

ANNUAL PERFORMANCE PLAN FOR 2019/20

NATIONAL SKILLS FUND
Funding to skill our nation



**higher education
& training**
Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



NATIONAL SKILLS FUND
ANNUAL PERFORMANCE PLAN
FOR 2019/20

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OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

1. Was developed by the management of the National Skills Fund under the guidance of the Minister of Higher Education, Science and Technology, Dr BE Nzimande, MP.
2. Was prepared in line with the current Strategic Plan of the National Skills Fund.
3. Accurately reflects the performance targets which the National Skills Fund will endeavour to achieve given the resources made available in the budget for 2019/20.

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1. FOREWORD BY THE MINISTER

South Africa's Constitutional vision is to create a better life for all. This vision for growth and transformation, as expressed in the National Development Plan (NDP), requires government to invest in and implement multi-pronged policy initiatives that will collectively create a virtuous cycle of growth and development. As the NDP celebrates its 6th year of adoption by Cabinet, the challenging economic conditions have compelled government to focus available resources on key priorities. The Budget Reprioritisation Framework recently adopted by Cabinet for 2018, has indicated that education and skills development remains one of these key priorities.

The Department of Higher Education and Training (DHET) is mandated to implement policies and priorities that build a skilled and capable workforce as the basis of an inclusive growth path. The White Paper for Post-School Education and Training (PSET) sets the policy direction for the department and PSET institutions to build a developmental state with a vibrant democracy and flourishing economy. Apart from developing the skills required by the economy, the PSET system should also aspire to build a sustainable society and to protect the values enshrined in our Constitution.



The National Skills Fund (NSF) has the responsibility to initiate as well as respond to national skills priorities. The NSF identifies and addresses gaps in resources to achieve national priorities.

Clearly, the NSF cannot and should not attempt to address all needs in the PSET system as this would dilute its effect and detract from a national priorities focus.

As demonstrated by the “fees must fall” movement, government and society do rethink spending priorities based on evolving national priorities, such as the unaffordability of post-school education. The NSF has contributed to addressing these emerging priorities; not only by participation in the analyses to find lasting solutions, but also in contributing resources to help alleviate such a national reprioritisation. The effect, however, is that in doing so, the NSF takes away resources from other pressing societal problems. Not least of these is education and training opportunities for those not in education, employment or training.

The department is in the process of developing a detailed implementation plan for the White Paper. This plan will aim to integrate the PSET system and promote efficient resource utilisation. We appreciate the continuing role and contribution of the NSF in stabilising the PSET system through a wide range of capacity building projects. Notable examples of this include completed additional TVET college campuses and facilities to address shortages in scarce occupations such as the medical, veterinary and engineering professions. The NSF is also making a valuable contribution to the Operation Phakisa initiatives as well as the Strategic Integrated Projects (SIPs). In time and through the concerted efforts of all of us, these initiatives should begin to galvanise and catalyse the desired and necessary levels of economic growth.

Closer to home, the NSF has commenced re-orientating its operational model and systems to improve efficiencies in the use and coordination of resources. The current economic climate implies that the NSF may also experience a decline in its revenue streams. This will require the NSF to carefully consider its funding approach to ensure maximum effectiveness in addressing government priorities.

Prudent fiscal discipline is required, while we work collectively to fulfil the aspiration of our society for a fully accessible post-school system that is the catalyst for an inclusive society and economy.



DR BE NZIMANDE, MP

MINISTER: HIGHER EDUCATION, SCIENCE AND TECHNOLOGY

2. FOREWORD BY THE DEPUTY MINISTER

The Department of Higher Education and Training continues to strive towards, through various policy initiatives, building the requisite skills to maintain current production levels, but also ensuring that skills being developed are responsive to growth when the economy begins its upward growth cycle. This is in line with our responsibility to implement and achieve the goals of Outcome 5 of Government's Medium Term Strategic Framework for the 2014-2019 term. One of the desired outputs of Outcome 5 is the increase in access to occupationally-directed programmes in needed areas and thereby expand the availability of intermediate level skills with a special focus on artisanal skills. It is for this reason that over the last three years we embarked on a campaign to bolster and popularise artisan skills amongst young people.

The National Development Plan (NDP) proposes that the country should be producing 30 000 qualified artisans by the year 2030. The department has put in place various strategies and policies to progressively move towards the realisation of this target.



The approach of the department on this is three-fold. Firstly, the institutional and policy frameworks were revised and streamlined to promote artisan training. The establishment of the National Artisan Moderating Body (NAMB) and the promulgation of Artisan Registration Regulations are some of the

measures to ensure national coordination of artisan development. In the second instance, the department actively promotes artisanal skills as career choices through working with Technical and Vocational Educational and Training (TVET) colleges to increase the enrolment of young people in artisan-related streams. Lastly, the department redirects and focusses the strategic plans and budgets of its levy institutions, namely; the sector education and training authorities (SETAs) and the National Skills Fund (NSF) towards increased investment in artisan development. The annual performance plan of the NSF will embody all of these elements.

South Africa, like the rest of the world, has seen stagnant economic growth over the last eight years. Such growth has not only led to job losses, but has also led to declines in some of our economic sectors. This has led to the emergence of some debate about whether it is prudent to produce skills for which an economy has no use for. We are also seeing increasing frustration and dissatisfaction amongst youth who possess skills, but are unable to find jobs. Important as these debates and concerns might be, they should not detract the nation from achieving the growth and transformation objectives as set out in the NDP. While we cannot predict when the economy will begin its upward growth cycle, we can at least ensure that when that happens the economy will find the skills it needs readily available.

This annual performance plan is focussed on the future vision of the country as laid out in national strategies such as the NDP, the National Skills Development Strategy III and Medium Term Strategic Framework. It is modest in its projections of targets owing to a decline in its resource base and the increasing competing priorities within the post-school education and training system. It will guide the NSF as it attempts to balance the demand to invest in national priorities and how it can contribute to building a vibrant, integrated and progressive post-school and education and training system.



MR BK MANAMELA, MP

DEPUTY MINISTER: HIGHER EDUCATION, SCIENCE AND TECHNOLOGY

3. INTRODUCTION AND STRATEGIC OVERVIEW BY THE DIRECTOR-GENERAL

The Department of Higher Education and Training celebrates the 10th year since its establishment in 2009. This period has been marked by notable progress in fulfilling the post-school education and training (PSET) needs of our people. We have seen increased uptake of workplace-based learning programmes such as learnerships and apprenticeships, as well as bursaries for poor and middle-class students.

The National Skills Fund (NSF) has remained one of the key supporting institutions in our quest to meet the goals of the PSET system. This annual performance plan of the NSF is presented against our ongoing efforts to continue providing quality post-school education and training within a constrained resource environment.

The NSF, as a catalytic fund, will continue to focus on those areas where the state needs to address key skills shortages, particularly those with a bias towards improved economic development, job creation and social transformation. This annual performance plan aligns its objectives with key government policies and those of the post-school system such as the National Development Plan, the White Paper for Post-School Education and Training, the National Skills Development Strategy III and the more recent government growth plans such as Operation Phakisa initiatives and Strategic Integrated Projects.



The department concedes that the resource needs of these plans far exceed what the NSF has in its coffers now and into the future. This annual performance plan will, therefore, guide the NSF management and staff as they navigate the difficult task of allocating resources to meet not only the priority skills needs of the country but to also assist in building the capacity of the post-school system. For it is through an integrated and fully-capacitated post-school system that the country can generate wealth for all its citizens.

A handwritten signature in black ink, appearing to read 'G. F. Qonde'.

MR GF QONDE

DIRECTOR-GENERAL: HIGHER EDUCATION, SCIENCE AND TECHNOLOGY

4. PURPOSE OF THE ANNUAL PERFORMANCE PLAN

The National Skills Fund (NSF) Annual Performance Plan (APP) highlights the strategic foundation as well as the performance and financial plan for the 2019/20 financial year: 1 April 2019 to 31 March 2020. It is the outcome of an annual planning process, which sets targets for the first year and projections for the five-year period of the strategic plan. The strategic elements, specifically the NSF vision, mission and values, represent the long-term direction that guides the annual planning process. These strategic elements are generally reviewed over five-year periods.

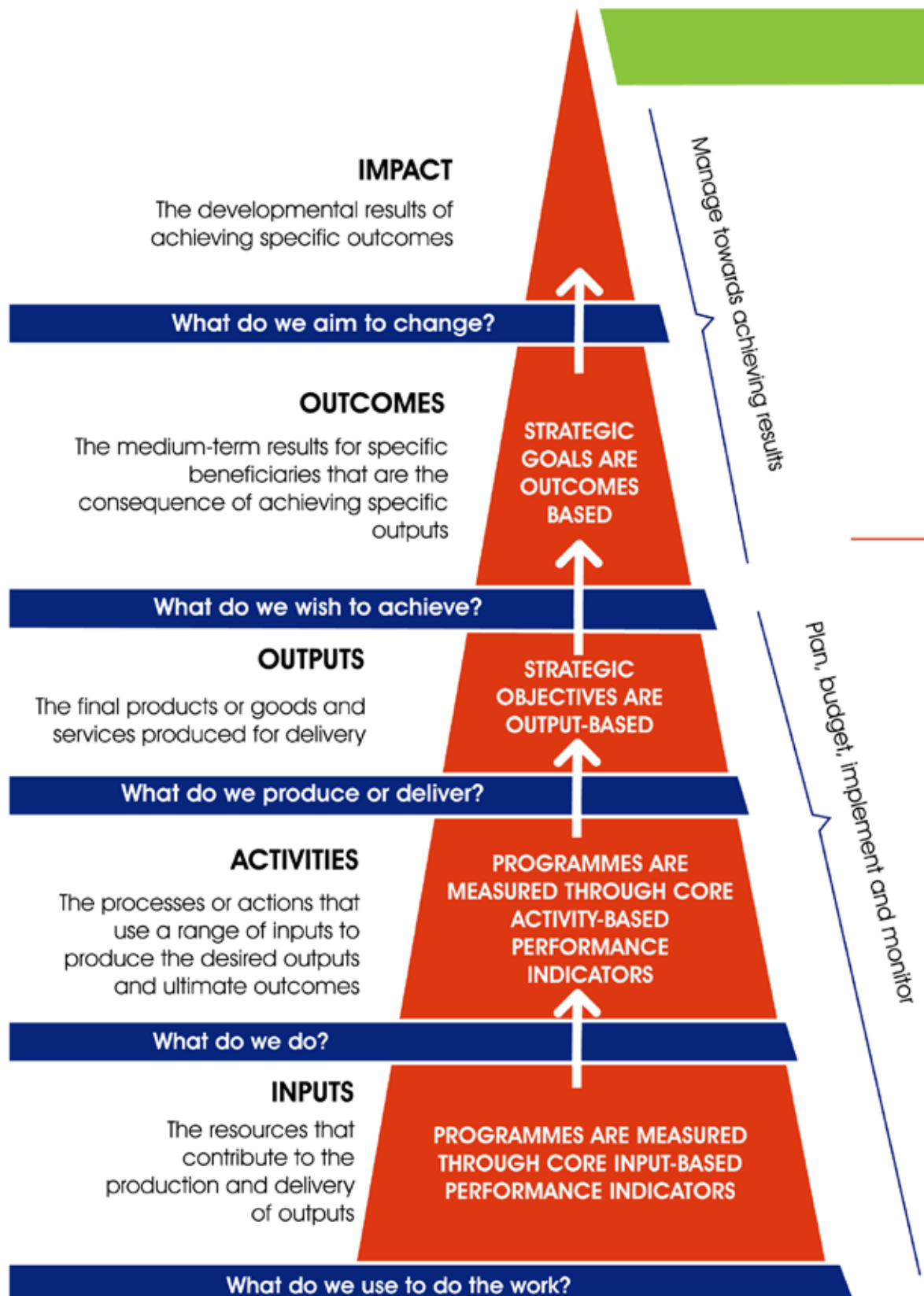
The APP has been compiled based on the requirements of the Public Finance Management Act (PFMA), (Act No.1 of 1999), as well as National Treasury Regulations and published guidelines in the following frameworks:

- Framework for Strategic Plans and Annual Performance Plans (dated August 2010); and
- Framework for Managing Programme Performance Information (dated May 2007).

The APP will guide the work of the NSF and serve as a basis for an assessment of the fund's performance for the 2019/20 financial year: 1 April 2019 to 31 March 2020.



5. BACKGROUND ON THE DEVELOPMENT OF THE STRATEGIC PLAN AND ANNUAL PERFORMANCE PLAN



The NSF strategic plan and annual performance plan (APP) is premised on the [Framework for Strategic Plans and Annual Performance Plans](#) published by National Treasury. The infographic below has been adapted accordingly from the framework and shows how the NSF strategic plan and annual performance plans are duly aligned with the framework.

Contribute to improving the employability of citizens and reducing inequality and poverty.

The NSF's key beneficiaries can be categorised as follows:

- i) The learners funded by the NSF for skills development; and
- ii) The Post School Education and Training (PSET) system through which the skills of learners are developed.

The expected consequences of achieving specific outputs due to providing funding for skills development initiatives for the benefit of key beneficiaries are the following:

1. For the learners funded by the NSF = the attainment of employment or self-employment as a result of successfully acquiring relevant skills
2. For the PSET system = an expanded, more effective and integrated PSET system

The above is encapsulated in the following strategic goal, namely; OUTCOME 5: A SKILLED AND CAPABLE WORKFORCE TO SUPPORT AN INCLUSIVE GROWTH PATH.

Note: The PSET system produces a skilled and capable workforce for the labour market including self-employment. Therefore, to expand and make the PSET system more effective and integrated directly contributes to the above outcome-orientated strategic goal.

Performance measured mainly through the strategic plan on a medium- to long-term basis.

The final product of the NSF comprises mainly the following:

1. Number of NSF learners that completed their education and training through the NSF's skills development initiatives;
2. Number of co-operatives and small, medium and micro-sized enterprises (SMMEs) that benefitted from the NSF's skills development initiatives;
3. Number of workers that were supported through the NSF's skills development initiatives;
4. A variety of outputs produced through NSF-funded projects aimed at expanding, improving effectiveness and integrating the PSET system (including skills infrastructure development); and
5. A variety of outputs produced through NSF-funded skills development research, innovation and advocacy projects.

Performance measured mainly through the strategic plan and APP on an annual and/or medium-term basis.

The NSF performs the following activities to achieve the desired outputs:

It plans for skills development initiatives to be funded, it initiates such initiatives, monitors the execution thereof to achieve the outputs and evaluates the final outputs and outcomes.

Performance measured mainly through the APP, operational plan and budget on an annual basis.

The NSF uses the following resources to produce the desired outputs:

1. Funding to deliver skills development initiatives received mainly through skills development levies;
2. Human capacity in its employ to manage and support the delivery of the desired output through skills development initiatives; and
3. Information communication technology (ICT) systems to improve efficiency in the delivery of skills development initiatives

Performance measured mainly through the APP, operational plan and budget on an annual basis.

In order to further understand the NSF's strategic plan and APP, it is important to distinguish between strategic goals, strategic objectives and budget programmes as contained in the [Framework for Strategic Plans and Annual Performance Plans](#). This understanding is important since the performance targets set on strategic goals, strategic objectives and budget programmes are measured at different timeframes, and through different mechanisms, and therefore are reported on differently.

The table below sets out the differences as contained in the [Framework for Strategic Plans and Annual Performance Plans](#):

CATEGORY	BASIS	TARGET TIMEFRAME	MEASUREMENT TIMEFRAME	MEASUREMENT MECHANISMS
Strategic goals	Outcome-based	Medium- to long-term targets	Measured over a longer term, usually after a strategic period has been completed with identified outcome-based performance indicators. The framework does not require targets for strategic goals to be broken down into annual and quarterly targets in the APP, and hence reporting thereon is not required in the annual report.	Measured mainly through a series of outcome evaluations (end-of-term reviews).
Strategic objectives	Output-based	Annual to medium-term targets	Measured annually and over the medium-term with identified output-based performance indicators. The framework does not require targets for strategic objectives to be broken down into quarterly targets in the APP; however reporting thereon on an annual basis in the annual report is required.	Final outputs are measured mainly at the end with a close-out report and evaluation, although interim outputs are measured on an ongoing basis at defined intervals.
Budget programmes	Intermediary output, activities and input-based	Annual and quarterly targets	Measured annually and quarterly. The framework requires targets for budget programmes to be broken down into annual targets and encourages that these are broken down into quarterly targets. Reporting thereon in the annual and quarterly reports is required. Internal monitoring thereof in the operational plans is also performed.	Core activities and inputs are measured on an ongoing basis (usually monthly or quarterly) through various monitoring reports.

The NSF's approach to the formulation of strategic goals, strategic objectives and budget programmes is further explained below.

Strategic goals

In terms of the [Framework for Strategic Plans and Annual Performance Plans](#), strategic goals should be outcomes-orientated and focus on impact and outcomes. Outcome-oriented goals identify areas of institutional performance that are critical to the achievement of the mission. These should stretch and challenge the institution but must be realistic and achievable. A strategic outcome-oriented goal should ideally be written as a statement of intent that is specific, measurable, achievable, relevant and time-bound (SMART).

The NSF has set one outcome-orientated strategic goal to be achieved over the period of the current strategic plan (2015/16-2019/20) as premised on Outcome 5: [A skilled and capable workforce for an inclusive growth path](#).

In achieving this all-encapsulating strategic outcome-orientated goal, the following main outcome-orientated performance indicators will be evaluated per key beneficiary category as outlined below:

STRATEGIC GOAL	KEY BENEFICIARY CATEGORY	PERFORMANCE INDICATORS (OUTCOME-BASED)
A skilled and capable workforce for an inclusive growth path supported.	NSF-funded learners	Number of NSF-funded learners that are employed or self-employed within 1 to 2 years after completion of their education and training through the skills development initiatives funded by the NSF.
	PSET system	Percentage of NSF-funded PSET development and capacity building projects aimed at expanding, integrating and improving the effectiveness of the PSET system that have successfully achieved the envisaged outcomes set for the project, measured within 1 to 5 years after completion of the project.

