



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



NATIONAL SKILLS FUND ANNUAL REPORT

2018/19







National Skills Fund
Annual Report
2018/19



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& training

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GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

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2. ABOUT THE NATIONAL SKILLS FUND

STRATEGIC OVERVIEW

VISION

Funding to skill our nation.

MISSION

To provide funding for national skills development towards a capable workforce for an inclusive growth path.

VALUES

The NSF upholds seven values:

Passion | Integrity | Collaborative | Accountability | Service Excellence | Objectivity | Developmental

STRATEGIC OUTCOME ORIENTATED GOALS

The strategic goal of the NSF is to provide funds to support projects that are national priorities in the National Skills Development Strategy (NSDS) III, that advance the Human Resource Development Strategy (HRDS) of South Africa and that support the National Skills Authority (NSA) in its work.

LEGISLATIVE AND OTHER MANDATES

Established in terms of the Skills Development Act

The NSF was established in 1999 in terms of section 27 of the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA).

The money of the NSF may be used for the primary objectives as defined by the prescripts of the SDA namely:

1. To fund projects identified in the NSDS III as national priorities (section 28(1) of the SDA);
2. To fund projects related to the achievement of the purposes of the SDA as the Director-General of the Department of Higher Education and Training determines (section 28(1) of the SDA);
3. To fund any activity undertaken by the Minister of Higher Education and Training to achieve a national standard of good practice in skills development (section 30B of the SDA); and
4. To administer the NSF within the prescribed limit (section 28(3) of the SDA). Regulations to prescribe the limit for the administration of the NSF at 10% of revenue has been approved and published in Notice No. R.1030, Government Gazette No. 33740 dated 8 November 2010.

The current main revenue sources for the NSF are:

1. Twenty percent of the skills development levies as contemplated in the Skills Development Levies Act, 1999 (Act No. 9 of 1999); and
2. Interest earned on investments held at the Public Investment Corporation (PIC).

The NSF may also receive revenue from the following sources:

1. The skills development levies collected and transferred to the NSF, in terms of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) in respect of those employers or sectors for which there are no Sector Education and Training Authorities (SETAs);
2. Money appropriated by Parliament for the NSF;
3. Donations to the NSF; and
4. Money received from any other source.

Retention of accumulated surplus

In terms of section 29(3) of the SDA, the unexpended balance in the NSF at the end of the financial year must be carried forward to the next financial year as a credit to the NSF.

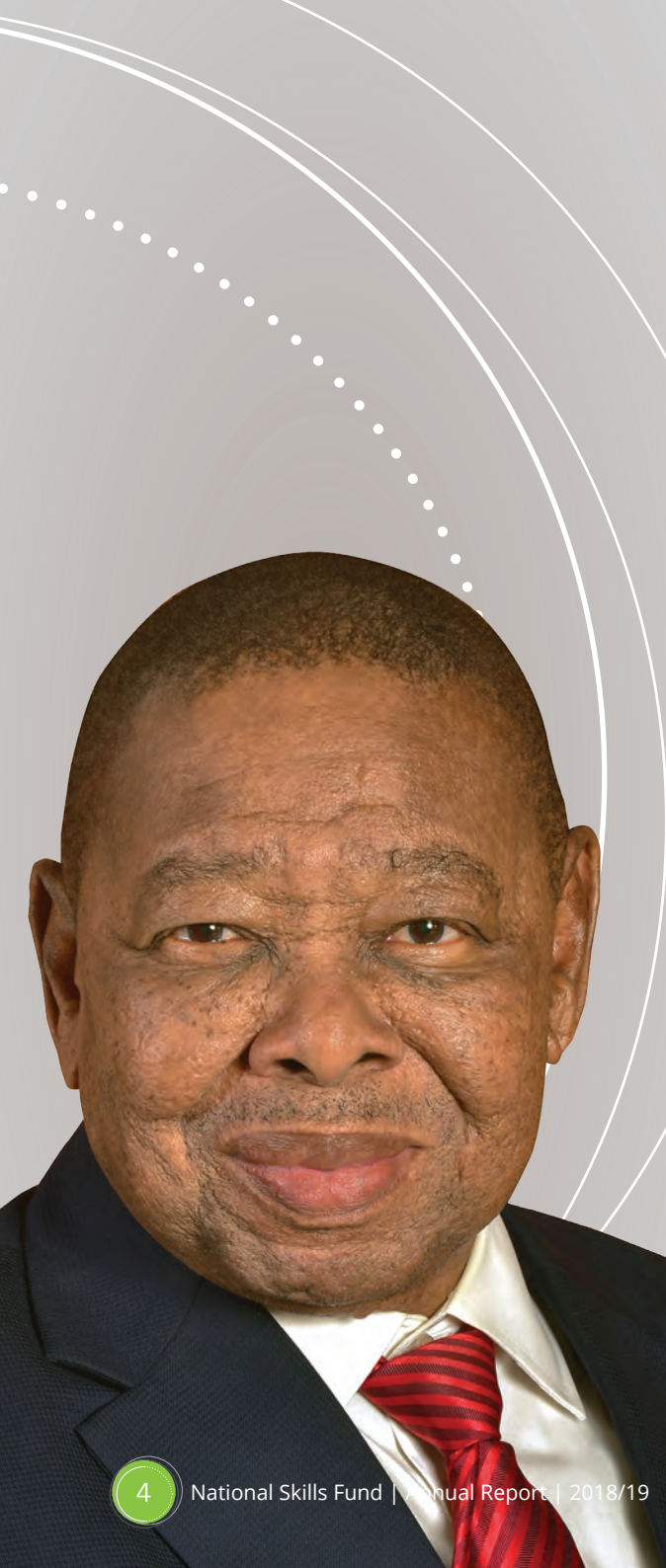
Listed as a Schedule 3A public entity in terms of the PFMA

On 12 October 2012, the Minister of Finance listed the NSF as a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA), retrospectively effective from 1 April 2012 (Notice No. 821 in the Government Gazette No. 35759). Prior to the listing as a public entity, the NSF operated as a programme under the Skills Development Branch of the Department of Higher Education and Training (DHET).

Key legislation applicable to the NSF

The following key pieces of legislation are applicable to the NSF:

1. Skills Development Act, 1998 (Act No. 97 of 1998), as amended;
2. Skills Development Levies Act, 1999 (Act No. 9 of 1999), as amended;
3. Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended and Treasury Regulations; and
4. Public Service Act, 1994 (Act No. 38 of 1994), as amended.



3. FOREWORD BY THE MINISTER

The period under review presents an ideal opportunity for the National Skills Fund (NSF) to evaluate the impact it has made on the economic and social upliftment of the people of South Africa.

It gives the fund a platform to appraise its performance against its mandated objectives and government priorities as set out in the National Development Plan (NDP) and post-school prescripts in particular.

As the fifth administration draws to an end, the year under review marks the end of the 2014-2019 medium-term strategic framework (MTSF). As such, taking stock of the NSF's performance over the past five years is a necessary exercise for aligning its work with the emerging priorities of the sixth administration.

Notwithstanding the qualified opinion in the 2018/19 review year due to misstatements in financial and performance information in the medium-term period ending in March 2019, the NSF has made a meaningful contribution towards some of the NDP priorities that affect the post-school and training environment.

Specifically, the NSF funded programmes designed to bring the realm of education closer to the world of work through learnerships, internships and apprenticeship programmes. The fund also supported the upskilling of small businesses and cooperatives through learnership and skills programmes. The NSF also continued to facilitate access to higher education through the awarding of bursaries and scholarships.

As such, the NSF continued to provide funding for new and refurbished infrastructure at universities and Technical and Vocational Education and Training (TVET) colleges and funded programmes geared to build the capacity of the TVET system.

Enabling policy environment

It gives me great pleasure to highlight that these achievements have been enabled by a stable policy environment. The National Skills Development Strategy (NSDS) III and White Paper for Post-school Education and Training (PSET) clearly defined the mandate of the NSF in the MTSF.

From 2011 to the end of the review year, the NSF was one of the key implementers of the NSDS III. It is the NSDS III that identified the catalytic role of the fund, enabling the state to drive key skills strategies and meet the training needs of the unemployed, non-levy-paying cooperatives, non-governmental organisations (NGOs), community structures and vulnerable groups.

Besides the NSDS III provisions, the White Paper for PSET indicated that the NSF will be responsible for skills development aligned with national development strategies and priorities, including building linkages within the skills system and providing funding for government strategies such as youth programmes, building small businesses and cooperatives, as well as rural development.

As such, through catalytic instruments such as the NSF, the government has been able to realise some progress in growing the national skills base towards the development of a capable workforce for an inclusive growth path.

As the Executive Authority of the NSF, I am thus pleased that with the funding allocation from the Skills Development Levy (SDL), the NSF has continued to respond to key priorities. In the review year, the fund disbursed R2.28bn in skills grants of which R2.28bn was towards education and training programmes benefiting just over 59 000 learners. The majority of these learners are from rural areas (59%) and most are pursuing qualifications in scarce and critical skills (57%).

The PSET system also benefited from the NSF's R105m injection in the 2018/19 financial year for developing new skills infrastructure and refurbishing existing facilities. Additionally, in the year under review, the NSF provided R143m funding towards capacity building projects aimed at expanding and improving the PSET system, and a further R45m towards skills development research and innovation.

Five-year reflection

Through the funding of education and training programmes, I am pleased to report that the NSF trained close to 120 000 beneficiaries during the MTSF – of which 20% were trained in the 2018/19 financial year. More than a quarter of these beneficiaries, close to 28 000, were NSF bursary and scholarship recipients pursuing undergraduate and postgraduate qualifications. The other NSF beneficiaries, mainly young people not in education, training nor any form of employment, participated in learnerships and skills programmes implemented through skills development service providers.

In building the skills-base of small, medium and micro enterprises (SMMEs) and cooperatives, the NSF funded 5 166 emerging enterprises throughout the MTSF. A further 4 680 learners were funded by the NSF during the past five years for skills programmes through SMMEs and cooperative skills programmes. To this end, appreciation also goes to the long term partnership with the Department of Small Business Development, through its entity, the Small Enterprise Development Agency (SEDA).

Through community and non-profit organisations and NGOs, the NSF trained 24 511 learners and an additional 1 678 learners through worker-initiated programmes during the MTSF.

As informed by the NSDS III, the NSF continued to provide funding to expand and integrate the PSET system. Notably, the launch of the official Centres of Specialisation (CoS) programme in the 2019 academic year at 26 technical and vocational education and training (TVET) campuses is a remarkable highlight. The CoS programme is one of the department's initiatives aimed at improving the TVET college system, especially in the delivery of artisanal skills.

Additionally, the 13 TVET campuses being built by the department in rural or semi-rural areas across the Eastern Cape, KwaZulu-Natal, Limpopo and Mpumalanga is yet another achievement to highlight. This infrastructure development, financed by the NSF for R1.5bn and sector education and training authorities (SETAs) for R1bn, assists the department to create access to quality post-school training institutions in each of South Africa's 44 district municipalities.

Strategic partnerships

Government alone cannot turn the tide. For this reason, I continue to appreciate collaborations with international counterparts, other organs of state and the business community.

For instance, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) has a long-standing relationship with the South African government, through South Africa's multilateral partnership with Germany.

During the MTSF, the GIZ continued to make a substantial contribution towards key programmes of the department, some of which are funded by the NSF. The GIZ's Skills Development for a Green Economy (SD4GE II) programme has been instrumental in the rollout of the South African apprenticeship Dual System Pilot Project (DSPP) in 2016. Coming from one of the leading industrial countries in the world, the SD4GE II introduced best practice to shape the DSPP model for the South African environment.

On the energy front, the commitment of strategic partners has contributed towards the success of the South African Renewable Energy Technology Centre (SARETEC). Since its launch at the Cape Peninsula University of Technology in the review period, several partners have lent support to SARETEC in its journey, which began in 2012 when the department, through the NSF, approved R105m funding to establish the world-class facility.

I am pleased that through sound partnerships, SARETEC has come to fruition and is now supplying the growing renewable energy industry in South Africa with much-needed specialised skills using formal South African qualifications.

The GIZ's South Africa German Energy Programme (SAGEN) was one of the frontrunners in lending support in the operationalisation of SARETEC. Various industry players through the South African Wind Energy Industry Association and the South African Solar Photovoltaic Industry Association were also instrumental in the development of the centre's energy curriculum. Multinationals Nordex and Deutsche Windtechnik have also made invaluable contributions. The Western Cape Government and Green Cape's sponsorship is also notable, as is Eskom's wind turbine donation.

In a bid to provide holistic support to the youth in the higher education system, in the review year, the Higher Education and Training HIV/AIDS programme (HEAIDS) continued its public health programmes to primarily address the prevalent HIV crisis, especially among South Africa's youth. In the campus context, successful

HIV programmes deal with the empowerment of young women, the elimination of gender-based violence, amongst other priorities.

Ongoing funding support from the NSF enabled HEAIDS to incorporate our country's 50 TVET colleges into its programme. In the year under review, HEAIDS launched its third clinic in Limpopo at Vhembe TVET College, Makwarela Campus.

The need for improved collaboration within the skills system is also expressed in the National Skills Development Plan (NSDP) 2030. The NSDP 2030 puts focus on joint planning and alignment of funding cycles of skills levy institutions and strengthening collaboration with SETAs.

It is for this reason that the recently launched CoS pilot is a model case of the collaboration of the skills institutions, the NSF and SETAs. The NSF made available R150m to upgrade workshops at TVET colleges to meet industry requirements in 13 priority trades as part of the nationwide CoS programme. The SETAs have ensured that all participating employers in the programme received a discretionary grant, and will continue to receive such grants into the future to sustain the programme. A total of 649 young apprentices are enrolled at 26 TVET college campuses and employed for three years by host companies.

The CoS programme is also backed by the governments of India and Japan. The government of India injected R48m in the review year towards the establishment of the Gandhi Mandela CoS, focused on mechanical fitters, at the Pretoria West Campus of Tshwane South TVET College. This support flows from the memorandum of understanding signed by South Africa and India at the BRICS (Brazil, Russia, India, China and South Africa) summit in July 2018.

