughout the table may seem to counter the “incentive” argument, the companies that are submitting have frequent communications with TETA. It is through the relationship with TETA that companies have submitted irrespective of levy return; the motivation to submit has been the improved prospect of receiving future quota application. It is through this relationship that the companies understand the higher-level benefits of improved SSP and sector funding.

On analysis of the table, the Eastern Cape companies have a highest submission rate across the provinces; this is due to the influence of stronger company networks where the entire network (vessel owner, crew and training provider) benefit from the improved and regular communication with TETA. An important factor is that, within the networks, the companies tend to have a higher number of internal SDFs appointed by companies. Accordingly, the capacitation of a SDF (by TETA), would have a domino effect across all the companies in the SDFs environment.

The Western Cape tends to be low on participation due to a high preponderance of external (or consultant) SDFs. Another key difference is that the Eastern Cape training providers play a facilitation role in applying on behalf of, and managing the SBD contracts for, the companies. It is through this relationship building that TETA was able to communicate and encourage participation.

Led by the consultant SDFs (meaning that the companies have outsourced the skills development function), the Western Cape fishing companies typically have a preference for the SBD contracts which have a higher financial benefit in real training costs (i.e. R50 000 per annum). SDFs have been requesting SBD contracts but, as the target is now centralised in TETA and preference is given to business development (coaching and mentoring) rather than training and development, there has been no significant SBD support since 2015.

The SBD contracts, however desired by the companies, resulted in a reduction of data for the SSP - this because the companies had become incentivised not to submit the mandatory grant submission, but rather to apply for the SBD support opportunities as they arose. Figure 11 identifies the increase in mandatory grant participation partly due to the absence of a SBD funding opportunity. 22 companies in 2015 grew to 135 participating in 2019. The pilot SBD project to provide support through a central project managed to increase support while reducing the administration burden of advertising, assessing, contracting and managing 135 separate SBD contracts.

With hindsight, TETA missed the opportunity to source SSP information from the existing SBD application form and contract evidence. The application identified the scarce skills to the company and the projects implemented confirmed the priority skills. This valuable data however was not utilised as the data format did not fit the WSP / ATR reporting data tables. Figure 11 is repeated below.

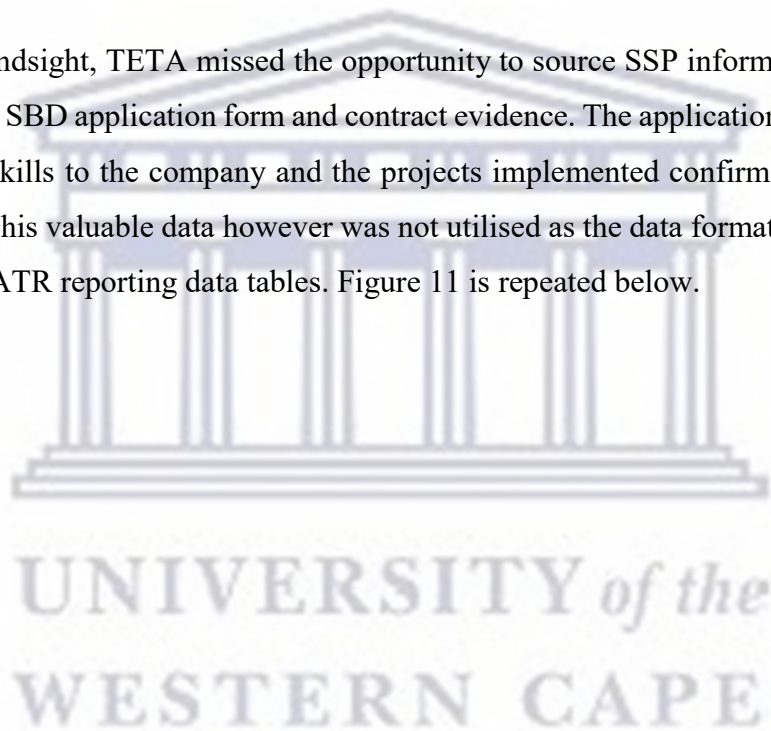
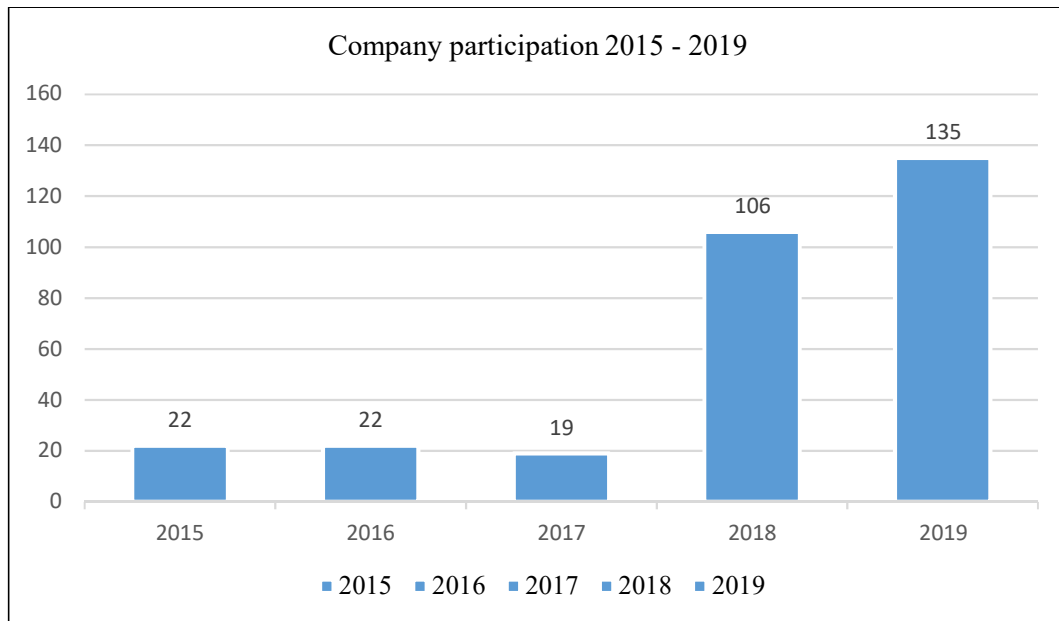


Figure 11 – Small fishing Company participation growth 2015 - 2019



2015 – 2019 researcher data – Small fishing company participation

8.3 Recommendation 3: Building Relationships

From the interviews conducted, the company representatives that are in the win / win scenario are all submitting due to the fishing quota criteria and also as a result of their “larger companies” benefitting in the SETA relationship through consistent annual submissions. “Larger” in this sense, refers to companies where the annual financial turn over and levy payments to the SETA is of a high enough Rand value to encourage participation in order to recover the grant and in some cases discretionary grants. This sets up a consistent relationship between TETA and the company representative, where regular communication and updates is providing positive results for both parties.

The maritime chamber has been communicating to the active companies that the fishing quota benefits outweigh the cost of submission alone, irrespective of levy recovery. This message has been well received, gauging the increase in participation of six small fishing companies in the 2017 mandatory grant round. The barrier to participation remained the cost of appointing an SDF and then the first year penalty.