In terms of the framework, strategic goals are long-term. Therefore, the NSF's strategic goal will only be measured after completion of the 5-year strategic period through an end-of-term review of the outcomes of the skills and PSET development initiatives funded by the NSF. As guided by the framework, the NSF will only measure the outcomes of the skills development initiatives it has funded and the contribution of its funded projects for the PSET development to the sub-outcomes of the strategic goal.



Strategic objectives

In order to achieve the NSF's strategic goal, strategic objectives have been set, clearly stating what the NSF intends on producing to achieve its strategic goal. These strategic objectives are stated in the form of output statements as required in terms of the [Framework for Strategic Plans and Annual Performance Plans](#). The strategic objectives are mainly premised on the following output performance indicators that the NSF produces through its skills development initiatives funded:

STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS (OUTPUT-BASED)
Strategic objective 1: Skills development towards priority occupations	Number of NSF-funded learners that completed their education and training towards priority occupations over the 5-year strategic period.
Strategic objective 2: Developing skills of people from rural areas	Number of NSF-funded learners from rural areas that completed their education and training over the 5-year strategic period.
Strategic objective 3: Improving the skills of SMMEs and co-operatives	Number of SMMEs and co-operatives that benefitted from NSF-funded skills development initiatives over the 5-year strategic period. Number of NSF-funded learners that acquired skills through SMME and co-operative skills development initiatives over the 5-year strategic period.
Strategic objective 4: Community education and training skills development	Number of NSF-funded learners that acquired skills through NSF-funded community-based skills development initiatives over the 5-year strategic period.
Strategic objective 5: Improving worker education	Number of workers that completed their education and training through worker education initiatives over the 5-year strategic period.
Strategic objective 6: An expanded, integrated and effective PSET system	Percentage of projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development) that have successfully achieved most of the envisaged outputs at the completion of the project.
Strategic objective 7: Skills infrastructure development	Percentage of projects aimed at expanding, integrating and improving the effectiveness of the PSET system through skills infrastructure development that have successfully achieved most of the envisaged outputs at the completion of the project.
Strategic objective 8: Skills development research, innovation and advocacy	Percentage of projects related to research, innovation and advocacy that have successfully achieved most of the envisaged outputs at the completion of the project.
Strategic objective 9: Improve NSF's efficiency and effectiveness through deployment, development and management of human capital	i) Percentage of funded senior management service (SMS) positions filled by the end of each financial year. ii) Percentage of funded non-SMS positions filled by the end of each financial year.
Strategic objective 10: Improve NSF's efficiency and effectiveness through technology	Percentage of key ICT needs being implemented by the end of each financial year.

Budget programmes

In terms of the [Framework for Strategic Plans and Annual Performance Plans](#), budget programmes and sub-programmes should be aligned with the main areas of service delivery within the institution's mandate.

The NSF has, therefore, developed a budget programme and sub-programme structure that is premised on the two main areas of service delivery as contained within the NSF's mandate, namely:

Budget programme 1: Funding Skills Development

Aligned with NSF's mandate as stipulated in section 28(1) and 30B of the Skills Development Act (SDA), 1998, (Act No. 97 of 1998), which stipulates the following:

1. To fund projects identified in the National Skills Development Strategy (NSDS) III as national priorities;
2. To fund projects related to the achievement of the purposes of the SDA as the Director-General determines; and
3. To fund any activity undertaken by the Minister to achieve a national standard of good practice in skills development.

Budget programme 2: NSF Business Excellence (Administrative Programme)

Aligned with NSF's mandate as stipulated in section 28(3) of the SDA, 1998, (Act No. 97 of 1998), which stipulates the following:

To administer the fund within the prescribed limit. Regulations to prescribe the limit for the administration of the fund at 10% of revenue have been approved and published in Notice No. R.1030, Government Gazette No. 33740 dated 8 November 2010.

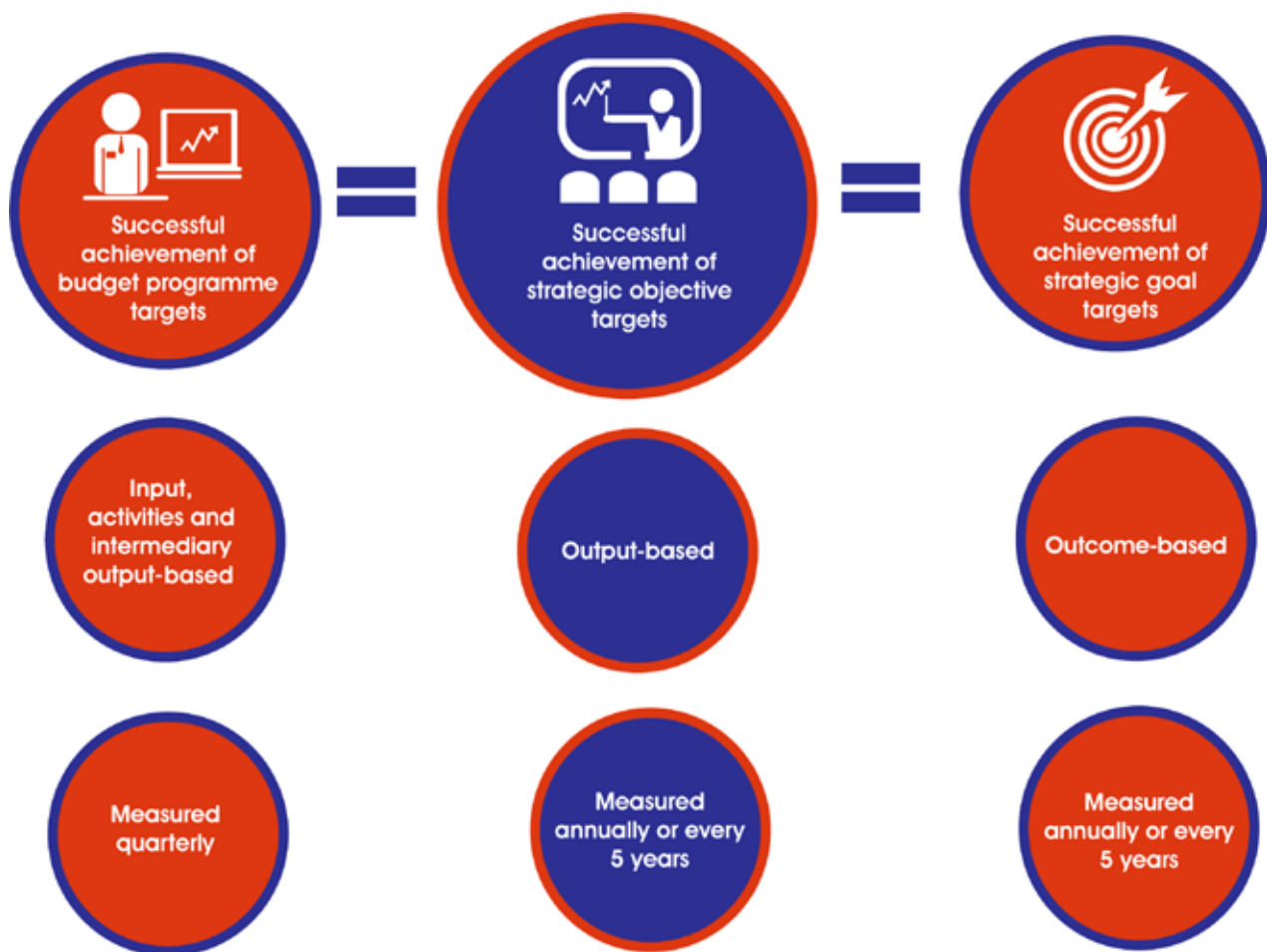
Programme 1: Funding Skills Development has been further developed into four sub-programmes. The four sub-programmes define the services or activities which contribute to the achievement of the objectives of the programme of which each forms a part.

NSF performance indicators for budget programmes are as follows:

BUDGET PROGRAMME	BUDGET SUB-PROGRAMME	PERFORMANCE INDICATORS (INTERMEDIARY OUTPUT, ACTIVITY AND INPUT-BASED)
Programme 1: Funding Skills Development	Education and Training	i) Number of learners funded by the NSF for education and training during each financial year.
		ii) The number of learners funded by the NSF for education and training towards priority occupations during each financial year.
		iii) Number of learners from rural areas funded by the NSF for education and training during each financial year.
		iv) Number of SMMEs and co-operatives funded by the NSF for skills development during each financial year.
		v) The number of learners funded by the NSF for skills development through SMME and co-operative skills development initiatives during each financial year.
		vi) Number of learners funded by the NSF for skills development through community-based skills development initiatives during each financial year.
		vii) Number of learners funded by the NSF for worker education during each financial year.
	PSET System Development, Capacity Building and Support	i) Percentage of NSF-funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development projects) with a clear implementation plan and budget breakdown. ii) Percentage of NSF-funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development) where the actual project expenditure to date is in line with the actual project performance to date.
	Skills Infrastructure Development	i) Percentage of NSF-funded skills infrastructure development projects with a clear business plan and budget breakdown. ii) The percentage of NSF-funded skills infrastructure development projects where the actual project expenditure to date is in line with the actual project performance to date.
	Skill Development Research, Innovation and Advocacy	i) Percentage of NSF-funded skills development research, innovation and advocacy projects with a clear business plan and budget breakdown. ii) Percentage of NSF-funded skills development research, innovation and advocacy projects where the actual project expenditure to date is in line with the actual project performance to date.
Programme 2: Administration (NSF Business Excellence)		i) Percentage of vacant funded SMS positions advertised by the end of the financial year. ii) Percentage of vacant funded non-SMS positions advertised by the end of the financial year. iii) Percentage of key ICT needs addressed or in the process of being addressed by the end of each financial year.

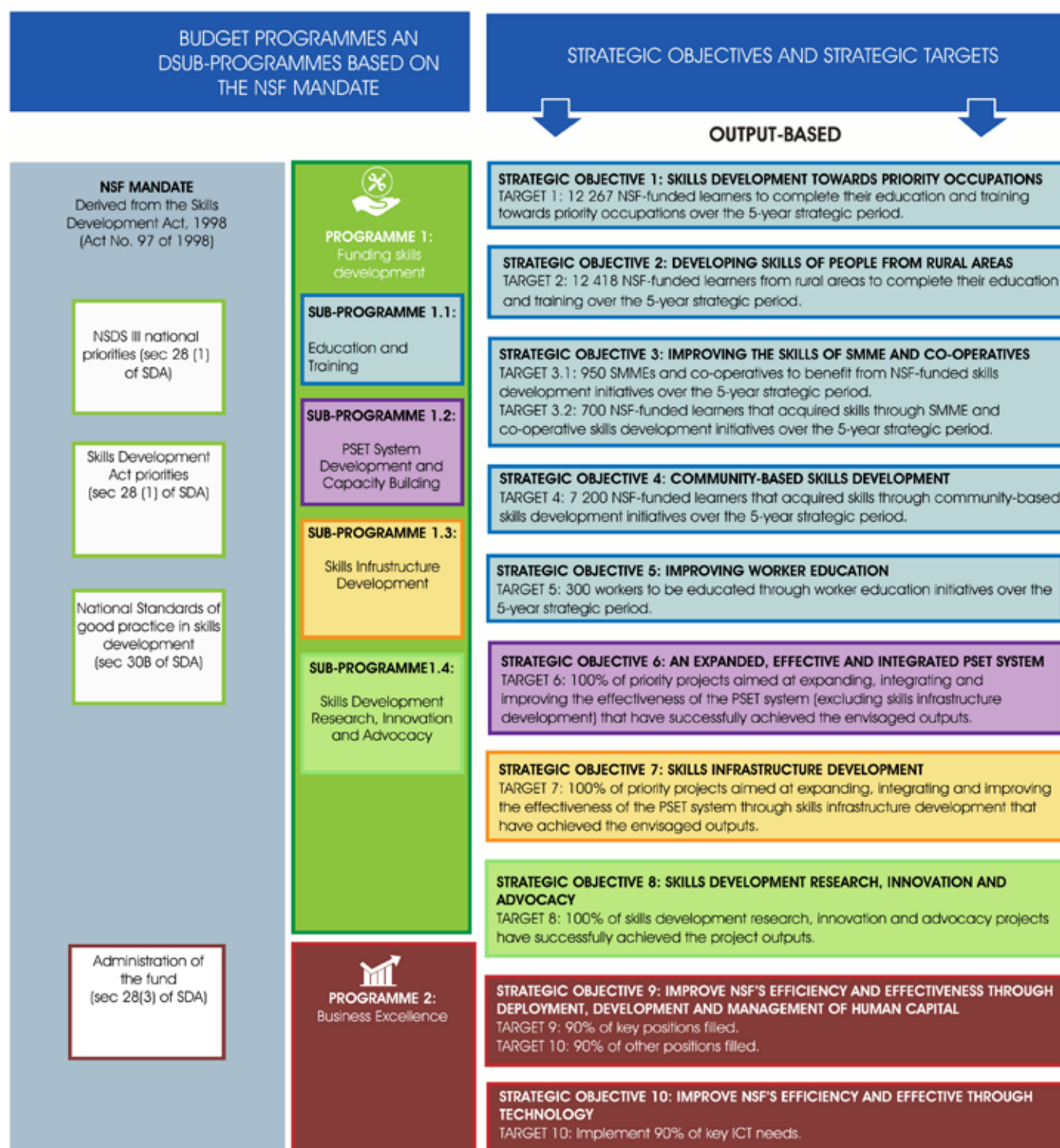
Linking strategic goals, strategic objectives and budget programmes

It is important to understand that strategic goals, strategic objectives and budget programmes are interlinked. The successful achievement of the NSF budget programme targets (measured quarterly) will lead to the successful achievement of the NSF strategic objective targets (measured annually or at the end of the 5-year strategic period) and ultimately to the achievement of the NSF strategic goal targets.



NATIONAL SKILLS FUND STRATEGIC PLAN AND ANNUAL PERFORMANCE PLAN DASHBOARD

STRATEGIC GOAL: A SKILLED AND CAPABLE WORKFORCE TO SUPPORT AN INCLUSIVE GROWTH PATH



PROGRAMME INDICATORS AND TARGETS

FOCUS

INPUT AND ACTIVITY- BASED

EDUCATION AND TRAINING PROGRAMME TARGET 1: 217 000 learners funded by the NSF for education and training over the 5-year strategic period.	SKILLS DEVELOPMENT TOWARDS PRIORITY OCCUPATIONS PROGRAMME TARGET 2: 101 900 learners (cumulative headcount) funded by the NSF for education and training towards priority occupations over the 5-year strategic period.
	RURAL SKILLS DEVELOPMENT PROGRAMME TARGET 3: 70 560 learners (cumulative headcount) from rural areas funded by the NSF for education and training towards priority occupations over the 5-year strategic period.
	SMME AND CO-OPERATIVE SKILLS DEVELOPMENT PROGRAMME TARGET 4: 950 SMMEs and co-operatives funded by the NSF for skills development over the 5-year strategic period. PROGRAMME TARGET 5: 700 learners funded by the NSF for skills development through SMME and co-operative skills development initiatives over the 5-year strategic period.
	COMMUNITY-BASED SKILLS DEVELOPMENT PROGRAMME TARGET 6: 11 000 learners (cumulative headcount) funded by the NSF for skills development through community-based skills development initiatives over the 5-year strategic period.
	WORKER EDUCATION PROGRAMME TARGET 7: 1 337 workers funded by the NSF for worker education over the 5-year strategic period.
	AN EXPANDED, EFFECTIVE AND INTEGRATED PSET SYSTEM PROGRAMME TARGET 8: 100% of NSF-funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development projects) have a clear business plan and budget breakdown. PROGRAMME TARGET 9: 100% of NSF-funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development) have incurred project expenditure to date that is in line with the actual project performance to date.
SKILLS INFRASTRUCTURE DEVELOPMENT PROGRAMME TARGET 10: 100% of NSF-funded skills infrastructure development projects with a clear business plan and budget breakdown. PROGRAMME TARGET 11: 100% of NSF-funded skills infrastructure development projects have incurred project expenditure to date that is in line with the actual project performance to date.	
SKILLS DEVELOPMENT RESEARCH, INNOVATION AND ADVOCACY PROGRAMME TARGET 12: 100% of NSF-funded research, innovation and advocacy projects where the actual project expenditure to date is in line with the actual project outputs to date. PROGRAMME TARGET 13: 100% of NSF-funded research, innovation and advocacy projects have incurred project expenditure to date that is in line with the actual project outputs to date.	
MORE EFFICIENT AND EFFECTIVE ADMINISTRATION THROUGH IMPROVED ORGANISATIONAL STRUCTURE PROGRAMME TARGET 14: 90% of vacant funded SMS positions advertised by the end of the strategic period. PROGRAMME TARGET 15: 90% of vacant funded non-SMS positions advertised by the end of the strategic period.	
EFFICIENT AND EFFECTIVE SKILLS DEVELOPMENT IMPLEMENTATION PROGRAMME TARGET 16: 90% of key ICT needs addressed or in the process of being addressed by the end of the strategic period.	

