

ADDRESS BY THE MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION, DR BLADE NZIMANDE, ON THE OCCASION OF THE INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY (INSETA) STUDENT FUND LAUNCH PROGRAMME

14 December 2021

Programme Director; Mr Nimrod Nkosi;
Chairperson of the Insurance SETA, Mr Joel Sihle Ngubane and Accounting Authority Members;
The Chief Executive Officer of the Insurance SETA, Ms Gugu Mkhize;
Chief Executive Officer of the South African Insurance Association, Ms Vivienne Pearson;
Chief Executive Officer of the Financial Sector Transformation Council, Ms Pumla Ncapayi;
Executive Chairman of Charter Risk, Mr Adam Samie;
General Secretary of SASBO, Mr Joe Kokela (bra Joe);
Senior Managers of the Insurance SETA and representative from other SETAs and Entities;
Officials from my two Departments and Advisors;
Distinguished Guests;
Members of the media;
Ladies and Gentlemen

Good Afternoon

It is my honour to be joining you on this occasion of the Insurance SETA Student Fund Launch Programme. I had planned to participate physically in your important function, but unfortunately I tested positive for Covid on Tuesday last week, hospitalised for four days, and am still under strict isolation and recovery regime.

I wish to once more acknowledge and thank the health workers at Steve Biko hospital, especially in sections dealing specifically with Covid 19, and to all health workers during these challenging times, for their sacrifices and dedication. Were it not for the fact that I had fully vaccinated, i would have faced a more difficult situation.

I urge you all to go and vaccinate to save your lives and those of your families, relatives and colleagues.

I am particularly pleased with this launch because as the Post School Education and Training Sector (PSET) we remain true to our commitment that we will find all possible ways to ensure that we keep the doors of our post-school education institutions open to all, particularly, the needy and the academically deserving students.

This launch today supplements our DHET Bursary Scheme, which gives effect to Government's vision of ensuring that all academically-deserving students from poor and working class backgrounds, who are admitted to study at public our universities

and TVET colleges, are provided with financial support to obtain their first undergraduate qualification.

Furthermore, I am particularly happy because this launch also respond to the process that I have already initiated as directed by Cabinet to review our student funding policy.

I can report today that we have made headway in the task towards developing a comprehensive review of student funding policy. At the appropriate time, I will be giving a further report to Cabinet.

This year, under the National Student Financial Aid Scheme (NSFAS), Parliament approved R41.5 billion for the 2020/21 financial year. This amount excluded the R6.4billion additional budget approved.

Even though we have ensure that we secure these billions to make funding for students available, this is less than the actual requirement of student funding.

Now, the launch of the Insurance Sector Student Fund (ISSF) as conceptualised will go a long way to responds to the direct need of additional funding for our students.

It I am pleased that your contribution will particularly focus on funding for the scarce and critical skills within the Insurance and Related Services Sectors.

The intention is to increase the opportunities for those who wish to pursue academic studies at universities and Universities of Technology (UoT), and Technical, Vocational Education and Training (TVET) colleges, and international academic institutions which offer specialised insurance related programmes.

The Fund will include a full bursary, a 360-degree support programme which includes mentorship, student career pathing support and coaching for the beneficiaries to achieve the highest throughput rates.

The fund will increase the prospects of employability as well as support sustainable businesses for small, medium and micro enterprises within the sector.

The establishment of such a Fund could not have come at an opportune time with the COVID-19 pandemic having disrupted the educational system and thereby negatively affecting the economy, including transition to work by students and trainees.

The Fund will position the Insurance Sector as a strategic contributor to the socio-economic challenges to build current and future skills capabilities.

It will also support the insurance sector workforce and the entire value chain including SMMEs.

The beneficiaries that qualify for funding through the ISSF project will be those that are academically excelling, including from the missing middle student cohort, the employed workforce and SMMEs identified by the sector.

This includes beneficiaries of all racial groups who come from a financially challenged background, albeit with a bias towards those disadvantaged through past apartheid and other economic policies.

This Fund aims to contribute towards relieving the economic burden of unemployment, poverty and inequality and address the key aspects of the Economic Reconstruction & Recovery Plan (ERRP).

Ladies and gentlemen

We are meeting at the time our country continues to grapple with the COVID-19 global health pandemic which continues to affect our post education and training and science and innovation sectors.

One of my admired German philosophers, economist, historian, sociologist, political theorist, journalist and socialist revolutionary Karl Marx's important observation about history and its struggles is that "Men (humans) make history but they do not make it as they please, they do not make it under self-selected circumstances, but under circumstances existing already".

This assertion by Karl Marx is more relevant than ever, as we traverse COVID-19 and its effect. But, more importantly, this saying is aptly relevant to the financial sector which still requires fundamental transformation on so many fronts - gender and racial participation and equity at all levels.