8.3.1 Environment awareness

Where TETA has a functioning relationship (active mandatory grant) with an employer the relationship allows for monitoring and dialogue. This allows the SETA to provide overall skills development guidance and to capacitate the companies with regard to the overlapping legislation within the fishing environment and how best the company can be positioned to maximise benefits. No fishing company that intends fishing in the future can afford to risk their quota by not participating in the mandatory grant system. It is this advice that can be explained to the fishing companies when a relationship exists that allows for meaningful capacitation by the SETA and / or DAFF through the fishing quota awarding process. Building a relationship with DAFF and sharing of information will assist in reaching companies that are in the DAFF communications but outside the SETA participation.

8.3.2 Leverage existing networks to assist in relationship building

The current SETA communication strategy with regard to existing participating companies simply does achieve the goal of increasing participation. Within maritime there are existing authorities and organisations that could be used to communicate to fishing companies. The Department Agriculture Forestry and Fishing (DAFF) have a database of fishing quotas awarded, as well as full contact details of all existing fishing companies. The South African Maritime Authority (SAMSA), the body that establishes and checks the standards of training and training requirements for seafarers (inclusive of fishers), have a database of all vessels and vessel owners.

SAMSA further have a network of SAMSA accredited training providers that provide regulatory training to fishing companies, and have also established the National Fishing Forum (NFF) as a representative body to represent the fisher's interests. In addition to the above the South African International Maritime Institute (SAIMI), a relatively new organisation set up to drive Operation Phakisa's objectives, has the authority to assist in connecting SAMSA and DAFF to the SETAs in order to communicate effectively.

8.3.3 SAMS Training provider environment

The fishing industry works within a complex environment where, for example, DAFF sets the fishing season duration annually and has a set closed period of October - November with a second closed period, consulted with industry via a voting system, of three months. The result of this is that most training will peak within the closed seasons. The closed season is utilised by crews to return home and be with their families and, as many of the crew live away from the Port Elizabeth area, the trend is to return towards the end of the closed season for training prior to going to sea.

The training providers have regular contact with fishers as they attend training, and as a result of this they have close relationships with the fishing companies. The provider is therefore perfectly positioned to communicate SETA benefits to its clients. It should be noted that some training companies have been playing a facilitation role in applying for SBD grants; these contracts however do not assist the SETA in increasing its mandatory grant participation or improving its SSP data.

8.4 Skills Development environment - consulting

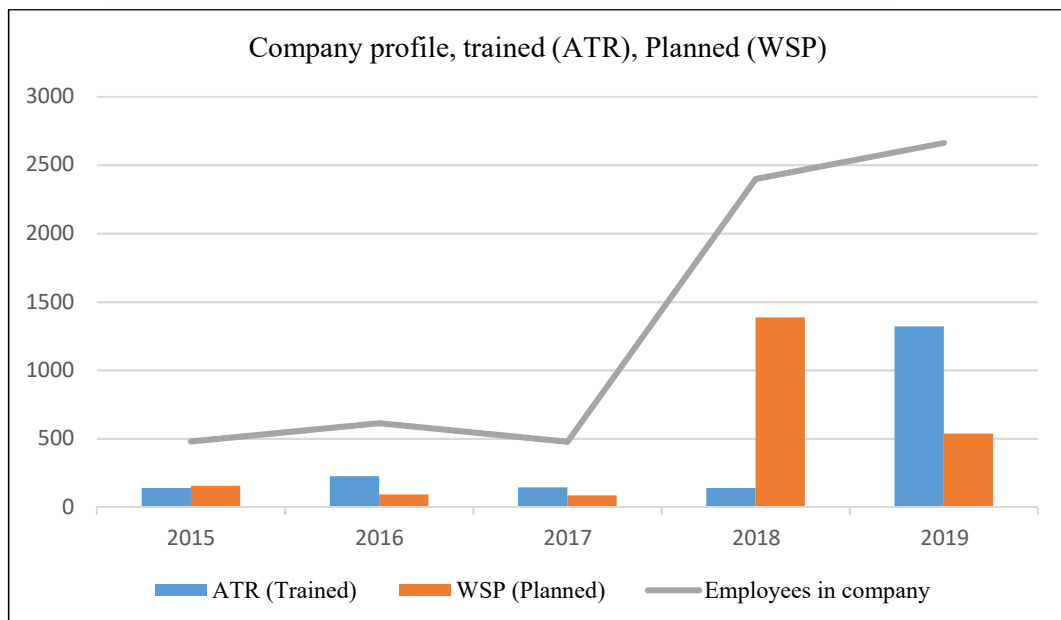
There are companies currently performing the skills development role as consultants across labour relations, employment equity and skills development. These companies also advise with regard to BBBEE matters. The range and offerings differ but the option to outsource these roles is very attractive to any small or medium company as an alternative to in-house administration. The offerings range from a stand-alone consultant SDF to companies with a national footprint offering a range of services including access to training. The maritime chamber, as the Western Cape TETA office has identified a trend of small transport companies that either pay low or even no levies submitting ATR/WSP (participating) or WSP (first year of participation). The consultancy was approached to understand this phenomenon. The company had taken the position of advising all their clients that the company must submit to their SETA particularly to improve their BEE rating. The SDF role was an add-on to the existing client relationship.

The adding on of the SDF role is relatively commonplace, the difference in this case is that the consulting firm is national, covers multi area's including learnerships and also offers training as part of the relationship. The size of the consultancy and their national footprint and infrastructure allow for scales of economy whereby costing becomes a percentage of the skills development levy. The monthly cost includes a wide range of training offerings.

8.5 Pilot project (2018 small business participation) maritime

Management of the individual company training against the submitted plan and payment for training as implemented required dedicated project management, however the administration was less than previous issues with the SBD contracts (i.e. high administration, fishing seasons, staggered training, crew changes and requiring addendums). The model works but the administration burden should be carried by a dedicated project management company. The data added to the TETA SSP as a direct result of the pilot project is identified in Figure 12: Small fishing company data increase 2015 - 2019 and Figure 18: 2018 report Company size and planned training per category

