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**Estimating the cost-efficiency of ESSA and  
Career Counselling in strengthening Public  
Employment Service**

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## ABBREVIATIONS

CC	Career Councillor
CHP	Career Help Portal
CSO	Client Service Officer
Comp Fund	Compensation Fund
DHET	Department of Higher Education and Training
DOL	Department of Labour
ESSA	Employment Services of South Africa
ESP	Employment Service Practitioner
LB	Labour Centres
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
HANIS	Home Affairs National Identification System
PER	Performance and Expenditure Review
PES	Public Employment Services
SAQA	South Africa Qualifications Authority
SARS	South African Revenue Services
SITA	State Information Technology Agency
UIF	Unemployment Insurance Fund

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### DISCLAIMER:

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## **1. The role of PES in reducing unemployment**

According to Statistics South Africa, the unemployment rate in South Africa remains high at 26.7 per cent in quarter 1 of 2015/16, up from 24.5 per cent in Q4 of 2015/16. Unemployment rates are particularly high amongst the youth, unskilled and low-skilled people. Unemployment is impacted on by changes in the domestic and global market. The current economic downturn has resulted in large-scale job losses and impacted on the creation of jobs. Economic growth in South Africa is sluggish, with the country growing at -0.2%, which means that unemployment is unlikely to come down in the foreseeable future. The Department of Labour (DOL) plays a lead role in reducing unemployment. It does this through a number of interventions, including providing access to job search and placement services, envisaged in the Employment Services Act 4 of 2014.

The rationale behind the introduction of Employment Services of South Africa (ESSA) system under the *Public Employment Services* (PES) programme was to create a platform for employers to advertise their vacancies and to enable work seekers to easily find job opportunities, as well as enhance work seekers skills to be employable.

To deal with high unemployment the Department of Labour has a budget of R9.1 billion including transfers over the 2016 MTEF, of which R1.7 billion including transfers goes toward *Public Employment Services* programme and R1.1 billion goes towards provincial office staff to implement amongst other projects, employment services, work seeker services, and the ESSA system. Though the ESSA system is designed to match work seekers with employers, persuading potential employers to register job opportunities on the ESSA system can be challenging.

With a high number of low-skilled work seekers, the use of career counsellors to assist in the preparation, and enhancement of interviewing skills of work seekers to be easily employable. With the ever increasing number of unemployed people and the department's diminishing ability to absorb the unemployment pressures; more emphasis is needed in providing career counselling and employability enhancements.

## **2. Purpose of this Performance and Expenditure Review (PER)**

DOL introduced a database system called Employment Services of South Africa (ESSA) to deal with rising unemployment. In an effort to expedite a reduction in unemployment rates the automated work seeker registration and matching of unemployed work seekers

to registered employment opportunities was introduced but without proper cost estimates. The ESSA system was designed to reduce costs related to job search activities for work seekers.

Furthermore, the PES programme provides career counselling, where trained psychologists assess a work seeker's employability and refers them for further skills and training to enhance their employability. This training includes job preparation such as interviewing skills, CV-writing and work ethics to help candidates prepare for interviews. With the high number of registered work seekers requiring training and skills development, the demand for additional career counselling has increased. However, there is a high cost associated with hiring highly specialised skills in the form of registered psychologists.

This PER covers Career Counsellors and the ESSA system as fundamental components of the PES programme due to the important role these elements play in recording the workseeker and enhancing the employability of the work seeker.

### **3. Problem Statement on ESSA and Career Counselling**

High levels of poverty and inequality make job search unaffordable to the poor and vulnerable work seekers. Due to apartheid's spatial planning, most work seekers reside in areas far from job opportunities, and that makes job search expensive. In addition, most work seekers do not have the knowledge and skills to prepare for interviews. Hence, they are unprepared and require skills to increase their chances of getting employment.

### **4. How Public Employment Services is delivered**

Annexure A shows the key role players involved in the implementation of PES. The focuses of this PER is on the administration of the ESSA system which matches employers to work seekers and provides career counselling to work-seekers, to enhance their ability to find suitable employment.

The ESSA system is an automated online registration and job search system located within the *Public Employment Services* programme in DoL. Technical support for the ESSA system is provided by the State Information Technology Agency (SITA). The ESSA system is an online system which can be accessed through the internet but also at labour centres throughout the country. Labour centres register, match, and provide employment counselling and employability enhancement to work seekers. The ESSA database and

career counselling services are being rolled out at labour centres across the country (i.e. Provincial Offices, big Labour Centres, Satellite/small Labour Centres (including mobile buses), and Thusong Service Centres.