OUTWARD FOCUSED (Service Delivery Programme)

INWARD-FOCUSED Administrative Programme

▶ PART A | STRATEGIC OVERVIEW



6. OVERVIEW OF 2019/20 BUDGET AND MTEF ESTIMATES

6.1. Revenue and expenditure estimates

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 years	
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
REVENUE									
REVENUE FROM NON-EXCHANGE TRANSACTIONS	3 414 964	3 051 030	3 204 737	3 385 876	3 555 170	3 732 928	3 919 575	4 115 553	4 321 331
Skills development levies	3 033 122	3 051 030	3 199 737	3 385 876	3 555 170	3 732 928	3 919 575	4 115 553	4 321 331
Income from SETAs	381 842	-	5 000	-	-	-	-	-	-
REVENUE FROM EXCHANGE TRANSACTIONS	720 938	822 804	551 016	495 929	513 220	531 202	549 904	569 354	589 582
Finance income	720 938	766 906	490 298	435 211	452 502	470 484	489 186	508 636	528 864
Finance income from advance payment to the skills development programme and projects	-	55 898	60 718	60 718	60 718	60 718	60 718	60 718	60 718
TOTAL REVENUE	4 135 902	3 873 834	3 755 753	3 881 805	4 068 390	4 264 130	4 469 479	4 684 907	4 910 913
R MOVEMENT IN COMPARISON WITH PRIOR YEAR	(1 742 830)	(262 068)	(118 081)	126 052	186 585	195 740	205 348	215 429	226 006
% MOVEMENT IN COMPARISON WITH PRIOR YEAR	(29.65%)	(6.34%)	(3.05%)	3.36%	4.81%	4.81%	4.82%	4.82%	4.82%

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 years	
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24

SKILLS DEVELOPMENT GRANT DISBURSEMENTS	4 357 162	4 321 987	6 970 099	3 992 669	4 948 781	3 979 475	3 179 934	3 156 515	3 043 936
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Education and Training	1 342 677	1 724 589	2 884 176	2 199 965	3 235 277	2 841 469	2 556 273	2 702 342	2 727 218
No Fee Increase	969 139	1 894 861	3 444 541	-	-	-	-	-	-
PSET System Development and Capacity Building	1 723 416	427 214	526 400	571 104	589 820	359 046	133 886	127 192	114 473
Skills Infrastructure Development	278 153	218 254	70 477	1 121 058	1 061 166	713 539	422 557	253 534	126 767
Skills Development Research, Innovation and Advocacy	43 777	57 069	44 505	100 542	62 518	65 421	67 218	73 447	75 478

NSF ADMINISTRATIVE EXPENSES	97 914	121 576	119 801	237 956	269 144	281 396	290 620	305 595	322 554
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Employee costs	40 502	45 742	59 661	72 652	131 892	138 704	144 836	153 077	161 646
Operating expenses	49 148	66 705	53 260	154 932	122 330	126 949	129 176	134 995	142 422
Management fees and bank charges	3 165	2 924	1 915	2 226	2 344	2 473	2 609	2 753	2 904
Depreciation and amortisation	5 099	6 205	4 965	8 146	12 578	13 270	13 999	14 769	15 582

LEVY COLLECTION COSTS TO SARS	48 629	48 465	48 353	54 000	56 862	59 989	63 289	66 770	70 442
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TOTAL EXPENSES	4 503 705	4 492 028	7 138 253	4 284 625	5 274 788	4 320 860	3 533 843	3 528 879	3 436 931
R MOVEMENT IN COMPARISON WITH PRIOR YEAR	158 827	(11 677)	2 646 225	(2 853 628)	990 162	(953 927)	(787 017)	(4 964)	(91 948)
% MOVEMENT IN COMPARISON WITH PRIOR YEAR	3.66%	(0.26%)	58.91%	(39.98%)	23.11%	(18.08%)	(18.21%)	(0.14%)	(2.61%)

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 years	
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
TOTAL REVENUE	4 135 902	3 873 834	3 755 753	3 881 805	4 068 390	4 264 130	4 469 479	4 684 907	4 910 913
TOTAL EXPENSES	4 503 705	4 492 028	7 138 253	4 284 625	5 274 788	4 320 860	3 533 843	3 528 879	3 436 931
SURPLUS / DEFICIT	(367 803)	(618 194)	(3 382 500)	(402 820)	(1 206 398)	(56 730)	935 636	1 156 028	1 473 982
Accumulated surplus and reserves									
Opening balance	11 239 531	10 871 728	10 253 534	6 871 034	6 468 214	5 261 816	5 205 086	6 140 722	7 296 750
Surplus / (Deficit)	(367 803)	(618 194)	(3 382 500)	(402 820)	(1 206 398)	(56 730)	935 636	1 156 028	1 473 982
Closing balance	10 871 728	10 253 534	6 871 034	6 468 214	5 261 816	5 205 086	6 140 722	7 296 750	8 770 731

6.2 Relating expenditure trends to strategic outcome-orientated goals

The NSF's continued investment in skills development initiatives is expected to deliver the following consequences for key beneficiaries:

For the learners funded by the NSF:

The expected consequence is the attainment of employment or self-employment as a result of successfully acquiring relevant skills. This will, therefore, directly lead to the achievement of the NSF's strategic goal; namely: A skilled and capable workforce for an inclusive growth path.

The NSF has budgeted R3.235 billion for the 2019/20 financial year towards funding the education and training of learners, which is expected to fund the education and training of 42 000 learners for the 2019/20 financial year. The education and training of learners is funded through sub-programme 1.1: Education and Training.

For the PSET system through which the skills of learners are developed:

The expected consequence is an expanded, more effective and integrated PSET system.

The NSF has budgeted R589 million for the 2019/20 financial year towards funding priority PSET system development and capacity building projects, priority skills infrastructure development projects and priority skills development research, innovation and advocacy projects. The projects are expected to expand, improve effectiveness and integrate the PSET system in the priority areas identified, which in turn will result in more learners being trained more effectively through the PSET system and thereby contribute to the NSF's strategic goal: A skilled and capable workforce for an inclusive growth path.

The expansion and improvement of the PSET system is funded through sub-programme 1.2: PSET System Development and Capacity Building, sub-programme 1.3: Skills Infrastructure Development and sub-programme 1.4: Skills Development Research, Innovation and Advocacy.

Levy income is expected to grow moderately over the MTEF period at 5% per annum, while investment income is expected to grow steadily at 4% per annum due to an increase in surpluses:

The NSF's constant revenue streams relate to the revenue that it receives on a monthly basis from the skills development levy (SDL) and investment income from investments at the Public Investment Corporation (PIC).

The levy is currently indicating a nominal growth of 5% in comparison with the prior year projection (2018/19 Total SDL: R3.386 billion), whereas in the previous five financial years it has grown on average by 6%. Given the current economic climate, the levy growth projection has been limited to 5% per year over the MTEF period.

The NSF's investment income grew significantly in the 2014/15, 2015/16 and 2016/17 financial years due to additional once-off funding received from the SETAs, effectively increasing the NSF's investment held at the PIC. However, the NSF's investment income declined significantly due to the steep decline in the NSF's surpluses due its contribution towards the *No Fee Increase* for the 2016 and 2017 academic years for university and TVET college students. The decline in income was also due to utilising the surpluses towards funding priority PSET system development and capacity building projects and priority skills infrastructure development projects. Given the current projections on the utilisation of surpluses, it is expected that the NSF's investment income will grow steadily at 4% as the surpluses recover from funding the *No Fee Increase* and the decline in the number of PSET projects funded.

Significant growth in NSF's skills development funding:

Prior to the NSDS III, the NSF used to accumulate significant surpluses due to under-spending occurring year-on-year. However, with the dawn of the NSDS III, the NSF's expenditure increased significantly as the fund not only started to utilise its revenue toward skills development, but also its accumulated surpluses.

The NSF was required to fund 50% of the *No Fee Increase* for the 2016 academic year (R1.274 billion) and 100% of the *No Fee Increase* for the 2017 academic year (R5.288 billion) from its accumulated surpluses which included SETA uncommitted surpluses transferred to the NSF. The NSF's total contribution towards the *No Fee Increase* in the two academic years amounts to R6.563 billion, representing 59% of its accumulated surpluses prior to the contribution. The redirection of accumulated surpluses towards the *No Fee Increase* in the respective years has had the following implications:

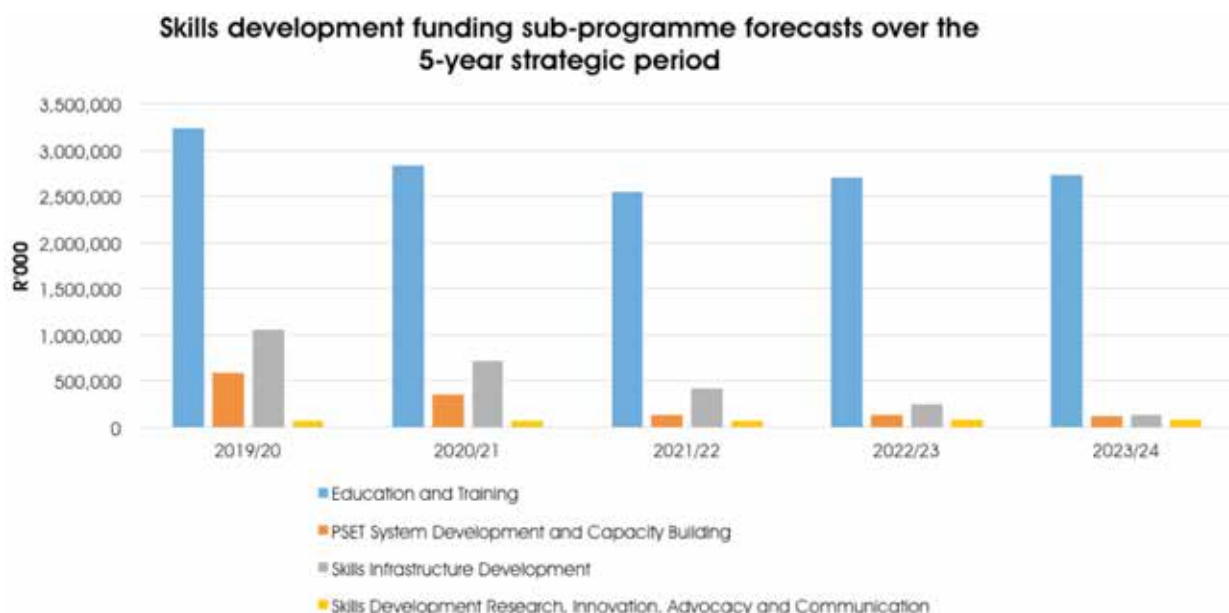
1. The NSF's annual investment income declined significantly to from R766 million (2016/17) to R490 million (2017/18) and is expected to be R452.5 million (2019/20). This means that the NSF will receive approximately R300 million less revenue. This will have a direct impact on the funding that is available for scarce and critical skills undergraduate bursaries and post-graduate bursaries for university students as these allocations were funded from the NSF's investment income stream.
2. An estimated R1.5 billion has been lost for artisan development.
3. An estimated R1.5 billion has been lost for priority systemic improvements within the PSET system, including certain PSET system functions that are currently funded solely by the NSF and which can only be sustained until 2019/20. Thereafter, all surplus funds will be utilised and the NSF cannot sustain these critical PSET system functions. These functions include funding the operations of several institutions, namely; the National Artisan Moderation Body (NAMB), Career Development Services within the department, three new TVET college campuses, the National Artisan Development Support Centre and the South African Institute for Vocational Education and Training; and a number of critical posts within the department's TVET branch. Most of these operations and the required capacity are critical for improving quality and efficiency in the TVET colleges and for artisan development.

The graphs below illustrate that the NSF's skills development funding has significantly increased since the beginning of the NSDS III and is expected to continue in 2019/20, with skills development funding exceeding total revenue leading to a gradual decline in the accumulated surplus. The peaks in total revenue and accumulated surpluses can be ascribed to the additional income that was received from the SETAs. The peak in skills development funding subsequently can be ascribed to the once-off contributions of R1.274 billion and R5.288 billion towards the *No Fee Increase* during the 2016/17 and 2017/18 financial years.

TOTAL SKILLS DEVELOPMENT FUNDING OVER THE NEXT 5 YEARS = R 18.309 BILLION



Investment in each of the sub-programmes related to **programme 1: Funding Skills Development** can further be illustrated in the graph below.



Sub-programme 1.1: Education and Training

The investment in the Education and Training of learners is expected to increase gradually over the 5-year strategic period. The once-off contribution towards the *No Fee Increase* was funded during the 2016/17 and 2017/18 financial years from accumulated surpluses, which included the SETA accumulated surpluses that were transferred to the NSF. Thereafter, no further surpluses are available from the NSF for utilisation towards the *No Fee Increase*. The NSF has budgeted R3.235 billion towards the education and training of learners. This constitutes the largest portion (65%) of the 2019/20 budget and consists of a variety of learning programmes.

Sub-programme 1.2: PSET System Development and Capacity Building

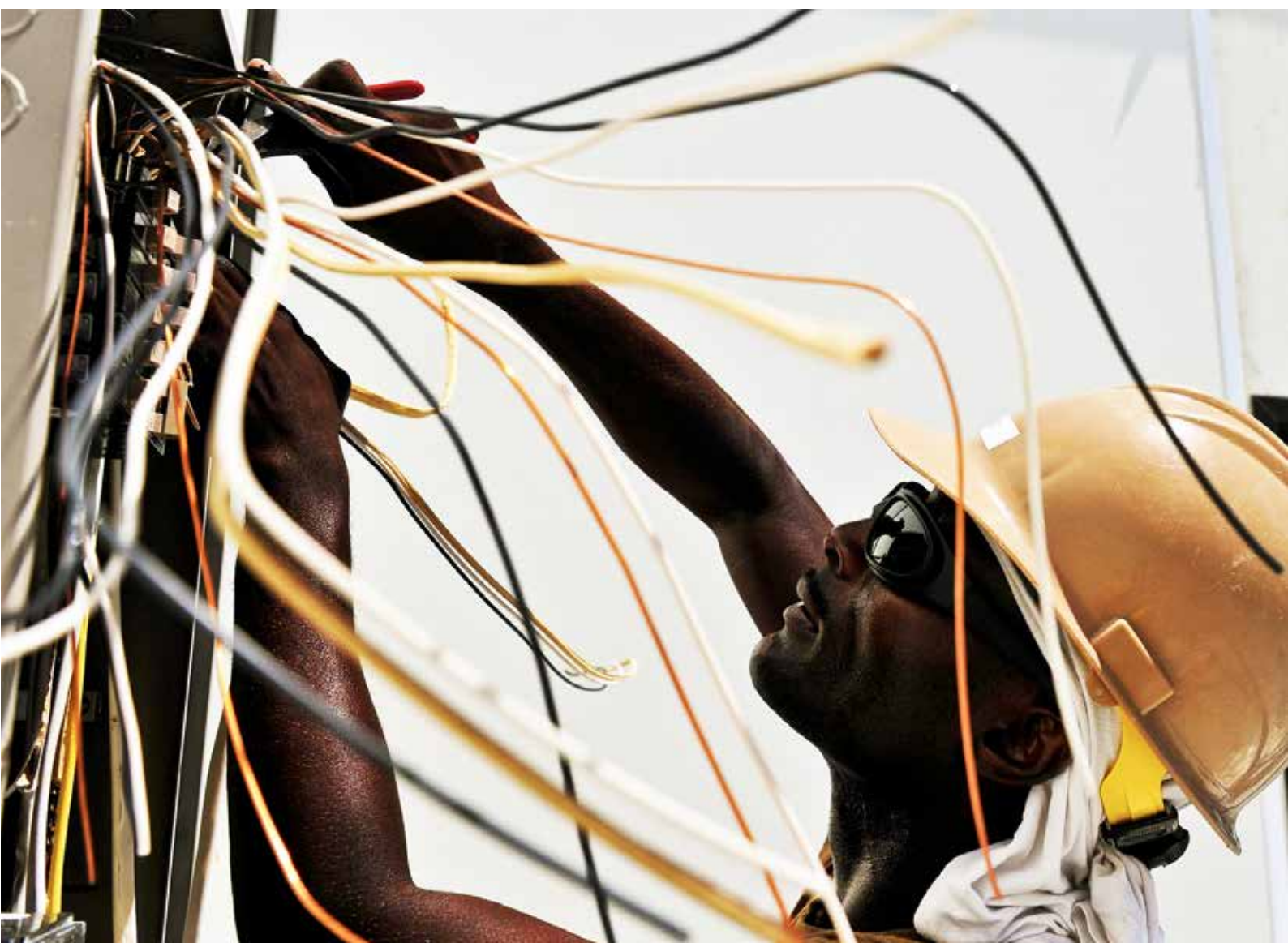
The investment towards priority PSET System Development and Capacity Building projects will decline over the next 5 years as these initiatives are being funded from accumulated surpluses. As a result of the funding towards the *No Fee Increase*, the NSF's accumulated surpluses declined significantly, directly impacting the funding available for future PSET System Development and Capacity Building projects and existing PSET functions which are currently sustained solely from the NSF funding.

Sub-programme 1.3: Skills Infrastructure Development

The investment in Skills Infrastructure Development peaks in the 2018/19 and 2019/20 financial years mainly due to the infrastructure development of the remaining 9 TVET college sites. Other initiatives that will be funded gradually over the next 5 years include infrastructure refurbishment of TVET colleges related to the centres of specialisation initiative, the South African National Research Network (SANReN) TVET college connectivity initiative, as well as the refurbishment of the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments (Indlela).

Sub-programme 1.4: Skills Development Research, Innovation and Advocacy

Skills Development Research, Innovation and Advocacy are expected to have a slight decline in the 2018/19 and 2019/20 financial years due the funding of the *No Fee Increase*. It will then remain constant over the later financial years in the MTEF period.



▶ PART B | PROGRAMME AND SUB-PROGRAMME PLANS



7. PROGRAMME 1: FUNDING SKILLS DEVELOPMENT

Purpose

Programme 1: Funding Skills Development is the outward-focused service delivery programme of the NSF.

The programme is aligned with the following aspects of the NSF's mandate:

1. To fund projects identified in the National Skills Development Strategy (NSDS) III as national priorities [section 28(1) of the Skills Development Act (SDA), 1998];
2. To fund projects related to the achievement of the purpose of the SDA as the Director-General determines [section 28(1) of the SDA, 1998]; and
3. To fund any activity undertaken by the Minister to achieve a national standard of good practice in skills development (section 30B. of the SDA, 1998).

Programme structure

Programme 1: Funding Skills Development has been further developed into the four sub-programmes, which are constituent parts of the main programme. Each of the 4 sub-programmes defines the main services or activities that the NSF funds to achieve the strategic objectives of **programme 1: Funding Skills Development**.

These 4 sub-programmes consist of the following:

- **Sub-programme 1.1: Education and Training** mainly consist of funding learners for education and training on strategic education and training initiatives.
- **Sub-programme 1.2: PSET System Development and Capacity Building** mainly consist of funding strategic PSET system development and capacity building initiatives.
- **Sub-programme 1.3: Skills Infrastructure Development** mainly consist of funding strategic skills infrastructure development initiatives.
- **Sub-programme 1.4: Skills Development Research, Innovation and Advocacy** mainly consist of funding skills development research, innovation and advocacy.