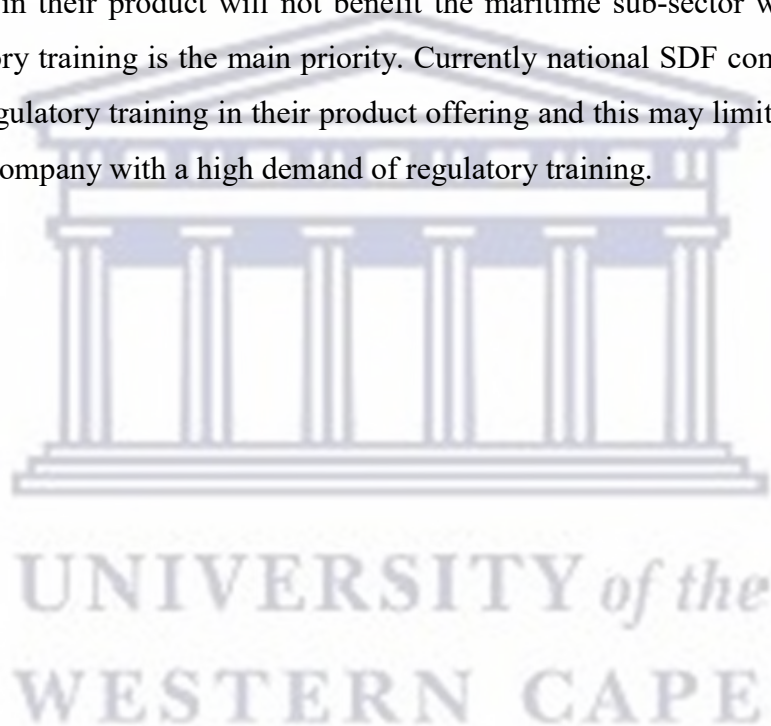
Figure 12: Small fishing company data increase 2015 - 2019



2015 - 2019 Small fishing company MG records (TETA)

The solution forward is to partner with a major national SDF company via project and target non-participating companies directly. The project will include the SDF roles and funded training for the first year of participation. An unknown is whether the company will continue to submit after the first year of funded support has lapsed and the participation cost reverts to the company. Only if the SETA is able to prove that the SETA relationship has benefit to the companies will the companies participate and maintain participation.

Ironically, the current national skills development company “free” training as offered in their product will not benefit the maritime sub-sector where SAMSA regulatory training is the main priority. Currently national SDF companies do not offer regulatory training in their product offering and this may limit the value-add to any company with a high demand of regulatory training.



CHAPTER 9 CONCLUSION

The research conducted has raised a number of topics with solutions discussed below. The topics are arranged from SETA / DHET specific areas of improvement followed by the importance of communications. Topics include unintended consequences of a SETA specific SBD product and closes with the Ansoff Matrix with reference to product development and market penetration solutions.

Some of the solutions (single IT provider and system for SETA's) have the potential to save the country huge amounts of money, reducing complexity and facilitating standardisations across SETA's. The benefits that accrue are almost exponential. Leaving the monetary cost aside, improved sector reporting and the availability of consistent quality data across all SETA's would be a huge step forward in having reliable and consistent quality data to inform sector development and national plans.

Small business participation SETA's - generic

Each SETA would need to define its own appetite to increase participation and this would be budget dependent. The SETA would annually establish small businesses targets and these should increase incrementally each year; thus allowing support to be maintained to participating companies through both training and SDF services.

Figure 12 proves the importance of the increased participation in improving the quantity of data available to a SETA that can be used in annual sector updates. The increase in real sector data is a valuable contribution to the data sources utilised in developing and updating the SSP. Some examples of increased data are listed below. Small business data is especially useful in a SETA's ability to profile and analyses small business needs for prioritising for support.

This would improve the SSP data and enable many employees, currently denied skills development opportunities, to be trained and advanced as intended by the skills development legislation. The maritime chamber example reflected the increase in small companies submitting in 2018 and identified that small companies plan to train more employees than large and medium companies added together.

Small business strategy TETA

The small business pilot project has indicated that relatively small changes to an existing strategy can bring about large increases in participation. The TETA small business strategy for TETA registered levy companies would do well to consider offering SDF roles and subsidised training as a package funded by TETA. The cost is already budgeted for annually, it's the methodology and implementation that differs slightly.

Small business participation TETA - Maritime

The maritime sector has the additional incentive that fishing companies will be assessed on SETA participation in order to be considered for an award of a fishing quota. This provides incentive to the fishing companies to participate and it is evidenced by the high rate of fishing company in the Eastern Cape that submit, irrespective of levy recovery. This message alone needs to be communicated to the sub-sector from DAFF, NFF and TETA, and will serve to further increase participation.

In addition, fishing sub-sector workshops should be conducted in Port Nolloth (Northern Cape), Saldanha (Western Cape), Cape Town (Western Cape), Mossel Bay (Western Cape), Port Elizabeth (Eastern Cape) and St Francis Bay (Eastern Cape).

These workshops should target registered small fishing companies and would aim to capacitate fishing company and vessel owners in skills development, as well as introduce them to SDFs or SDF partnerships with TETA. Using lessons learned from the current pilot project and small business support, the only effective and efficient way forward is to partner with a national skills development consultancy and define the requirements of TETA. Using the current small business target and funding model will provide the mandate and budget to seriously target small business participation.

The partnership will define the quality and quantity of the annual ATR/WSP submission, with a special focus on scarce and critical skills. This will significantly improve participation and SSP relevance. The SSP information, especially scarce and critical skills and Hard to Fill Vacancies will inform the discretionary grant targets. Added within the partnership should be the option of each small company implementing one learnership. This would assist the fishing companies in quota allocations, assist the employees in achieving a qualification, access tax rebates and assist TETA in rolling out learnerships to address skills shortages and transformation.

Need for future research:

General applicability to the other transport sub sectors would need to be researched separately. It should be noted that most of the other sub-sectors have similar authority bodies, e.g. the Civil Aviation Authority within the aerospace sector, the Road Traffic Authority within the road freight, road passenger and taxi sectors, the Passenger Rail Agency of South Africa in the rail sector, etc.) and these would be consulted in order to determine if additional incentives exist. It is suggested that either the road freight, road passenger or taxi chamber be considered for further research due to the proportionately high number of small companies within each chamber.

Explanatory research can build on this research paper by researching:

- SARS allocation of SIC codes and linking company to the correct SETA.
- Correlation (or lack thereof) between government national plans (National Development Plan) and SETA small business strategies and alignment.
- Integration and alignment of goals and outcomes between national government and government agencies (examples: SEDA, SEFA, SETA's)
- A longitudinal study on small business projects implemented by SETA's to determine the impact as experienced by the company supported.
- Participation rates across SETA's and the effect this has on SETA Sector Skills Planning.

- Business case study to determine if a single IT provider could provide the mandatory and discretionary grant platforms for all SETA's. This was outside the scope of this research and is an area for future research.

Limitations:

The research is focussed on companies that fall under the SIC Code 13100 (ocean and coastal fishing) and the research is limited to the Eastern Cape and Western Cape provinces where the vast bulk of fishing companies are registered. The decision to narrow the scope of the research to small levy paying fishing companies registered to TETA SIC code 13100 automatically excluded the following:

- Small scale fishers (i.e. fishers with traditional rights that are not registered to a SETA);
- Fishing cooperatives (i.e. cooperatives that are not registered to a SETA);
- Fishing companies registered with another SETA;
- Fishing companies registered with TETA but exempt from paying SDL.

This decision was made intentionally in order to keep the research focussed on increased participation of TETA, and also to exclude additional levels of complexity that arise within the environment of the small-scale fishers and fishing co-operatives. The decision does, however, not detract from the need for additional research to assist or guide strategies to alleviate the plight of the small-scale fishers.