The Japan International Cooperate Agency (JICA), on the other hand, supports the fitter and turner trades at Northlink TVET College, Wingfield Campus, and Tshwane South TVET College, Centurion Campus. Starting out with two colleges in the review year, JICA is implementing new teaching methods aligned with the DSPP of the 21st century model (A21) and will assist the department in the further rollout across all colleges participating in the CoS programme. This support has been facilitated through the cooperation between South Africa and Japan in the fields of information and technology, science and technology, as well as attracting essential skills in support of South Africa's human resource development strategy.

Outlook

Looking ahead, the NSDP 2030 places emphasis on the NSF training an increased number of unemployed people for the employment market and self-employment opportunities. It highlights the need to address the skills of the poor, prioritising those not in employment, education or training. It sees the NSF continuing its work that supports wider government strategies such as youth programmes, whilst at the same time being an active agent in the building of small businesses and cooperatives, and growing our rural economy.

Therefore, the NSF must be enabled to play an intensified catalytic role in supporting the overall goals of the National Plan for Post School Education and Training (NPPSET) that was launched at the end of the 2018/19 financial year.

The NPPSET, a consolidated roadmap for a more integrated, transformed, articulated and effective post-school system, requires the NSF to regain its focus over the 2020–2025 medium term in supporting the most marginalised groups, including the unemployed, and primarily in the community education and training (CET) system.

With the country's alarming unemployment at 27.6% in the first quarter of 2019, the NSF must, therefore, intensify its focus on programmes that address the needs of the poor in a manner that supports the equity imperatives outlined in the NPPSET. Much focus is, therefore, needed for skills development offered through the CET system. This will assist to integrate a third of all young persons aged 15–24 years (3.4 million) who were not in employment, education or training in the first quarter of 2019.

Moving forward, the integration of the Higher Education and Training Ministry with the Ministry of Science and Technology holds a lot of promise – considering the NSF is also responsible for funding research and innovation that is not confined to a particular sector.

The practice of mechanisation, and the perceived and inherent impact of technology on the workforce and accessing emerging opportunities within a changing technologically enabled environment are some of the engagements that will be better coordinated through the integrated Ministry of Higher Education, Science and Technology. Importantly, technology as both an enabler and a platform in the delivery of training and higher education will become new realities as we move into the next five years.

Appreciation

Finally, I would like to thank the former Minister of Higher Education and Training, Hon. Dr Naledi Pandor, whose wise policy counsel guided the fund in the last two years of the MTSF. I extend appreciation to the Director-General of Higher Education and Training, Gwebinkundla Qonde, for being prudent in exercising his fiduciary duties as the Accounting Authority of the NSF. I extend appreciation to the Audit Committee in the execution of its oversight obligations. To the senior management of the fund, led by Executive Officer Mr Mvuyisi Macikama, and the rest of the NSF staff, let this outcome not deter you from your commitment towards the delivery of the NSF mandate. Importantly, I thank all strategic partners and third-party funders who continue to support the NSF mandate.



Dr Blade Nzimande, MP

Minister of Higher Education, Science and Technology



4. FOREWORD BY THE DEPUTY MINISTER

It is a rewarding, yet bitter assignment to report on the work of the National Skills Fund (NSF) in the development of new skills in the review period, particularly in the emerging sectors of the economy.

While the 2018/19 financial year was a robust period for the NSF, which saw the fund making a meaningful contribution to the development of skills in key sectors, the year ended with the unsatisfactory qualified opinion from the Auditor-General of South Africa.

Even so, in the review year, the NSF leveraged its funding for rural development and increased its focus on our townships where most of the poor and most marginalised reside. In unlocking opportunities within the oceans and green economy, the NSF had approved funding in the earlier years of the 2014–2019 medium-term strategic framework (MTSF). In the 2018/19 financial year, the NSF's investment in these sectors showed that a solid foundation had been established in developing institutional support to drive advocacy but also training, particularly new entrants such as the youth, in these industries.

Inroads in growing skills for the rural economy

Absorbing rural people into the formal economy remains a key priority of the government. For this reason, in the review year, the NSF prioritised the rural hinterland, which makes up a large part of the country, for its education and training programmes.

In this regard, the NSF funded 34 925 learners from rural areas for education and training in the review year. This is more than double the projected 16 000 beneficiaries from rural areas to be trained in the review year. The R600m rural skills development initiative implemented by the NSF in the second half of the 2018/19 financial year largely

contributed to this overachievement. Through private skills providers, the NSF is rolling out skills programmes nationwide. I am pleased to report that the NSF made a concerted effort to prioritise the most rural provinces, with the largest portion of the funding allocation awarded to skills development providers operating in the Eastern Cape, KwaZulu-Natal and Limpopo.

Furthermore, strategic partnerships with provincial government departments in the development of skills to revitalise rural areas have borne positive results in the review year. For instance, through the partnership between the Department of Higher Education and Training and the government of Mpumalanga, the NSF approved R89.9m funding for the implementation of the province's flagship project, Fortune 40. The project, which involves mentoring and training more than 1 800 young people in agricultural skills, is implemented by the Mpumalanga Department of Agriculture, Rural Development and Land Reform. Upon completion, learners will be assisted by the provincial government to access state farms on lease to operate commercial farms.

Similarly, under the auspices of the department, the NSF entered into a partnership agreement with the Eastern Cape Department of Rural Development in the review year. The partnership is designed to unlock and fast-track sustainable upskilling and employment creation opportunities within the agricultural and rural environment. The backing of the Eastern Cape government is critical for ensuring the sustainability of projects beyond the NSF's funding period, especially since the province received a sizeable share of the NSF's skills funding towards rural development.

A focus on the township economy

Importantly, training programmes geared towards small and micro entrepreneurs in the informal sector hold

the most potential in reviving peri-urban areas largely comprising townships and informal settlements. Equally important is giving recognition to trailblazers effecting changes in these communities.

To this end, Isaac Boshomane produced 60 automotive mechanic artisans from his workshop, Kgabo Cars, in Soshanguve in Gauteng. He received the most outstanding individual award at the National Skills Authority Awards held in March 2019. The honour, bestowed by the former Minister of Higher Education and Training, Hon. Dr Naledi Pandor, is in recognition of an individual who has distinguished themselves in their profession, organisation and community within the skills development system.

The awards recognise the best skills development practices in NSF-funded projects in various sectors and categories. Focusing on training automotive mechanics, Kgabo Cars is one of the implementing providers of the NSF's rural skill development programme with R5.3m approved funding for three years up to 2021.

Additionally, the NSF's funding towards upskilling opportunities in the digital environment is another significant highlight in the review year. For example, two technology-focused projects in Gauteng funded by the NSF have the potential to equip their learners for enterprising opportunities after the completion of the training. These projects are configured in a way that will enable learners to either establish their own small enterprises or collaborate to form cooperatives to service their communities with basic digital technology services.

For instance, with the approved R12.4m funding from the NSF, Aviwe Business Development Services in Newtown, Johannesburg, is training 200 unemployed youth in film and television production. The South African Digital Content Organisation, on the other hand, was approved R2.3m funding to train 100 unemployed youth in technology-related skills programmes.

With the tools, networks and know-how, once they complete training, these young people can create their own jobs and determine their growth in their respective industries.

Blue and green economy skills

Unlocking the economic potential of South Africa's ocean is the founding ethos for Operation Phakisa Initiatives. In that regard, I am pleased to report that the NSF continued to provide skills funding to maritime institutions and cadet programmes.

The NSF's grant funding of R311m towards the South African International Maritime Institute (SAIMI) is making a significant contribution towards promoting South

Africa's maritime sector and coordinating education, skills, training, research and development.

To this end, SAIMI leads a partnership and collaborative effort towards better education, training and upskilling programmes, linking beneficiaries to socio-economic opportunities and investing in new knowledge, technologies and innovations for a globally competitive South African maritime sector. The institute has also forged partnerships with a broad base of stakeholders from universities, sector education and training authorities (SETAs), technical and vocational education and training (TVET) colleges, the maritime industry, government and representatives from the African maritime sector.

I am also pleased to report on several maritime-focused skills programmes supported by the NSF in the year under review. This includes 60 students, mainly unemployed engineering students at TVET colleges between the ages of 18 and 35 years, who were at advanced stages of their workplace training by the end of the review year. Through the Shipping and Transport College, the NSF funded the Able Seafarer Deck/Engine Cadet Rating programme.

The programme offered the South African Maritime Safety Authority (SAMSA) skills courses with combined TVET technical engineering studies alongside on-board vessel exposure and workshops. Absorption in the labour market was a key goal of the occupational maritime skills programme. From the intake of 60 cadets, 14 males and 4 females had been offered permanent employment contracts by their host placement companies during the course of their training. These 18 cadets (30%) highlight the need to harness the potential of young people through training.

In terms of renewable energy, the NSF's funding towards the South African Renewable Energy Technology Centre (SARETEC) included R24m for operational costs. This funding support has enabled the centre to develop and register curricula for wind and solar and commit funding towards the development of new qualifications in energy efficiency and biomass to gas.

Looking ahead

In the 2020–2025 MTSF, artisan development will remain a priority. There is a continuous need for suitably qualified artisans to sustain industries and support economic growth within South Africa. In a range of national strategies, the need for artisans is elevated and identified as a priority area for skills development.

While the NDP indicates that by 2030 the country should be producing 30 000 qualified artisans per year, this target has been brought forward by the 2014–2020

MTSF to 31 March 2026. The number of artisans who were found competent in the 2017/18 financial year was 21 151, as reported in the department's tracer study for artisans. This annual output has to increase by another 10 000 artisans leading up to 2026.

In a bid to ramp up the uptake of artisanal trades, the department's Centres of Specialisation programme will be instrumental in realising these targets as well as public TVET colleges that offer programmes in artisan skills.

Additionally, the need to expand other forms of workplace-based learning, such as learnerships, work-integrated learning and internships, is a critical focus, as is the community education and training system.

Importantly, the advent of digitisation presents another exciting avenue for the next five years. It calls for South Africans, and the entire post-school system in particular, to reimagine South Africa through the lens of smart qualifications and programmes that are in now in demand, and enabling technologies for a modern teaching and learning environment.

Gratitude

Lastly, I would like to express my appreciation for the unwavering leadership of the NSF Executive Authority, the Minister for Higher Education, Science and Technology, Hon. Dr Blade Nzimande. To the Accounting Authority of the NSF, Mr Gwebinkundla Qonde, the Executive Officer, Mr Mvuyisi Macikama, the fund's senior management and entire staff of the NSF, may this outcome motivate you to diligently discharge your duties.



Mr Buti Manamela, MP

Deputy Minister of Higher Education, Science and Technology

5. FOREWORD BY THE DIRECTOR-GENERAL

In the first six years as a national public entity under Schedule 3A of the Public Finance Management Act (PFMA), the National Skills Fund (NSF) achieved an unqualified audit, although findings had been raised on both reporting on predetermined objectives and noncompliance with legislation.

Not once have I imagined a qualified audit would become a lived experience at the NSF. Certainly not when seeds sown by the fund in former years are beginning to blossom. Yet, the 2018/19 financial year has left us wanting.

It is disappointing, therefore, to report that the NSF, in the 2018/19 financial year was unable to adequately and accurately account for all the financial effects of the transactions and activities conducted by the fund, particularly for long-term projects and programmes. Due to late reporting and in some case lack of reporting by some long-term projects, particularly those being implemented by state-owned companies and fraternal national and provincial government departments with whom the NSF works in partnership. This inhibited the fund's ability to provide satisfactory evidence on the expenditure towards some its funded projects. Additionally, some projects funded by the NSF whose contracting period ended during the review year were without close-out reports as evidence that completed projects successfully delivered the outputs as per NSF-approved project plans, more specifically those with public institutional partners.

Although the 2018/19 audit points to weaknesses in the NSF's internal controls, I am pleased to present this integrated report for the year ending in March 2019. This annual review does not only present the NSF's performance information against predetermined objectives, its activities, outputs and outcomes; it also highlights the relationships that the fund relies on within

the post-school education training (PSET) environment to discharge its duties and fulfil its mandates.

Learners funded for education and training

With R2.28bn disbursed towards education and training programmes in the 2018/19 financial year, the NSF provided funding for 59 101 learners for scarce and critical skills. This included funding for undergraduate and postgraduate bursaries for university students enrolled in scarce and critical skills areas, although at a lesser scale than in previous years due to the decline in the fund's investment income through which it funds bursaries and scholarships.

Despite the decline in the funding, through strategic partnerships with the National Student Financial Aid Scheme (NSFAS) and the National Research Foundation (NRF), the NSF continued to drive key skills strategies, promote equity targets of race and access to higher education through the awarding of undergraduate and postgraduate bursaries and scholarships. With the approved funding in 2018/19, a total of 10 223 students were funded through the NSF's five distinct undergraduate bursary programmes administered through the NSFAS, postgraduate degrees through NRF and scholarships awarded through the department's International Scholarships Programme.

Importantly, I am pleased to highlight that the NSF far exceeded its planned 38 000 learners to be funded for education and training in the review year and that a majority of funded learners were pursuing priority occupations (33 905) and were from rural areas (34 925).



Upskilling emerging enterprises

Given that high levels of unemployment persist in South Africa, many people are prevented from finding employment, improving their businesses or starting their micro or small business because of a lack of appropriate skills and work experience.

One of the main purposes of the post-school system is to enable individuals to earn sustainable livelihoods through self-employment or establishing a company or cooperative.

It is for this reason the NSF supports the government's focus towards building the skills base of small, medium and micro enterprises (SMMEs) and cooperatives.

In the 2018/19 financial year, a total of 786 SMMEs and cooperatives were funded by the NSF for skills development. An additional 4 480 learners were funded by the NSF for skills development through SMMEs and cooperatives. Of this, 475 (11%) learners completed their education and training programmes. Thanks to the long term partnership with the Department of Small Business Development, through their entity, the Small Enterprise Development Agency (SEDA), the NSF was able to achieve this growth in this area of its work.