Institutions responsible for programme performance delivery

Although the NSF carries the responsibility for the performance of the skills development initiatives it funds under **programme 1: Funding Skills Development**, the performance of these initiatives is dependent on the performance of a number of key stakeholders and institutions within the broader PSET environment which include the following:

1. The Department of Higher Education and Training (DHET) which is responsible for the entire PSET system. The department is a key stakeholder in the performance of many of the skills development initiatives funded by the NSF, especially skills development initiatives where the department plays an active role as an implementer. These initiatives are mainly funded under **sub-programme 1.2: PSET System Development and Capacity Building**, **sub-programme 1.3: Skills Infrastructure Development** and **sub-programme 1.4: Skills Development Research, Innovation and Advocacy**.

2. Learning institutions, specifically universities, TVET and community colleges, where learners undergo their theoretical learning and, where applicable, practical training learning. These learning institutions play a critical role in the successful outcome of the skills development initiatives funded by the NSF, especially those initiatives funded under [sub-programme 1.1: Education and Training](#).
3. Workplaces, where learners undergo workplace-based learning and, where applicable, practical training. Workplaces play a critical role in the successful outcome of the skills development initiatives funded by the NSF, especially those funded under [sub-programme 1.1: Education and Training](#). Workplaces include state-owned companies, private companies, SMMEs and co-operatives, government departments, government agencies, non-profit organisations such as community-based organisations and non-governmental organisations. The Sector Education and Training Authorities (SETAs), employer associations, labour unions, government agencies and others often play a critical role in providing linkages to workplaces.
4. Other critical role-players are the following institutions: the South African Qualifications Authority (SAQA); the three quality councils, namely; Quality Council for Trades & Occupations (QCTO), Council on Higher Education (CHE) and Umalusi; and quality assurance bodies such as the National Artisan Moderation Body (NAMB). These institutions play a critical role in ensuring that learners funded for education and training on strategic skills development initiatives under [sub-programme 1.1: Education and Training](#) go through accredited learning programmes (where required) and acquire recognised qualifications. These stakeholders are also key in the development and capacitation of the PSET system, especially with regards to matters related to quality.
5. The Human Resource Development Council of South Africa (HRDCSA) and National Skills Authority (NSA), together with the department, play a critical role in the execution of skills development research, innovation and advocacy initiatives funded by the NSF. The performance of these stakeholders in these areas has a direct impact on the NSF's performance on [sub-programme 1.4: Skills Development Research, Innovation and Advocacy](#).

7.1. SUB-PROGRAMME 1.1: EDUCATION AND TRAINING

Sub-programme purpose

This sub-programme mainly consists of funding learners for education and training on strategic education and training initiatives.

These initiatives mainly focus on achieving the following:

1. Educating and training learners towards priority occupations
2. Educating and training learners from rural areas
3. Educating and training learners to improve the skills-base of SMMEs and co-operatives
4. Education and training learners through community education and training initiatives
5. Providing worker education, especially at worker federation level.

Priority occupations are those that address key growth and transformational objectives as evidenced through research and contained in the various strategies, plans and initiatives of the government. These priority occupations are important for economic growth, but also include aspects required to achieve transformational objectives and that contribute to developing thinking citizens, who can function effectively, creatively and ethically as part of a democratic society.

The NSF also funds the education and training of learners as a contribution towards other key government priorities and initiatives. This includes supporting national skills development programmes such as the Expanded Public Works Programme (EPWP) and National Rural Youth Service Corps (NARYSEC) programme, as well as initiatives aimed specifically at growing SMMEs and co-operatives and community-based skills development initiatives.

The NSF, as guided by the NSDS III, measures each education and training project funded against the following seven key developmental and transformation imperatives:

KEY IMPERATIVE	APPLICATION
Race	Despite the many advances made by the democratic government since 1994 on the education and training front, the racial inequalities in the South African economy, including the racialised nature of the country's skills profile, have not changed in any significant way. Therefore, the NSDS III prioritises confronting racial inequalities, with a particular focus on giving more opportunities to previously and currently disadvantaged South Africans. This requires focused attention on skills provision for blacks in general and Africans in particular.
Class	Directly related to racial inequalities, South Africa remains one of the most unequal societies in the world today. These social inequalities are also being reinforced by a lack of access to skills by the overwhelming majority of the population, especially workers and the poor. The NSDS III, therefore, pays particular attention to the provision of skills in a manner that significantly reduces the widening social inequalities in the economy and society.
Gender	South Africa is still a society that reflects huge disparities between men and women, including access to skills for effective participation in the labour market and society. This calls for attention towards access to skills by women, especially black women so that they can effectively participate in society as required by the constitution. In addition, skills development initiatives must contain specific programmes and strategies to promote gender equality in skills development, employment and career development and the economy as a whole.
Geography	Given the urban bias of the country's economic development, South Africa has not focused much attention on rural economic development and the provision of skills for rural development. Given the fact that the government has now prioritised rural development, the skills development system must, therefore, increase its focus and attention on the production of skills for rural development. Importantly, there is a need to make the distinction between the training of rural people and skills for rural development. The former have tended to train rural people only in order to migrate to the urban areas, whilst the latter aims to train rural people for the development of rural areas.
Age	Whilst all South Africans, youth and adults, must be given access to skills development, young people are the most disadvantaged when it comes to access to education and training. For instance, the single largest category of the unemployed is those aged under 35 years. Therefore, the NSDS III has a strong training focus on the youth for employment.
Disability	Despite commitments from the NSDS I and II to increase opportunities for training and skills development for persons with disabilities, South Africa is still far from achieving the goals in this regard. Therefore, the NSDS III calls for opening up opportunities for skills training for people experiencing barriers to employment caused by various forms of physical and intellectual disability.
The HIV and AIDS pandemic	Given the threat of the HIV and AIDS pandemic for the future growth and development of the country, and its particular impact on the youth, skills development initiatives must incorporate the fight against this pandemic and management thereof in the workplace. This includes ensuring that the youth and adults are not trained for the grave but for the workplace and effective participation in society.

Sub-programme structure

The NSF's engagement towards the education and training of learners in relation to learning components, learning sectors and learning programme mixes is structured as follows:

EDUCATION AND TRAINING OF LEARNERS		
LEARNING COMPONENT	LEARNING SECTOR	LEARNING PROGRAMME MIX
Theoretical learning and where applicable practical learning	University sector	Undergraduate bursaries (local)
		Post-graduate bursaries (local)
		International post-graduate bursaries and scholarships
	TVET college sector (including public and private training providers)	Occupational programmes
		Skills programmes
	Community college sector (including public and private training providers)	Occupational programmes
		Skills programmes

EDUCATION AND TRAINING OF LEARNERS		
LEARNING COMPONENT	LEARNING SECTOR	LEARNING PROGRAMME MIX
Theoretical learning and where applicable practical learning	Small enterprises	Workplace-based learning
	SMMs and co-operatives)	Skills programmes
	State-owned companies (SOCs)	Workplace-based learning
	Public sector (including the national government, departmental agencies, provinces and municipalities)	Workplace-based learning
		Skills programmes
	Private sector	Workplace-based learning
		Training lay-off scheme
	Non-profit organisations (including NGOs and CBOs)	Workplace-based learning
		Skills programmes

WORKER EDUCATION		
LEARNING COMPONENT	LEARNING SECTOR	LEARNING PROGRAMME MIX
Theoretical learning	Worker education through worker education learning institutions and worker federations	Worker education programmes

The NSF will steer each of the different learning programme mixes towards the achievement of its strategic objectives. The level to which each learning programme mix, funded by the NSF, will contribute to each of the NSF's strategic objectives will differ per learning programme mix and how it relates to the NSF's specific strategic objective. The table below provides an indication of the expected level that each programme mix will contribute towards the achievement of the NSF's strategic objectives:

EDUCATION AND TRAINING OF LEARNERS			STRATEGIC OBJECTIVES				
LEARNING COMPONENT	LEARNING SUB-SYSTEM	LEARNING PROGRAMME MIX	STRATEGIC OBJECTIVE 1: SKILLS DEVELOPMENT TOWARDS PRIORITY OCCUPATIONS	STRATEGIC OBJECTIVE 2: DEVELOPING SKILLS OF PEOPLE FROM RURAL AREAS	STRATEGIC OBJECTIVE 3: IMPROVING SKILLS OF SMMEs AND CO-OPERATIVES	STRATEGIC OBJECTIVE 4: COMMUNITY-BASED SKILLS DEVELOPMENT	STRATEGIC OBJECTIVE 5: IMPROVING WORKER EDUCATION
Theoretical learning and where applicable practical learning	University system	Undergraduate bursaries (local)	High	Medium			
		Post-graduate bursaries (local)	High*				
		International post-graduate bursaries and scholarshipss	High*				
	TVET college system	Occupational programmes	High	High	Medium	Medium	
		Skills programmes	Medium	High	Medium	Medium	
	Community college system	Occupational programmes	Medium	High	Medium	High	
		Skills programmes	Medium	High	Medium	High	

*Related to innovation.

EDUCATION AND TRAINING OF LEARNERS			STRATEGIC OBJECTIVES				
LEARNING COMPONENT	LEARNING SECTOR	LEARNING PROGRAMME MIX	STRATEGIC OBJECTIVE 1: SKILLS DEVELOPMENT TOWARDS PRIORITY OCCUPATIONS	STRATEGIC OBJECTIVE 2: DEVELOPING SKILLS OF PEOPLE FROM RURAL AREAS	STRATEGIC OBJECTIVE 3: IMPROVING SKILLS OF SMMEs AND CO-OPERATIVES	STRATEGIC OBJECTIVE 4: COMMUNITY-BASED SKILLS DEVELOPMENT	STRATEGIC OBJECTIVE 5: IMPROVING WORKER EDUCATION
Theoretical learning and where applicable practical learning	Co-operatives and small enterprises	Workplace-based learning	High	High	High	High	
		Skills programmes		High	High	High	
	State-owned companies (SOCs)	Workplace-based learning	High	Medium			
	Public sector	Workplace-based learning	High	High		High	
		Skills programmes	Medium	High		High	
	Private sector	Workplace-based learning	High	Medium			
		Training lay-off scheme	Medium				
	Non-profit organisations	Workplace-based learning		High		High	
		Skills programmes		High		High	

WORKER EDUCATION			STRATEGIC OBJECTIVES				
LEARNING COMPONENT	LEARNING SECTOR	LEARNING PROGRAMME MIX	STRATEGIC OBJECTIVE 1: SKILLS DEVELOPMENT TOWARDS PRIORITY OCCUPATIONS	STRATEGIC OBJECTIVE 2: DEVELOPING SKILLS OF PEOPLE FROM RURAL AREAS	STRATEGIC OBJECTIVE 3: IMPROVING SKILLS OF SMMEs AND CO-OPERATIVES	STRATEGIC OBJECTIVE 4: COMMUNITY-BASED SKILLS DEVELOPMENT	STRATEGIC OBJECTIVE 5: IMPROVING WORKER EDUCATION
Theoretical learning	Worker education through worker education learning institutions and worker federations	Worker education programmes					High

Most of the NSF's strategic objectives will be applied transversally (or vertically) across most of the learning components, learning sectors and learning programme mixes funded by the NSF to ensure that it maintains a strategic focus in its funding of the programme mixes. It is, however, worth noting that **strategic objective 5: Improving Worker Education** cannot be applied transversally (or vertically) across the different learning programme mixes, but will be addressed by specific worker education programmes funded by the NSF.

Strategic objectives and annual targets for 2019/20

STRATEGIC OBJECTIVE 1: SKILLS DEVELOPMENT TOWARDS PRIORITY OCCUPATIONS											
STRATEGIC OBJECTIVE STATEMENT:											
To develop skills required for priority occupations.											
Revised strategic target for the 5-year strategic period 2015/16 to 2019/20	Performance indicator	Audited / Actual performance			Base-line	Medium-term targets			Additional 2 years		
		5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN					2020/21	2021/22	2022/23	2023/24	
		2015/16	2016/17	2017/18	2018/19	2019/20					
STRATEGIC OBJECTIVE TARGET 1											
1	12 267* NSF-funded learners to complete their education and training towards priority occupations over the 5-year strategic period.	Number of NSF-funded learners to complete their education and training towards priority occupations	New indicator. No data available.	3 267* (Actual 3 267)	3 000* (Actual 8 521)	3 000*	3 000*	3 000	3 000	3 000	3000
*Target revised due to the impact of the <i>No Fee Increase</i> funded by the NSF for the 2017 and 2018 academic years.											
JUSTIFICATION:											
Both the White Paper for Post-School Education and Training and the NSDS III clearly stipulate that the NSF is responsible for skills development aligned with national development strategies and priorities, including building linkages within the skills system and providing funds for government strategies such as youth programmes, building small businesses and co-operatives, as well as rural development.											

STRATEGIC OBJECTIVE 1: SKILLS DEVELOPMENT TOWARDS PRIORITY OCCUPATIONS

The NSDS III further stipulates that the commitments of the Human Resource Development Strategy for South Africa II (HRDSSA II) be incorporated into the strategic plans of the NSF, which include the following two commitments:

COMMITMENT ONE: We will urgently overcome the shortages in the supply of people with the priority skills needed for the successful implementation of current strategies to achieve accelerated economic growth.

COMMITMENT TWO: We will increase the number of appropriately skilled people to meet the demands of our current and emerging economic and social development priorities.

It has been recognised that the skills required for many of the national development strategies and priorities are related to the same occupations and these occupations will be identified as priority occupations.

The priority occupations will be determined from the following key government strategies, plans and initiatives:

1. The National Development Plan, which is primarily implemented through Operation Phakisa initiatives (oceans economy) and interventions within the health and mining sectors, as well as beneficiation across various sectors etc.
2. National government initiatives, e.g. agricultural development through the creation of agri-parks.
3. The White Paper for Post-School Education and Training and its implementation plan.
4. The Industrial Policy Action Plan which is implemented by the Department of Trade and Industry.
5. The New Growth Path, with specific reference to the 18 Strategic Integrated Projects (SIPs) implemented as part of the National Infrastructure Plan, namely:

SIP 1: Unlocking the northern mineral belt with Waterberg as the catalyst

SIP 2: Durban-Free State-Gauteng logistics and industrial corridor

SIP 3: South-Eastern node and corridor development

SIP 4: Unlocking the economic opportunities in North West

SIP 5: Saldanha-Northern Cape development corridor

SIP 6: Integrated municipal infrastructure project

SIP 7: Integrated urban space and public transport programme

SIP 8: Green energy in support of the South African economy

SIP 9: Electricity generation to support socio-economic development

SIP 10: Electricity transmission and distribution for all

SIP 11: Agri-logistics and rural infrastructure

SIP 12: Revitalisation of public hospitals and other health facilities

SIP 13: National school build programme

SIP 14: Higher education infrastructure

SIP 15: Expanding access to communication technology

SIP 16: Square Kilometre Array (SKA) and MeerKat

SIP 17: Regional integration for African co-operation and development

SIP 18: Water and sanitation infrastructure

6. The implementation of the HRDSSA II as outlined in the Human Resource Development Implementation Plan.

Linked to the above strategies and plans are key initiatives such as "War on Leaks" and "Decade of the Artisan" that the NSF will continually evaluate to determine priority occupations required for such initiatives and whether learners are already being funded on learning pathways towards such priority occupations.

STRATEGIC OBJECTIVE 1: SKILLS DEVELOPMENT TOWARDS PRIORITY OCCUPATIONS

Furthermore, key research will also be taken into consideration to determine priority occupations, such as the following:

1. South Africa's Big Five: Bold Priorities for Inclusive Growth, published by the McKinsey Global Institute – September 2015
2. Growing Priority Skills in South Africa, published by the Joint Initiative on Priority Skills Acquisition – March 2010
3. Key issues in improving the quantity and quality of professionals in areas of scarce skills, published by the Human Resource Development Council – November 2012
4. Production of Academics and Strengthening of Higher Education Partnerships with Industry, published by the Human Resource Development Council
5. Advancing skills development in the maritime sector, published by the Human Resource Development Council – October 2014
6. National Scarce Skills List: Top 100 Occupations in Demand, gazetted by the Department of Higher Education and Training in Government Gazette No. 37678, Notice No. 380 of 2014.

The NSF will provide a detailed breakdown of the number of learners that the NSF funded during each financial year on learning pathways towards priority occupations. The detailed breakdown will be included in the NSF annual report and outline occupations that the NSF is contributing towards.

The education and training of learners towards priority occupations are critical for the growth of the economy, social development priorities and towards key areas aimed at developing thinking citizens, who can function effectively, creatively and ethically as part of a democratic society, but which may not necessarily be directly linked to economic growth.

Focusing the NSF's funding towards the education and training of learners on learning pathways towards priority occupations will ensure that the fund contributes towards the various economic growth strategies, plans and initiatives of government and thereby achieve **strategic goal 1: A skilled and capable workforce for an inclusive growth path.**

LINKS:

White Paper for Post-School Education and Training
NSDS III
HRDSSA II

RESPONSIBILITY:

Joint responsibility between:

- i) Chief Director: Strategy, Performance and Innovation
- ii) Chief Director: Skills Development Implementation
- iii) Director: Bursaries

Key support responsibility:

- i) Chief Financial Officer
- ii) Director: Legal, Governance, Risk and Compliance

STRATEGIC OBJECTIVE 2: DEVELOPING SKILLS OF PEOPLE FROM RURAL AREAS**STRATEGIC OBJECTIVE STATEMENT:**

To develop the skills of people from rural areas.

Revised strategic target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Audited / Actual performance			Base-line	Medium-term targets			Additional 2 years	
			5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN								
			2015/16	2016/17	2017/18	2018/19	2019/20				
STRATEGIC OBJECTIVE TARGET 2											
2	12 418* NSF-funded learners from rural areas to complete their education and training over the 5-year strategic period.	Number of NSF-funded learners from rural areas that completed their education and training. (output-based)	New indicator. No data available.	3 418 (Actual 3 418)	3 000* (Actual 6 856)	3 000*	3 000*	3 000	3 000	3 000	3 000

*Target revised due to the impact of the *No Fee Increase* funded by the NSF for the 2017 and 2018 academic years.