During the interview process additional limitations were noted as interview results depended on who represented the company during the interview and some interview partners (owning several boats) had more weight in the study than others (owning only 1 boat).

A quantitative time-series analysis or observational research project research project would be interesting to determine the effect of the DAFF fishing rights process on small fishing company participation. While the pilot project to support participation did increase the number of small participating companies, it must be noted that the 2020 fishing rights process is just around the corner and this would

have influenced participation to some degree. Research across fifteen-year period where the fishing rights application year participation rates are analysed may well shed more light on this trend. It is critical that participation is maintained.

The recommendations of dedicated small company support by means of facilitated and incentivised SDF relationships will likely prove to be the most efficient solution to increasing participation in the small fishing company environment. We simply cannot expect any participation in the absence of an incentive to participate. Without increased participation the SETA's and government plans will always be fishing in waters without knowing what fish they intend to catch.

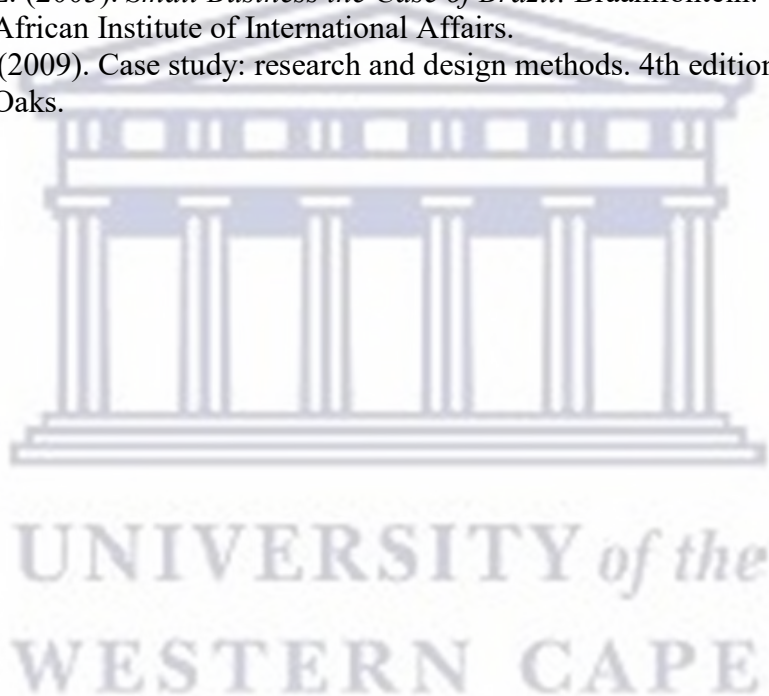


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Appendix 1: Ethics clearance



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26 July 2019

Mr MC Alexander
Institute of Social Development
Faculty of Economic and Management Sciences

Ethics Reference Number: HS19/6/16

Project Title: Assessing Transport Education Training Authority participation by levy registered small fishing employer companies in the Transport Sector

Approval Period: 26 July 2019 – 26 July 2020

I hereby certify that the Humanities and Social Science Research Ethics Committee of the University of the Western Cape approved the methodology and ethics of the above mentioned research project.

Any amendments, extension or other modifications to the protocol must be submitted to the Ethics Committee for approval.

Please remember to submit a progress report in good time for annual renewal.

The Committee must be informed of any serious adverse event and/or termination of the study.

A handwritten signature in black ink, appearing to read 'Patricia Josias', written over a faint background of sunflowers.

*Ms Patricia Josias
Research Ethics Committee Officer
University of the Western Cape*

HSSREC REGISTRATION NUMBER - 130416-049

FROM TOP TO BOTTOM THROUGH KNOWLEDGE

Appendix 2: Information letter



**UNIVERSITY OF THE
WESTERN CAPE**
School of Government
Institute for Social Development (ISD)
Full Research Master's Thesis
Researcher: Malcolm Alexander (072 907 0754)

Research Title: Assessing participation of small fishing companies in the Transport Education Training Authority (TETA): identifying fault lines and potential responses to increase participation

Information Sheet

Dear Interviewee,

You are invited to participate in a research study conducted by Malcolm Charles Alexander, student number 3505603, a Full Thesis Masters student at the University of the Western Cape, School of Government, ISD (student number 3505603)

Purpose of the study

To determine the challenges faced by TETA registered small fishing companies in participating in the mandatory grant system by understanding the perspectives of relevant stakeholders. The intention is to find a solution in order to increase participation, support small business and improve the SETA Sector Skills Plan.

Overview of study and your involvement

In participating you will be involved in a semi structured interview where you will be asked various questions around your perception and experience of the Transport Education and Training Authority mandatory grant system. The will include if you have any knowledge and experience here of and any challenges you have experienced within the TETA system or any other factors. The results of the interview are intended to assist in my analysis and possible recommendations for improvement.

Confidentiality

I confirm that the results of the study will not divulge the organization or participant's particulars as to maintain confidentiality. Any information that can identify an organization or an individual will remain confidential and can only be disclosed with your express permission. The researcher will keep all records (written / recorded), including a signed consent form, required from you if you agree to participate in the research study securely stored. Manual records are securely locked and electronic records are on a secure password protected hard drive.



UNIVERSITY *of the*
WESTERN CAPE

Voluntary participation and withdrawal

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence.

Payment for participation

There will be no monetary gain from participating in this study.

Informed consent

I require your signed consent to participate in the study before I can interview you. I have included the consent form with this information sheet to allow you to review the consent form and decide whether you would like to participate or not.

Questions

If you have any questions or concerns about participating in the semi structured interview or participating in this study, you may contact me as per below contact details.

I appreciate your assistance and taking the time to participate in this study.

Sincerely

Student:

Malcolm Alexander

Cell number: 072 907 0754

Student number: 3505603

Email Address: malcolm@teta.org.za

I am accountable to my supervisor:

Prof Stefan Buchholz DAAD-Lecturer German Academic
Exchange Service (DAAD)

University of the Western Cape Institute for Social Development
(ISD)

School of Government Building - 1st floor - Office No. 2.13

Phone: +27 021 959 3854

Appendix 3: Letter of consent



UNIVERSITY OF THE WESTERN CAPE
School of Government
Institute for Social Development (ISD)
Full Research Master's Thesis
Researcher: Malcolm Alexander (072 907 0754)

Research Title: Assessing participation of small fishing companies in the Transport Education Training Authority (TETA): identifying fault lines and potential responses to increase participation

Letter of Consent

I..... (Full names of participant)

from..... (Organization name),

in the position of (Designation);

Hereby confirm that I have read the information letter about the above study and understand the contents of this document and the nature of this research project, and I consent to participating in this research project. I understand that my identity will not be disclosed and I am at liberty to withdraw from the project at any time, should I so desire.