Post-school capacity-building projects

The department's flagship Centres of Specialisation (CoS) programme being implemented at 26 TVET campuses is one of the key programmes the NSF has funded with the view of expanding and integrating the PSET system.

The White Paper for PSET stipulates that the NSF is an important source of funding to enable linkages between the skills system and other post-schooling subsystems. A number of the strategic goals and objectives related to the PSET system cannot be achieved without the enabling funding from the NSF. In response to the White Paper, the NSF thus takes up a supporting role for public institutions such as universities, universities of technology, TVET colleges and community colleges. As a result of the NSF's interventions, we have witnessed a significant increase in access to higher education institutions and TVET colleges, as well as growth in the number of relevant programmes offered by these institutions.

For instance, the NSF made available R150m to upgrade workshops at 26 TVET campuses to meet industry requirements in 13 priority trades for the first rollout of the national artisanal development CoS programme. The sector education and training authorities have ensured that all participating employers in the programme received discretionary grants.

Investing in skills infrastructure

In the 2018/19 financial year, the NSF had 16 skills infrastructure projects valued at R2.5bn. This portfolio of priority projects is funded by the NSF to expand, integrate and improve the effectiveness of the PSET system through skills infrastructure development. The establishment of the False Bay TVET College's sixth campus, Swartklip Campus, as well as 10 TVET campuses being built by the department in rural and peri-urban areas in the Eastern Cape, Mpumalanga and KwaZulu-Natal, are flagships in this portfolio.

In the review year, the NSF approved R180m funding for False Bay TVET College to establish the Swartklip Campus. This funding is enabling the college to realise its vision of creating a skills campus purely focused on the training of artisans. When complete, the campus will boast fully equipped workshops in various artisanal trades such as masonry, plumbing, painting, plastering, tiling, carpentry, welding, electrics, motor mechanics and rigging.

The location of the new campus, between Mitchell's Plain and Khayelitsha, promotes the integration of these communities which are amongst the most marginalised and economically disadvantaged communities in the Cape Town Metropole. The campus will allow these communities to redress past discrimination through access to education and training and workplaces.

As part of the memorandum of agreement between the college and Airport Company of South Africa (ACSA), the owner of the Swartklip site, ACSA has committed to providing work-integrated learning and employment opportunities for the campus's graduates at ACSA as well as tenants and contractors who are operating at ACSA.

The campus will accommodate approximately 6 000 students once fully operational. The infrastructure upgrades, being done in two phases, will span three years. The rigging workshop, to be utilised as an artisanal CoS for rigging apprentices, constituted the first phase of the project and was almost near completion stages by the end of the review year.

The college enrolled its first intake of 30 rigging apprentices in the 2019 academic year.

Conclusion

To the Executive Officer, Mvuyisi Macikama, and his team: you have a mammoth task of steering the fund back towards renewed confidence in its mandate. I extend appreciation to the Audit Committee and Internal Audit in the execution of their oversight obligations. I also thank all strategic partners and third-party funders who continue to support the work of the fund. Importantly, I would like to thank the former Minister of Higher Education and Training, Hon. Dr Naledi Pandor, for her counsel on policy imperatives that influenced the fund during her tenure. To the incoming Minister, Dr Blade Nzimande, I extend appreciation for his unwavering support of the aspirations of the PSET system and the mandate of the NSF in particular.



Mr Gwebinkundla Fellix Qonde

Director-General of Higher Education and Training



6. EXECUTIVE OFFICER'S REPORT

The Department of Higher Education and Training (DHET) has done much to reposition the National Skills Fund (NSF) since it took over the fund from the Department of Labour (DOL) in 2009. In particular, in the five years of the 2014–2019 medium term strategic framework (MTSF) period, much attention has been on augmenting the NSF's human capital and building technology-enabled business processes and systems as a means to improving operational efficiencies.

As such, in the year under review, the NSF continued with the implementation of its organisational structure and operating model to ensure improved effectiveness and efficiencies in the administration of its skills funding. Aptly named Project Siyaphambili (moving forward), this internal drive, in essence, is a transformation project which commenced in 2014 and aimed at improving the efficiency and effectiveness of the NSF.

While the NSF received the first qualified audit opinion from the Auditor-General South Africa (AGSA) in the 2018/19 financial year, this outcome comes at a time when a lot of what the NSF set out to achieve through Project Siyaphambili is beginning to yield positive results. Some of the progress recorded by the NSF throughout the MTSF would never have been realised if the Accounting Authority, the Director-General of Higher Education and Training, did not endorse Project Siyaphambili five years ago.

I am thus pleased to report on advancements made by the NSF in the development of internal capacity from the inherent overreliance on consultants, the rollout of technology-enabled systems as critical enablers for improved efficiencies and reporting, and the broad skills funding base which has grown from private providers to span the entire post-school education and training (PSET) system.

Building a capable workforce

In a bid to ensure that the NSF has the right capacity to discharge its mandate, 17 appointments were made in the review year in core and support functions. This includes seven senior managers, one chief director and six directors. This brings the total number of NSF permanent employees to 92 as at the end of the 2018/19 financial year, a 33% increase from the NSF's 69-member team of 2014.

These appointments include the public relations and communication director who assumed duties in the third quarter of the year under review and was tasked with developing and maintaining sound relationships with the NSF's stakeholders.

The custodian of the NSF's core business, the skills development implementation chief director, was also among the critical positions filled in the review year. The incumbent, Eubert Mashabane, was the NSF's strategy, partnerships and innovation director prior to his appointment as chief director. He is part of the original NSF team that was transferred from DOL to the then newly configured DHET in 2009. He is a wealth of knowledge and networks that is critical in navigating the future of the NSF.

Additionally, four skills development implementation regional monitoring directors were appointed, of which three were promotions. These four regional directors augment the skills development implementation unit which is responsible for the NSF's entire portfolio of projects from initiation to execution. Specifically, they provide an oversight of regional skills development. Also, four deputy directors were appointed in the review year within the skills development implementation regional monitoring directorates.

These regional appointments are significant considering that the NSF's project initiation function, the conduit through which the skills development market engages the fund and the "deal-makers" within the NSF, was not a dedicated function as it was done by three project directors. The NSF of today comes from a regime of no separation between the NSF personnel who initiated unsolicited and solicited skills development initiatives funded by the NSF from those who monitored and evaluated the outcomes.

In essence, the bolstered regional capacity is a positive outcome of the National Skills Development Strategy (NSDS) III, which, amongst other priorities, emphasised the urgent need to develop a strong monitoring and evaluation capacity and system within the fund. This capacity is necessary to provide the much needed management and oversight assurance to ensure that funds are being spent on the intended beneficiaries, and in line with contracts and service level agreements.

I am therefore proud to report that, as at the end of the review year, the appointment of the regional directors had started to bear fruit. Within their first year, there has been an overall improvement in project reporting and project monitoring, thus enabling the NSF to closely monitor skills development at regional level and improve regional stakeholder engagement and coordination.

The finance directorate was also strengthened with the appointment of the supply chain management director to establish the supply chain unit as a requirement of the Public Finance Management Act.

Notably, these appointments mark a significant milestone for the NSF towards the implementation of its organisational structure through Project Siyaphambili. As at the end of the review year, work was ongoing in ensuring that the remaining key vacant positions in the NSF's organisational structure are filled.

Enabling technological platforms

Importantly, the NSF realises the significant role of technology in aligning the work of the fund with its strategic objectives. As such, in the year under review, the NSF made significant progress in the establishment and rollout of new information and communication technology (ICT) systems to improve the overall efficiency and effectiveness of the fund.

Specifically, the NSF was in the build and testing phase of the new integrated Microsoft Dynamics ICT system during the year under review, which will be deployed during the 2019/20 financial year.

In the past, the NSF was weighed down by poor data and information management. The NSF had been running a paper-based operation from inception which meant that the NSF's performance information was not readily available due to the manual reporting system. The NSF collated performance information retrospectively for each annual audit. This alone was a serious hindrance as data validation controls could not be implemented at the point of input.

While the migration from paper-based to fully automated business processes and systems was not completed in the review year, the phased-in reporting templates have provided much value in ensuring that the NSF knows how many learners it has funded, who they are, what they are learning and their learning sites.

The envisaged benefits of the automated business processes and systems, once fully operational, include more accurate reporting through improved monitoring of skills development programmes and projects and improved monitoring of the fund's performance.

Approved policies to standardise operations

While the NSF is on a drive to having fully automated processes and systems, we also believe that policies and standard operating procedures that incorporate the significant changes brought about by a new operating model, will bode well in improving future audit outcomes of the NSF. Through clear policies, we will redefine what is acceptable or not at the NSF, as well as reinforce and clarify the standards expected of employees at all levels.

I am thus pleased to report that seven policies were approved by the Accounting Authority in the 2018/19 financial year. Four ICT policies were developed, namely incident and problem management, ICT change management, user access and cloud management. These policies cover ICT issues from changes to data, hardware and software up to access management elements such as new user registration, user removal and permissions, as well as security requirements and standards on the use of cloud computing.

On the other hand, the asset management policy addresses the usage, administration and management of assets, including the proper identification, accounting, safeguarding, maintenance and disposal of assets.

In finance, the trade payable policy applies to the payment of trade payables to ensure that the correct amount is paid to the correct vendor at the correct time, without the incurrance of penalties.

On the bursaries front, the scarce and critical skills bursary policy outlines a new funding model aimed at increasing the number of high-achieving students registering and succeeding in scarce skills disciplines.

The NSF's intensified focus on the development of policies for all areas of the NSF's operations will continue in the next financial year.

Operational and service excellence

Amid a challenging operating environment in 2018/19 and the audit qualification by AGSA, I am proud to report that the NSF achieved a significant number of its main objectives and that it continued to fulfil its broad mandate of providing funding for skilling our nation.

In the 2018/19 financial year, the NSF achieved six of the nine (67%) five-year strategic objective targets it set out to achieve. It is important to note that the NSF achieved all six targets focused on its core business, funding skills development, which are within this reporting category (Budget Programme 1). The three five-year strategic objective targets that were not achieved were focused on the administrative reporting category (Budget Programme 2).

In terms of the annual budget programme targets, the NSF achieved 10 of 16 (63%) targets in the review year. Similarly, the NSF fared well on its core business with eight annual skills funding targets achieved and five not achieved within this reporting category (Budget Programme 1). On the side of the administration of the annual budget programme targets (Budget Programme 2), the NSF achieved 2 of 3 targets with one target not achieved.

A closer look at this performance shows that the NSF realised overachievements across all thirteen targets for its education and training sub-programmes. In the review period, the NSF almost doubled its planned targets for the funding of young people enrolled in scarce and critical skills disciplines across all the 26 public universities of the country, to funding towards programmes that target key artisanal trades and skills programmes focused on small, micro and medium-sized enterprises (SMMEs) and workplace leaders.

These overachievements across education and training sub-programmes can largely be attributed to the R600m rural skill development initiative being implemented by the NSF. This is a three-year rural skills intervention being rolled out through 76 service providers from the third quarter of the 2018/19 financial year.

A notable operational shift within the NSF over the past 10 years has been the move away from the inherent focus on funding skills development through private skills providers. Currently, over and above skills programmes administered through private skills providers, the NSF provides funding for skills programmes across cross-cutting programme mixes from universities, community education and training (CET) and technical, vocational education and training (TVET) colleges, as well as through SMMEs and cooperatives, community-based and worker organisations, state-owned entities and other organs of state including national government, agencies, provinces and municipalities.

This fundamental shift is why you see the NSF injecting funding towards building the capacity of the PSET system and skills infrastructure, as well as investing in research and innovation.

The main objective of the NSF is to fund projects and programmes aimed at providing skills and education to the young people of South Africa. Therefore, one must acknowledge the inroads made by the fund to ensure an increasing number of people, especially the youth, are being empowered by with skills that will bring them a step closer to being employable or starting their small ventures.

The performance in the review year shows that the NSF is unrelenting in the delivery of skills development funding and that it has suffered from internal administrative constraints that inhibit its ability to effectively and efficiently monitor its grants disbursements. As such, as the NSF management, we accept that the development of policies and procedures to standardise operations did not keep up with the technological changes, appointments and augmentation of the staff complement as per the redesigned organisational structure.

As the saying goes, once bitten twice shy: the NSF is therefore committed to getting its house in order so that we can regain the confidence of businesses that continue to contribute to the skills development levy, the NSF's main source of funding, the government that has tasked the NSF with its mandate and existing and future beneficiaries of the NSF.

Outlook

The recently approved National Plan for PSET and National Skills Development Plan (NSDP) 2030 offer certainty in terms of the NSF mandate. Both prescripts put emphasis on the NSF ensuring increased support to marginalised groups and the unemployed, particularly young people.

Therefore, I am pleased to report that the NSF is one of the implementing partners of the Unemployment Insurance Fund (UIF) Labour Activation Programme. Through this intervention, the NSF will certainly increase the number of beneficiaries trained through education and training initiatives in the medium term, particularly the unemployed and the youth. There may be some anticipated challenges in the implementation of the UIL Labour Activation Programme, largely due to this collaborative approach being a green field for both parties. However, overall the programme is a positive injection to the NSF's entire skills development implementation portfolio and a meaningful contribution to the emerging priorities expressed in the National Plan for PSET and NSDP 2030.

Additionally, the rollout of ICT systems and recruitment for vacancies will remain a significant focus for the NSF in the 2019/20 financial year. Resolving the root causes of the 2018/19 qualified audit outcome will be another key priority.

Importantly, over and above the DHET-commissioned research that is funded by the NSF, the NSF's imminent focus will also be on commissioning a study to ascertain the impact of NSF-funded skills interventions over the remaining period of the NSDS III. This data is critical input for the NSF's planning function as it charts the path for the fund for the next five to ten years.