Though Labour Centres are crucial to the implementation of ESSA and the provision of employability enhancement through career counselling; there are multiple stakeholders that play a crucial role in the implementation of PES. Stakeholders in PES include public and private organisations (i.e. potential employers); that provide job opportunities.

The South African Revenue Services (SARS) ensures organisations providing employment opportunities are registered taxpayers. In addition, the South African Qualifications Authority (SAQA) which is linked to the ESSA system verifies work seekers' qualifications. Verification is automated, ensuring that Employment Services Practitioners (ESPs) and Career Counsellors (CCs) are not inundated with dealing with unverified qualifications. The ESSA database is also integrated with the Home Affairs National Identification System (HANIS), and verifies the work seeker's identity and citizenship. Finally, the Unemployment Insurance Fund's *Siyaya* system automatically registers retrenched beneficiaries on the ESSA system as it is a pre-requisite that UIF claimants be registered as work seekers in order to claim UIF benefits.

Within the PES programme, CCs and ESPs provide employability enhancement skills to assist work seekers prepare for interviews and the interview selection process. PES provides services to all citizens that come to labour centres, including those that go to the Department of Higher Education and Training (DHET), as they do not have walk-in centres in provinces. The DHET through their Career Help Portal called *Khetha* provide career development services to schools and post school institutions whilst thousands of unemployed and underemployed workers in the labour market access career advice services provided by DoL: PES. PES also deals with designated groups, e.g. the disabled, youth, woman, and to some extent ex-offenders. The career services provide by DHET and DoL are complimentary and serve distinct client needs.

The *Khetha* portal is linked to ESSA and it is unclear if the ESSA system is linked to *Khetha* by DHET and whether these two systems will ever be integrated. The lack of integration between the *Khetha* and ESSA could potentially duplicate certain career counselling functions as the activities of the CC in PES and a Career Development Practitioner working with DHET's *Khetha* system perform similar activities.

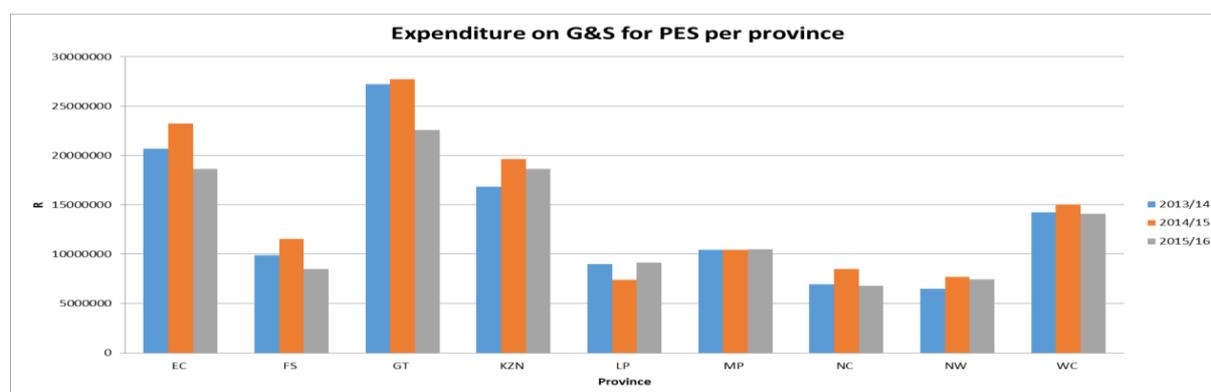
## 5. How are outcomes achieved?

The logic framework in Annexure B is a schematic representation of how the PES programme functions. It contains the Input in terms of what resources are needed to carry out the required activities to achieve Outputs and Outcomes. The PES programme seeks to reduce unemployment in South Africa by registering unemployed people and providing career counselling services as this enhances the employability of work seekers. The PES programme at the head office has a 2017 MTEF budget of R965.4 million and utilises R854.3 million or 88.5 % on personnel and the balance of R111.1 million on goods and services whilst the 2017 MTEF budget for the provision of the service at the regional offices and labour centres amounts to R1.1 billion all of which is utilised to achieve the PES programme. Appendix 2 shows the programme elements of how the department delivers its PES services.