Signature of participant:

Date:

Student:

Malcolm Alexander

Student number: 3505603

Cell number: 072 907 0754

Email Address: malcolm@teta.org.za

I am accountable to my supervisor:

Prof Stefan Buchholz

DAAD-Lecturer

German

Academic

Exchange Service (DAAD)

University of the Western Cape

Institute for Social Development (ISD)

School of Government Building

1st floor - Office No. 2.13

Phone: +27 021 959 3854

Email Address: Buchholz.DAAD@gmail.com

This page is to be retained by researcher

Appendix 4: Questionnaire



UNIVERSITY OF THE WESTERN CAPE
School of Government
Institute for Social Development (ISD)
Full Research Master's Thesis
Researcher: Malcolm Alexander (072 907 0754)

Research title:

Assessing participation of small fishing companies in the Transport Education Training Authority (TETA): identifying fault lines and potential responses to increase participation

1. Personal information
 - a. Name and surname
 - b. Position
 - c. Duration at company
 - d. HR / SDF qualification
 - e. What is your role in the company
2. SETA relationship
 - a. Do you know you are registered with the TETA
 - b. Do you know why the SETA system exists
 - c. Do you participate with the SETA and how
 - d. If you do participate – what is the cost to submit to TETA
 - e. If you are participating in the MG, what is your financial return
 - f. If you are participating in SBD, is it working for you?
 - g. Does TETA communicate with you and how
 - h. What do you think is the way TETA should be communicating with you
 - i. Do you know how you can benefit from TETA
 - j. Have you had any support from the SETA (and if so what type of support)
 - k. Do you plan to train any staff during a financial year
 - l. Do you have a dedicated training budget
 - m. How do you manage any staff training
 - n. What is the average training spend per year
 - o. Are there any skills you struggle to get
 - p. What types of training do you need – ashore
 - q. What type of training do you need – at sea
 - r. Have you ever used consultants
 - s. If you have used consultants – in what role, cost, return
 - t. Do you have your own quota allocation (specify including duration)
 - u. When applying for quota's, does the SETA relationship assist

Appendix 5: Maritime chamber 2017 MG records (fishing companies)

- Column A:** Reference code
- Column B:** Area / Province of company;
- Column C:** Indicates if the company submitted a MG application Submitted or Did Not Submit (DNS);
- Column D:** Identifies the levy payment to TETA (100%)
- Column E:** Calculates 20% levy-return. Value as per current legislation.
- Column F:** Identifies SETA Chamber linkages using the SIC code
- Example 1: TETA – Maritime – Fishing is a direct link to chamber sub sector
- Example 2: TETA – Maritime is a direct link to Maritime chamber
- Example 3: TETA – registered to TETA but has no chamber code / linkage
- Column G:** Lists any relevant comment

As a result, when a chamber draws a system report for their chamber these companies do not reflect and by default unknown to the chamber.

Table legend:

- When the text is bold: Company was interviewed
- When the text is blue: Company submitted a WSP in 2016
- Where the cell is red: No SIC code on system, company registered to TETA but not allocated to a chamber.
- Column G: Where red text is used, the company either is using an incorrect SIC code or has no SIC code on the TETA system.
- Incorrect SIC code SIC code used does not match company core business in TETA
SIC code used is registered to maritime chamber fishing, as a result all the company information submitted will be allocated to the fishing sector despite the company not being a fishing company.
TETA scarce and critical skills are based on the submitted WSPs and matched to the SIC code. If a company is using the incorrect SIC code, the data submitted in the WSP negatively affects the fishing sector scarce and critical skills.

No SIC code Company has no participation history with TETA and is not registered to a chamber. Company is registered to TETA. The chambers managing the WSP submissions are not aware of these companies as chamber reports are drawn for the chamber which is defined by the SIC code on the system.

The below table of examples is to assist in understanding the table of levy history and the use of colours and font variations to identify different company participation.

Legend:

Submitted	Registered TETA Maritime	INTERVIEWED	Company is registered to TETA Company is registered to Maritime chamber Company submitted a WSP/ATR (Blue) Company was interviewed (Bold)
DNS	Registered TETA No chamber link	No SIC code	Company is registered to TETA Company has no SIC code and is not linked to any chamber (Red) . Company did not submit a WSP/ATR
DNS	Registered TETA - No chamber link	No SIC code INTERVIEWED	Company is registered to TETA Company has no SIC code and is not linked to any chamber (Red) . Company did not submit a WSP/ATR Company was interviewed (Bold)

When reading the table below it should be noted that the distribution of participating companies is higher at the top of the table where the levy return, even at 20%, is an attractive incentive; towards the end of the table submissions drop off. This should be understood in conjunction with the BBBEE scoring benefits of a mandatory grant submission.

Fishing companies are predominantly found in the Western Cape and Eastern Cape. Companies at the lower end of the table are less inclined to participate due to the cost of submission exceeding return, recovering R 32.00 (20%) of an annual contribution of R 160.00 does not cover the cost of submission and provides no financial support to training need identified in the WSP.

Within these provinces Western Cape has a 17.6 percent participation (9 of 51) and the Eastern Cape has 30 percent participation (12/40); the reason for this difference is that the Eastern Cape companies tend to be connected through a network of directors, share ownership or joint ventures.

Further, there is often a single SDF that represents multiple companies; where one of these companies is medium or large, this forces the SDF to participate with the SETA. Once the communications commence, through capacitation by TETA, the SDF is aware of the short term (levy recovery) and long term (quota application) benefits. This is then rolled out across all the companies in the network.

TETA Registered small fishing companies 2017 Mandatory Grant submission status and history:

A Code	B Area	C MG Status	D Levies Paid	E Grant Value	F Chamber	G Interviewed	H Comment
MC1	WC	Submitted	182683,23	36536,65	Registered TETA - Maritime		
MC2	WC	DNS	158083,08	31616,62	Registered TETA - Maritime	INTERVIEWED	
MC3	WC	DNS	141335,32	28267,06	Registered TETA - Maritime - Fishing		Holding Company
MC4	WC	Submitted	107356,84	21471,37	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC5	WC	Submitted	105219,11	21043,82	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC6	WC	DNS	83033,75	16606,75	Registered TETA - Maritime		
MC7	WC	Submitted	80268,68	16053,74	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC8	WC	Submitted	74249,58	14849,92	Registered TETA - Maritime		
MC9	WC	Submitted	70674,94	14134,99	Registered TETA - Maritime		
MC10	WC	Submitted	69904,95	13980,99	Registered TETA - Maritime		
MC11	Gau	Closed	69402,73	13880,55	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC12	WC	Submitted	67614,58	13522,92	Registered TETA - Maritime		
MC13	WC	Submitted	65542,48	13108,50	Registered TETA - Maritime		
MC14	WC	DNS	64250,41	12850,08	Registered TETA - Maritime		
MC15	WC	DNS	58421,45	11684,29	Registered TETA - Maritime		
MC16	NC	Submitted	57551,43	11510,29	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC17	KZN	Submitted	57481,36	11496,27	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC18	EC	Submitted	55184,94	11036,99	Registered TETA - Maritime	INTERVIEWED	