JUSTIFICATION:

The White Paper for Post-School Education and Training (page 63) indicates that the NSF will also be a source of funding for wider government strategies such as youth programmes, building small businesses and co-operatives, as well as rural development.

It is acknowledged that opportunities in rural areas are far more limited than those in urban areas and residents in informal settlements are also victims of under-provision. People born and living in poor rural areas have fewer opportunities than urban residents, and those in townships and informal settlements do not fare as well as their suburban counterparts.

LINKS:

White Paper for Post-School Education and Training (page 63)

RESPONSIBILITY:

Joint responsibility between:

- i) Chief Director: Strategy, Performance and Innovation
- ii) Chief Director: Skills Development Implementation
- iii) Director: Bursaries

Key support responsibility:

- i) Chief Financial Officer
- ii) Director: Legal, Governance, Risk and Compliance

STRATEGIC OBJECTIVE 3: IMPROVING THE SKILLS OF SMMEs AND CO-OPERATIVES											
STRATEGIC OBJECTIVE STATEMENT:											
To support SMME and co-operative development through skills development.											
Revised strategic targets for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Audited / Actual performance			Base-line	Medium-term targets		Additional 2 years		
			5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN								
			2015/16	2016/17	2017/18	2018/19	2019/20				
STRATEGIC OBJECTIVE TARGETS 3.1 AND 3.2											
3.1	950 SMMEs and co-operatives to benefit from NSF-funded skills development initiatives over the 5-year strategic period.	Number of SMMEs and co-operatives that benefitted from NSF-funded skills development initiatives. (output-based)	New indicator. No data available.	100 (Actual 2 158)	150 (Actual 1 705)	200	500	1 000	1 500	2 000	2 000
3.2	700 NSF-funded learners that acquired skills through SMME and co-operative skills development initiatives over the 5-year strategic period.	Number of NSF-funded learners that acquired skills through SMME and co-operative skills development initiatives. (output-based)	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	200	500	1 000	1 500	2 000	2 000
JUSTIFICATION:											
The White Paper for Post-School Education and Training (page 63) indicates that the NSF will also be a source of funds for wider government strategies such as youth programmes, building small businesses and co-operatives, as well as rural development. As such, the NSF places specific focus on key government initiatives related to the development and support of co-operatives and SMMEs, as well as agricultural development through agri-parks.											
LINKS:											
White Paper for Post-School Education and Training (page 63)											
RESPONSIBILITY:											
Joint responsibility between:											
i) Chief Director: Strategy, Performance and Innovation ii) Chief Director: Skills Development Implementation											
Key support responsibility:											
i) Chief Financial Officer ii) Director: Legal, Governance, Risk and Compliance											

STRATEGIC OBJECTIVE 4: COMMUNITY-BASED SKILLS DEVELOPMENT**STRATEGIC OBJECTIVE STATEMENT:**

To benefit the poor, disadvantaged and/or vulnerable communities through skills development.

Revised strategic target for the 5-year strategic period 2015/16 to 2019/20	Performance indicator	Audited / Actual performance			Base-line	Medium-term targets			Additional 2 years		
		5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN					2020/ 21	2021/ 22	2022/ 23	2023/ 24	
		2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20					
STRATEGIC OBJECTIVE TARGET 4											
4	7 200 NSF-funded learners that acquired skills through community-based skills development initiatives over the 5-year strategic period.	Number of NSF-funded learners that acquired skills through community-based skills development initiatives. (output-based)	New indicator. No data available.	1 400 (Actual 3 289)	1 400 (Actual 5 281)	1 400	3 000	3 000	3 000	3 000	3 000

JUSTIFICATION:

The NSDS III defines the NSF as a catalytic fund, enabling the state to drive key skills strategies as well as to meet the training needs of the unemployed, non-levy-paying co-operatives, NGOs, community structures and vulnerable groups. It will, therefore, continue to promote strategic partnerships and innovation in project delivery. It will maintain to drive change towards partnership-based programmes and contribute significantly to raising the low-base of education and training in the country, as guided by government policies of redress and promotion of equity.

The White Paper for Post-School Education and Training indicates that community colleges will expand to vocational and skills development programmes and non-formal programmes. Formal programmes include skills or occupational programmes funded by the SETAs or NSF. Community colleges will have to link directly to the work of public programmes to provide appropriate skills and knowledge. These programmes include the Expanded Public Works Programme (EPWP), Community Work Programmes (CWPs), the state's infrastructure development programme, as well as economic and social development initiatives such as the community development and community health worker programmes. Such programmes can provide work-integrated learning opportunities while colleges provide classroom and workshop-based learning. Although the department provides the core funding for the colleges, provision for core permanent teaching and administrative staff has to be complemented by funds from the SETAs and NSF where appropriate.

The NSF continues to support public programmes through skills development such as the EPWP and will, therefore, also engage in linking occupational programme offerings through community colleges.

Funds will also be set aside from the NSF, for funding community-initiated skills development projects and other initiatives, to address skills shortages in the country, in line with the objectives and goals of the NSDS III.

LINKS:

White Paper for Post-School Education and Training

RESPONSIBILITY:

Joint responsibility between:

- i) Chief Director: Strategy, Performance and Innovation
- ii) Chief Director: Skills Development Implementation

Key support responsibility:

- i) Chief Financial Officer
- ii) Director: Legal, Governance, Risk and Compliance

STRATEGIC OBJECTIVE 5: IMPROVING WORKER EDUCATION**STRATEGIC OBJECTIVE STATEMENT:**

To educate workers through worker education initiatives.

Revised strategic target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Audited / Actual performance			Base-line	Medium-term targets			Additional 2 years	
			5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN								
			2015/16	2016/17	2017/18	2018/19	2019/20				
STRATEGIC OBJECTIVE TARGET 5											
5	300* workers to be educated through worker education initiatives over the 5-year strategic period.	Number of workers that completed their education and training through worker education initiatives. (output-based)	New indicator. No data available.	0* (Actual 0)	100* (Actual 0)	100*	100*	200	300	400	500

*Target revised due to the impact of the *No Fee Increase* funded by the NSF for the 2017 and 2018 academic years.

JUSTIFICATION:

Education programmes spearheaded by trade unions and other worker-initiated training programmes play an important role in the further education and training of workers. Worker education and training initiatives are able to use the critical networks of individual organisations to educate members and other workers to suit specific needs in a manner that is also beneficial to the economy as a whole. South Africa has a long history of worker education and training that needs to be supported and expanded. Worker-initiated education and training can contribute to a workforce that is better able to understand the challenges facing the economic sectors in which they operate. This would benefit the workplace, the economy and the developmental objectives of the country.

LINKS:

NSDS III – page 20

RESPONSIBILITY:

Joint responsibility between:

- i) Chief Director: Strategy, Performance and Innovation
- ii) Chief Director: Skills Development Implementation

Key support responsibility:

- i) Chief Financial Officer
- ii) Director: Legal, Governance, Risk and Compliance

Sub-programme performance indicators and annual targets for 2019/20

SUB-PROGRAMME 1.1: EDUCATION AND TRAINING											
Revised strategic target for the 5-year strategic period 2015/16 to 2019/20	Performance indicator	Audited / Actual performance			Base-line	Medium-term targets			Additional 2 years		
		5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN					2020/ 21	2021/ 22	2022/ 23	2023/ 24	
		2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20					
BUDGET PROGRAMME TARGET 1											
1	217 000* learners (cumulative headcount) funded by the NSF for education and training over the 5-year strategic period.	Number (headcount) of learners funded by the NSF for education and training. (activity-based)	51 000* (Actual 63 903)	43 000* (Actual 48 169)	43 000* (Actual 57 238)	38 000*	42 000*	42 000	42 000	42 000	42 000
*Target revised due to the impact of the <i>No Fee Increase</i> funded by the NSF for the 2017 and 2018 academic years. The 5-year strategic target was not revised due to over-performance in previous years and, thus, it is expected that the 5-year strategic target will still be met.											
BUDGET PROGRAMME TARGET 2											
2	101 900* learners (cumulative headcount) funded by the NSF for education and training towards priority occupations over the 5-year strategic period.	Number (headcount) of learners funded by the NSF for education and training towards priority occupations. (activity-based)	New indicator. No data available.	26 600* (Actual 29 052)	30 100* (Actual 38 365)	20 000*	25 200*	25 200	25 200	25 200	25 200
Target revised due to the impact of the <i>No Fee Increase</i> funded by the NSF for the 2017 and 2018 academic years.											

SUB-PROGRAMME 1.1: EDUCATION AND TRAINING											
Revised strategic target for the 5-year strategic period 2015/16 to 2019/20	Performance indicator	Audited / Actual performance			Base-line	Medium-term targets			Additional 2 years		
		5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN					2020/21	2021/22	2022/23	2023/24	
		2015/16	2016/17	2017/18	2018/19	2019/20					
BUDGET PROGRAMME TARGET 3											
3	70 560* learners (cumulative headcount) from rural areas funded by the NSF for education and training over the 5-year strategic period.	Number (headcount) of learners from rural areas funded by the NSF for education and training. (activity-based)	New indicator. No data available.	17 200* (Actual 22 633)	17 200* (Actual 32 888)	16 000*	20 160*	20 160	20 160	20 160	20 160
*Target revised due to the impact of the <i>No Fee Increase</i> funded by the NSF for the 2017 and 2018 academic years.											
BUDGET PROGRAMME TARGET 4											
4	950 SMMEs and co-operatives funded by the NSF for skills development over the 5-year strategic period.	Number of SMMEs and co-operatives funded by the NSF for skills development. (activity-based)	New indicator. No data available.	100 (Actual 2 158)	150 (Actual 2 222)	200	500	1 000	1 500	2 000	2 000
BUDGET PROGRAMME TARGET 5											
5	700 learners funded by the NSF for skills development through SMME and co-operative development initiatives over the 5-year strategic period.	Number of learners funded by the NSF for skills development through SMME and co-operative development initiatives. (activity-based)	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	200	500	1 000	1 500	2 000	2 000

SUB-PROGRAMME 1.1: EDUCATION AND TRAINING											
Revised strategic target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Audited / Actual performance			Base-line	Medium-term targets		Additional 2 years		
			5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN					2020/ 21	2021/ 22	2022/ 23	2023/ 24
			2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20				
BUDGET PROGRAMME TARGET 6											
6	11 000 learners funded by the NSF for skills development through community-based skills development initiatives over the 5-year strategic period.	Number of learners funded by the NSF for skills development through community-based skills development initiatives. (activity-based)	New indicator. No data available.	2 000 (Actual 6 877)	2 000 (Actual 8 657)	2 000	5 000	7 500	10 000	12 500	15 000
BUDGET PROGRAMME TARGET 7											
7	1 337* workers funded by the NSF for worker education over the 5-year strategic period.	Number of workers funded by the NSF for worker education. (activity-based)	New indicator. No data available.	237 (Actual 237)	200* (Actual 823)	200*	700*	700	700	700	700
*Target revised due to the impact of the <i>No Fee Increase</i> funded by the NSF for the 2017 and 2018 academic years.											

Sub-programme performance indicators and quarterly targets for 2019/20

SUB-PROGRAMME 1.1: EDUCATION AND TRAINING								
Programme target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Reporting period	Annual target	Quarterly targets			
				2019/20	1 st	2 nd	3 rd	4 th
BUDGET PROGRAMME TARGET 1								
1	217 000 learners (cumulative headcount) funded by the NSF for education and training over the 5-year strategic period.	Number (headcount) of learners funded by the NSF for education and training. (activity-based)	Quarterly	42 000	10 000	20 000	31 000	42 000
					Quarterly targets are measured by calculating the cumulative number of learners funded for the year to date.			
BUDGET PROGRAMME TARGET 2								
2	101 900 learners (cumulative headcount) funded by the NSF for education and training towards priority occupations over the 5-year strategic period.	Number (headcount) of learners funded by the NSF for education and training towards priority occupations. (activity-based)	Quarterly	25 200	6 000	12 000	18 500	25 200
					Quarterly targets are measured by calculating the cumulative number of learners funded for the year to date.			
BUDGET PROGRAMME TARGET 3								
3	70 560 learners (cumulative headcount) from rural areas funded by the NSF for education and training over the 5-year strategic period.	Headcount of learners from rural areas funded by the NSF for education and training. (activity-based)	Quarterly	20 160	5 000	10 000	15 000	20 160
					Quarterly targets are measured by calculating the cumulative number of learners funded for the year to date.			
BUDGET PROGRAMME TARGET 4								
4	950 SMMEs and co-operatives funded by the NSF for skills development over the 5-year strategic period.	Number of SMMEs and co-operatives funded by the NSF for skills development. (activity-based)	Quarterly	500	100	250	350	500
					Quarterly targets are measured by calculating the cumulative number of SMMEs and co-operatives funded for the year to date.			

SUB-PROGRAMME 1.1: EDUCATION AND TRAINING								
Programme target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Reporting period	Annual target	Quarterly targets			
				2019/20	1 st	2 nd	3 rd	4 th
BUDGET PROGRAMME TARGET 5								
5	700 learners (cumulative headcount) funded by the NSF for skills development through SMME and co-operative skills development initiatives over the 5-year strategic period.	Headcount of learners funded by the NSF for skills development through SMME and co-operative skills development initiatives. (activity-based)	Quarterly	500	100	250	350	500
					Quarterly targets are measured by calculating the cumulative number of learners funded for the year to date			
BUDGET PROGRAMME TARGET 6								
6	11 000 learners (cumulative headcount) funded by the NSF for skills development through community-based skills development initiatives over the 5-year strategic period.	Headcount of learners funded by the NSF for skills development through community-based skills development initiatives. (activity-based)	Quarterly	5 000	1 000	2 500	3 500	5 000
					Quarterly targets are measured by calculating the cumulative number of learners funded for the year to date.			
BUDGET PROGRAMME TARGET 7								
7	1 337 workers funded by the NSF for worker education over the 5-year strategic period.	Number of workers funded by NSF for worker education. (activity-based)	Quarterly	700	200	300	500	700
					Quarterly targets are measured by calculating the cumulative number of workers funded for the year to date.			

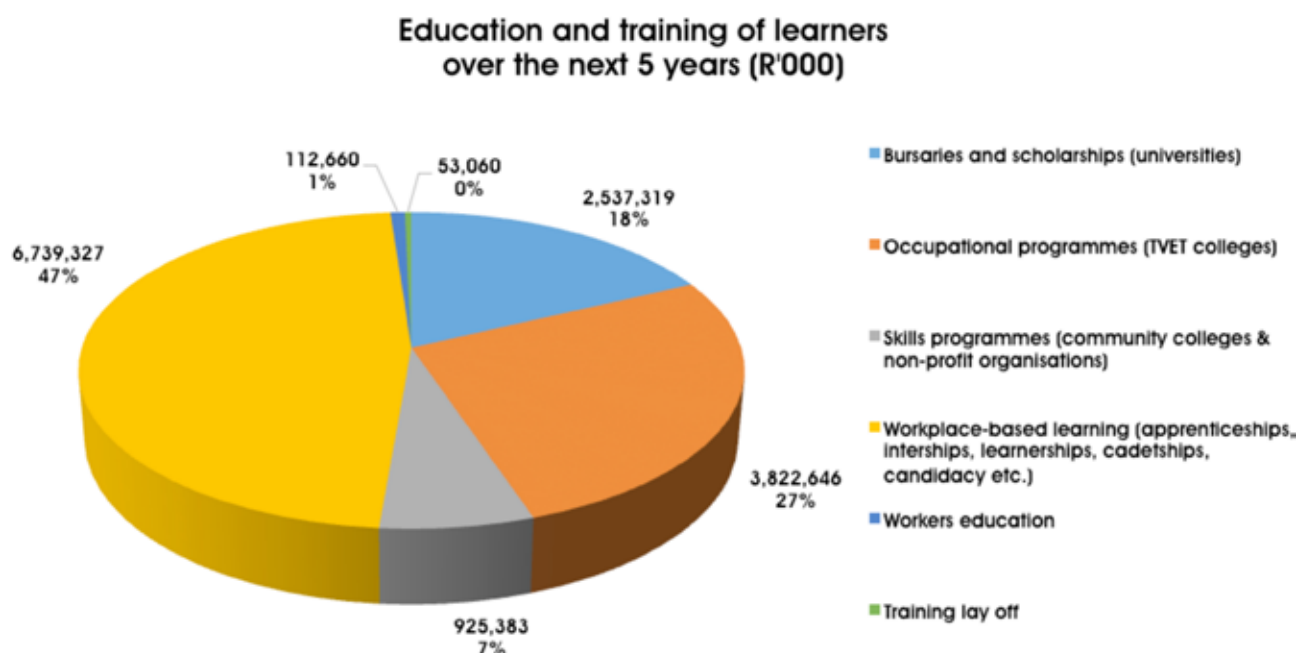
Reconciliation of performance targets with the budget and MTEF

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 years	
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Education and Training	1 342 677	1 724 176	2 884 176	2 199 965	3 235 277	2 841 469	2 556 273	2 702 342	2 727 218

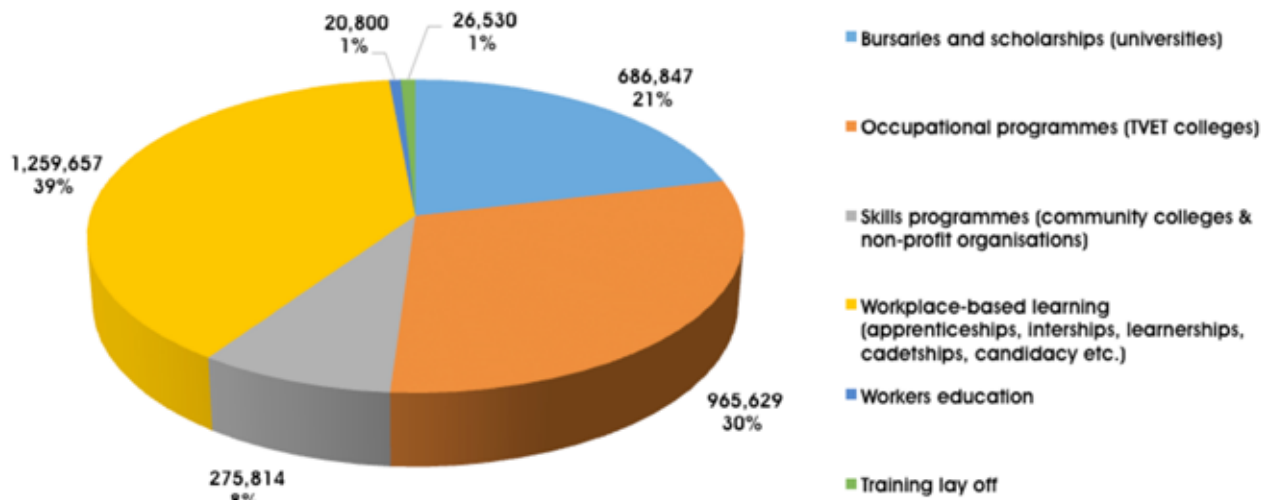
Funding towards the Education and Training of learners over the next 5 years will mainly be towards workplace-based learning, specifically apprenticeships, learnerships, cadetships, internships, etc. (47% or R6.739 billion). This will be followed by funding undergraduate and post-graduate bursaries for university students aimed at scarce and critical skills areas (18% or R2.537 billion) and funding learners for occupational programmes (full qualifications) in the TVET colleges (27% or R3.823 billion), which is not fiscus-funded.