## 6. Expenditure analysis for PES

This expenditure analysis is mainly based on some important elements of expenditure related to the PES, as well as employment services and work seeker services. The amount of money spent on personnel is based on the percentage split between the department, Comp Fund and UIF.

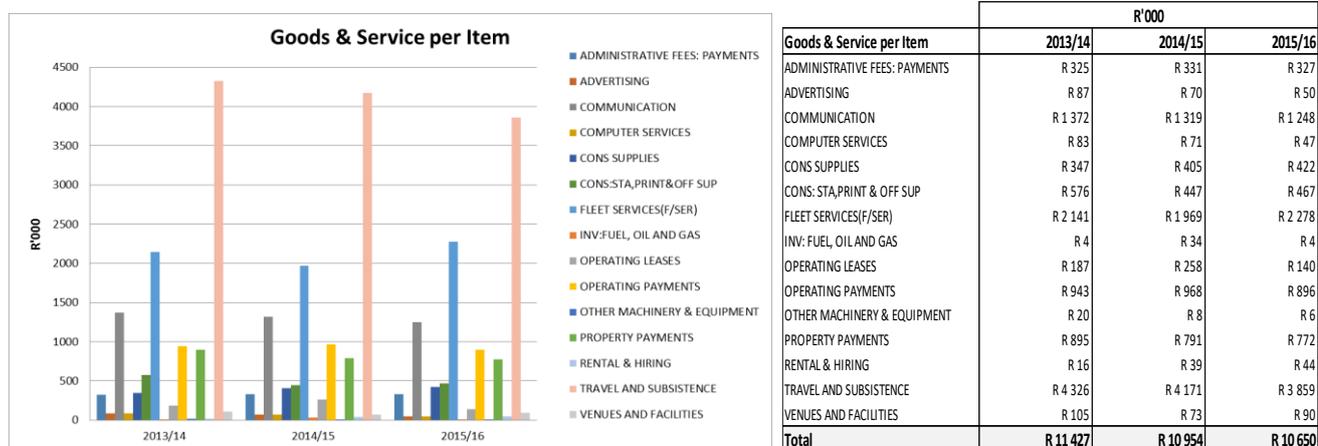
### 6.1 Total expenditure on goods & services of PES



Expenditure on goods and services differ by province, mainly driven by the number of LCs in the province as well as the number of unemployed people per province. Between 2013/14 and 2015/16, Gauteng (GP), Eastern Cape (EC), and KwaZulu-Natal (KZN) spent the most on the PES programme at R77.6 million, R62.6 million and R55.1 million respectively. This was mainly due to the fact that these three provinces have the highest population with GP at 13.2 million, KZN at 10.9 million and EC at 6.9 million people. Unemployment tends to be higher in more populous provinces as reflected by Statistics

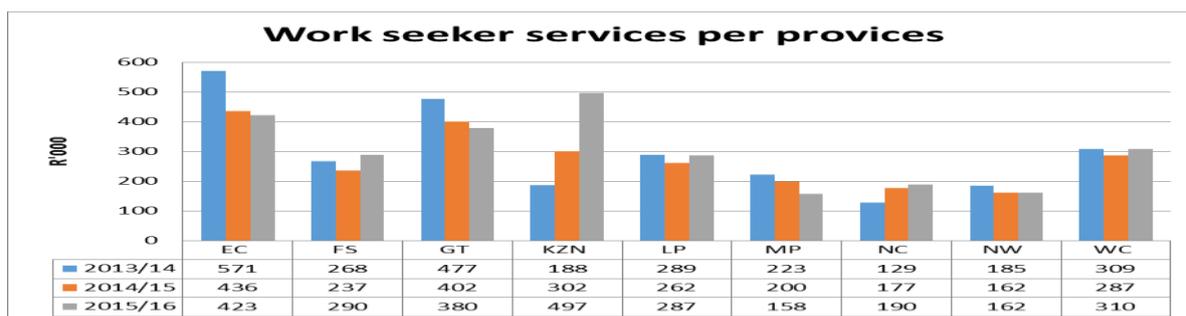
South Africa in 2015/16. Currently, Gauteng has 4.9 million, KZN has 2.5 million and EC has 2.4 million of unemployed people as at the end of the fourth quarter of 2015/16.