A Code	B Area	C MG Status	D Levies Paid	E Grant Value	F Chamber	G Interviewed	H Comment
MC19	WC	Submitted	52236,47	10447,29	Registered TETA - Maritime		
MC20	WC	DNS	50159,02	10031,80	Registered TETA - Maritime		
MC21	EC	DNS	49501,66	9900,33	Registered TETA - Maritime	INTERVIEWED	
MC22	WC	DNS	48736,42	9747,28	Registered TETA - Maritime		
MC23	WC	Submitted	48558,98	9711,80	Registered TETA - Maritime		
MC24	EC	DNS	48283,76	9656,75	Registered TETA - Maritime		
MC25	EC	Submitted	45611,33	9122,27	Registered TETA - Maritime	INTERVIEWED	
MC26	WC	DNS	44298,35	8859,67	Registered TETA - No chamber link		No SIC code
MC27	EC	Submitted	43806,36	8761,27	Registered TETA - Maritime	INTERVIEWED	
MC28	WC	DNS	41935,24	8387,05	Registered TETA - Maritime		
MC29	WC	Submitted	40400,24	8080,05	Registered TETA - Maritime		
MC30	EC	DNS	39968,47	7993,69	Registered TETA - Maritime	INTERVIEWED	
MC31	WC	DNS	38679,70	7735,94	Registered TETA - Maritime		
MC32	WC	DNS	38400,68	7680,14	Registered TETA - No chamber link		No SIC code
MC33	EC	Submitted	37604,97	7520,99	Registered TETA - Maritime	INTERVIEWED	
MC34	EC	DNS	35545,95	7109,19	Registered TETA - Maritime		
MC35	MP	Submitted	35495,34	7099,07	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC36	EC	Submitted	34222,42	6844,48	Registered TETA - Maritime	INTERVIEWED	
MC37	EC	DNS	33937,13	6787,43	Registered TETA - Maritime	INTERVIEWED	
MC38	WC	DNS	33854,98	6771,00	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC39	EC	DNS	33422,60	6684,52	Registered TETA - Maritime	INTERVIEWED	
MC40	EC	DNS	33331,42	6666,28	Registered TETA - Maritime	INTERVIEWED	
MC41	EC	DNS	32392,80	6478,56	Registered TETA - Maritime		
MC42	EC	DNS	32234,21	6446,84	Registered TETA - Maritime	INTERVIEWED	
MC43	WC	DNS	31143,91	6228,78	Registered TETA - Maritime		
MC44	WC	DNS	29813,33	5962,67	Registered TETA - Maritime		
MC45	EC	DNS	29456,79	5891,36	Registered TETA - Maritime	INTERVIEWED	
MC46	WC	DNS	29220,04	5844,01	Registered TETA - Maritime	INTERVIEWED	
MC47	EC	DNS	26973,54	5394,71	Registered TETA - Maritime	INTERVIEWED	
MC48	EC	DNS	26691,19	5338,24	Registered TETA - No chamber link		No SIC code
MC49	WC	DNS	26519,00	5303,80	Registered TETA - Maritime	INTERVIEWED	
MC50	EC	DNS	26234,09	5246,82	Registered TETA - No chamber link	INTERVIEWED	No SIC code

A Code	B Area	C MG Status	D Levies Paid	E Grant Value	F Chamber	G Interviewed	H Comment
MC51	EC	DNS	25336,04	5067,21	Registered TETA - Maritime		
MC52	WC	Submitted	25191,21	5038,24	Registered TETA - Maritime		
MC53	WC	DNS	24480,84	4896,17	Registered TETA - Maritime		
MC54	EC	DNS	23597,52	4719,50	Registered TETA - Maritime		
MC55	WC	DNS	23434,01	4686,80	Registered TETA - Maritime		
MC56	EC	DNS	23122,46	4624,49	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC57	EC	DNS	22122,77	4424,55	Registered TETA - Maritime	INTERVIEWED	
MC58	WC	DNS	21388,77	4277,75	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC59	EC	DNS	21357,11	4271,42	Registered TETA - Maritime	INTERVIEWED	
MC60	EC	DNS	20690,36	4138,07	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC61	WC	DNS	20305,77	4061,15	Registered TETA - No chamber link		No SIC code
MC62	EC	DNS	20276,33	4055,27	Registered TETA - Maritime		
MC63	WC	DNS	19633,30	3926,66	Registered TETA - No chamber link		No SIC code
MC64	EC	DNS	19423,81	3884,76	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC65	WC	DNS	19228,15	3845,63	Registered TETA - Maritime		
MC66	EC	DNS	19195,86	3839,17	Registered TETA - Maritime	INTERVIEWED	
MC67	EC	DNS	19187,95	3837,59	Registered TETA - Maritime		
MC68	EC	DNS	18978,33	3795,67	Registered TETA - Maritime		
MC69	EC	DNS	18808,44	3761,69	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC70	WC	DNS	18780,01	3756,00	Registered TETA - Maritime	INTERVIEWED	
MC71	WC	DNS	18649,88	3729,98	Registered TETA - Maritime	INTERVIEWED	
MC72	EC	DNS	18104,25	3620,85	Registered TETA - No chamber link		No SIC code
MC73	EC	DNS	17447,81	3489,56	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC74	MP	Submitted	17426,45	3485,29	Registered TETA - Maritime		
MC75	EC	DNS	17208,05	3441,61	Registered TETA - Maritime	INTERVIEWED	
MC76	EC	Submitted	17170,02	3434,00	Registered TETA - Maritime	INTERVIEWED	
MC77	WC	DNS	16785,52	3357,10	Registered TETA - No chamber link		No SIC code
MC78	WC	DNS	16558,64	3311,73	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC79	WC	DNS	16284,18	3256,84	Registered TETA - Maritime	INTERVIEWED	
MC80	EC	DNS	16103,21	3220,64	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC81	WC	DNS	14838,62	2967,72	Registered TETA - Maritime	INTERVIEWED	
MC82	EC	DNS	14422,83	2884,57	Registered TETA - No chamber link		No SIC code