Appreciation

The NSF would merely be a purse without its staff. I therefore applaud all staff for their continued commitment to providing skills funding for South Africans. Yet even with all the staff, all the achievements the NSF has reported throughout this report would not be realised without its implementing partners. I therefore acknowledge the role of private providers, SMMEs, community and workplace organisations, state-owned entities and the public sector institutions that work with the fund in the delivery of skills projects and programmes. Last but not least, the NSF enjoys an extraordinary relationship with the DHET. The department is not an ordinary shareholder but also an implementing partner of some of the NSF-funded programmes. With the NSF executive and accounting authorities, Dr Blade Nzimande and Mr Gwebinkundla Qonde respectively, being at the helm of the fund, this has meant that the NSF's activities remain in line with the skills priorities of the department and PSET system as a whole.



Mr Mvuyisi Macikama
NSF Executive Officer

7. SENIOR MANAGEMENT



NSF top management from left: Project Siyaphambili Chief Director Wean Minnie CA(SA), Acting Chief Financial Officer Nyawa Dikwayo CA(SA), Strategy, Performance and Innovation Chief Director Melissa Erra, Skills Development Implementation Chief Director Eubert Mashabane, and Executive Officer Mvuyisi Macikama

OFFICE OF THE EXECUTIVE OFFICER



Executive Officer:
Mvuyisi Macikama



**Legal, Governance, Risk and
Compliance Director:**
Adv Azwifaneli Sidimela



**Public Relations and
Communication Director:**
Khanyisa Ngewu



Internal Audit Director:
Cindy Smit CA(SA)

CHIEF DIRECTORATE: STRATEGY, PERFORMANCE AND INNOVATION



**Strategy, Performance and
Innovation Chief Director:**
Melissa Erra
(Appointed 1 July 2019)



ICT and Analytics Director:
Lubabalo Lokwe

DIRECTORATE: BURSARIES



Bursaries Director:
Conny Makhabane

OFFICE OF THE CHIEF FINANCIAL OFFICER



Acting Chief Financial Officer
from June 2019:
Nyawa Dikwayo CA(SA)



Acting Chief Financial Officer
up to May 2019:
Zakariya Alli CA(SA)

CHIEF DIRECTORATE: PROJECT SIYAPHAMBILI



Project Siyaphambili Chief Director:
Wean Minnie CA(SA)



Fund Management Acting
Director:
Athenkosi Yam CA(SA)



Supply Chain Management
Director:
Wicky Mkhize

CHIEF DIRECTORATE: SKILLS DEVELOPMENT IMPLEMENTATION



**Skills Development
Implementation Chief Director:**
Eubert Mashabane



**Initiation and Evaluation
Director:**
Kgaogelo Hlongwane



**Programme Monitoring
Director:**
Frans Strydom



**Regional Skills Development
Monitoring Director – Northern
Cape and Western Cape:**
Shaafig Fredericks



**Regional Skills Development
Monitoring Director – Gauteng,
Free State and North West**
Meriam Malebo



**Regional Skills Development
Monitoring Director – Eastern
Cape and KwaZulu-Natal:**
Lindiwe Okuofu



**Regional Skills Development
Monitoring Director – Limpopo
and Mpumalanga:**
Sally Mangubewa





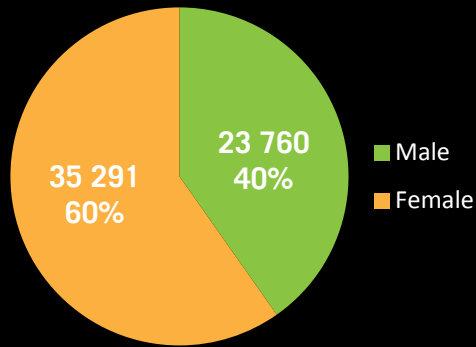
PERFORMANCE HIGHLIGHTS

1. 2018/19 BENEFICIARY FACTSHEET

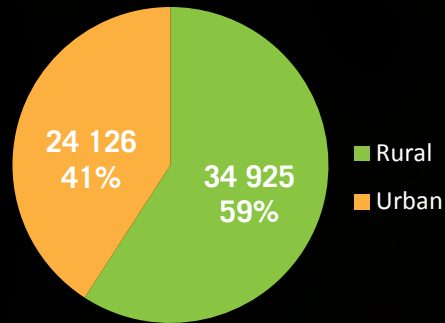
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people trained through education programmes

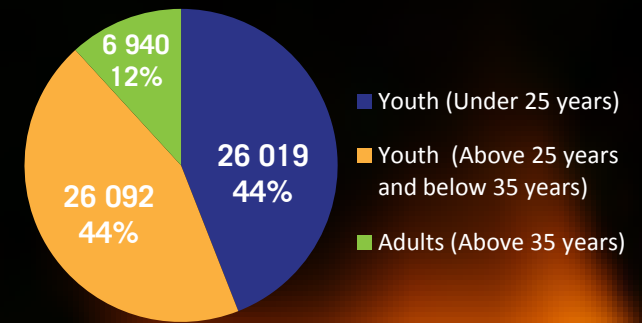
Gender



Rural vs urban

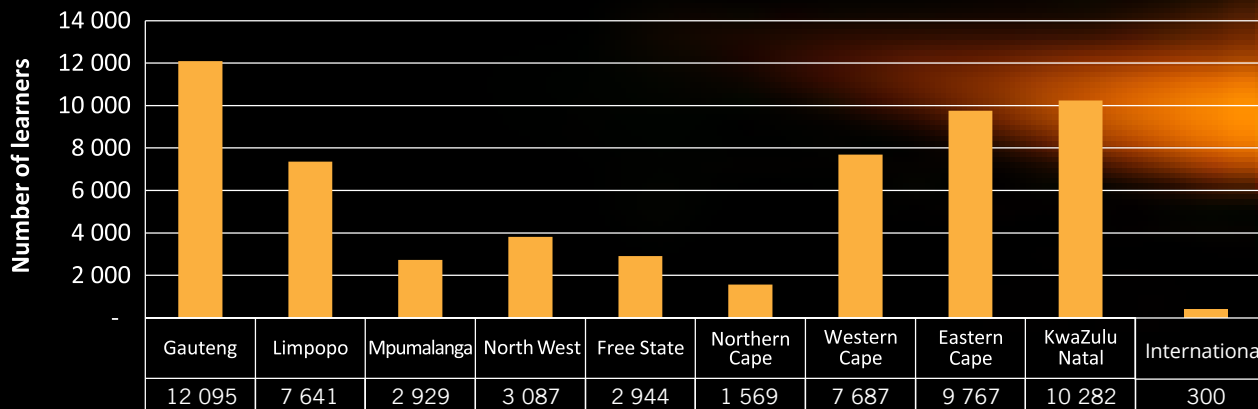


Age

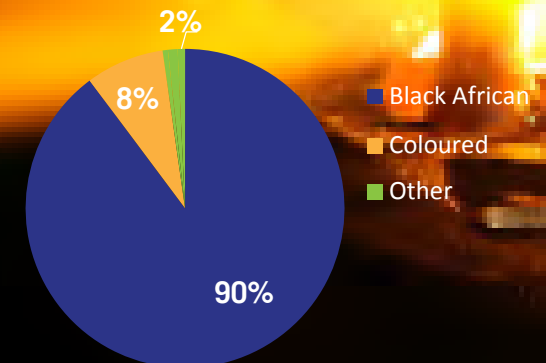


Disability 1%

Provincial breakdown



Equity / population group



*Other (2%) comprise Indian, Asian and White

2. EDUCATION AND TRAINING

University bursaries and scholarships for scarce and critical skills

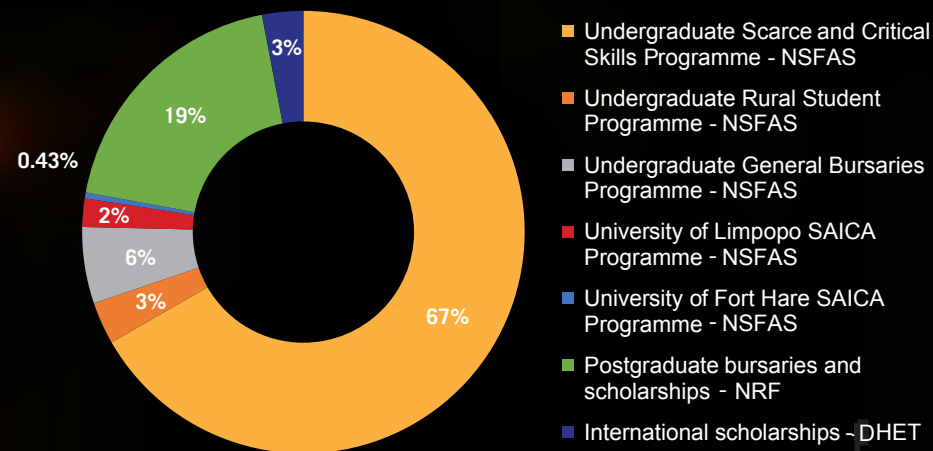
In the 2018/19 financial year, the National Skills Fund (NSF) continued to fund undergraduate and postgraduate bursaries for university students enrolled in scarce and critical skills areas.

In the review period, 2018/19, the NSF approved more than R789m for the funding of university qualifications across its suite of bursaries and scholarship programmes.

Through strategic partnerships with the National Student Financial Aid Scheme (NSFAS) and the National Research Foundation (NRF), the NSF continued to drive key skills strategies, promote equity targets of race and access to higher education through the awarding of undergraduate and postgraduate bursaries and scholarships.

With the approved funding in 2018/19, a total of 10 223 students were funded through the NSF's five distinct undergraduate bursary programmes administered through the NSFAS, postgraduate degrees through NRF and scholarships awarded through the department's International Scholarships Programme.

More than 10 000 students were funded by the NSF for under- and post-graduate qualifications in the 2019 academic year



The NSF bursaries and scholarships programmes cover study costs towards tuition fees, accommodation and subsistence and travel related to formal teaching and learning activities.

UNDERGRADUATE BURSARIES – NSFAS

Through the strategic partnership with NSFAS, there are five undergraduate programmes, namely: the Scarce and Critical Skills Programme, Rural Student Programme, General Bursary Scheme Programme, University of Limpopo South African Institute of Chartered Accountants (SAICA) Programme and the University of Fort Hare SAICA Programme.

SCARCE AND CRITICAL SKILLS

With more than **R415m** approved towards scarce and critical skills, **6 818** students at different public institutions were funded.

The fund is aimed at academically deserving students pursuing qualifications in high demand at recognised public higher education institutions. The students were selected and recruited through the NSFAS economic means tests and an income threshold evaluation to determine funding eligibility.

The NSF has considered the government's position to ensure access to *fee-free* higher education through the provision of funding to students whose parents have an annual household income of less than R350 000. It is for this reason that the NSF's bursary allocations are aligned with the government's pronouncement and considers students within the same household income bracket.

NOTABLE HIGHLIGHT



Letlhogonolo Mphatwe, 24, recalls having a tough matric year, not knowing how he was going to fund his studies. All he knew was that he did not want any study loans. He committed to working hard that year so that he could secure funding and the subsequent awarding of the NSF-funded bursary was opportune for the young man.

With the bursary, his financial burdens were immediately lifted off his shoulders and he concentrated on his studies. Mphatwe completed his degree in Actuarial Science at the University of the Free State in record time.

"The NSF monitoring visits kept me motivated," he said as he persevered to attain his lifelong dream.

At the beginning of 2019, Mphatwe was hired as a quantitative analyst by First National Bank. He is currently working towards qualifying for his board exam administered by the Actuarial Society of South Africa and being bestowed with his professional status.

Feeling ecstatic towards his bright future of numbers, quantitative analysis and research, he said: "I've learnt to rise after every fall. I've learnt that I am very much responsible for my success and that I should always hold myself accountable."

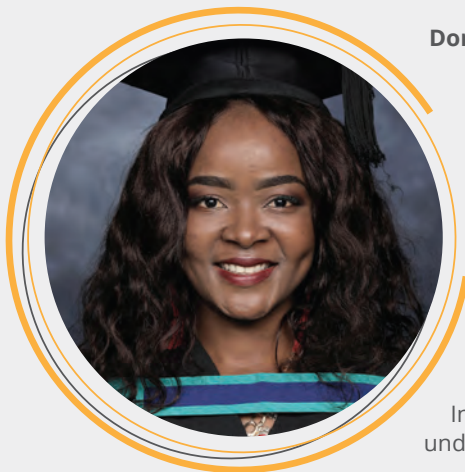
RURAL STUDENT PROGRAMME

In the current review period, 317 students were funded by the NSF with the approved R24m funding towards students from rural areas.

The students were selected through the Rural Education Access Programme (REAP). REAP provides funding and guidance to deserving South African students from disadvantaged rural households to pursue their tertiary education. Bursary recipients receive a monthly stipend, as well as academic monitoring, mentoring, psychosocial support and life skills training.

The Rural Students Programme benefits academically deserving and financially disadvantaged students from rural areas to study at universities and universities of technology. The student's permanent address must be within an identified rural area and they must be registered or accepted at a public university for an undergraduate degree, diploma or certificate programme.

NOTABLE HIGHLIGHT



Dorothy Masuvhelele graduated from the University of Venda with a Bachelor in Environmental Sciences in 2019.

From the Collins Chabane Local Municipality in Limpopo, Masuvhelele was raised by both parents who had no formal education and little income to support the family with four children. Her mother was a domestic worker for almost 20 years.

Like many, she had big dreams for her future. It was in Grade 10 that she found her passion and interest in environmental management practices.

Amid the conditions of her upbringing, she passed matric with flying colours at John Mutheiwana Secondary School. In her matric year in 2015, with the assistance of school teachers, she applied to several universities and was accepted at the University of Venda.

"Deep inside, I felt that my dream was finally going to become a reality, I was willing to work hard," she said.