### 6.2 Expenditure on goods & Services per item



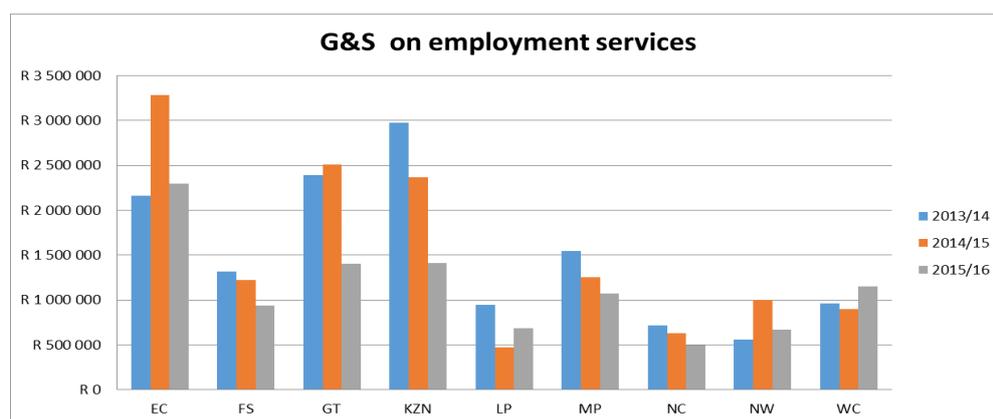
From 2013/14 to 2015/16 the bulk of the expenditure in the PES programme was on travel & subsistence and fleet services. This expenditure is driven by the fact that often Career Councillors work in more than one LC, and therefore have to travel between centres. This is an indication that the resources allocated to PES are inadequate and the department needs to improve the capacity of this programme by employing more CC's. This would decrease the high cost of travel and subsistence, fleet services, and accommodation and these funds could be redirected towards the implementation of ESSA to increase the effectiveness of the system.

### 6.3 Goods and Services for work seeker subprogramme



This subprogramme over the past three years has experienced low spending on goods and services mainly due to this being the smallest subprogramme under PES. As indicated above, provinces that have been spending more money on providing PES services are EC, GP, and KZN with the highest number of unemployed persons. .

## 6.4 Goods and Services for employment services subprogramme



Spending in the EC, GP, and KZN on goods and services for employment services is very high when compared to other provinces mainly due to the ever increasing number of unemployed people in these provinces. The 2015/16 expenditure shows a decline in most of these provinces which is not in line with the increasing unemployment rate. This is mainly due to budget reductions and re-prioritisation in the department's entire budget.

## 6.5 Personnel Expenditure based on the percentage split

Input	Price	Current Quantity	2015/16 Total	Total	CoE % Split
Client Service Offices	R 245 527	1034	R 253 874 918	R 20 309 993.44	8%
CC	R 629 584	66	R 41 552 544.0	R 29 086 780.80	70%
ESPs	R 366 090	51	R 30 080 524.0	R 21 056 366.80	70%
<b>Total</b>			<b>R 325 507 986</b>	<b>R 70 453 141</b>	

This table shows expenditure on CSOs, CCs, and ESPs in 2015/16. Public Employment Services programme personnel is paid for by UIF, Comp Fund and DOL sharing a percentage split. This means that all these employees cannot commit 100 per cent of their time on PES work but they distribute their time according to the percentage splits, which limits their reach and impact. The CSOs are responsible for the registration of work seekers in LC; the ESP's are responsible for the shortlisting of matched work seekers and job readiness and interview skills whilst the CCs conduct assessment tests and career counselling.

## 7. Costing Model for PES

Every policy, programme, and legislation must be costed to determine if its implementation is feasible and affordable; as well as assess if the cost associated with implementation is adequate and economical. This is a review of existing expenditure of the programme PES, thus is based on historic expenditure in this programme in term of implementation of ESSA and Career Counselling services. The costing is based on three scenarios: Current implementation, Scenario 2 and 3.

<b>Current Implementation</b>	Current implementation focuses on what the department is currently working on, in terms of the status quo. The expenditure analysis is mainly based on expenditure analysis of the previous financial year.
<b>Scenario 2</b>	This is based on full implementation as envisaged or what is ideal for the implementation of registration and counselling services by the PES programme.
<b>Scenario 3</b>	This scenario speaks to what is needed to contribute meaningfully towards the reduction of unemployment.