A Code	B Area	C MG Status	D Levies Paid	E Grant Value	F Chamber	G Interviewed	H Comment
MC83	WC	DNS	13975,42	2795,08	Registered TETA - Maritime		
MC84	WC	DNS	13459,50	2691,90	Registered TETA - Maritime	INTERVIEWED	
MC85	WC	DNS	13423,41	2684,68	Registered TETA - Maritime	INTERVIEWED	
MC86	WC	DNS	13263,13	2652,63	Registered TETA - Maritime	INTERVIEWED	
MC87	WC	DNS	13190,47	2638,09	Registered TETA - Maritime		
MC88	WC	Submitted	12523,34	2504,67	Registered TETA - Maritime		
MC89	EC	Submitted	11903,10	2380,62	Registered TETA - Maritime	INTERVIEWED	
MC90	EC	DNS	11813,53	2362,71	Registered TETA - Maritime		
MC91	WC	DNS	11771,83	2354,37	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC92	WC	DNS	11621,92	2324,38	Registered TETA - Maritime		
MC93	WC	DNS	11516,30	2303,26	Registered TETA - Maritime	INTERVIEWED	
MC94	EC	DNS	11488,36	2297,67	Registered TETA - Maritime	INTERVIEWED	
MC95	WC	DNS	11099,45	2219,89	Registered TETA - Maritime		
MC96	WC	DNS	11075,54	2215,11	Registered TETA - Maritime	INTERVIEWED	
MC97	WC	DNS	10918,19	2183,64	Registered TETA - Maritime	INTERVIEWED	
MC98	WC	DNS	10749,00	2149,80	Registered TETA - No chamber link		No SIC code
MC99	EC	DNS	10745,44	2149,09	Registered TETA - Maritime	INTERVIEWED	
MC100	EC	DNS	10667,30	2133,46	Registered TETA - Maritime		
MC101	MP	DNS	10443,91	2088,78	Registered TETA - No chamber link		No SIC code
MC102	WC	DNS	10293,28	2058,66	Registered TETA - No chamber link		No SIC code
MC103	KZN	DNS	10291,98	2058,40	Registered TETA - No chamber link		No SIC code
MC104	WC	DNS	10290,43	2058,09	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC105	WC	DNS	10094,46	2018,89	Registered TETA - No chamber link		No SIC code
MC106	WC	DNS	10042,19	2008,44	Registered TETA - Maritime	INTERVIEWED	
MC107	EC	DNS	9749,41	1949,88	Registered TETA - Maritime		
MC108	EC	DNS	9618,47	1923,69	Registered TETA - Maritime	INTERVIEWED	
MC109	EC	DNS	9576,17	1915,23	Registered TETA - Maritime		
MC110	WC	Submitted	9356,40	1871,28	Registered TETA - Maritime		
MC111	WC	DNS	8843,66	1768,73	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC112	EC	DNS	8480,90	1696,18	Registered TETA - Maritime		
MC113	EC	DNS	7929,88	1585,98	Registered TETA - Maritime		
MC114	Gau	DNS	7828,66	1565,73	Registered TETA - No chamber link		No SIC code

A Code	B Area	C MG Status	D Levies Paid	E Grant Value	F Chamber	G Interviewed	H Comment
MC115	EC	DNS	7557,21	1511,44	Registered TETA - Maritime	INTERVIEWED	
MC116	WC	DNS	7281,15	1456,23	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC117	WC	DNS	7251,46	1450,29	Registered TETA - Maritime		
MC118	WC	DNS	7205,56	1441,11	Registered TETA - No chamber link		No SIC code
MC119	WC	DNS	6563,79	1312,76	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC120	WC	DNS	6488,55	1297,71	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC121	KZN	DNS	6194,64	1238,93	Registered TETA - No chamber link		No SIC code
MC122	WC	DNS	6176,70	1235,34	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC123	WC	DNS	5851,64	1170,33	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC124	WC	DNS	5673,62	1134,72	Registered TETA - Maritime		
MC125	WC	DNS	5580,78	1116,16	Registered TETA - Maritime		
MC126	WC	DNS	5498,50	1099,70	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC127	WC	DNS	5317,77	1063,55	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC128	WC	DNS	4913,68	982,74	Registered TETA - Maritime		
MC129	WC	DNS	4555,00	911,00	Registered TETA - No chamber link		No SIC code
MC130	KZN	DNS	4510,98	902,20	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC131	WC	Submitted	4463,19	892,64	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC132	WC	DNS	3748,80	749,76	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC133	EC	Submitted	3656,30	731,26	Registered TETA - Maritime	INTERVIEWED	
MC134	WC	DNS	3422,45	684,49	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC135	KZN	DNS	3076,46	615,29	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC136	WC	DNS	3008,99	601,80	Registered TETA - Maritime	INTERVIEWED	
MC137	WC	DNS	2779,27	555,85	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC138	WC	DNS	2779,27	555,85	Registered TETA - Maritime	INTERVIEWED	
MC139	WC	DNS	2779,27	555,85	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC140	NC	DNS	2494,80	498,96	Registered TETA - Maritime	INTERVIEWED	
MC141	WC	DNS	2445,00	489,00	Registered TETA - Maritime	INTERVIEWED	
MC142	WC	DNS	2407,95	481,59	Registered TETA - Maritime	INTERVIEWED	
MC143	EC	DNS	1960,87	392,17	Registered TETA - Maritime		
MC144	WC	DNS	1866,55	373,31	Registered TETA - Maritime	INTERVIEWED	
MC145	WC	DNS	1263,03	252,61	Registered TETA - Maritime - Fishing		Incorrect SIC code
MC146	WC	DNS	1134,38	226,88	Registered TETA - No chamber link	INTERVIEWED	No SIC code

A Code	B Area	C MG Status	D Levies Paid	E Grant Value	F Chamber	G Interviewed	H Comment
MC147	WC	DNS	965,00	193,00	Registered TETA - Maritime	INTERVIEWED	
MC148	WC	DNS	786,26	157,25	Registered TETA - Maritime		
MC149	WC	DNS	750,00	150,00	Registered TETA - Maritime		
MC150	EC	DNS	700,00	140,00	Registered TETA - Maritime		
MC151	WC	DNS	647,80	129,56	Registered TETA - No chamber link	INTERVIEWED	No SIC code
MC152	WC	DNS	324,38	64,88	Registered TETA - No chamber link		No SIC code
MC153	WC	DNS	160,00	32,00	Registered TETA - No chamber link		No SIC code
MC158	EC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC161	EC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC162	EC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC164	EC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC167	EC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC168	EC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC173	EC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC154	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC155	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC156	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC157	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC159	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC160	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC163	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC165	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC166	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC169	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC170	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC171	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC172	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
MC174	WC	DNS	-	-	NO RECORD 2016 - ACTIVE 2018	INTERVIEWED	No SIC code
			3 884 753	776 950			

Appendix 6: Maritime chamber 2019 MG records

The below table is a summary of all mandatory grant submissions made to TETA maritime chamber for SIC code 13100 (fishing).

Approved	The company submitted online by the due date and is a consistent participant. 2018 ATR and 2019 WSP accepted. Grant payment approved (recovering levies)
Approved (Not payable)	The company submitted online by the due date and is a new participant. 2019 WSP accepted. No grant payment approved (requires AT and WSP)
Approved (NLPE)	The company is participating but is under the threshold to pay levies and therefore approved but no grant due (they are due 20% of zero levies paid).
Closed - ATR	The company has ceased operating and is closed. This is important information to update the SETA records

Note: 2020 will be a fishing quota application year, this is an incentive to all fishing companies to participate with their SETA to comply with the DAFF quota allocation assessment criteria.