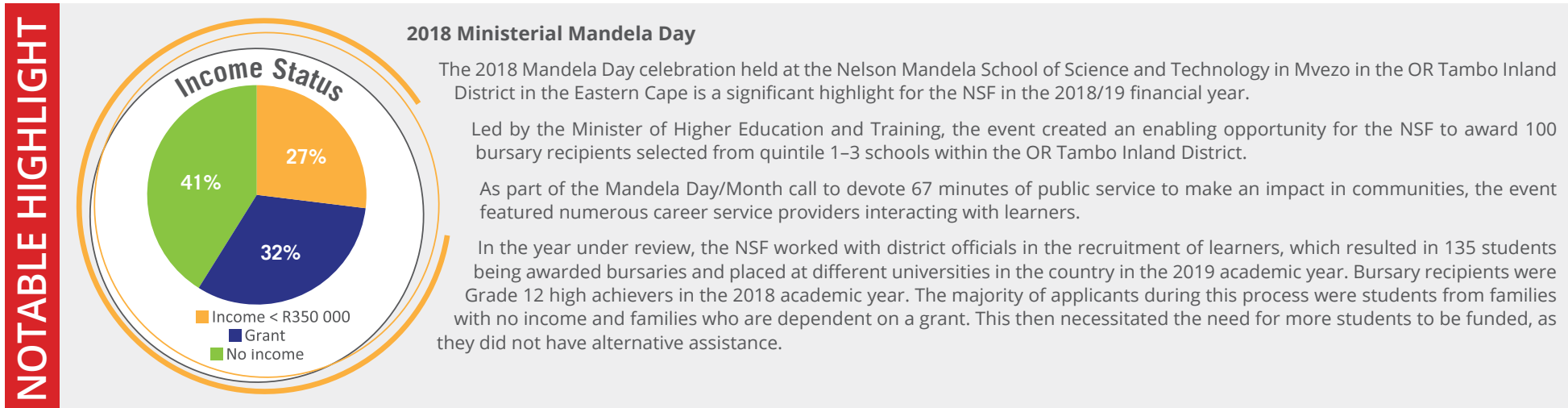
In the 2019 academic year, she had registered for an Honours Degree and is deeply grateful for the NSF support during her undergraduate studies.

GENERAL BURSARIES

In the financial year under review, the NSF General Bursary Programme supported **570** students with a budget of more than **R101m**.

The programme relates to bursaries awarded to students through several initiatives that include projects aimed at creating access to higher education spearheaded by the Minister of Higher Education and Training.

The annual Mandela Day Career Festival, a project of the Minister, is a major event that feeds into this programme.



SAICA PROGRAMMES

Through the SAICA programmes, **more** students are given **access** to an undergraduate qualification and subsequent Certificate in Theory of Accounting (CTA).

In essence, the SAICA programme is aimed at increasing the number of black Chartered Accountants (CAs) in the country to deal with the inequality that exists in this area of specialisation. The University of Limpopo and University Fort Hare are participating in this programme with funding from the NSF.

In the 2018/19 financial year, the University of Limpopo SAICA Programme approved more than R32m funding to ensure that 212 students become CAs. In addition, in the period under review, Fort Hare University was approved just over R10m to assist 44 students at the institution pursuing a CA profession.

POSTGRADUATE BURSARIES AND SCHOLARSHIPS – NRF

The NSF's postgraduate bursaries programme, administered through the NRF under the Scarce Skills Development Fund (SSDF), supports students at the honours, master's, doctoral levels, and postdoctoral research fellows as well as strategic initiatives, such as the SAICA students studying towards the CTA.

The total commitment in the year under review is over **R205m** to benefit **1 955** students.

NOTABLE HIGHLIGHT



Thabiso Mphilane, 25, gives thanks to the NSF's bursaries team for making it all possible. The young, aspiring scientist says that he has been privileged to be a beneficiary of the NSF bursary scheme.

Receiving the bursary assisted Mphilane with registration costs for his postgraduate at Wits University in 2018. "It has opened doors for me and, as such, I have achieved my academic goals of learning about environmental and water management," Mphilane said.

For his Geography Honours degree, his research was based on the Application of the 5C Policy Model in Water Resource Management at Elias Motsoaledi Local Municipality. The research explored perceptions about the municipality when it comes to service delivery, especially water. Furthermore, it explored organisational development and capacity development by the municipality in the provision of these resources. His study also focused on environmental policy, monitoring and evaluation, climate change, waste management, internal organisational development, social and policy development, and water management from the perspective of the social sciences.

With a passion for government, he hopes his qualification will help him secure employment in the public sector in departments such as science and technology, environmental affairs, or local municipal authorities.

He has bold plans for the future: "I also aspire to work for mines because there is a lot of environmental degradation in those fields and mining companies are not held accountable."

"While environmental non-compliance is prevalent, there remains a lack of monitoring and evaluation by the South African government. As such, the country does not conform to all principles of the Sustainable Development Goals (SDGs)," he explained.

The SDGs were set by the United Nations General Assembly in 2015 for the year 2030. Clean water and sanitation, climate action, and life below water are the environmentally focused SDGs that form part of the 17 SDGs, each with a list of targets and measurement indicators.

INTERNATIONAL SCHOLARSHIPS

As mandated by the Skills Development Act, 1998 (Act No. 97 of 1998), the NSF continued to co-fund the department's International Scholarship Programme. The majority of the international scholarships are for master's, doctoral and postdoctoral studies, and a limited number of bachelor's degree scholarships.

In the 2018/19 financial year, the department's International Scholarships Programme supported 307 scholarship recipients placed in Russia, Hungary, China, Sweden and Ireland.

As at 31 March 2019, the NSF disbursed over **R92m** to implement international scholarships in partnership with foreign governments.

Since the inception of the programme, 96 students have successfully completed their qualifications, from the respective countries, with the said budget.



China

In the year under review, **108** scholarship recipients were studying in China.

They were studying towards various qualifications across a range of industries such as clinical medicine, geology, engineering, economics, maritime, architecture and agriculture. Research funding was paid for seven postgraduate scholarship recipients based at various universities in China.

Russia

A total of **53** scholarship recipients were in Russia pursuing different studies in the 2018/19 financial year.

Scholarship recipients received a monthly stipend based on the submission of progress reports. The students are pursuing qualifications in biochemistry, medicine, applied mathematics, oil and gas engineering and environmental sciences.

Hungary

For the year under review, **133** scholarship recipients in Hungary were supported from the NSF allocation.

The scholarship recipients are studying nuclear physics, robotics, geosciences, economics and international relations.

Ireland

In the 2018/19 financial year, a total of **13** scholarship recipients were in Ireland as fellows of the Kadar Asmal Fellowship Programme.

The NSF, through the department's International Scholarships and Irish Council (ICOSA), and the Irish Embassy manage the scholarships for international students.

NOTABLE HIGHLIGHT



Thabiso Sathikge, 27, is a proud aeronautical engineer having recently returned from Russia after graduating with a Bachelor of Science in Aeronautical Engineering at the Kazan Aviation Institute in 2018.

Upon his return, he joined Armscor in the Talent Development Programme until 2020. Aeronautical engineering skills are still very scarce in South Africa and very little is known about the profession.

Sathikge, from Carletonville, has always wanted to study engineering because of his love for maths and science. “The NSF international scholarship funding has made all my career ambitions possible. It has had a positive impact on my life and my family. I will also go as far as saying it had an impact on friends as well, as my community sees me as a beacon of hope for the youth. Being in a foreign country was never a walk in the park. As I experienced academic and social challenges, I chose to surround myself with friends who were facing similar challenges so that we could learn from each other and form a support structure,” Sathikge said. He also plans to pursue his PhD.

NOTABLE HIGHLIGHT



Vuyiseka Lugalo, 26, from Willowvale in the Eastern Cape has always dreamt of achieving a qualification in aviation. After matriculating at Badi Senior Secondary School in 2011, she was encouraged by a relative to apply for a scholarship offered by the department funded by the NSF.

She was one of the successful 2012 scholarship recipients selected to study in Russia, where she lived her dream and pursued her bachelor’s degree in Technical Exploitation of Flying Machines and Engines at the Kazan Aviation Institute.

“Attending school in a foreign country is very challenging. I had to learn the Russian language and understand the schooling system first. This scholarship played a huge role because I had no means to further my career. My parents divorced when I was young and all my siblings could not further their studies beyond matric due to financial difficulties,” Lugalo said.

She is currently employed by Armscor as a trainee pilot and engineer on a two-year fixed-term contract. Lugalo plans to pursue a postgraduate qualification specialising in chemistry.

“I am grateful to the NSF for their scholarship. Importantly, because of my own experience and international exposure, I want to mentor other international students to help them complete their studies in record time,” she said.

LEARNERS FUNDED FOR PRIORITY OCCUPATIONS

A total of **33 905** learners were funded by the NSF.

This funding was for education and training programmes geared towards priority occupations in the 2018/19 financial year. Of these, 5 908 (17%) completed their educational programmes in the review year.

NOTABLE HIGHLIGHT

Shipping and Transport College Southern Africa

Unemployed TVET college engineering students were given a new lease on life with the NSF's funding approval of R7m towards Shipping and Transport College Southern Africa (STC-SA). The NSF funding was approved for recruiting and supporting unemployed TVET college engineering students to become seafarers.

As such, at the end of the review year, Charl Sables, Daniel Chippendale and Thembele Fufu were among the cadets who were in advanced stages on their onboard training exposure with various shipping companies. The students are beneficiaries of the NSF-funded cadet programme implemented by STC-SA from November 2016 to July 2019.

Sables, 25, a Mechanical Engineering N5 student from Northlink TVET College has been drawn to the ocean from a tender age.

"All my recreational activities consisted of being in the ocean from yacht racing, taking part in dragon boats racing and volunteering at the National Sea Rescue Institute.

"Being part of the NSF project developed me further in the maritime arena. After being placed at African Maritime Solutions and STC-SA, I am now able to work at sea and make this my new career," Sables said.

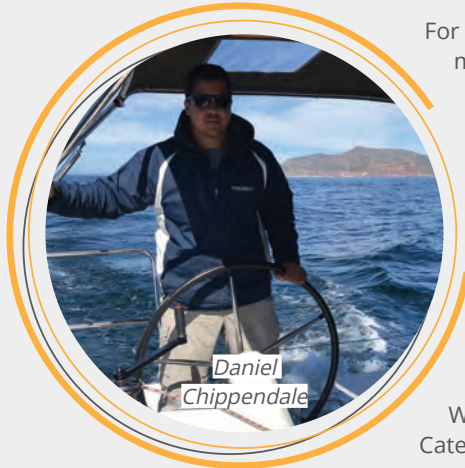
Being on board the salvage tug SA Amandla for his work placement exposure was a notable highlight.

"It was a really interesting experience to see how powerful a tug is and to see vessels being rescued and being kept under tow after being in distress off our coastline. Because of the vessel's age, a lot of maintenance takes place at sea and alongside in the port. Most of her engine parts cannot be found over the counter and, therefore, the designing and manufacturing of some of these parts takes place on board. A lot of fitting and machining including welding and plant operations is being done on board. Up till today, I'm still learning."

In five to ten years, Sables sees himself obtaining his qualification as an Engineering Officer of the Watch, but his ultimate goal is to become a Chief Engineer.



NOTABLE HIGHLIGHT



For **Chippendale**, 28, if it was not for the presentation given by the Patrick Kleinbooij at Boland TVET College about the NSF-funded maritime training and development programme to be offered through STC-SA, his career would not have been possible.

Chippendale, an Electrical Engineering N3 student, is now enjoying the flexibility of his workdays which allow him the opportunity to skipper luxury vessels for high-end clients.

In October 2017, Chippendale was placed at Boating World, a prestigious boating broker specialising in the exporting and importing of luxury motor yachts, cruising boats and fishing boats.

He recently returned from his second trip to Angola where he was involved in the delivery and installation of the first M1500 AirBerth in that country. "It was a challenging build, as the assembly took place in an old abandoned boat yard on the edge of the desert where the ocean meets the desert."

Chippendale sees himself obtaining a qualification as a captain of a super yacht. He is grateful for the opportunity that Boating World offered him to further this career after completing training at STC-SA. The company has also supported him in obtaining his Category B over 9m skipper licence and enrolment for a Seakeeper Gyro Stabilizers training course.

NOTABLE HIGHLIGHT



Fufu, 25, is a Mechanical Engineering N6 student also from Northlink TVET College.

Having a total power failure on board remains one of his most wonderful experiences at sea.

"Being part of the team that had to find the source of the problem and come up with a solution before returning to shore was quite an experience. The funding from the NSF for the STC-SA training, including the work placement at Servest Marine, has changed my life significantly and for the better. The funding and training gave me a home and now I can provide for my family and my son," he said.

In the coming years, he sees himself obtaining his qualification and sailing on board bigger container vessels as a Chief Engineer.



Dual System Pilot Programme

At the end of the review year, Eastcape Midlands and Ekurhuleni East TVET colleges were preparing their 84 electrician apprentices for the trade test scheduled in July and August 2019.

The trade test evaluates the competency of apprentices at the end of their theoretical and workplace training.

These apprentices are part the first intake of Dual System Pilot Project (DSPP) for electricians and plumbers. The DSPP is an apprenticeship programme piloted at the four TVET colleges, including Port Elizabeth and Ekurhuleni West TVET colleges, from 2016.

The pilot combines both theoretical and practical training at the college with structured learning in the workplace. Apprentices rotate between the college and companies, with 70% of the time spent at host employers.

The Swiss-South African Cooperative Initiative (SSACI), the Electrical Contractors Association (ECA-SA) and the Institute of Plumbing in South African (IOPSA) have served as lead employers for the group.

The DSPP is funded by the department and the NSF, in partnership with Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) Skills Development for Green Economy (SD4GE II) programme. The NSF funding largely covers the costs of training the apprentices at TVET colleges and host companies.