## Status quo in work seeker registration capacity

Service Delivery Model (Registration)	Current implementation rate				
	Baseline	Registration Projections at 1.2% unemployment escalation rate			
	2015/16	2016/17	2017/18	2018/19	2019/20
Self service	120 000	144 000	172 800	207 360	248 832
Work-in	480 000	576 000	691 200	829 440	995 328
Online	30 000	36 000	43 200	51 840	62 208
Mobile Buses	4 503	5 404	6 484	7 781	9 337
<b>Total Registration</b>	<b>634 503</b>	<b>761 404</b>	<b>913 684</b>	<b>1 096 421</b>	<b>1 315 705</b>
<b>Cost</b>	<b>CSO Expenditure Projections</b>				
Self service	R4 031 740	R4 838 089	R5 805 706	R6 966 848	R8 360 217
Work-in	R16 126 962	R19 352 354	R23 222 825	R27 867 390	R33 440 868
Mobile Buses	R 151 291	R1 209 522	R1 451 427	R1 741 712	R2 090 054
<b>COE total</b>	<b>R20 309 993</b>	<b>R25 399 965</b>	<b>R30 479 958</b>	<b>R36 575 950</b>	<b>R43 891 140</b>
<b>G&amp;S total</b>	<b>R1 624 799</b>	<b>R2 031 997</b>	<b>R2 438 397</b>	<b>R2 926 076</b>	<b>R3 511 291</b>
<b>TOTAL COST</b>	<b>R21 934 793</b>	<b>R27 431 962</b>	<b>R32 918 355</b>	<b>R39 502 026</b>	<b>R47 402 431</b>

This scenario is based on the current rate of implementation. This programme was able to register 634 503 million work seekers at an estimated cost of R18.9 million per financial year. At a 1.2 per cent unemployment escalation rate, the department will be able to register 4.1 million work seekers at a cost of R147.3 million over the MTEF. The current pace of work seeker registration numbers is based on the current number of available CSOs of 1 039 spending 3 to 4 hours a day at a cost of R202 734 per annum with 7 per cent CPI over the four years.

This current rate of growth is based on the 2015/16, registration numbers which are based on dwindling capacity within programme 3 (*Public Employment Services*). Based on the fact that the department is not only focusing on registration but also on the counselling and preparation of the work seekers both of which are under-resourced. With continuous growth in the number of unemployed, the department's current efforts in contributing to the reduction of employment are insufficient.

## Full implementation of work seeker registration

Service Delivery Model (Registration)	Scenario 2			
	Registration Projections at 1.2% unemployment escalation rate			
	2016/17	2017/18	2018/19	2019/20
Self service	240 000	288 000	345 600	414 720
Work-in	960 000	1 152 000	1 382 400	1 658 880
Online	60 000	72 000	86 400	103 680
Mobile Buses	9 006	10 807	12 969	15 562
<b>Total Registration</b>	<b>1 269 006</b>	<b>1 522 807</b>	<b>1 827 369</b>	<b>2 192 842</b>
<b>Cost</b>	<b>Expenditure Projections</b>			
Self service	R4 313 962	R5 176 755	R6 212 106	R7 454 527
Work-in	R17 255 849	R20 707 019	R24 848 423	R29 818 107
Mobile Buses	R 161 881	R1 294 189	R1 553 026	R1 863 632
<b>COE total</b>	<b>R21 731 693</b>	<b>R27 177 963</b>	<b>R32 613 555</b>	<b>R39 136 266</b>
<b>G&amp;S total</b>	<b>R1 738 535</b>	<b>R2 174 237</b>	<b>R2 609 084</b>	<b>R3 130 901</b>
<b>TOTAL COST</b>	<b>R23 470 228</b>	<b>R29 352 200</b>	<b>R35 222 639</b>	<b>R42 267 167</b>

The time spent by the CSO at a labour centre or service point is split between PES, UIF, Comp Fund and inspection and enforcement services. This aims to demonstrate what would happen if the number of hours spent by the CSOs towards work seeker registration is increased from on average three hours per day. If the number of hours is increased from 3 to 6 hours, the number of work seekers registered would double in 2016/17 to 1.3 million without a significant increase in expenditure on compensation of employees, & goods and services.

However, the increase in the number of registered work-seeker is not the main objective of the programme. The programme should look to register all unemployed people with great accuracy for statistical purposes, but not as a total achievement in itself. The main focus of the department is to ensure that unemployed people get employment.