The NSF will also provide funding for skills programmes or part qualifications (7% or R925 million) over the next 5 years to be delivered through the community college system, NGOs and national government programmes. This will include the EPWP and skills programmes aimed at co-operative and SMME development. In addition, worker education will receive R113 million over the next 5 years.

For the 2019/20 financial year, R1.260 billion will be disbursed towards learners undergoing workplace-based learning, followed by funding undergraduate and post-graduate bursaries for university students aimed at scarce and critical skills areas (21% or R687 billion) and funding learners for occupational programmes (full qualifications) in the TVET colleges (30% or R966 million). Skills programmes or part qualifications will receive R276 million and worker education R21 million for the 2019/20 financial year.



Education and training of learners during the 2019/20 financial year (R'000)



7.2. SUB-PROGRAMME 1.2: PSET SYSTEM DEVELOPMENT AND CAPACITY BUILDING

Sub-programme purpose

The purpose of this sub-programme is the funding of the PSET system development and capacity building initiatives.

Sub-programme structure

The PSET System Development and Capacity Building projects span five categories which relate to specific PSET sub-sectors:

CATEGORY	DESCRIPTION
a. Cross-cutting PSET system development and capacity building	These are PSET system development and capacity building projects that cut across all or more than one PSET sub-system.
b. University system development and capacity building	These are PSET system development and capacity building projects that relate to the university sub-system.
c. TVET college system development and capacity building	These are PSET system development and capacity building projects that relate to the TVET college sub-system.
d. Community college system development and capacity building	These are PSET system development and capacity building projects that relate to the community college sub-system.
e. Workplace-based learning system development and capacity building	These are PSET system development and capacity building projects that relate to the workplace-based learning system (skills system).

Strategic objectives and annual targets for 2019/20

STRATEGIC OBJECTIVE 6: AN EXPANDED, EFFECTIVE AND INTEGRATED PSET SYSTEM										
STRATEGIC OBJECTIVE STATEMENT:										
To expand the PSET system, improve effectiveness of the PSET system and integrate the PSET system more.										
Revised strategic target for the 5-year strategic period 2015/16 to 2019/20	Performance indicator	Audited / Actual performance			Base-line	Medium-term targets		Additional 2 years		
		5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN					2020/21	2021/22	2022/23	2022/23
		2015/16	2016/17	2017/18	2018/19	2018/20				
STRATEGIC OBJECTIVE TARGET 6										
6	100% of priority projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development) have successfully achieved most of the envisaged outputs.	Percentage of priority projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development) that have successfully achieved most of the envisaged outputs. (output-based)	Long-term projects, thus the successful completion thereof can only be measured closer to the end of the 5-year strategic period.			100%	Long-term projects, thus the success thereof will be measured at the end of the next 5-year strategic period.			
JUSTIFICATION:										
<p>The White Paper for Post-School Education and Training envisages an integrated system of post-school education and training, with all institutions playing a role as parts of a coherent but differentiated whole. These institutions include colleges and universities whose main purpose is the direct provision of education and training and, in the case of universities, conducting research. This includes the NSF, together with institutions that support the education and training process such as the sector education and training authorities (SETAs), the advisory, regulatory and quality assurance bodies such as the South African Qualifications Authority (SAQA) and the quality councils. The White Paper also recognises the importance of partnerships between educational institutions and employers. Most students are preparing for careers in the labour market, and practical experience in the world of work is an invaluable part of their training. Even those students who do not find jobs in the formal labour market will benefit from practical work experience as they seek alternative ways of earning sustainable livelihoods. Employers must be drawn closer to the education and training process; as they are major beneficiaries and must contribute to its success.</p> <p>The White Paper clearly stipulates that the NSF is an important source of funding to enable linkages between the skills system and other post-schooling sub-systems. A number of the strategic goals and objectives related to the PSET system cannot be achieved without the enabling funding from the NSF. The NSF will, therefore, continue to be responsible for building linkages within the skills system and fund skills development capacity in public education and training institutions. As such, the NSF aims to expand and integrate the PSET system as it moves towards the attainment of its strategic goal: A skilled and capable workforce for an inclusive growth path.</p>										
LINKS:										
White Paper for Post-School Education and Training										

STRATEGIC OBJECTIVE 6: AN EXPANDED, EFFECTIVE AND INTEGRATED PSET SYSTEM**RESPONSIBILITY:**

Joint responsibility between:

1. National Skills Fund

- i) Chief Director: Strategy, Performance and Innovation
- ii) Chief Director: Skills Development Implementation

2. Department of Higher Education and Training

Key support responsibility:

1. National Skills Fund

- i) Chief Financial Officer
- ii) Director: Legal, Governance, Risk and Compliance



Sub-programme performance indicators and annual targets for 2019/20

SUB-PROGRAMME 1.2: PSET SYSTEM DEVELOPMENT AND CAPACITY BUILDING											
Programme target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Audited / Actual performance		Base-line		Medium-term targets			Additional 2 years	
			5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN								
			2015/ 16	2016/ 17	2016/ 18	2018/ 19	2019/ 20				
BUDGET PROGRAMME TARGET 8											
8	100% of NSF- funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development projects) have a clear business plan and budget breakdown.	Percentage of NSF-funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development projects) with a clear business plan and budget breakdown. (activity-based)	New indicator. No data available.	100% (Actual 100%)	100% (Actual 100%)	100%	100%	100%	100%	100%	100%
BUDGET PROGRAMME TARGET 9											
9	100% of NSF- funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development) have incurred project expenditure to date that is in line with the actual project performance to date.	Percentage of NSF-funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development) where the actual project expenditure to date is in line with the actual project performance to date. (activity-based)	New indicator. No data available.	100% (Actual 100%)	100% (Actual 100%)	100%	100%	100%	100%	100%	100%

Sub-programme performance indicators and quarterly targets for 2019/20

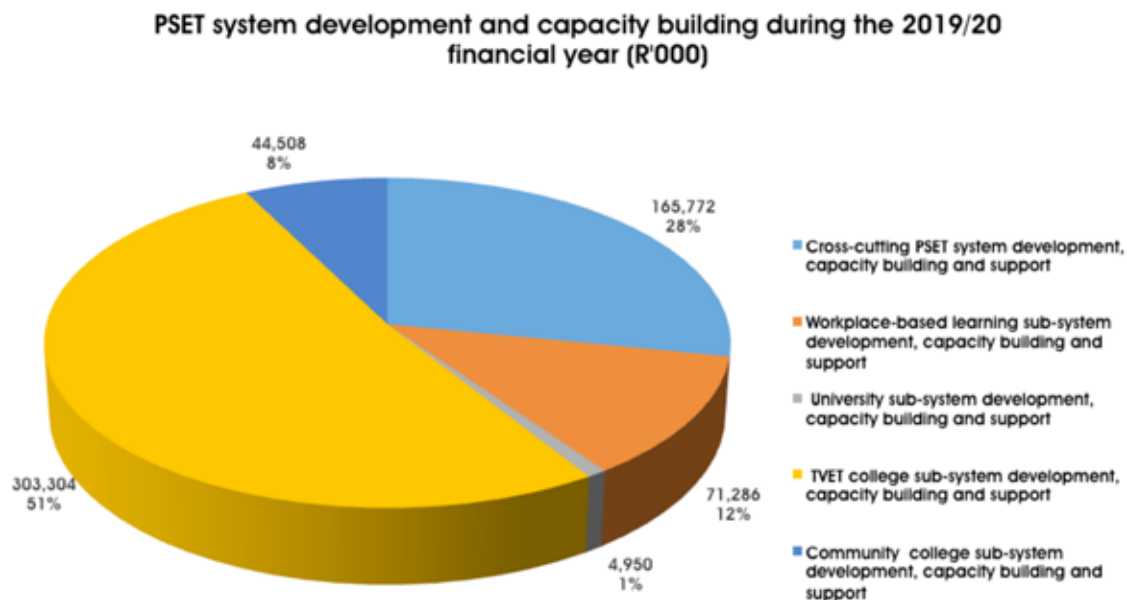
SUB-PROGRAMME 1.2: PSET SYSTEM DEVELOPMENT AND CAPACITY BUILDING								
Programme target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Reporting period	Annual target	Quarterly-targets			
				2019/ 20	1 st	2 nd	3 rd	4 th
BUDGET PROGRAMME TARGET 8								
8	100% of NSF-funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development projects) have a clear business plan and budget breakdown.	Percentage of NSF-funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development projects) with a clear business plan and budget breakdown. (activity-based)	Quarterly	100%	100%	100%	100%	100%
BUDGET PROGRAMME TARGET 9								
9	100% of NSF-funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development) have incurred project expenditure to date that is in line with the actual project performance to date.	Percentage of NSF-funded projects aimed at expanding, integrating and improving the effectiveness of the PSET system (excluding skills infrastructure development) where the actual project expenditure to date is in line with the actual project performance to date. (activity-based)	Quarterly	100%	100%	100%	100%	100%

Reconciliation of performance targets with the budget and MTEF

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 years	
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2022/23
PSET System Development and Capacity Building	1 723 416	427 214	526 400	571 104	589 820	359 046	133 886	127 192	114 473

Funding for developing and building the capacity of the PSET system is illustrated in the graph below.

PSET system development and capacity building during the 2019/20 financial year (R'000)



The NSF will mainly focus its funding on specific quality improvement projects within the TVET colleges and which relate to the following:

- The development of a foundational learning programme aimed at addressing foundational learning gaps of TVET college learners in order to increase the TVET learner throughput rate;
- The South African Institute of Chartered Accountants (SAICA) chief financial officer (CFO) and human resource management (HRM) project aimed at improving financial management and HRM at TVET colleges across the country;
- The functions of the South African Institute of Vocation and Training (SAIVCET) for curriculum development, lecturer development, teaching and learning material development etc.;
- The appointment of curriculum specialists; and
- The development of TVET college campus managers.

Funding towards cross-cutting PSET development initiatives relates to the development of the national plan for the PSET system. Cross-cutting PSET functions funded by the NSF will be sustained over the MTEF period. This will assist in the building of further capacity for the operations of the department's Career Development Services, and determining the skills demand and supply signals for the country. Specifically, this refers to the funding of the Higher Education Management Information System (HETMIS), the linked macro-economic model, improvements in the PSET monitoring and evaluation framework and establishing a Skills Planning Unit within the department. Funding toward the development of the Central Applications System will also be sustained over the MTEF period.

7.3. SUB-PROGRAMME 1.3: SKILLS INFRASTRUCTURE DEVELOPMENT

Sub-programme purpose

Under this programme, the NSF, as a catalytic fund, will fund strategic skills infrastructure development projects.

Sub-programme structure

The infrastructure development projects funded by the NSF can be categorised as follows:

CATEGORIES	DESCRIPTION
TVET college skills infrastructure development	Relates to infrastructure development and refurbishment aimed at the TVET college system.
Community college skills infrastructure development	Relates to infrastructure development and refurbishment aimed at the community college system.
University sector skills infrastructure development	Relates to infrastructure development and refurbishment aimed at the university system.
Public delivery skills infrastructure development	Relates to infrastructure development and refurbishment aimed at public delivery institutions e.g. Indlela.



Strategic objectives and annual targets for 2019/20

STRATEGIC OBJECTIVE 7: SKILLS INFRASTRUCTURE DEVELOPMENT										
STRATEGIC OBJECTIVE STATEMENT:										
To expand the PSET system, improve effectiveness of the PSET system and integrate the PSET system through infrastructure development.										
Revised strategic target for the 5-year strategic period 2015/16 to 2019/20	Performance indicator	Audited / Actual performance			Base-line	Medium-term targets		Additional 2 years		
		5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN					2020/21	2021/22	2022/23	2023/24
		2015/16	2016/17	2017/18	2018/19	2019/20				
STRATEGIC OBJECTIVE TARGET 7										
7	100% of priority projects aimed at expanding, integrating and improving the effectiveness of the PSET system through skills infrastructure development have achieved most of the envisaged outputs.	Percentage of priority projects aimed at expanding, integrating and improving the effectiveness of the PSET system through skills infrastructure development that have successfully achieved most of the envisaged outputs. (output-based)	Long-term projects, thus the successful completion thereof can only be measured closer to the end of the 5-year strategic period.			100%	Long-term projects, thus the success thereof will be measured at the end of the next 5-year strategic period.			
JUSTIFICATION:										
As per justification for strategic objective 6 on pg 47.										
LINKS:										
White Paper for Post-School Education and Training										
RESPONSIBILITY:										
Joint responsibility between:										
1. National Skills Fund										
i) Chief Director: Strategy, Performance and Innovation										
ii) Chief Director: Skills Development Implementation										
2. Department of Higher Education and Training										
Key support responsibility:										
1. National Skills Fund										
i) Chief Financial Officer										
ii) Director: Legal, Governance, Risk and Compliance										

Sub-programme performance indicators and annual targets for 2019/20

SUB-PROGRAMME 1.3: SKILLS INFRASTRUCTURE DEVELOPMENT											
Programme target for the 5-year strategic period 2015/16 to 2019/20		Performance Indicator	Audited / Actual performance			per-	Base-line	Medium-term targets		Additional 2 years	
			5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN								
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
BUDGET PROGRAMME TARGET 10											
10	100% of NSF-funded skills infrastructure development projects have a clear business plan and budget breakdown.	Percentage of NSF-funded skills infrastructure development projects with a clear business plan and budget breakdown. (activity-based)	New indicator. No data available.	100% (Actual 100%)	100% (Actual 100%)	100%	100%	100%	100%	100%	100%
BUDGET PROGRAMME TARGET 11											
11	100% of NSF-funded skills infrastructure development projects have incurred actual project expenditure to date that is in line with the actual project performance to date.	Percentage of NSF funded skills infrastructure development projects where the actual project expenditure to date is in line with the actual project performance to date. (activity-based)	New indicator. No data available.	100% (Actual 100%)	100% (Actual 100%)	100%	100%	100%	100%	100%	100%

Sub-programme performance indicators and quarterly targets for 2019/20

SUB-PROGRAMME 1.3: SKILLS INFRASTRUCTURE DEVELOPMENT								
Revised strategic target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Reporting period	Annual target	Quarterly targets			
				2019/20	1 st	2 nd	3 rd	4 th
BUDGET PROGRAMME TARGET 10								
10	100% of NSF-funded skills infrastructure development projects have a clear business plan and budget breakdown.	Percentage of NSF-funded skills infrastructure development projects with a clear business plan and budget breakdown. (activity-based)	Quarterly	100%	100%	100%	100%	100%
BUDGET PROGRAMME TARGET 11								
11	100% of NSF-funded skills infrastructure development projects have incurred actual project expenditure to date that is in line with the actual project performance to date.	Percentage of NSF-funded skills infrastructure development projects where the actual project expenditure to date is in line with the actual project performance to date. (activity-based)	Quarterly	100%	100%	100%	100%	100%

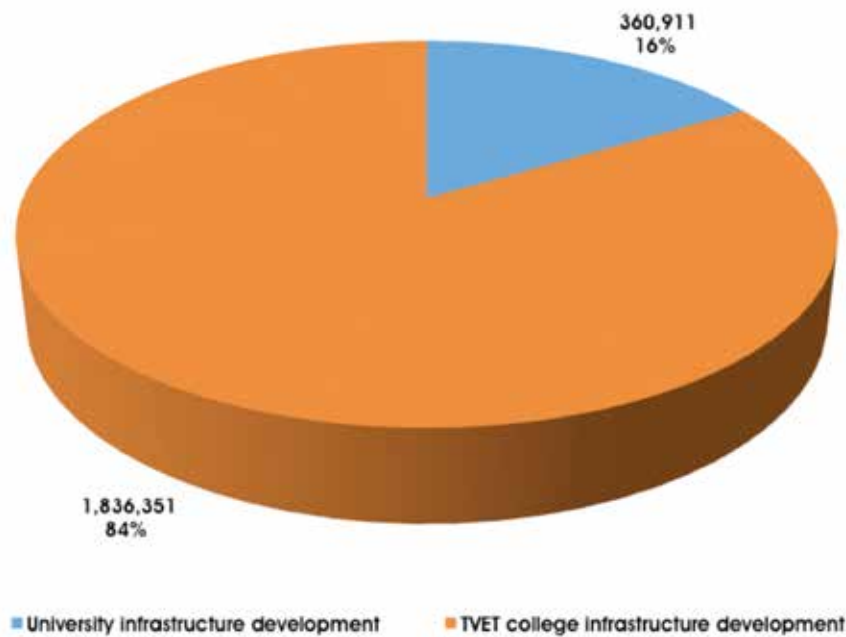
Reconciliation of performance targets with the budget and MTEF

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 Years	
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Skills Infrastructure Development	278 153	218 254	70 477	1 121 058	1 061 166	713 539	422 557	253 534	126 767

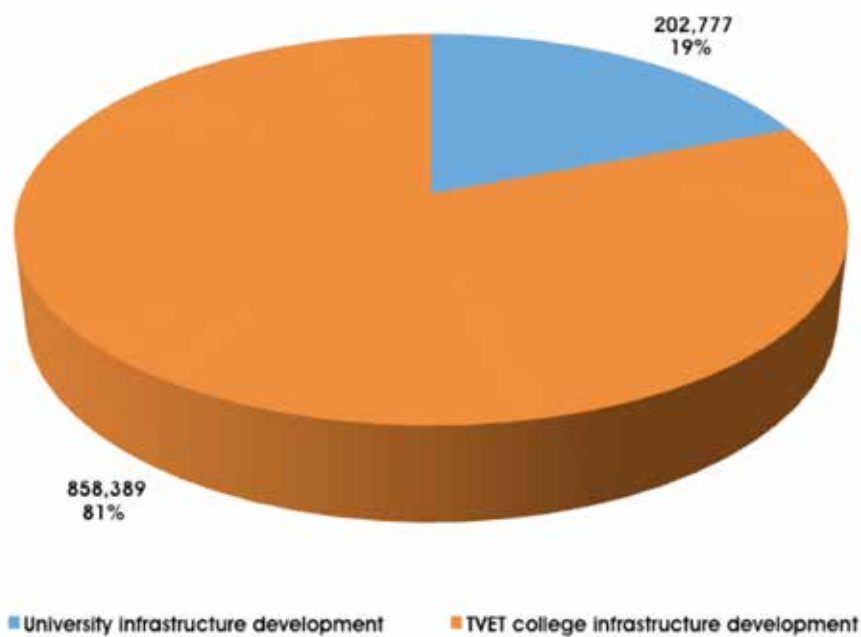
Investment in skills infrastructure development over the next 5 years will mainly consist of the TVET college infrastructure development (consisting of the completion of the remaining 9 TVET college campuses), creating centres of specialisation and funding the TVET college SANReN connectivity initiative. The NSF will also be funding specific infrastructure development in a number of universities related to scarce and critical skills. The refurbishment of Indlela will also be funded by the SETAs through the NSF.