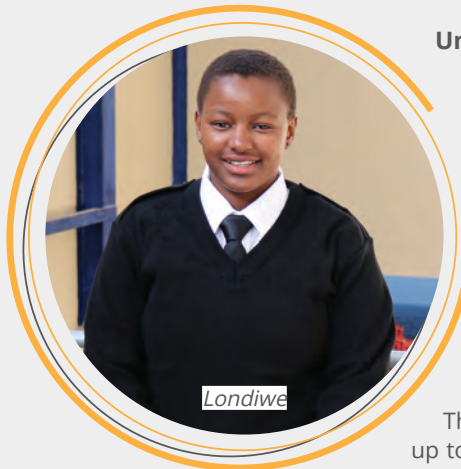


The pilot uses the National Occupational Curriculum Content for Apprentices of the 21st century, operates from adequately resourced training facilities with the backing of industry partnerships to support teaching and learning. Recommendations and lessons learnt from the DSPP inform key aspects of the Centres of Specialisation (CoS) programme being rolled out at 26 TVET campuses.

In October and November 2018, ECA-SA, together with the department and the SD4GE II programme hosted a STEM (Science, Technology, Engineering and Mathematics) Summer School focused on digital transformation in Gauteng and Nelson Mandela Bay Municipality in the Eastern Cape.

With technology increasing at a faster rate than skills, the STEM Summer School was the first initiative to prepare the DSPP electrician apprentices for future skills in environments that are gradually being affected by the digital transformation. The STEM Summer School was, therefore, aimed at making digitalisation tangible for the DSPP apprentices.





Londiwe

Umfolozzi TVET College Maritime Academy

In March 2019, Umfolozzi TVET College was busy with the finishing touches on the refurbished state-of-the-art Maritime Academy at eSikhawini Campus.

The college had completed the recruitment of 68 maritime studies students to enrol for foundational workshop programmes to commence in April 2019.

The scoping and design for 20 short courses, 14 certificate programmes and 18 diploma programmes had been done. The college had also submitted the qualifications to the South African Maritime Safety Authority (SAMSA) for accreditation. Training equipment was purchased including personal protective equipment (PPE), simulators, control panels and desktop computers.

This was made possible by the NSF's funding approval of R87.4m over a three-year period up to December 2019. The NSF funding has enabled the refurbishment of classrooms, learning material development, sourcing training equipment and capacity building.

The academy targets N6 qualified learners, matriculants and unemployed youth residing in uMhlathuze, Eshowe and Mandeni.

Londiwe Mhlongo, 21, from Durban has always wanted to further her career in anything to do with the ocean because "of the opportunity of traveling the world and representing the country as a female in this male-dominated industry."

She is continuing her applied chemistry degree at the University of KwaZulu-Natal part-time, while enrolled full-time for the Maritime Academy's foundational programme.

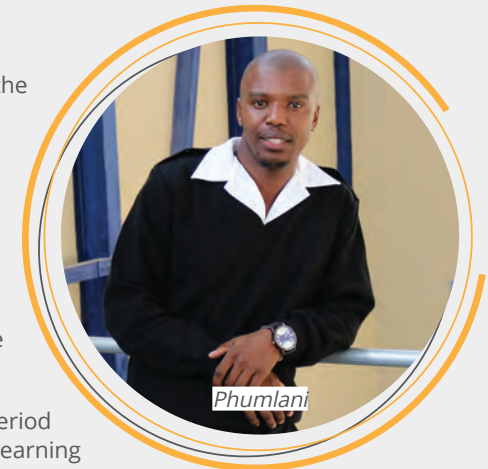
She is very thankful for this programme which she feels will create access for more black people to take part in the maritime industry.

"I had been applying for entry maritime programmes at different institutions with no luck of being accepted but luckily enough I got accepted in this programme in 2019," she said.

She said that this programme does not only make her family proud, but her whole community and inspires other women and young girls that they can also take part in the shipping and maritime business.

Twenty-eight year-old **Phumlani Nxumalo** from Esikhawini Township in Richards Bay is a qualified mechanical fitter who was doing his apprenticeship in mechanical fitting prior to enrolling for the maritime foundation course at Umfolozzi. He encourages young people wanting to pursue opportunities in the maritime field to take up maths, physical science and technical drawings "because these are fundamentals subjects in engineering, whether it is land-based or maritime."

Nkosiyapha Ishmael Mabuyakhulu, 24, from Jozini Municipality is reading for his Master's in Public Administration at the University of Kwa-Zulu Natal while doing his foundational maritime programme at the academy. His career path sees him advancing to PhD level and conducting research on the ocean economic system.



Phumlani



Nkosi

Yacht and boatbuilding programme



The flagship South African boatbuilding and composites training programme, which started training in 2017, is training 20 boat building apprentices and 350 learners in composite short courses over a three-year period. The training project was initiated by the Marine Industry Association of South Africa and the Department of Trade and Industry (the dti) three years ago.

The training programme has been a collaborative effort: The funding was provided by the NSF, the project management and monitoring and evaluation is being run by the South African International Maritime Institute (SAIMI), the training is being offered by the Boat Building Academy at False Bay TVET College and the Composites Training Academy and the work placement component is being offered by members of the South African Boat Builders Export Council/Boating South Africa (SABBEX/BSA).

“This collaboration of industry, training providers and government builds credibility and trust between all the stakeholders and ensures a firm foundation for future skills interventions in the boat building sector in South Africa,” said SABBEX executive manager Vanessa Davidson. “It has only been through the combined efforts of all stakeholders that this project has come to fruition.

“It is the first time that such a large fund has been made available for training in the boat building sector in South Africa and it will ensure a throughput of qualified boat builders into the industry for the next three years plus.”

This include laminators and composite workers who have traditionally trained on the job who are given an opportunity through the programme to gain a recognised national certificate and currently unemployed people who will be given the necessary theoretical and practical skills to find work.

In a country where unemployment is high, this training intervention promises to bolster employment and ensure South Africa remains skilled and globally competitive.

A total of R15m was approved by the NSF to facilitate the delivery of 20 boat building learnerships and 350 composite skills short courses which will target both unemployed and employed learners from Cape Town, Durban and Port Elizabeth.



The objective is a focused practical intervention that is supported by industry skills requirements and targets boat building and composites skills. The long-term contribution will be to up-skill existing and new entrants to the industry to the requisite technical specialisation and competence as required by industry.

Davidson explained that targeting unemployed youth with guaranteed work integrated learning placement and strong chances of long-term employment helps to address unemployment in the country. At the same time, the target of learners from disadvantaged households ensures upliftment and future transformation of the sector. A more highly skilled workforce increases the global competitiveness of boat builders in South Africa. By providing formal training provision for both employed and new entrants to the industry, career progression opportunities mitigate the “glass ceiling” of semi-skilled workers in the industry.

The 20 unemployed young people from disadvantaged households who met the entrance requirements are fully funded for the three-year boat building learnership/apprenticeship. This includes hostel accommodation for learners from outside Cape Town and work stipends and travel costs for all learners while they undertake the 15-month work placement in a boat building yard.

The group completed level 2 in 2017, level 3 in 2018 and are currently undergoing training for level 4.

Established in 2006, the Westlake Campus Boatbuilding Academy prepares people who would like to pursue a career in boat building. The academy offers a National Certificate: Yacht and Boat Building via a three-year apprenticeship/learnership, accredited by the South African Qualifications Authority. The course is split into 50% theoretical and workshop practical training and 50% work placement at a boat building yard, over a three-year period.

The college is committed to offer quality education and training that increases the employability of both the employed and unemployed. It has a dedicated placement unit and strives to secure job placement opportunities for successful unemployed youth. As such, host employers where learners have been placed for a period of six months during each level include Nautic Africa, Vee-Craft Marine, Two Oceans, Southern Wind Ship Yard, Robertson and Caine and Voyage.

Jonrique Louw was doing odd jobs to earn money before signing up for the boatbuilding course. His notable highlights have been learning new skills and getting an opportunity to work with tools and to do practical tasks. He sees himself as a qualified yacht and boat builder working for a big company.

Ozayr Davids was not working after completing his matric. "The boatbuilding programme has everything I have been wanting to do and more," he said. In a few years, he sees himself working overseas building huge yachts. His highlights have been working at the docks and learning more about the yacht and boat building trade.

Siphelele Notsulwana matriculated in 2014 and was working as a casual and at a local supermarket. "I was exposed to this field at a young age. My father was working in this industry and I always liked what he is doing. Through the programme, I am being exposed to different departments such as joinery, carpentry and lamination."

The NSF funding has given each learner an opportunity to pursue his or her dream in obtaining a formal qualification and becoming skilled in the yacht and boatbuilding industry. An additional 350 employed and unemployed people will have a fully funded opportunity to undertake accredited short courses in Polymer Composites, inclusive of work placement in a boat building yard. All stipends and travel costs and course materials will be included.





WIL beneficiary opens law firm

The Diocese of Grahamstown Development Trust in the Eastern Cape was approved R21m funding from September 2016 to March 2019 for the department's workplace programme that is funded by the NSF.

Lee-Anne Ngwane, 49, from Mdantsane is one of the 300 people who benefited from this funding support.

By March 2019, Ngwane was at advanced stages of opening her own law firm, VL Ngwane Attorneys, in Mdantsane.

Ngwane reinvented her life in her late 40's. She had been working in the financial services industry when she enrolled part time for the Bachelor of Laws (LLB) in 2011 through University of South Africa (UNISA)..

She holds a four-year LLB from UNISA and had gone through the legal school in East London for six months. After completing her LLB in 2015, she took a leap of faith and resigned to pursue her Master's full time through UNISA. She has completed her course work for her Master's and is currently at work on her dissertation.

"I was working for financial institutions and was exposed to legal issues that often rose in my industry. I saw law as something that influenced our daily lives. As I was thinking about my retirement, I thought I needed a qualification I could lean on in my retirement and that was what motivated me to pursue a legal career."

After completing law school she needed to do practicals to be accepted as candidate attorney. However, she could not get any placement at law firms. As a result she volunteered her services since, considering her age – nearing 50 – time was not on her side.

"It was during my volunteering phase that I came across one of the directors at The Diocese of Grahamstown Development Trust, who told me about the upcoming workplace programme that would assist people like me," she explained.

"I applied and through God's faith I was awarded an internship and the Diocese paid me a stipend for my articles. I was first placed at Rubeshe Attorney's in East London and also at Road Accident Fund (RAF) for six months.

"When my RAF contract expired I decided to open my law firm. I am almost 50 years old, which means I have 10 years to build a sustainable business venture."

While laying a foundation for her firm, she is beginning to get referrals from RAF and some of her old contacts from her financial services background are reaching out to her for legal counsel.

The firm will be opened in Mdantsane to avoid competition in East London and reduce transport cost for her clients. She is also getting assistance from the Small Enterprise Development Agency for branding but the business is still in need of marketing.

"Within a year, I will be out there, and in five to ten years, I will be having another branch."

On the value of work-integrated learning, Ngwane said: "The NSF stipend I received through the trust assisted me to go month-to-month for daily transport, paying bills including tuition for my Master's and looking after my two children who are still at school.

"To young people, choose careers that will sustain your lives. Be open minded though, even if you have not made the right career choices. Look at me, my Master's is a cushion in the eventuality that my business does not do well so that I can teach law to sustain my life. I also encourage the youth to get mentors and surround themselves with peers who make a positive contribution to their lives.

"The NSF must keep on assisting people like me. Even law firms benefit from such funding support. The firms are enabled to accept more people to practise while their overhead costs are covered, and which is often the deterrent for many law principals creating entry-level opportunities," she ended.

LEARNERS FROM RURAL AREAS FUNDED FOR EDUCATION AND TRAINING

Rural skills development contracts awarded in 2018/19

More than 15 000 rural-based individuals will benefit from the NSF's rural upskilling initiative being implemented through contracts awarded to 76 skills development providers in the review year.

In the 2018/19 financial year, the NSF approved R600m funding for skills development providers to roll out skills programmes across all nine provinces in industries ranging from farming and artisan development to furniture making.

NOTABLE HIGHLIGHT



Dzunde Farming Co-operative

Thande Phoshoka, 24, from Ga-Dikgale in Limpopo, plans to use his animal production skills back home when he completes the skills programmes being rolled out by Dzunde Farming Co-operative in four sites in Limpopo with funding support from the NSF.

Phoshoka comes from an agricultural family: his grandfather has cows and chickens and Ga-Dikgale as a whole is an agricultural hive, he explained.

He recalls some years back, when his community experienced some animal disease and his grandparents knew little about what to do in such situations. He looks forward to serving his community with his improved know-how in looking after animals.

Before he enrolled in the Dzunde programme, he was studying teaching at the University of South Africa (UNISA) and due to financial reasons could not complete his studies.

"When the opportunity came up to participate in the animal production programme, I saw this as a second chance to continue studying, and grabbed it with both hands," he said.

He enjoys learning different things about animals that he did not know before. He encourages other young people (particularly those with access to household or communal land) to get into the agricultural field because "it really has a lot more opportunities" than he initially thought.

Dzunde Farming Co-operative, in Limpopo, is one of the service providers participating in the NSF-funded rural skills development initiative. With approved funding of R34.9m in the 2018/19 financial year, 1 025 learners will be trained in various skills and learnership programmes. The training is conducted in three project sites in Limpopo, Free State and Northern Cape.

Hendrick Segola, on the other hand, started off with a NSF-funded learnership offered by Dzunde in 2016. He is now employed by Dzunde at its affiliate poultry production facility, Mokhwevo Poultry.

"Each and every day, people must eat and, therefore, there is always a need for someone to produce food. This is a clear signal that the agricultural industry is broad and has a lot of interesting opportunities," Segola said.

He thanks the NSF for its continued role in creating opportunities for people like him.

In-Touch Community Development & Project Managers

In-Touch Community Development and Project Managers is one of the implementing providers of the NSF's rural development initiative in Limpopo. With approved funding of R13.3m for three years up to 2021, In-Touch is training 75 apprentices from Nwamita and Mookgopong in Limpopo in bricklaying, carpentry and plumbing.

Noko Ndifu Mhleng, 25, from Seshego, Polokwane, in Limpopo, started off with a plumbing learnership at In-Touch and on completion, she applied for the plumbing apprenticeship programme.

Before joining In-Touch, she studied boiler making. "It was the common stereotypical view that women are unable to do anything in plumbing that inspired me to further my plumbing vocation."