### Ultimate work seeker registration targets

Scenario 3				
Service Delivery Model (Registration)	Registration Projections at 1.2% unemployment escalation rate			
	2016/17	2017/18	2018/19	2019/20
Self service	480 000	576 000	691 200	829 440
Work-in	1 920 000	2 304 000	2 764 800	3 317 760
Online	120 000	144 000	172 800	207 360
Mobile Buses	18 012	21 614	25 937	31 125
<b>Total Registration</b>	<b>2 538 012</b>	<b>3 045 614</b>	<b>3 654 737</b>	<b>4 385 685</b>
Cost				
	Expenditure Projections			
	2016/17	2017/18	2018/19	2019/20
Self service	R4 615 940	R5 539 128	R6 646 953	R7 976 344
Work-in	R18 463 759	R22 156 510	R26 587 813	R31 905 375
Mobile Buses	R 173 213	R 207 856	R 249 427	R 299 312
<b>COE total</b>	<b>R23 252 911</b>	<b>R27 903 494</b>	<b>R33 484 193</b>	<b>R40 181 031</b>
<b>G&amp;S total</b>	<b>R1 860 233</b>	<b>R2 232 280</b>	<b>R2 678 735</b>	<b>R3 214 482</b>
<b>TOTAL COST</b>	<b>R48 366 056</b>	<b>R58 039 267</b>	<b>R69 647 120</b>	<b>R83 576 545</b>

This scenario is based on what could happen if all 162 LCs had a minimum of 2 CSOs working a full 8 hours per day registering work seekers. This would mean that the department would be able to register approximately 13.6 million within 4 years based on the notion that scenario 1's achievement of 634 503 is multiplied by 4 in 2016/17 and increases by the unemployment escalation rate in the outer MTEF years.

The cost of increasing work hours to 8, would mean that the department spends R48.4 million in 2016/17 on both personnel and good & services for CSO's on the PES programme, at an escalation rate of 7% (CPI) in the outer years. The department's objective is to contribute to reducing unemployment. This scenario reflects a perfect environment where human resources for registration are adequate to keep pace with the unemployment rate and funding is at a level where it can deal with resource pressures. Nevertheless, this would be over ambitious.

## Costing scenarios of career counselling

In the colour coded table below the green represents the status quo, the orange full implementation and the red idealistic implementation. Details about the scenarios are provided below:

Cost to Counselling work seekers					
Work seeker counselling provided	Baseline	Counseling Projections			
	2015/16	2016/17	2017/18	2018/19	2019/20
Current Capacity	208 861	250 633	300 760	360 912	433 094
Scenario 2	352 975	423 570	508 284	609 941	731 929
Scenario 3	649 474	779 369	935 243	1 122 291	1 346 750
CC Expenditure projection					
Current COE	R41 552 544	R49 863 053	R59 835 663	R71 802 796	R86 163 355
Good & Services	R3 324 204	R3 989 044	R4 786 853	R5 744 224	R6 893 068
<b>Total Cost</b>	<b>R44 876 748</b>	<b>R53 852 097</b>	<b>R64 622 516</b>	<b>R77 547 020</b>	<b>R93 056 424</b>
Scenario 2	R59 306 640	R71 167 968	R85 401 562	R102 481 874	R122 978 249
Good & Services	R4 744 531	R5 693 437	R6 832 125	R8 198 550	R9 838 260
<b>Total Cost</b>	<b>R64 051 171</b>	<b>R76 861 405</b>	<b>R92 233 686</b>	<b>R110 680 424</b>	<b>R132 816 508</b>
Scenario 3	R203 985 216	R244 782 259	R293 738 711	R352 486 453	R422 983 744
Good & Services	R16 318 817	R19 582 581	R23 499 097	R28 198 916	R33 838 700
<b>Total Cost</b>	<b>R220 304 033</b>	<b>R264 364 840</b>	<b>R317 237 808</b>	<b>R380 685 370</b>	<b>R456 822 443</b>

### Current Implementation of work seeker counselling

Career counselling is an integral part of the PES programme that requires trained psychologist. Currently, the PES has 66 CCs for 162 labour centres around the country. In 2015/16, the counsellors were able to counsel 208 861 work seekers at a cost of R45 million, inclusive of personnel and goods & services. The current personnel expenditure of R42 million which means these career counsellors are under-capacitated which could result in the poor placement of work seekers.