The graphs below illustrate the NSF's investment in skills infrastructure development:

Infrastructure development and capacity building over the next 5 years - 2019/20 to 2023/24 (R'000)



Skills infrastructure development and capacity building during the 2019/20 financial year (R'000)



7.4. SUB-PROGRAMME 1.4: SKILLS DEVELOPMENT RESEARCH, INNOVATION AND ADVOCACY

Sub-programme purpose

The White Paper for Post-School Education and Training indicates that the NSF is required to support research and innovation.

Sub-programme structure

Skills Development Research, Innovation and Advocacy projects are categorised as follows:

CATEGORY	DESCRIPTION
Human Resource Development Council of South Africa (HRDCSA) research, planning and advocacy	Research and advocacy rolled out in partnership with the HRDCSA aimed at achieving the objectives/commitments specified in the Human Resource Development Strategy South Africa (HRDSSA II) and National Integrated Human Resource Development Plan.
National Skills Authority (NSA) monitoring, research, planning, policy development and advocacy	Research, innovation and advocacy rolled out in partnership with the NSA aimed at achieving the objectives/commitments specified in the NSDS III.
National Skills Authority (NSA) constituency capacity building and advocacy	Skills development advocacy rolled out in partnership with the NSA constituencies aimed at achieving the objectives/commitments specified in the NSDS III.
Department of Higher Education and Training (DHET) research	Research, innovation and advocacy rolled out in partnership with the department.

Strategic objectives and annual targets for 2019/20

STRATEGIC OBJECTIVE 8: IMPROVING SKILLS DEVELOPMENT RESEARCH, INNOVATION AND ADVOCACY										
STRATEGIC OBJECTIVE STATEMENT:										
To research priority areas related to skills development (including areas identified for innovation), to develop national skills development and human resource development policies, strategies and plans and to monitor the implementation thereof and communicate and advocate skills development.										
Revised strategic target for the 5-year strategic period 2015/16 to 2019/20	Performance indicator	Audited / Actual performance			Base-line	Medium-term targets		Additional 2 years		
		5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN					2020/21	2021/22	2022/23	2023/24
		2015/16	2016/17	2017/18	2018/19	2019/20				
STRATEGIC OBJECTIVE TARGET 8										
8	100% of skills development research, innovation and advocacy projects have successfully achieved most of the project outputs.	Percentage of skills development research, innovation and advocacy projects that have successfully achieved most of the project outputs. (output-based)	Long-term projects, thus successful completion thereof can only be measured closer to the end of the 5-year strategic period.			100%	Long-term projects, thus success thereof will be measured at the end of the next 5-year strategic period.			
JUSTIFICATION:										
<p>The NSDS III elevates research, development and innovation to a strategic level. These are not simply aspects of skills planning, but fundamental to the achievement of a skilled nation, attracting investment and achieving shared growth and development. The NSF is in a good position to support research which cuts across sectors. For example, the issue of beneficiation in mining has been highlighted, as has training within supply chains. In addition, AgriSETA has raised the need to strengthen training along the entire food chain if the rural economy is to be strengthened. The NSF must, therefore, fund research where key opportunities for economic growth and industrial development are identified but do not fall tidily into a single sector or SETA.</p> <p>Some of the research questions posed by the NSDS III are difficult. Such questions probe even the mere understanding of the challenges faced by the nation, or even how these challenges are identified. For example, how can skills development support the creation of a developmental state? This requires an understanding of the possible role of the state and its various components, and an exploration of different models of state intervention in the economy. Meta-analyses of the census and other data on how the poor in rural and urban areas earn a livelihood are examples of research that can inform the NSF and other stakeholders about the skills needed and help shape relevant curricula, especially in community colleges. Such research, both empirical and theoretical, demands the involvement of intellectuals in universities and think tanks. The NSF should, therefore, provide funding where appropriate to clarify and achieve the government's aims with regard to the education and skills development systems.</p> <p>Increasingly, innovation sets a country apart and places it on a positive developmental path. Innovation has been seen as something pertaining to universities and academics, but progressively it has evolved to applying theory in practical ways in industry. With the increased focus of NSDS III on bridging the gap between study and work, particularly in postgraduate fields of learning, innovation projects can thus be identified and funded by the NSF to support the wider goals of government.</p>										

STRATEGIC OBJECTIVE 8: IMPROVING SKILLS DEVELOPMENT RESEARCH, INNOVATION AND ADVOCACY**LINKS:**

White Paper for Post-School Education and Training (page 63)
National Skills Development Strategy III

RESPONSIBILITY:

i) Chief Director: Strategy, Performance and Innovation

Key support responsibility:

i) Chief Financial Officer

ii) Director: Legal, Governance, Risk and Compliance

iii) Chief Director: Skills Development Implementation

iv) Director: Bursaries

Sub-programme performance indicators and annual targets for 2019/20

SUB-PROGRAMME 1.4: SKILLS DEVELOPMENT RESEARCH, INNOVATION AND ADVOCACY											
Programme target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Audited / Actual performance			Base-line	Medium-term targets		Additional 2 years		
			5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN								
			2015/16	2016/17	2017/18	2018/19	2019/20				
BUDGET PROGRAMME TARGET 12											
12	100% of NSF-funded research, innovation and advocacy projects have a clear business plan and budget breakdown.	Percentage of NSF-funded research, innovation and advocacy projects with a clear business plan and budget breakdown. (activity-based)	New indicator. No data available	100% (Actual 100%)	100% (Actual 100%)	100%	100%	100%	100%	100%	100%
BUDGET PROGRAMME TARGET 13											
13	100% of NSF-funded research, innovation and advocacy projects have incurred project expenditure to date that is in line with the actual project performance to date.	Percentage of NSF-funded research, innovation and advocacy projects where the actual project expenditure to date is in line with the actual project performance to date. (activity-based)	New indicator. No data available	100% (Actual 100%)	100% (Actual 100%)	100%	100%	100%	100%	100%	100%

Sub-programme performance indicators and quarterly targets for 2019/20

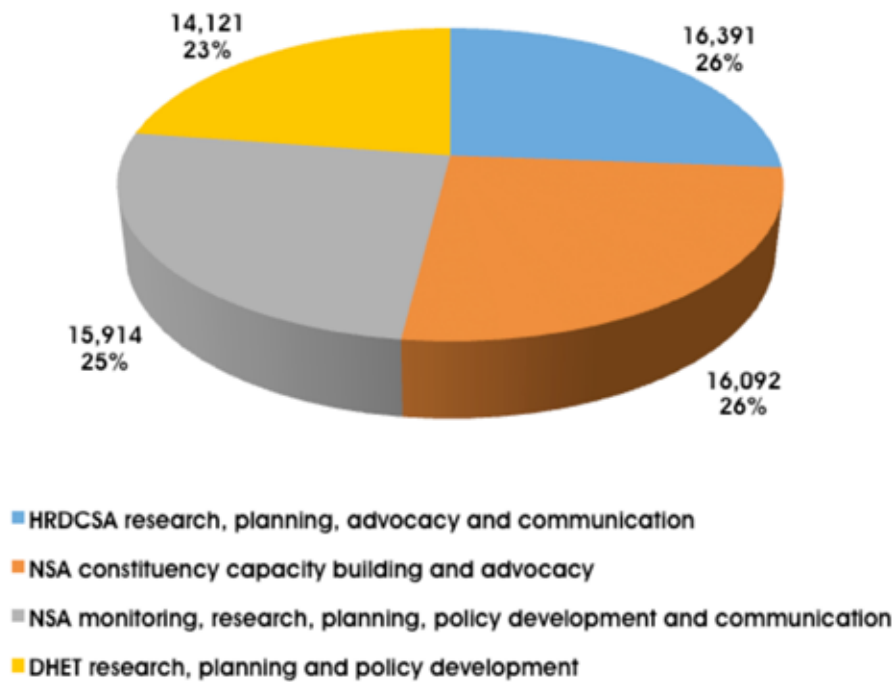
SUB-PROGRAMME 1.4: SKILLS DEVELOPMENT, RESEARCH, INNOVATION AND ADVOCACY								
Programme target for the 5-year strategic period 2015/16 to 2019/20	Performance indicator	Reporting period	Annual target	Quarterly targets				
			2019/20	1 st	2 nd	3 rd	4 th	
BUDGET PROGRAMME TARGET 12								
12	100% of NSF-funded research, innovation and advocacy projects have a clear business plan and budget breakdown.	Percentage of NSF-funded research, innovation and advocacy projects with a clear business plan and budget breakdown. (activity-based)	Quarterly	100%	100%	100%	100%	100%
BUDGET PROGRAMME TARGET 13								
13	100% of NSF-funded research, innovation and advocacy projects have incurred project expenditure to date that is in line with the actual project performance to date.	Percentage of NSF-funded research, innovation and advocacy projects where the actual project expenditure to date is in line with the actual project performance to date. (activity-based)	Quarterly	100%	100%	100%	100%	100%

Reconciliation of performance targets with the budget and MTEF

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 years	
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Skills Development Research, Innovation and Advocacy	43 777	57 069	44 505	100 542	62 518	65 421	67 218	73 447	75 478

The NSF's investment in Skills Development Research, Innovation and Advocacy can be ascribed to the four key categories as illustrated in the graph below:

Skills development research, innovation, communication and advocacy during the 2019/20 financial year (R'000)



PROGRAMME 2: NSF BUSINESS EXCELLENCE

Purpose

Programme 2: Business Excellence is the inward-focused administrative programme of the NSF.

It incorporates the following aspect of the NSF's mandate: to administer the fund within the prescribed limit (section 28(3) of the Skills Development Act). The regulations to prescribe the limit for the administration of the fund at 10% of revenue have been approved and published in Notice No. R.1030, Government Gazette No. 33740 dated 8 November 2010.

In essence, the programme ensures business excellence within the NSF is maintained and continually improved.

The programme contributes towards the NSF achieving its **strategic goal 1: A skilled and capable workforce to support an inclusive growth path** through ensuring that the organisation is efficient and effective in executing its mandate and continuously strives towards improving its efficiency and effectiveness.

According to the NSDS III, the NSF is a national resource to be used to initiate as well as respond to national skills priorities. It will be used to target gaps and complement resource shortages for national priorities. As such, its objectives will be achieved within the overall framework of the HRDSSA II and the NSDS III.

In order for the NSF to be both pro-active and reactive in the funding of national skills development priorities, the fund's aim is to establish the relevant strategic capacity, with the necessary expertise to analyse and initiate national priority projects, as well as evaluate project proposals submitted efficiently and intelligently.

The NSDS III further states that the NSF needs to develop strong monitoring and evaluation (M&E) capacity and system. This is essential for providing the necessary management and oversight assurance that is required to ensure that funds are spent on intended beneficiaries and in line with relevant contracts and/or service level agreements. M&E activities urgently need to be prioritised as a prominent and integral part of the NSF. This will also support the monitoring and evaluation of the NSDS III.

Programme structure

The NSF's administrative programme is aligned with the new macro-organisational structure, which consists of the following units:



Executive Office

The NSF Executive Office provides strategic leadership, manages stakeholder relationships, oversees operations and is responsible for internal audit as well as communication and public relations.



Bursaries

The NSF Bursary Unit is responsible for initiating bursary awards to students according to strategic objectives, monitoring the execution thereof on a programme, project and regional level and capturing lessons learned through evaluations.



Internal Audit

The NSF's Internal Audit Unit is responsible for internal audit and reports directly to the Director-General, the accounting authority of the NSF.



Finance and Fund Management

The NSF Finance and Fund Management Unit is responsible for financial planning and reporting, financial management, general fund administration, supply chain management and fund management for each skills development initiative funded.



Strategy, Performance and Innovation

The NSF Strategy, Performance and Innovation Unit is responsible for performing strategic planning functions (ie. strategic plans, APPs, demand and supply analysis, etc.); developing skills development portfolios and projects to be funded; implementing and maintaining enabling ICTs; innovation, knowledge, information data management; continued organisational improvement and integrated reporting including performance reporting.



Human Resource Management

The NSF's Human Resource Management Unit is responsible for performing all human resource management functions.



Legal, Governance, Risk and Compliance

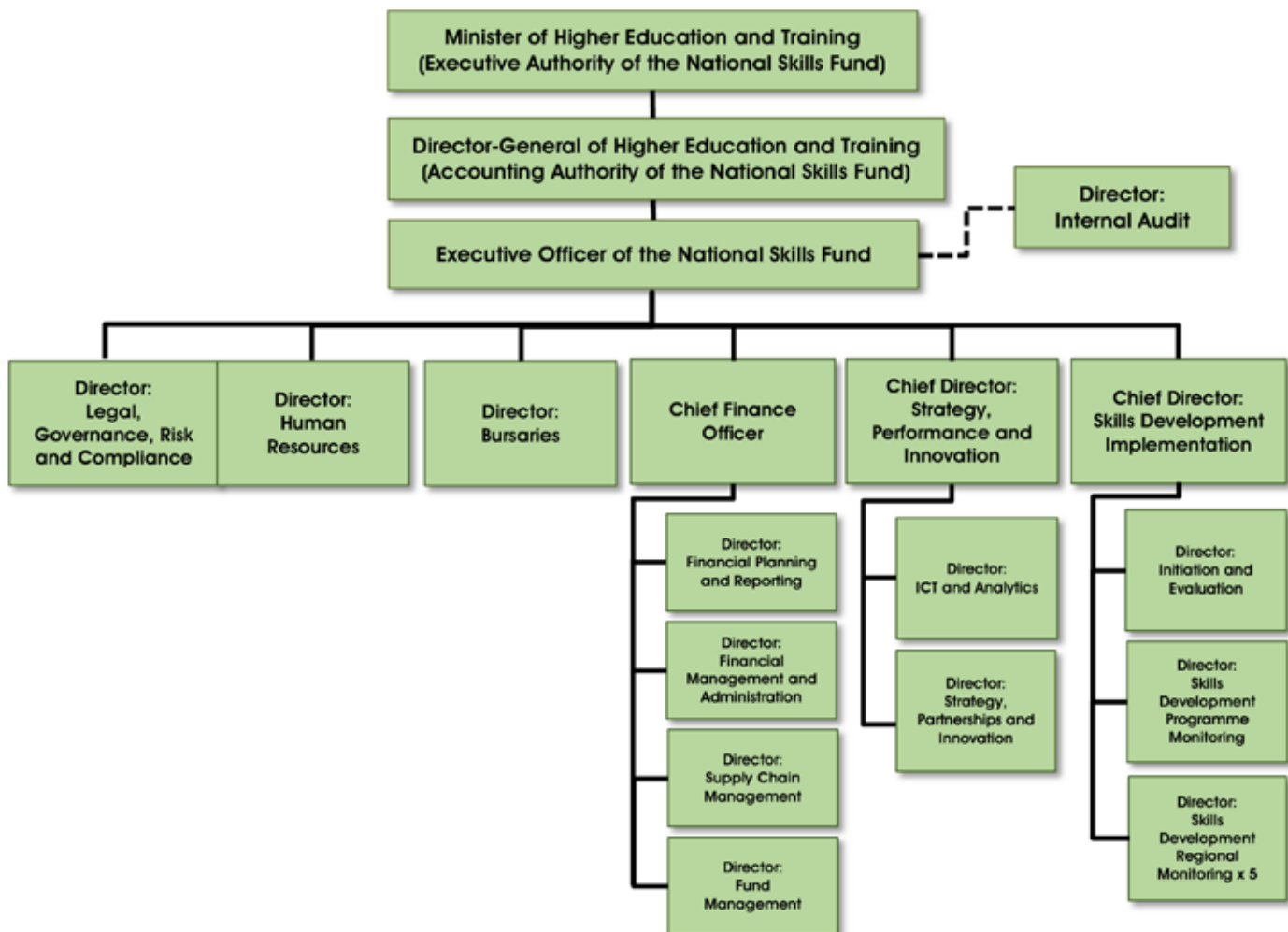
The NSF's Legal, Governance, Risk and Compliance Unit is responsible for performing all legal, governance, risk and compliance functions.