Her most notable highlight is being placed at Letaba Hospital for workplace exposure in the plumbing field.

On the hand, **Prince Pilotse Mogale**, 27, completed his N6 building and civil construction at the Mopane South East TVET College Phalaborwa Campus in 2012.

Although he got part-time work on construction projects, and also facilitated learnerships for other companies, he experienced difficulty in acquiring the appropriate practical experience in his field of study.

"I saw an advert about the In-Touch programme in 2018 and was fortunate to have been placed in the carpentry field. I really love what I am doing because I get to learn how to create door frames, roofing and all the other interesting things in carpentry."

Mogale is also placed at Letaba Hospital construction site for workplace training. He would like to open up a construction company that specialises in carpentry when he completes the apprenticeship programme.

Twenty-three year-old **Doctor Msumbi** from Thoyandou, Venda, in Limpopo was once studying information systems but did not complete his studies because he had love and passion for bricklaying.

"In the beginning, the bricklaying programme was tough because I knew very little about building but I am learning through every mistake I have made. I can now identify many building techniques that I did not know before enrolling with In-Touch," Msumbi said. He plans to open up his own construction company when he completes his apprenticeship.



Noko



Doctor



Prince



Lavender Sky (ACOSA)

Some 600 unemployed young people from the Ngqushwa, Sundays River, Kouga and Makana local municipalities in the Eastern Cape are beneficiaries of the NSF-funded rural skills development initiative being implemented by Lavender Sky (ACOSA).

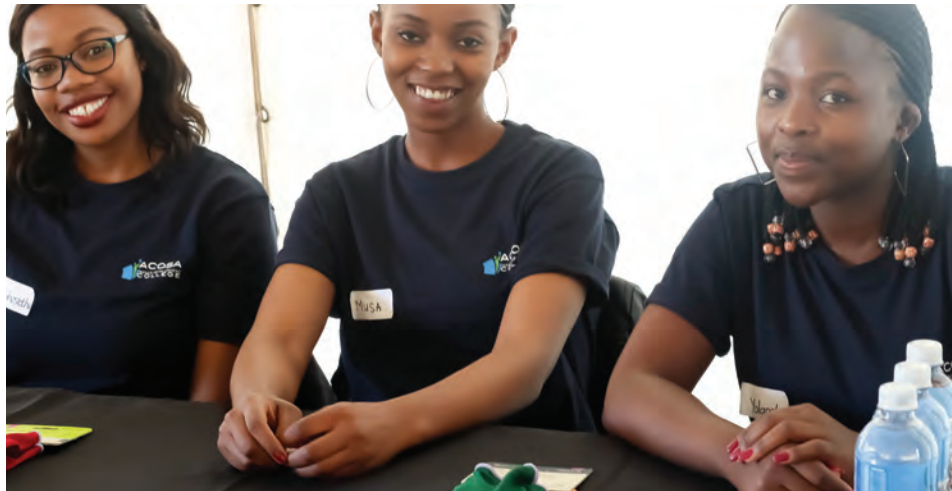
The learners are being trained in plant production, crop analysis and livestock, SMME and cooperative development as well as farm equipment.

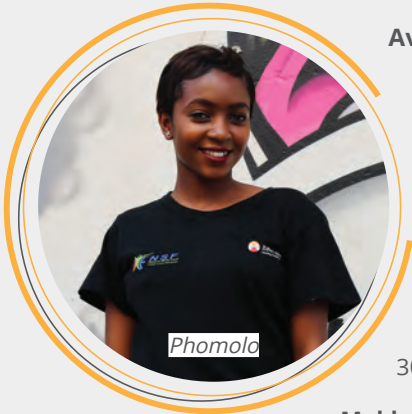
The initiative aims to provide critical and scarce agricultural skills through short skills courses and learnerships, access to input and output agricultural markets, and to build capacity to administer land and farms.

Boitumelo Vuyokazi Makhubela, 32, encourages other young people to see the vast potential in agriculture which she says is broad and in demand. Hailing from the small town Hankey in the Kouga Local Municipality, she was unemployed when she first heard about the ACOSA programme from a relative. Within her first six months in the programme, she already sees herself working as a management assistant in five to ten years.

Phathiswa Mtini, 34, from Jeffreys Bay in Kouga, says that youngsters must take this opportunity of training with both hands and reach for the stars. In a few years, she sees herself working on a productive farm or land-related project.

The ACOSA project, which commenced in October 2018 with R12.7m approved funding from the NSF, focuses on building capacity to support the establishment of new commercial farmers. The training covers institutional innovation in rural financial markets, particularly in market-assisted land reforms, facilitating skills development services in farms, business and farm management, technology, financial management, mixed farming systems, poultry and landscaping.





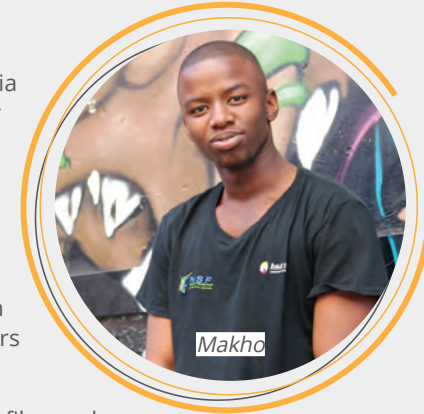
Phomolo

Aviwe Business Development Services

Aviwe Business Development Services, in Newtown, Johannesburg, is implementing two media training programmes with the R12.4m funding it was approved from the NSF in November 2018. A total of 200 unemployed youth are beneficiaries of this funding injection.

The training is borne out of the increasing demand for media jobs and skills needed to implement the digital terrestrial transmission in film and television production, as well as the growth in community radio stations.

Targeting matriculants and youth with a level 4 qualification, the programme trains in film and television production (NQF L5) and radio production (NQF L5). The programme covers 30% theory and 70% practical and workplace experience.



Makho

Makho Makhumbuzo Marekwa, 22, from North West is one of the learners enrolled for the film and TV programme. He always wanted to come to Johannesburg to pursue his media career because “North West does not have opportunities in the media space,” Marekwa said.

Now based in Centurion, Gauteng, he has produced his first TV feature as part of a group assignment. “The feature focuses on music rights in South Africa,” he explained. “For example, you often find musicians who still die poor in South Africa, it’s still a sensitive topic that must be probed. The feature will centre on how intellectual property affects the livelihood of musicians.

“It has been a rewarding experience to go out and secure interviews with influential figures such as Mercy Pakela to talk to this issue. So from content research to production, the programme is giving us real exposure,” Marekwa said.

He thanks the NSF for providing funding for these programmes, particularly for young people wanting careers in media. Not that he is in the programme for the stipend, but says it does help cover his transport costs so he can focus on learning.

“If you have passion for something, you should look for it everywhere,” is his motivation to other young people. “Never lose hope in seeking you dream because I stayed at home for about three years helping my mother with her business before I got this opportunity with Aviwe Business Development Services.”

Phomolo Kgoro, 21, from Carlton Centre in Gauteng is also signed up for the film and television programme offered by Aviwe Business Development Services.

Her 2015 matric results did not meet university entry requirements for film and TV studies. She has since completed a media consultancy course at Boston College and taught herself sewing and fashion design through YouTube. She bought herself a sewing machine and was running a sewing business when she saw the Aviwe poster on social media.

“I have always been a good story teller and now, through this programme, I am exploring my story telling skills. The programme will also give me credits to gain entry to university so I can study further,” she said.

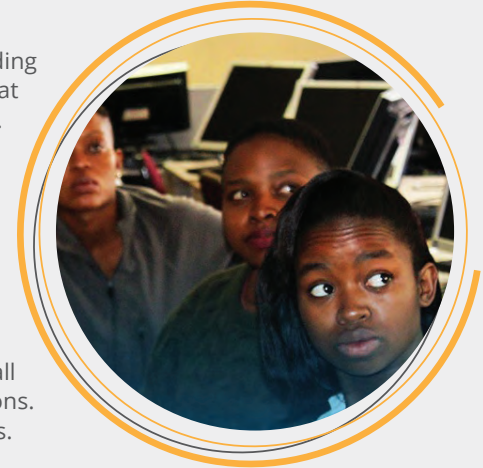


South African Digital Content Organisation

The South African Digital Content Organisation (SADICO) was approved R2.3m funding by the NSF to roll out the Youth Digital Technology Industry Development Project that involves training 100 unemployed youth in technology-related skills programmes.

The project is aimed at empowering the youth to be active and independent participants in the digital technology industry, where they create their own jobs and determine their own growth in the industry. It focuses on elements of the fourth industrial revolution, linked to opportunities in areas such as the internet of things, artificial intelligence, robotics, 3D printing, nanotechnology, autonomous vehicles, as well as cyber security and cryptocurrency.

The objective of the project is to ensure beneficiaries establish cooperatives or small enterprises to service their own communities with basic digital technology solutions. This includes opportunities in operational business systems such as cell phone repairs.



Lerato Alinah Rasephei, with a National Diploma in Travel and Tourism, was working as a cashier at Pick n Pay before signing up for the SADICO programme.

“When I heard about the programme, I was interested in digital technology because it is the future and it improves our lives in a huge way. Mostly everything nowadays uses digital technology,” said the 30-year-old from Tembisa Isivana Section. “Through the programme, I have learnt that there is a lot we can do with a computer such as creating websites and business profiles. I can now also install DSTV and fix cell phones. Without this programme, I would still be working at Pick n Pay but now I can dream about owning a digital company and even creating my own type of phones.”

Philani Simphiwe, 21, from Emangweni Section in Tembisa, was in his second year working towards his LLB degree with UNISA before registering for the SADICO programme.

“I have always had a passion for the world of technology and IT in general. During my spare time away from books, I would search about how technology is impacting our lives of today. SADICO has played huge role in giving me exposure to web development and design, cell phone repairs, solar installation and demonstration, computer building, RICA agent services, DSTV installations, and importantly, the journey of becoming entrepreneur. I really value this SADICO technology project, together with NSF, for training the youth of South Africa because a lot of young people out there who are willing to do anything to have this opportunity.”

SADICO was approved funding for 12 months from November 2018. The learners were recruited from Tembisa, Katlehong and Tsakane/Duduza in Gauteng.

Wild Coast diving project



The Wild Coast Fisheries Project, implemented by the College of Sustainable Agriculture, was approved by the NSF in March 2018 and provided funding of R29m. The funding was for the training of some 800 youth and women from 23 Wild Coast villages stretching from the Nqileni-Xhora Mouth to Port St Johns–Lujazo areas.

The training was geared towards existing and aspiring crayfish quota permit holders to improve their diving skills and achieve the permitted harvesting quotas. The ultimate goal of the project is to ensure an increased income generated by local divers.

All training was done in isiXhosa, starting out with theory in areas such as sustainable fishing practices, first aid and entrepreneurship principles of SMMEs, as well as how to improve the quality of the catches which in turn increases the price earned from processors.

The practical component commences in a specially built swimming pool located at a diving school that was built in Coffee Bay for the purpose of training divers. This was followed by a swimming assessment in a safe river and lastly training done at sea. Learners were evaluated by a master diver and supported with diving gear. Observation assessments and log books were used as practical assessment tools. Learners who successfully completed the programme received their own diving gear.

Thembinkosi Sitewu from Coffee Bay knew how to swim above water but had no prior diving experience before he joined the training programme. “However, the training assisted everyone, even people like me who could not swim underwater.”

“It is pleasing to see some of the people who were trained getting employment opportunities. For instance, two ladies who had been trained have since been employed as a result of the health and safety certificates they received through the training.”

Sitewu explained that the project was an eye-opener. He sees potential in collaborating with other divers to create a business although marketing and access to markets remain a challenge. “What would be helpful is ongoing training and monitoring and evaluation to determine the extent the training has assisted and identify areas where local divers could be assisted further.

“Additionally, there are lots of opportunities where many locals do not participate. For instance, with the assistance of funders such as the NSF, we could utilise dormant forests that could in turn create opportunities to produce coal or paper and some forests could be focused on setting up tourism activities,” he ended.



LEARNERS FUNDED FOR SKILLS DEVELOPMENT THROUGH SMMES

A key focus of the post-school system is to enable individuals to earn sustainable livelihoods through self-employment or establishing a company or cooperative. On this basis, the NSF supports the government's focus towards building the skills base of SMMEs and cooperatives.

In the 2018/19 financial year, a total of 786 SMMEs and cooperatives were funded by the NSF for skills development. This is a 293% overachievement on the targeted 200 beneficiaries. This achievement is largely attributed to the partnership with the Department of Small Business Development, through its agency, Small Enterprise Development Agency (SEDA).

Additionally, **4 480** learners were funded by the NSF for skills development through SMMEs and cooperatives. Of these, **475** (11%) learners completed their education and training programmes.

NOTABLE HIGHLIGHT

Entrepreneurs from Khayelitsha, Mitchell's Plan, Mfuleni, Kuilsriver, Gugulethu and Nyanga in the Western Cape will, in the new financial year, enrol for learnerships and skills programmes funded by the NSF through United Khayelitsha Informal Traders Association (UKITA).

UKITA was awarded R6.6m funding in the last quarter of the 2018/19 financial year as part of the NSF rural skills development programme being implemented through skills development providers. With the funding from the NSF, UKITA will offer new venture creation learnerships and skills programmes in areas such as orientation and life skills programmes, occupation health and safety.

LEARNERS FUNDED THROUGH COMMUNITY-BASED ORGANISATIONS

In the 2018/9 financial year, 8 959 learners were funded by the NSF for skills development through community-based skills development initiatives.

The rural skills development initiative implemented through service providers and the work-integrated learning (WIL) programme that was implemented by the NSF on behalf of the department contributed to an overachievement of 6 959 learners funded for skills development through community-based organisations.

Of the total funded learners in the 2018/19 financial year, **3 825** (43%) completed their training.



Nelson Mandela Children's Hospital Trust

Today, **Dr Palesa Mabatho Monyake** is a better doctor since completing the paediatric critical fellowship at Wits University. She is thankful to the NSF for funding her to become a paediatric intensivist, a specialist in paediatric critical care.