CODE	SIC CODE	PROVINCE	GRANT STATUS
2019MC001	13100	Western Cape	Approved
2019MC002	13100	Western Cape	Approved
2019MC003	13100	Western Cape	Approved
2019MC004	13100	Western Cape	Approved
2019MC005	13100	Eastern Cape	Approved
2019MC006	13100	Eastern Cape	Approved
2019MC007	13100	Eastern Cape	Approved
2019MC008	13100	Western Cape	Approved
2019MC009	13100	Eastern Cape	Approved
2019MC010	13100	Eastern Cape	Approved
2019MC011	13100	Western Cape	Approved
2019MC012	13100	Eastern Cape	Approved
2019MC013	13100	Western Cape	Approved
2019MC014	13100	Eastern Cape	Approved
2019MC015	13100	Western Cape	Approved
2019MC016	13100	Eastern Cape	Approved
2019MC017	13100	Western Cape	Approved
2019MC018	13100	Western Cape	Approved
2019MC019	13100	Western Cape	Approved
2019MC020	13100	Eastern Cape	Approved
2019MC021	13100	Western Cape	Approved
2019MC022	13100	Eastern Cape	Approved
2019MC023	13100	Western Cape	Approved
2019MC024	13100	Eastern Cape	Approved
2019MC025	13100	Western Cape	Approved

CODE	SIC CODE	PROVINCE	GRANT STATUS
2019MC026	13100	Eastern Cape	Approved
2019MC027	13100	Eastern Cape	Approved
2019MC028	13100	Western Cape	Approved
2019MC029	13100	Western Cape	Approved
2019MC030	13100	Eastern Cape	Approved
2019MC031	13100	Western Cape	Approved
2019MC032	13100	Eastern Cape	Approved
2019MC033	13100	Western Cape	Approved
2019MC034	13100	Western Cape	Approved
2019MC035	13100	Eastern Cape	Approved
2019MC036	13100	Eastern Cape	Approved
2019MC037	13100	Eastern Cape	Approved
2019MC038	13100	Eastern Cape	Approved
2019MC039	13100	Eastern Cape	Approved
2019MC040	13100	Western Cape	Approved
2019MC041	13100	Western Cape	Approved
2019MC042	13100	Eastern Cape	Approved
2019MC043	13100	Western Cape	Approved
2019MC044	13100	Eastern Cape	Approved
2019MC045	13100	Eastern Cape	Approved
2019MC046	13100	Eastern Cape	Approved
2019MC047	13100	Western Cape	Approved
2019MC048	13100	Western Cape	Approved
2019MC049	13100	Western Cape	Approved
2019MC050	13100	Eastern Cape	Approved
2019MC051	13100	Eastern Cape	Approved
2019MC052	13100	Western Cape	Approved
2019MC053	13100	Western Cape	Approved
2019MC054	13100	Eastern Cape	Approved
2019MC055	13100	Western Cape	Approved
2019MC056	13100	Western Cape	Approved
2019MC057	13100	Eastern Cape	Approved
2019MC058	13100	Eastern Cape	Approved
2019MC059	13100	Eastern Cape	Approved
2019MC060	13100	Western Cape	Approved
2019MC061	13100	Western Cape	Approved
2019MC062	13100	Western Cape	Approved
2019MC063	13100	Western Cape	Approved
2019MC064	13100	Eastern Cape	Approved
2019MC065	13100	Eastern Cape	Approved
2019MC066	13100	Western Cape	Approved

CODE	SIC CODE	PROVINCE	GRANT STATUS
2019MC067	13100	Eastern Cape	Approved
2019MC068	13100	Western Cape	Approved
2019MC069	13100	Western Cape	Approved
2019MC070	13100	Eastern Cape	Approved
2019MC071	13100	Western Cape	Approved
2019MC072	13100	Western Cape	Approved
2019MC073	13100	Western Cape	Approved
2019MC074	13100	Western Cape	Approved
2019MC075	13100	Western Cape	Approved
2019MC076	13100	Western Cape	Approved
2019MC077	13100	Western Cape	Approved
2019MC078	13100	Eastern Cape	Approved
2019MC079	13100	Eastern Cape	Approved
2019MC080	13100	Western Cape	Approved
2019MC081	13100	Eastern Cape	Approved
2019MC082	13100	Eastern Cape	Approved
2019MC083	13100	Eastern Cape	Approved
2019MC084	13100	Western Cape	Approved
2019MC085	13100	Eastern Cape	Approved
2019MC086	13100	Eastern Cape	Approved
2019MC087	13100	Eastern Cape	Approved
2019MC088	13100	Eastern Cape	Approved
2019MC089	13100	Western Cape	Approved
2019MC090	13100	Western Cape	Approved
2019MC091	13100	Western Cape	Approved
2019MC092	13100	Eastern Cape	Approved
2019MC093	13100	Eastern Cape	Approved
2019MC094	13100	Northern Cape	Approved
2019MC095	13100	Western Cape	Approved
2019MC096	13100	Western Cape	Approved (Not payable)
2019MC097	13100	Western Cape	Approved (Not payable)
2019MC098	13100	Eastern Cape	Approved (Not payable)
2019MC099	13100	Western Cape	Approved (Not payable)
2019MC100	13100	Eastern Cape	Approved (Not payable)
2019MC101	13100	Eastern Cape	Approved (Not payable)
2019MC102	13100	Western Cape	Approved (Not payable)
2019MC103	13100	Western Cape	Approved (Not payable)
2019MC104	13100	Eastern Cape	Approved (Not payable)
2019MC105	13100	Eastern Cape	Approved (Not payable)
2019MC106	13100	Western Cape	Approved (Not payable)
2019MC107	13100	Eastern Cape	Approved (Not payable)
2019MC108	13100	Western Cape	Approved (Not payable)

CODE	SIC CODE	PROVINCE	GRANT STATUS
2019MC109	13100	Western Cape	Approved (Not payable)
2019MC110	13100	Eastern Cape	Approved (Not payable)
2019MC111	13100	Western Cape	Approved (Not payable)
2019MC112	13100	Western Cape	Approved (Not payable)
2019MC113	13100	Western Cape	Approved (NLPE)
2019MC114	13100	Western Cape	Approved (NLPE)
2019MC115	13100	Western Cape	Approved (NLPE)
2019MC116	13100	Western Cape	Approved (NLPE)
2019MC117	13100	Western Cape	Approved (NLPE)
2019MC118	13100	Western Cape	Approved (NLPE)
2019MC119	13100	Western Cape	Approved (NLPE)
2019MC120	13100	Western Cape	Approved (NLPE)
2019MC121	13100	Western Cape	Approved (NLPE)
2019MC122	13100	Western Cape	Approved (NLPE)
2019MC123	13100	Western Cape	Approved (NLPE)
2019MC124	13100	Eastern Cape	Approved (NLPE)
2019MC125	13100	Eastern Cape	Approved (NLPE)
2019MC126	13100	Western Cape	Approved (NLPE)
2019MC127	13100	Western Cape	Approved (NLPE)
2019MC128	13100	Western Cape	Approved (NLPE)
2019MC129	13100	Western Cape	Approved (NLPE)
2019MC130	13100	Eastern Cape	Approved (NLPE)
2019MC131	13100	Western Cape	Approved (NLPE)
2019MC132	13100	Western Cape	Approved (NLPE)
2019MC133	13100	Western Cape	Approved (NLPE)
2019MC134	13100	Eastern Cape	Closed - ATR
2019MC135	13100	Western Cape	Closed - ATR

WESTERN CAPE