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# SETA students cost more than university grads — with little to show for it

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Carol Paton

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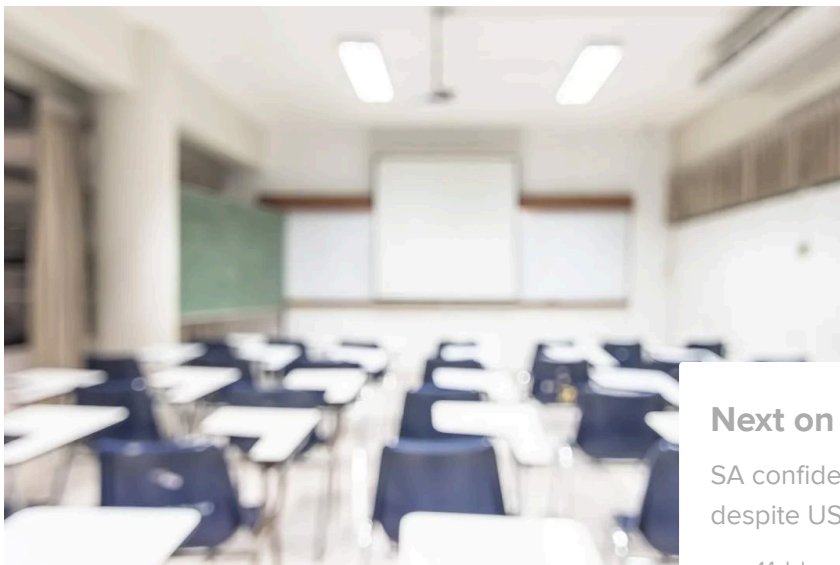
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academic study.

The new study calls for a “comprehensive overhaul” of the skills development system.

The study also highlights the inefficiency of the study grant system, where 30% of students fail to complete a three-year degree in six years.

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SA's sector education and training authorities (SETAs) are inefficient and expensive, overall costing more than university enrolments, according to a new study.

This is despite SETA courses being shorter and not involving any research obligations. There is also a high non-completion rate with non-qualifying learners in SETA programmes, costing SA R2.7 billion annually.

SETAs are statutory skills training bodies established in economic sectors. They are funded by the Skills Development Levy (SDL), a 1% payroll tax paid by employers, and governed by organised business and labour. The SDL raises R19 billion annually, effectively acting as a tax on employment.

The study by Peter Courtney for the research programme Southern Africa — Towards Inclusive Economic Development (SA-TIED) and Operation Vulindlela in the Presidency says that increased spending on post-school education has not translated into better educational outcomes.

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**employment or productivity outcomes. The cost of SETA enrolment is notably higher than that of university enrolment, underscoring the need for better resource allocation and efficiency improvements.**

Courtney recommends “a comprehensive overhaul of the skills development system, the SETAs and the Quality Council for Trades and Occupations”, the body that oversees the certification of occupational qualifications. Courtney says there is “little evidence of employment benefits or a return on investment from SETA programmes”.

Each of the 21 SETAs has a board and a CEO, who earns between R2 million and R3 million a year. SETAs have been in the spotlight in recent months after Minister of Higher Education Nobuhle Nkabane appointed several ANC-linked cadres to CEO positions and lied to Parliament that an independent panel had made the selection.

The DA and other critics of the government’s spending choices in the constrained fiscal environment have also singled out SETAs as wasteful. In the wake of the Treasury’s proposal to raise VAT, the DA suggested that SETAs be scrapped.

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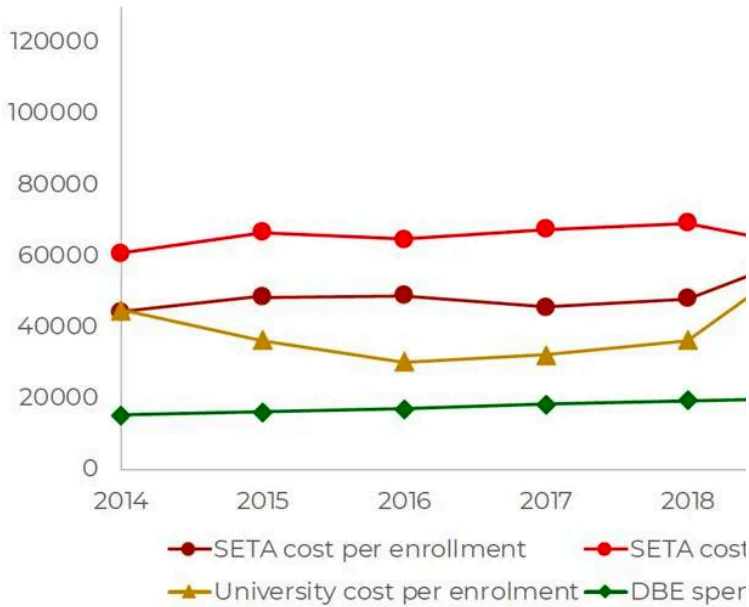
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Notes: University costs include the NSFAS bursary (National Treasury Budget (2021) Public Higher Education Institute funding estimate. Enrolments, and certification numbers from the Department of Higher Education & Training. SETA disbursed values from the Department of Higher Education & Training. Values are in nominal Rands

Cost per learner

Peter Courtney, SA-Tied

Courtney's study also reveals waste and inefficiencies in higher education funding through the National Student Financial Aid Scheme (NSFAS). As many as 44% of recipients do not complete their undergraduate degree in three years, and 35% do not complete within six years, which is the maximum receipt period.

Despite the fact that both the National Senior Certificate and the National Benchmarking Test are good predictors of learners who are unlikely to graduate within the bursary timeframe, universities are incentivised to admit them, Courtney.

The report notes that university enrolment patterns do not align with the country's employment priorities. High proportions of university students are enrolled in human

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reorientated towards fields where the country's employment needs lie.

"The growth of the TVET college system has stalled, and there are concerns about its quality and adequacy. [There should be] stronger links between colleges and employers and a reorientation of resources and incentives towards fields and skills that the economy needs," says the report.

Courtney makes several recommendations to increase the efficiency and fairness of post-school funding, arguing that a more diversified approach to student finance is called for in light of fiscal resources' limitations.

This includes examining the recommendations of the Davis Tax Committee, which advocated using SARS's administrative capacity to ensure the repayment of income-contingent loans. He says there is also scope for blending general student financial assistance with industry or vocationally targeted support.



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