

**Annexure B of the detailed analysis of alignment between  
PSET White Paper Implementation Plan and the NSDP 2030  
towards possible Policy Considerations for Business:**

**Business Representation on SETA Accounting Authorities**

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## The Question

Does business have an effective voice within the Accounting Authorities of their respective SETAs?

The question explores the quality of the voice that exists. Is the intended 40% business representation a true reflection of the board's inclusivity, or has the composition framework been designed to allow for the primary governance structure to only purport to being representative whilst the ultimate power still rests with DHET and the Minister?

Defining the quality of Business representation, and whether such representation is a true reflection of Business's voice, is a critical issue. Business is represented on this forum to:

1. Ensure good governance and accountability of the Seta,
2. Protect their interests in the economic sector they represent,
3. Ensure the efficient and effective use of the levies they pay to improve the skills needed in their sector,
4. Provide projections regarding future skills needs and quality requirements as an output of the NSDP 2030.

These are key issues for the business sector to represent. Something they cannot do effectively if their representatives on the Accounting Authorities are either not true representatives (political appointments) or worse, these authorities have become window dressing with no executive authority since the board is stacked with representatives that drive only a Departmental Agenda.

## The Skills Development Act

The Act specifies the functioning of the Accounting Authorities in Chapter 3 (11).

The Minister appoints all the members of the Accounting Authority. The Act says the Minister **must** appoint a Chairman (after consultation with the NSA) and **must** appoint 14 members. This is only subject to changes the Minister makes or approves for a specific SETA in their constitution in accordance with section 13 of the Act. (No deviations from the standard constitution were found within the group of SETAs considered in this study.)

Business representation may not comprise more than 6 members of the total of 14. In a full Accounting Authority, Business will therefore have a maximum of 42.8% representation.

Labour will also have a 42.8% representation, while government, bargaining councils, professional bodies and organised community collectively will have 14.3% (2/14 members). The Chairman will always have a casting vote should a deadlock arise.

Business representatives must be nominated by organised business within the scope of each sector. This goes for organised labour as well, subject to a formula that ensures proportionality (if the organisations cannot agree on the allocation of seats) of the representation of organisations based on size (in employees or members) in the sector.

The Business representatives nominated will then be considered by and appointed by the Minister who will have the final say as to who the representatives will be. This is subject to certain seniority and competency requirements, as well as demographic representation criteria. It is also subject to certain exclusions and disqualification criteria which is standard procedure on all governance structures.

## Nominations

The Minister must issue a notice in the Government Gazette for nomination for the Chairman of an Accounting Authority.

The SETA CEO must invite nominations in accordance with the prescriptions of the Act from the organised bodies within the scope of that sector. These requests for nominations are usually processed through communications directly to the levy paying organisations in the sector as well as through public media channels, usually national media such as the Sunday Times or similar publications.

## Case Studies

The best way to ascertain the quality of representation is to see how well business is represented in current Accounting Authorities. The case studies are based on online reviews of relevant SETA web sites conducted in May 2021.

Example 1 – Services SETA:

- Teleni Shabangu SAPAA (South African Professional Auctioneers Association)
- Duduzile Letseli South African Funeral Practitioners Association (SAFPA)
- Vikesh Roopchand Direct Marketing Association of South Africa (DMASA)
- Jacqui Ford Federation of African Professional Staffing Organisation (APSO)
- Victor Msomi Employers Organisation for Hairdressing, Cosmetology and Beauty (EOHCB)

Services SETA has a large scope of economic sectors, and as a result they likely receive nominations from a large number of industry bodies. This ensures higher quality options for members on the Accounting Authority as well as more diverse industry representation since their 'sector' fulfils a wide mandate.

Example 2 – FP&M SETA

- Mr. Mvuleni Stephen Thobela (Printing and Packaging)
- Mr. Francois Oberholzer (Forestry)
- Ms. Theresa Otto (Clothing)
- Mr. Mike Truelock (Pulp and Paper)
- Ms. Linda Theresa Bremner (NTBC)
- Mr. Mpuka Radinku (Publishing)

Although the FP&M sector tends to have larger players and industry bodies, they are all still well-represented through the business voice in a balanced, cross sectoral way.

Other SETAs were also considered and investigated (W&R, MerSETA, CETA and MQA), although the above information is much harder to come by for the following reasons:

- Websites hard to navigate (Cannot find annual performance reports including Accounting Authority representation)
- Cannot find Constitutions with Annexure 4 (Industry bodies represented)
- Accounting Authority members not listed
- Accounting Authority members listed, but who they represented not stated (Hard to find through web searches on the individual names).

That said, it seems that Business, (except for CETA for which the Accounting Authority members could not be verified) is well represented and neutral.

## Key Learnings

It seems that a primary indicator of the success and efficiency of the Accounting Authorities may be more deeply affected by the quality of the Chairman on the one hand, and the 'nearness to industry' on the other.

The Chairman is responsible for driving effective meetings and creating cohesion and synergy between all the stakeholders represented on the Accounting Authority. This is a tough ask and requires highly competent leaders. There may be some key learnings from the SETAs that perform well to understand what it takes to chair such bodies. These would be invaluable to the Minister when he considers new appointments.

SETAs with low credibility within their sector do not attract the best and brightest from their constituents. This reduces the talent pool of people that are representatives for personal interest rather than the benefit of those they represent. Such an Accounting Authority will be hard to manage even for an experienced Chairman since it becomes a stage for political lobbying and win-lose behaviour or inspires complacency ending in mediocrity rather than excellence.

## How business stacks the deck

Business can play a significant role. By taking their responsibility on the Accounting Authority seriously and setting the tone in support of the Chairman, a culture of excellence can be cultivated quickly. This is something Services SETA seems to have achieved.

From these few SETAs, there is little evidence that suggests the Accounting Authorities are stacked or window dressed. It is inevitable that politics will play a role purely due to the equal presence of labour union representation who tend to drive political agendas due to coalitions etc.

This can be counter-balanced through a strong Chairman. In the event that the Chairman and the union representatives (especially if they represent affiliated unions) drive the same agenda, the community representatives (of which there should be 2) could still counterbalance the political effect provided that Business and community can unify their voices.

From this perspective, the design seems robust and resilient. Perhaps with the exception that the 2 interest group appointments could include state representatives. When this happens you run the risk of a split vote, which the Chairman breaks, or a stacked deck, both resulting in an unbalanced Accounting Authority. Where specific SETAs are subjected to such appointments the Business voice may become ineffective.

Business should organise themselves better and partner with/lobby community, professional body and bargaining council members to ensure progress.

Recommendations:

- BUSA should invite Chairpersons of SETAs to a special once off event (that may be repeated once a year) to engage with them as a group to build a relationship so that all SETA Chairpersons know the Business skills agenda and mandated positions better.

- BUSA should engage with their members to ensure that the appropriate people, who will consider the interest of business and the country at large, when they are nominated to serve on the SETA Accounting Authorities
- BUSA should consider providing director and governance training to all Business representatives on SETA Accounting Authorities
- Business representatives should caucus to ensure that they speak with one voice on policy and implementation matters both within and across SETAs
- BUSA should set up a forum to enable Business representatives to engage on matters of common interest and also to report back to the wider business community.