Skills Development Implementation

The NSF Skills Development Implementation Unit is responsible for initiating skills development initiatives according to strategic objectives, monitoring the execution thereof on a programme, project and regional level and capturing lessons learned through evaluations.

NEW MACRO-ORGANISATIONAL STRUCTURE



Strategic objectives and annual targets for 2019/20

The NSF measures a number of its key performance areas through its operational plan. However, key performance areas that are strategic in the achievement of the strategic goal have been included in the NSF Strategic Plan as strategic objectives to be achieved by the fund over the 5-year strategic period. These strategic objectives are as follows:

Strategic objective 9: Improve the NSF's efficiency and effectiveness through the deployment, development and management of human capital.

Strategic objective 10: Improve the NSF's efficiency and effectiveness through technology.

STRATEGIC OBJECTIVE 9: IMPROVE THE NSF'S EFFICIENCY AND EFFECTIVENESS THROUGH DEPLOYMENT, DEVELOPMENT AND MANAGEMENT OF HUMAN CAPITAL											
STRATEGIC OBJECTIVE STATEMENT:											
To improve the planning and skills development implementation capabilities, the executive office and support service functions of the NSF over the 5-year strategic period through the implementation of an improved organisational structure.											
Revised strategic target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Audited / Actual performance			Base-line	Medium-term targets		Additional 2 years		
			5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN					2020/21	2021/22	2022/23	2023/24
			2015/16	2016/17	2017/18	2018/19	2019/20				
STRATEGIC OBJECTIVE TARGET 9											
9	90% of funded SMS positions filled by the end of the strategic period.	Percentage of funded SMS positions filled by the end of each financial year. (output-based)	100%	20%	50%	90%	90%	90%	90%	90%	90%
STRATEGIC OBJECTIVE TARGET 10											
10	90% of funded non-SMS positions filled by the end of the strategic period.	Percentage of funded non-SMS positions filled by the end of each financial year. (output-based)	88%	45%	50%	90%	90%	90%	90%	90%	90%

STRATEGIC OBJECTIVE 9: IMPROVE THE NSF'S EFFICIENCY AND EFFECTIVENESS THROUGH DEPLOYMENT, DEVELOPMENT AND MANAGEMENT OF HUMAN CAPITAL**JUSTIFICATION:**

The business case for designing the new operating model and organisational structure arises from:

- 1) The weaknesses and recommendations identified through a series of reviews and evaluations commissioned by various departments and other roleplayers within the skills levy system; and
- 2) The envisaged role of the NSF as outlined in the White Paper for Post-School Education and Training:

"The roles of the SETAs and the NSF will be simplified and clarified, and their capacity built in line with their core functions.

The NSF will be responsible for skills development aligned to national development strategies and priorities, including building linkages within the skills system and providing funds for government strategies such as youth programmes, building small businesses and cooperatives, and rural development. It will also fund research and innovation that is not confined to a particular sector."

SETAs and the NSF will also use the discretionary grant to fund skills development capacity in public education and training institutions."

White Paper for Post-School Education and Training, pages xvi and xvii.

The NSF undertook a comprehensive business process re-engineering project to address shortcomings and new areas of responsibility identified through various reports. This formed the basis for the new organisational structure and ICT technology being implemented.

LINKS:

NSDS III

RESPONSIBILITY:

- i) Chief Director: Strategy, Performance and Innovation

Key support responsibility between:

- i) Executive Officer for the appointment of macrostructure heads
- ii) Heads of each unit for the appointment of staff within each vacant post
- iii) Director: Human Resources for providing efficient recruitment and appointment services

STRATEGIC OBJECTIVE 10: IMPROVE THE NSF'S EFFICIENCY AND EFFECTIVENESS THROUGH TECHNOLOGY**STRATEGIC OBJECTIVE STATEMENT:**

To improve the NSF's planning, skills development implementation, the executive office and support function through the implementation of information and communication technology (ICT) for the NSF over the 5-year strategic period.

Strategic target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Audited / Actual performance			Base-line	Medium-term targets			Additional 2 years	
			5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN					2020/21	2021/22	2022/23	2023/24
			2015/16	2016/17	2017/18	2018/19	2019/20				
STRATEGIC OBJECTIVE TARGET 11											
11	Implemented 80% of key ICT needs by the end of the strategic period.	Percentage of key ICT needs implemented by the end of each financial year. (output-based)	71%	70%	80%	80%	80%	90%	100%	100%	100%

JUSTIFICATION:

As per justification for strategic objective 9 on page 67.

LINKS:

NSDS III

RESPONSIBILITY:

- i) Chief Director: Strategy, Performance and Innovation
- ii) Director: ICT and Analytics

Programme performance indicators and annual targets for 2019/20

PROGRAMME 2: NSF BUSINESS EXCELLENCE											
Programme target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Audited / Actual performance			Base-line	Medium-term targets		Additional 2 years		
			5-YEAR STRATEGIC PERIOD AS PER NSF'S STRATEGIC PLAN					2020/ 21	2021/ 22	2022/ 23	2023/ 24
			2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20				
BUDGET PROGRAMME TARGET 13											
13	90% of vacant funded SMS positions advertised by the end of the strategic period.	Percentage of vacant funded SMS positions advertised by the end of the financial year. (activity-based)	100%	20%	50%	90%	90%	90%	90%	90%	90%
BUDGET PROGRAMME TARGET 14											
14	90% of vacant funded non-SMS positions advertised by the end of the strategic period.	Percentage of vacant funded non-SMS positions advertised by the end of the financial year. (activity-based)	88%	45%	50%	90%	90%	80%	80%	80%	80%
BUDGET PROGRAMME TARGET 15											
15	95% of key ICT needs addressed or in the process of being addressed by the end of the strategic period.	Percentage of key ICT needs addressed or in the process of being addressed by the end of each financial year. (activity-based)	71%	70%	80%	95%	95%	95%	100%	100%	100%

Programme performance indicators and quarterly targets for 2019/20

PROGRAMME 2: NSF BUSINESS EXCELLENCE								
Strategic target for the 5-year strategic period 2015/16 to 2019/20		Performance indicator	Reporting period	Annual target	Quarterly targets			
				2019/20	1 st	2 nd	3 rd	4 th
BUDGET PROGRAMME TARGET 13								
13	90% of vacant funded SMS positions advertised by the end of the strategic period.	Percentage of vacant funded SMS positions advertised by the end of the financial year. (activity-based)	Quarterly	90%	55%	60%	65%	90%
BUDGET PROGRAMME TARGET 14								
14	90% of vacant funded non-SMS positions advertised by the end of the strategic period.	Percentage of vacant funded non-SMS positions advertised by the end of the financial year. (activity-based)	Quarterly	90%	55%	60%	65%	90%
BUDGET PROGRAMME TARGET 15								
15	90% of key ICT needs addressed or in the process of being addressed by the end of the strategic period.	Percentage of key ICT needs addressed or in the process of being addressed by the end of each financial year. (activity-based)	Quarterly	95%	82%	85%	87%	95%

Reconciliation of performance targets with the Budget and MTEF

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 Years	
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24

NSF ADMINISTRATIVE EXPENSES	97 914	121 576	119 801	237 956	269 144	281 396	290 620	305 620	322 554
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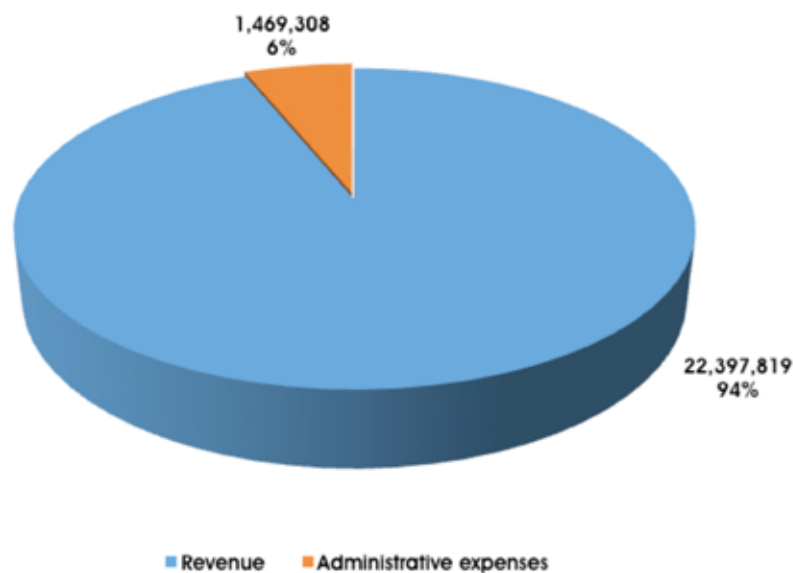
Employee costs	40 502	45 742	59 661	72 652	131 892	138 704	144 836	153 077	161 646
Operating expenses	49 148	66 705	53 260	154 932	122 330	126 949	129 176	134 995	142 422
Management fees and bank charges	3 165	2 924	1 915	2 226	2 344	2 473	2 609	2 753	2 904
Depreciation and amortisation	5 099	6 204	4 965	8 146	12 578	13 270	13 999	14 769	15 582

The NSF's administrative expenses will increase during the 2019/20 and 2020/21 financial years due to the following:

- 1) Increase in human resource capacity with the implementation of the new organisational structure; and
- 2) Investment in ICT to address the ICT needs.

The expected future revenue is sufficient to address structural changes within the prescribed legislative administrative limit of 10% of revenue and will be able to sustain the NSF's increased capacity going forward.

**Revenue vs administrative expenses over the next 5 years -
2019/20 to 2023/24 (R'000)**



▶ PART C | LINKS TO KEY GOVERNMENT STRATEGIES AND PLANS



KEY GOVERNMENT STRATEGIES, PLANS AND POLICIES

The NSF strategic plan and annual performance plan is aligned with the following key government strategies and plans:

National Development Plan

New Growth Path

Industrial Policy Action Plan

White Paper for Post-School Education and Training

Expanded Public Works Programme

War on Leaks

National Infrastructure Plan including the Strategic Integrated Projects (SIPS)

Medium Term Strategic Framework (MTSF)

Human Resource Development Strategy of South Africa

Human Resource Development Plan of South Africa





▶ ANNEXURE A: MATERIALITY AND SIGNIFICANCE FRAMEWORK

In terms of Treasury Regulation 28.3, read with section 55(2) related to materiality and section 54(2) related to significance of the Public Finance Management Act (PFMA), the accounting authority of the NSF must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority.

The Standards of Generally Recognised Accounting Practice (GRAP) on the Presentation of Financial Statements (GRAP 1) defines materiality as: information is material when it could individually or collectively, influence the decisions or assessments of the users made on the basis of financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item or a combination of both could be the determining factor.

The ethical conduct of the NSF and staff is built on moral values such as trust, integrity, confidentiality and discretion. It underpins the NSF's commitment to adhere to the highest possible acceptable norms and standards of society in dealings with clients and stakeholders.

As such, the NSF staff will refrain from any conduct which may be prejudicial to the image, name and good standing of the organisation and will ensure that all activities will be done according to the legal framework of South Africa.



TREASURY REGULATION 28.3.1

For purposes of materiality (section 55(2) of the PFMA) and significance (section 54(2) of the PFMA), the accounting authority must develop a framework and reach agreement on the acceptable levels of materiality and significance with the relevant executive authority.

	Legislative requirements	Materiality and disclosure
Section 55(2)	<p>The annual report and financial statements referred to by the PFMA subsections 55(1)(d) must –</p> <p>(a) Fairly present the state of affairs of the public entity, its business, its financial results, its performance against pre-determined objectives and its financial position as at the end of the financial year concerned;</p>	<p>Quantitative materiality figure to ensure the fair presentation of the financial statements, taking into account GRAP1.</p> <p><u>Materiality range derived:</u></p> <p>➤ Between 0.25% and 0.75% of the total budgeted expenditure</p> <p>The entity is expenditure-driven as it is focused on service delivery through expenditure. Thus, it is appropriate to use total budgeted expenditure alone as the base amount.</p> <p><u>Figures relevant:</u></p> <p>Total budgeted expenditure based on the fund's budget for the financial year ending 31/03/2020 and projected budget ending 31/03/2021.</p> <p>Year ending 31/03/2020: R5 274 788 000 Year ending 31/03/2021: R4 320 860 000</p> <p><u>2019/20 financial year:</u></p> <p>Lowest range: Calculated as R13 186 970 Highest range: Calculated as R39 560 910</p> <p><u>2020/21 financial year:</u></p> <p>Lowest range: Calculated as R10 802 150 Highest range: Calculated as R32 406 450</p> <p><u>NSF materiality framework conclusion:</u></p> <p>Based on the management's judgement, the risks identified and the knowledge of the business, the proposed materiality figure is set as follows:</p> <p>2019/20: R13 186 970 2020/21: R10 802 150</p>

TREASURY REGULATION 28.3.1

For purposes of materiality (section 55(2) of the PFMA) and significance (section 54(2) of the PFMA), the accounting authority must develop a framework and reach agreement on the acceptable levels of materiality and significance with the relevant executive authority.

Legislative requirements		Materiality and disclosure
Section 55(2)	<p>The annual report and financial statements referred to by PFMA subsections 55(1)(d) must –</p> <p>(a) include particulars of –</p> <ul style="list-style-type: none"> (i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year; (ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure; (iii) any losses recovered or written off; (iv) any financial assistance received from the state and commitments made by the state on its behalf; (v) any other matters that may be prescribed; and <p>(b) include the financial statements of any subsidiaries.</p>	<ul style="list-style-type: none"> • All losses through criminal conduct are included in the financial statements. • Treasury Regulations 9.1.5 and 28.2.1 require the accounting authority to disclose all irregular expenditure incurred as a note to the annual financial statements. • All criminal or disciplinary steps taken. • All losses recovered or written off. • All financial assistance received from the state (zero budget for 2019/20). • Will disclose as prescribed when applicable. • Not applicable.
Section 54(2)	<p>Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction –</p> <ul style="list-style-type: none"> (a) establishment or participation in the establishment of a company; (b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement; (c) acquisition or disposal of a significant shareholding in a company; (d) acquisition or disposal of a significant asset; (e) commencement or cessation of significant business activity; and (f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement. 	<ul style="list-style-type: none"> • All transactions regarding establishment or participation in the establishment of a company. • All participation transactions in a significant partnership, trust, unincorporated joint venture or similar arrangement. • All transactions in any acquisition or disposal of a significant shareholding in a company. • All transactions regarding acquisition or disposal of immovable assets. • All business activity that is outside of the approved strategic plan and budget and would impact on the National Skills Fund's ability to fulfil its mandate. • All participation transactions in a significant partnership, trust, unincorporated joint venture or similar arrangement.

ANNEXURE B: INCREASES IN THE 5-YEAR STRATEGIC TARGETS AS CONTAINED IN THE NSF STRATEGIC PLAN

This annexure outlines the increases in targets made to the 5-year strategic targets as outlined in the NSF Strategic Plan.

INCREASES TO STRATEGIC OBJECTIVE TARGETS					
No.	Performance indicators	Previous 5-year strategic target (as per NSF Strategic Plan)	Revised 5-year strategic target	Amendment	Reason
3.1	Number of SMMEs and co-operatives that benefitted from NSF-funded skills development initiatives over the 5-year strategic period. (output-based)	800	950	150 increase	Increased target in line with the available budget.
3.2	Number of NSF-funded learners that acquired skills through SMME and co-operative skills development initiatives over the 5-year strategic period. (output-based)	450	700	250 increase	Increased target in line with the available budget.
4	Number of NSF-funded learners that acquired skills through community-based skills development initiatives. (output-based)	7 000	7 200	200 increase	Increased target in line with the available budget.

INCREASES TO BUDGET SUB-PROGRAMME TARGETS					
No.	Performance indicators	Previous 5-year strategic target (as per NSF Strategic Plan)	Revised 5-year strategic target	Amendment	Reason
1	Number (headcount) of learners funded by the NSF for education and training. (activity-based)	213 000 learners	217 000 learners	4 000 learner increase	Increased target in line with the available budget.
2	Number (headcount) of learners funded by the NSF for education and training towards priority occupations. (activity-based)	86 600 learners	101 900 learners	15 300 learner increase	Increased target in line with the available budget.
3	Number (headcount) of learners from rural areas funded by the NSF for education and training. (activity-based)	65 200 learners	70 560 learners	5 360 learner increase	Increased target in line with the available budget.
4	Number of SMMEs and co-operatives funded by the NSF for skills development. (activity-based)	800 SMMEs and co-operatives	950 SMMEs and co-operatives	150 SMMEs and co-operatives increase	Increased target in line with the available budget.
5	Number of learners funded by the NSF for skills development through SMME and co-operative development initiatives. (activity-based)	450 learners	700 learners	250 learner increase	Increased target in line with the available budget.
6	Number of learners funded by the NSF for skills development through community-based skills development initiatives. (activity-based)	10 000 learners	11 000 learners	1 000 learner increase	Increased target in line with the available budget.
7	Number of workers funded by the NSF for worker education. (activity-based)	837 workers	1 337 workers	500 workers increase	Increased target in line with the available budget.

ANNEXURE C: LIST OF ABBREVIATIONS/ACRONYMS

CHE	Council on Higher Education
DHET/ Department	Department of Higher Education and Training
EPWP	Expanded Public Works Programme
HRDCSA	Human Resource Development Council of South Africa
ICT	Information and Communication Technology
M&E	Monitoring and evaluation
NARYSEC	National Rural Youth Service Corps
NDP	National Development Plan
NGO	Non-governmental organisation
NSF	National Skills Fund
PSET	Post-school education and training
QCTO	Quality Council for Trades and Occupations
SAQA	South African Qualifications Authority
SETA	Sector education and training authority
SIPS	Strategic Integrated Projects
SMMEs	Small, medium and micro-sized enterprises
SOC	State-owned companies
TVET	Technical and vocational educational and training



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RP 25/2019
ISBN 978-0-621-47042-0