### Scenario 2: Placement of 1 CC per LC

Career counselling is important for the preparation of work seekers and providing guidance on career choices. With the number of work seekers being registered always increasing the departments' capacity to provide counselling to assist work seekers is under pressure. This scenario reflects the impact of 162 LC's having at least one counsellor per LC carrying out 100 per cent of the work for the department and not the current 70 per cent. The finding is that the department would need to spend at least R64.1 million on compensation of employees and goods & services. The increase in the number of counsellors to where each LC has its own CCs would mean a reduction in the cost towards travel & accommodation and more effective provision of the service.

### Scenario 3: Placement of at least 2 CC per LC

Due to the high cost of hiring CC counsellors, hiring 2 CC per LC would mean the department will need to pay R220 million per financial year for both personnel and goods and services. This would mean that the department will be now treating career counselling services as the core business of the PES programme, instead of it being a support

service. The main objective for the increase of CC would be to provide services as and when needed without work seekers having to wait for long periods of time.

### Role of ESPs' in filling employment vacancies

Cost of filling employment vacancies					
Employment opportunity filled	Baseline	filled post projections			
	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Current Capacity</b>	10 927	13 112	15 735	18 882	22 658
<b>Scenario 2</b>	21 635	25 963	31 155	37 386	44 863
<b>Scenario 3</b>	42 622	51 146	61 375	73 651	88 381
ESP Expenditure projection					
Current COE	R18 670 609	R22 404 731	R26 885 677	R32 262 812	R38 715 375
Good & Services	R1 493 649	R1 792 378	R2 150 854	R2 581 025	R3 097 230
<b>Total Cost</b>	<b>R20 164 258</b>	<b>R24 197 109</b>	<b>R29 036 531</b>	<b>R34 843 837</b>	<b>R41 812 605</b>
<b>Scenario 2</b>	<b>R116 834 081</b>	<b>R140 200 897</b>	<b>R168 241 076</b>	<b>R201 889 291</b>	<b>R242 267 150</b>
Good & Services	R9 346 726	R11 216 072	R13 459 286	R16 151 143	R19 381 372
<b>Total Cost</b>	<b>R126 180 807</b>	<b>R151 416 969</b>	<b>R181 700 362</b>	<b>R218 040 435</b>	<b>R261 648 522</b>
<b>Scenario 3</b>	<b>R118 613 280</b>	<b>R142 335 936</b>	<b>R170 803 123</b>	<b>R204 963 748</b>	<b>R245 956 497</b>
Good & Services	R9 489 062	R11 386 875	R13 664 250	R16 397 100	R19 676 520
<b>Total Cost</b>	<b>R128 102 342</b>	<b>R153 722 811</b>	<b>R184 467 373</b>	<b>R221 360 847</b>	<b>R265 633 017</b>

### Current position in the filling of job opportunities

The volume of responsibilities on the 55 ESPs countrywide far exceeds the number of registered work seekers. In 2015/16, the total number of registered opportunities was 102 631, however, the number of filled job opportunities was 10 927. This means that the department's capacity to match registered work seekers to registered vacancies is limited by the capacity of the department to follow-up with registered work seekers on the job matching process and well as skill registered work seekers for available jobs; thus the placement rate to registered job opportunities of 10.6 per cent.

### Scenario 2: Increasing the number of ESPs to 2 ESPs per LC

Increasing the number of ESPs to increase the rate of placement would mean the department will have to increase the number of ESPs and the goods and services they utilise. Below is a list of goods and services needed in each LC to perform some of PES's functions:

Input	Unit of measure	Cost per item	Quantity in 2015/16	Total Spent	Full implementation at labour centres	Full-implementation projections on selected goods & services			
						2016/17	2017/18	2018/19	2019/20
<b>Total</b>				<b>R1 146 794</b>		<b>R44 158 247</b>	<b>R47 249 324</b>	<b>R50 556 777</b>	<b>R54 095 751</b>
Glass Partitioning	Per labour Centre	R40 000	1	R40 000	162	R6 480 000	R6 933 600	R7 418 952	R7 938 279
Signage	Per labour Centre	R3 783	3	R11 349	648	R2 451 384	R2 622 981	R2 806 590	R3 003 051
Printer	Per labour Centre	R11 500	3	R34 500	324	R3 726 000	R3 986 820	R4 265 897	R4 564 510
Firewall Switch	Per labour Centre	R14 700	3	R44 100	162	R2 381 400	R2 548 098	R2 726 465	R2 917 317
LAN Infrastructure	Per labour Centre	R17 558	3	R52 674	162	R2 844 396	R3 043 504	R3 256 549	R3 484 507
Furniture	Per labour Centre	R18 840	3	R56 520	162	R3 052 080	R3 265 726	R3 494 326	R3 738 929
TV	Per labour Centre	R15 000	-	-	162	R2 430 000	R2 600 100	R2 782 107	R2 976 854
Kiosk	Per labour Centre	R23 000	12	R276 000	648	R14 904 000	R15 947 280	R17 063 590	R18 258 041
Dataline	Per labour Centre	R4 821	2	R9 642	162	R780 986	R835 655	R894 151	R956 741
Mobile buses connect via satellite connect	Per Bus	R30 250	2	R60 500	18	R544 500	R582 615	R623 398	R667 036
Consumables	Per labour Centre	R3 000	162	R486 000	162	R486 000	R520 020	R556 421	R595 371
Posters	Per labour Centre	R8 390	9	R75 509	486	R4 077 501	R4 362 926	R4 668 331	R4 995 114