The single biggest structural feature and obstacle in the transformation of the financial sector is the scale of monopolisation in the sector and the lack of diversity that allows different kinds of players to participate meaningfully.

The initiative you are launching today provides a huge opportunity and further platform to transform this sector to be inclusive and diverse, particularly by offering to the majority of people who never had opportunities to excel in this sector to do so, through the offering of the necessary skills needed in this industry.

Our country also faces the additional challenges of high levels of youth unemployment, with unemployment for those between the ages of 15 and 24 years old having risen from 64.4% in the second quarter to 66.5% in the third quarter of 2021.

For the same cohort, the number of those who are not in employment, education and training (NEET) has risen from 3 384 000 to 3 432 000.

I have noted some good news for the sector that you operate within.

Between the second and third quarters of 2021, the number of employed persons decreased in all industries but with the exception of financial services sector.

In this sector, employment increased by 138 000. We therefore need to closely analyse these trends, together with other SETAs in the financial sectors (i.e. Bank

SETA and FASSET), especially with regard to the number of young people entering the financial services sector.

Some good news as well in the financial services sector, as presented by StatsSA on 7th December 2021, is that the sector has grown by 1.2%, followed by personal services at 0.5%.

In fact, the financial services sector is the largest industry in South Africa followed by personal services at 24% and 17% respectively. However, it is not the size alone that should matter, but its transformative role in our economy and society.

The question that the Insurance and other SETAs operating in the financial services sector must ask, is which class interest is this growth serving and will be serving, especially during and post COVID-19 pandemic.

Developmental and transformational imperatives such as class, gender, race, youth, disability remains critical for us to achieve our inclusive economy.

For example, in the Insurance SETA Sector Skills Plan (SSP) within the labour market profile section, I have noted that Africans are far more dominant within less skilled occupations, while nearly nine out of ten workers in elementary occupations (low skilled) are Africans with only about 41.7% Africans in highly skilled occupations.

You will agree with me that this trend is not representative of South Africa's labour force and the working age population. Generally, this does not represent South Africa's demographics.

I have noted as well that women at 61.6% (total employment) dominate the sector; again, this is not replicated in various skills levels or occupations, especially at the executive management level.

To prove my point, there is about 78% women at low skilled occupations.

I have no doubt that this sector has the potential to turn this unfortunate situation around and this sector can employ the majority of South Africans if all the stakeholders work together.

I believe that our launch today demonstrate that we can do more to grow our economy using the financial sector as one of the springboards.

Particularly because our launch today includes multiple industry partners, which includes Standard Bank; AON; Charter Risk; Rand Mutual Assurance; Profin Brokers; AVBOB; Generic; Du Preez Financial Services; Hollard and Best Med.

I emphasise this point because the roles of our formal educational institutions and industry (with its workplaces) must mutually reinforce each other.

The quality of education and skills provision generally, but especially in your sector, is highly dependant on the dynamic relationship between formal education and workplace exposure.

We need more and more industry players, if this sector were to continue with its growth trajectory.

The Statistician General, has recently noted that the sector has critical subsectors, including Unit Trusts; Risk Management; Insurance & Pension Funding; Life Insurance; Pension Funding; Health Care Benefits Administration; Short Term Insurance; Funeral Insurance; Re-insurance and Activities Auxiliary to Financial Intermediation. These play a crucial role in the lives of millions of South Africans.

I am also happy to note that you have identified change drivers affecting skills demand and supply in the sector, including amongst others, digital transformation, which is transversal to all sectors of our economy.

In our skills strategy, we have also identified, amongst others, occupations such as ICT Systems Analysts; Data Scientists; Web Developers; ICT Security Specialists; Software Developers; Computer Network and Systems Engineers.

I therefore urge you as we launch this fund today to ensure that you also prioritise these occupations, as they are critical in supporting the financial sector.

Furthermore, I would like to urge INSETA and all of you as critical partners to ensure that you also focus your attention in reskilling and upgrading the workforce that is currently within this sector.

Having the right skills means being able to be more employable or to stay employed more easily and to manage work transitions better.

As I conclude, let me take this time to congratulate you Mbomvu, the entire Board, the CEO, Ms Gugu Mkhize and her management team, for taking the funding of skills to the next higher level.

I also wish to challenge the SETA to communicate such good work you are doing much more widely so as to overcome this wrong impression that all that is happening in the SETAs are wrong things, yet there is so much that is good and positive happening in our SETA system!

I looking forward to the positive reports on the growth of the Fund and many other success stories.

I must thank employers in the Insurance Sector for having raised their hands and joined with us as government in increasing funding for education and skills development.

I thank you!