This list reflects the cost of current implementation and full implementation if the department were to purchase all the requisite goods and services needed for full implementation of ESSA. The work of ESPs, CCs and CSOs is mainly dependant on the availability of facilities and equipment at labour centres. Thus an increase in the number of personnel means more money is needed for goods and services. Nevertheless, the objective of providing services to people outweighs any funding constraints. The department is still not focusing on providing PES services. More funding is needed to allow the programme to employ more CC and ESPs to ensure that the number of registered employment opportunities filled increases.

### **Scenario 3: Increased ESP personnel and the increased filled employment opportunities**

The increase in the number of ESPs to conduct more job preparation work does not guarantee that the number of job opportunities filled will increase as the role of filling posts lies with the registered employers. The increase cost of ESPs does not necessary translate to more job opportunities being filled. However, the increase in the number of work seekers receiving career related counselling outweighs that of registering work seekers. There seems to be an ambitious focus on registering work seekers with insufficient attention on providing relevant skills training to work seeker to allow them to gather skills that would allow them to be easily absorbed into the labour market.

## **8. Findings**

The programme has done well in term of registering (Appendix 1) the number of unemployed work seekers but has not supported this with providing counselling capacity to match or supplement the lack of other skills that are needed by work seekers to be employable.

The roll-out of ESSA is smaller in the early years of implementation but the number of unemployed persons is continually increasing each quarter. The implementation of ESSA has either not been robust enough to counter the ever increasing number of unemployed people or there are other elements of job readiness such as skills training that needs to be included and ramped up.

The department's budget is currently not adequate to make a significant impact on unemployment numbers due to insufficient dedicated personnel to deal with registration, employment enhancement and career counselling of all work seekers in all 9 provinces.

The percentage split is structurally problematic because it makes it very hard for CSOs to dedicate their time fully on registering work seekers. The existence of the percentage split hinders the CSOs ability to account for the registration numbers, ESP's for the placement of work seekers and the CC for counselling and skills transfer they need to provide.

The challenge facing the department is the lack of capacity and funding towards implementation of ESSA and counselling services to effectively implement the mandate of this programme as well as a dedicated skills training scheme for work seekers with less than a matric qualification. Due to employment requirements by the employers, the department needs to ensure that the need to register work seekers does not trump the need to fill employment opportunities.

The PES programme lacks the capacity to provide adequate CC in all LC with regard to providing employment enhancement to work seekers. With the large number of low-skilled work seekers registered on the ESSA system needing employability enhancement training. More financial efforts need to be made to ensure that the services of CC reach everyone that needs it.

## **9. Recommendations**

The department should focus on filling employment opportunities by preparing work seekers to be suitable candidates, through sound career counselling. The department should plan to provide at least one CC per labour centre to ensure that work seekers have skills that enhance employability.

The DHET and DoL must work closer together in addressing the skills needs of work seekers with less than a matric qualification as well as reskilling work seekers where necessary. Although the DHET *Khetha* portal and the DoL ESSA system provide similar services but to different niche markets, the departments should consider integrating their systems to avoid duplication and enhance services provided.

The mismatch between work seeker's skills and skills employers seek remains the main reason for low number in employment opportunities filled. Thus the department needs to address this mismatch by intensifying and extending reskilling and career counselling activities to every registered work seeker at first registration.

There needs to be a partnership between DHET and DoL to bridge the skills gap that exists in the current pool of unemployed work seekers, by signing a MoU to address the lack of skills among the unemployed.