Dr Monyake is one of 20 doctors and 269 nurses awarded funding by the NSF through the Nelson Mandela Children's Hospital Trust to pursue qualifications in specialist paediatric disciplines.

Prior to enrolling for the fellowship at Wits, Dr Monyake had a permanent post in the Pretoria health circuit but was uncomfortable with the intensive care unit (ICU) although she had a passion for it.

"A lot of doctors are uncomfortable with ICU; they are scared of it. It's a lot of hard work and a big sacrifice. There's a lot that we [doctors and nurses] need to understand about the machines we use but often don't get trained on. A lack of knowledge breeds insecurities about your work and you don't want to be insecure, particularly when working with children. I felt ill-equipped to run an ICU. It's for this reason I quit my job and got the funding from the NSF."

"When I look back to who I was two years ago when I started the training, it's incredible the amount of growth I can see in me. I've become a better clinician, a better doctor and I've grown emotionally, spiritually and mentally because I know what I'm doing."

Dr Monyake now gets consulted by some of her old contacts, who include professors who trained her in Pretoria, when they have difficult cases.



"There's a definite shortage of this skill in the country," Dr Monyake said. "The more paediatric intensivists are trained, the more we [professionals in this space] can lobby and go to government, for example for more paediatric beds. Consider Chris Hani Baragwanath Hospital, where I trained during my fellowship, with over 3 000 beds but only has nominal number of paediatric ICU beds for the whole of Gauteng. Steve Biko Academic Hospital also has an insufficient number of paediatric ICU beds to meet the demand. Having more people with the right paediatrics skills, we can lobby and give better care to our children."

Dr Monyake was on call when the Nelson Mandela Children's Hospital admitted its first patient in June 2017. She has since been offered a permanent post at the hospital from February 2019.

Chief Executive Officer of the hospital, Dr Mandisa Maholwana, said about the NSF's R70.3m grant funding: "Through this training and continued skills development, we are laying the foundation for our future academic ambitions because Madiba's vision for this hospital went beyond bricks and mortar; he saw this hospital as a repository of knowledge and a leader in medical research."



Boitshepo Majafa, 25, was recruited by the Nelson Mandela Children’s Hospital when she was busy with her third year of her nursing degree at Tshwane University of Technology in 2016.

She is one of the nursing bursary recipients who benefited from the NSF funding which covered tuition fees and books for their third and final year on condition that they returned to the hospital when they completed their community service.

“I am a caring person and so I fell in love with nursing as it gives me contact with people, assisting them with their needs and routine procedures. When I was doing my community service at Rustenburg Hospital from March 2018 to March 2019, I was placed at the paediatrics unit. Currently, I’m working in the Outpatient Department at the Nelson Mandela Children’s Hospital. My highlight at this hospital has been seeing underprivileged children referred from public hospitals getting the same treatment as affording children.”

Varsity was no sweet sailing because of the demand of lectures and working at the same time.

Majafa, from Rustenburg, took five years to complete her four-year nursing degree. She had enrolled for the nursing foundation phase because she did not have biology in her Matric subjects.

“Before receiving the bursary, my parents would struggle to pay my fees. I would only get my results for the previous year in January since I had to wait for my father to get his 13th cheque in January. When the funding came through, my fees were paid immediately in the middle of my third year, my books were sorted and my parents just needed to cover a bit of the accommodation expenses. This meant I could get my results in the same academic year. The funding certainly eased the frustration of waiting for results and reduced the financial strain on my family.”

The Nelson Mandela Children’s Hospital is the lasting wish of former president Nelson Mandela to improve child mortality rates in South Africa.



LEARNERS FUNDED THROUGH WORKER EDUCATION INITIATIVES

The NSF recognises South Africa's long history of worker education and the need for further education and training of workers, for the benefit of the workplace, the economy and the developmental objectives of the country.

It is on this basis that the NSF, in the review year, continued to fund education programmes spearheaded by worker-initiated training initiatives. A total of 414 workers were funded by the NSF in the 2018/19 financial year, which constitutes a 314% overachievement on the planned 100 workers.

The higher than expected performance can be attributed to the 170 workers enrolled at Workers College for various qualifications, namely Industrial and Working Life Programme degree and higher certificates in Labour Economics, Labour Studies, Public Administration and Participatory Action Research.

NOTABLE HIGHLIGHT



Strengthening civil society through workers' and trade union education

Durban-based Workers' College was approved R8m in the previous financial year for the enrolment of 170 workers for the college programmes, namely the Industrial and Working Life Programme (IWLP) Degree, Higher Certificate in Labour Economics, Higher Certificate in Labour Studies, Higher Certificate in Public Administration and Participatory Action Research. The IWLP degree is offered in collaboration with the University of KwaZulu-Natal (UKZN).

The first intake of 80 workers for labour economics and labour studies resumed their studies in 2019. An additional 48 students were the pipeline for the IWLP at UKZN. The other NSF-funded workers will be enrolled at different intervals during the three-year approved funding period up to March 2021.

The college was established in 1991 to empower workers and community leaders through worker education. Principal and director at Workers College since 2015, Dr Thulani John Mbuli, explains that the ethos and pedagogy were informed by the struggle and challenges of the working class at the point of production or shop floor. This was premised on the fact that workers' leaders and activists were not adequately equipped with the skills necessary to represent their fellow workers when facing labour disputes either individually or collectively.

Fundamentally, Dr Mbuli adds that it was also premised on the fact that shop stewards and community leaders who know their rights, the basics of labour legislations and have a strong political and ideological education can contribute in improving the quality of their industrial relations, thereby bringing about labour peace and a healthier and productive economy.

To that end, the first formal academic programmes entitled the Labour Study Programme started in 1992, followed by the Gender and Labour Studies Programme in 1996, the Labour Economic Programme in 1997, and the Political and Social Development in 1998. These programmes were not accredited but were offered within the tradition of popular education informed by the Freirean pedagogy and the 'each one, teach one' approach. In 1997, the college achieved a significant milestone when these four programmes were recognised by UKZN as alternative access to the part-time degree, the IWLP. Following this agreement, a memorandum of understanding was signed between the Workers College and UKZN for a five-year part-time degree designed for the college's students with two majors, industrial organisation and labour studies as well as sociology.

"Since 2016, the college has embarked on a process of accrediting its programme. Although it is a long process, we are pleased to have secured accreditation with conditions by the Council of Higher Education (CHE) for the Higher Certificate in Labour Studies, the Higher Certificate in Labour Economics, and the Advanced Certificate in Labour Law. (By the time of reporting), the college is currently in the process of addressing mainly infrastructural concerns outlined by the CHE. We are in talks with our partner, UKZN, who has expressed the will to assist us in addressing these to secure final accreditation," Dr Mbuli explains.

The college has secured accreditation with the Education, Training and Development Practices Sector Education and Training Authority (ETDP SETA)

for skills development facilitation. It is also in the process of submitting accreditation documentation for a full Diploma in Trade Union Practice. Moreover, the college is collaborating with the Health and Welfare Sector Education and Training Authority (HWSETA) for the training of shop stewards and union officials in all nine provinces.

Upbeat labour studies class of 09

Labour studies facilitator and researcher at the college, Ace Ngcobo, started his career at UKZN's health, economics HIV/Aids research division. Initially, he offered participatory action research to the college learners on a part-time basis. Subsequently, he joined the college full time in 2016 with a focus on research, facilitation and social policy.

With a Master's in Social Policy from UKZN, what drew Ngcobo to this work is South Africa's history of the working class, politics and struggle. He has long had the desire to be part of this space, to strengthen the capacity of the working class, especially in research. "We know that trade unions lack research capacity. So, teaching leaders of workers research strengthens that capacity and, in turn, translates to good practices in labour and trade unions.

"As a researcher, I'm very much interested in the output. So, getting calls from different trade unions that want us to strengthen the capacity of their leaders around research is a notable highlight in my four years at the college," says Ngcobo.

"Also, while our focus is not on the number of graduates, the college has had a steady number of students graduating over the years. What is important, however, is what are they graduating with and to what extent are they using this space (research) to effect change in the society and to start to think and behave like leaders."

"This space is not without challenges. For instance, critical thinking is not allowed in SA. But it is essential to be first critical of yourself as a leader before you go to the workplace, community and society. But they (leaders) swim against the tide in SA, because if you are critical, especially in the terrain of trade unions, it becomes problematic. They meet so much resistance," he adds.

Another labour studies facilitator at the college, Kapele Mutachi, adds to some of the challenges faced by workers and society at large. He believes that poverty, unemployment, crime, drugs and all kinds of social ills are effects of a constantly evolving societal system. "This is just smoke, but as the saying goes, there is no smoke without fire.

"So, at the college we are trying to put things into perspective, to assist the working class to see that what is happening around them is because of various factors."

Mutachi started his career at the Durban University of Technology as an economics facilitator for a programme for students coming from rural areas. The programme

was established by the Department of Public Management to assist these students to bridge the gap, enabling an easier transition from rural schools to university. He holds a Bachelor's Degree in Management and Communication, Honours in Economics and a Postgraduate Certificate in Education (PGCE) from UKZN.

His interest in the struggle of the working class was one of the factors that prompted him to join the college in 2016. He started part time but towards the end of the year was employed permanently.

"What I desire is to contribute to the struggle of the working class and to see the minds of the working class being liberated. When you look at how the society has been structured, the current capitalist system that is highly sophisticated is not easy to understand, unless you have someone to give you the understanding to enable you to be critical in society."

One of the labour studies learners in the 2019 intake is **Sanele Ziwazile Mbethe**. The 34-year-old is a natural sciences, maths and technology educator for Grades 8, 9 and 10 and a member of the South African Democratic Teachers Union (SADTU).

"Already, we have learnt a lot. We have been given an understanding of the various systems that govern the country, specifically economics, politics and laws. We have been given a new perspective as to what one's role is as a part of a society and the need to shape the mind of society," Mbethe says about his expectations and value of being in the programme in the first few months.

After completing his Diploma in Education from the University of Free State and starting his teaching career, he was eager to understand unionism vs politics. "I find that as much as politics exist and play an important role in society, unionism is beyond politics. Unionism takes you through the entire value chain of the world of work from raw materials or inputs and production up to the beneficiaries," he says.

He explains that SADTU has a charter at universities focused on PGCE students, to prepare them for and familiarise them with the culture of the union before they commence their teaching vocations. However, there is a need to broaden access to such programmes offered by the college. "Such programmes give one the fundamentals of what labour at large is, their role, who benefits and how we can change the foundation to work for us than to just do the hard jobs for the benefit of other people."

"I, therefore, believe that partnerships with universities are key as a means to expand the reach of programmes offered by Workers College. By the time students leave universities, they need to understand what to expect in the real world. But currently, students on campus think everything in society is okay. Yet, when they leave, experience shows them otherwise and they become frustrated with the

system. Programmes like this would expose young people to know exactly what is going on and how to handle emerging issues as a worker, as a unionist in society and workplaces.”

He adds: “It is important for students to see that their role is not only to work and make oneself better but to also change society. Students need to see that it is important being an active participant in the fight to change society. Changing the foundation will benefit society.”

“Also, partnerships with unions could also assist in spreading the information we learn here so they too, and their networks, begin to gain a better understanding of the issues that affect them.”

Department of Social Development employee at KZN **Samkelisiwe Ndawonde**, 31, is a Public Servants Association of South Africa (PSA) shop steward. With a BA in Social Science from the University of South Africa, she says that there are a lot of things they (the group of workers) thought they knew but through the programme, all these things are being put into perspective. “For instance, we have been introduced to activism, the Labour Relations Act, globalisation and fourth industrial revolution.

“I want to gain more knowledge and political background. As a shop steward, I lead a group of people, therefore it is important to become informed,” says Ndawonde.

On the other hand, Police and Prisons Civil Rights Union (POPCRU) shop steward **Lucrecia Ngwenya** is employed by the Department of Correctional Services in KZN. Her participation in the programme is aimed at improving her perspective on a range of issues which influence her role as a shop steward. With a Higher Certificate in Marketing Management from the Institute of Marketing Management in South Africa and N2 Electrical Engineering, she now wants to broaden her horizon on labour-related issues she assumed she knew before registering for the labour studies programme at Workers College.

Ngwenya says: “For example, I thought activism, socialism and communism are one in the same thing. However, getting to understand the different systems and practices within labour and being exposed to various theoretical perspectives in this area are some of the invaluable lessons since I started the programme.

“There is a common misperception that most workers want to fight but it is not the fact. Being part of this programme is about wanting to know how to deal with

challenging issues that emerge in the workplace.”

Another POPCRU shop steward in the programme is **Nomsa maZulu**, 35, employed by the South African Police Service (SAPS). She holds a Higher Certificate in Human Resources and has completed a number of short courses offered by SAPS. She says that the programme has given her access to a network of shop stewards who are more knowledgeable and experienced, that she can now engage for ideas and guidance on any issue she faces as a shop steward.

Commencing in January 2019, the first intake of the labour studies and labour economics studies programmes have been structured into five blocks up to October 2019.

Diverse union representation

Dr Mbuli says: “While college participants and alumni are from diverse civil society organisations with different ideological orientations, they participate harmoniously in the college’s programmes.”

“The work done by the Workers College would not have been the same without the support of its main funder, the NSF. We express our profound gratitude to the NSF for contributing to strengthening civil society through the funding of workers and trade union education. We strongly believe that the strength and impactful role of civil society, particularly the labour movement in South Africa and the Southern African Development Community, would not have been the same without the NSF’s dedicated financial support,” he ends.

Dr Mbuli, with a PhD in languages, environmental and education from UKZN, is an advocate for a robust, critical labour movement that engages meaningfully in society through Africa’s lens and not of Western influences.

Labour Research Service

The Labour Research Service (LRS) in Cape Town, on the other hand, was approved R3.7m funding by the NSF for three years up to 2021.

LRS is a membership-based labour support organisation of 33 years, with 15 South African trade unions as its members, representing close to two million workers.

Within its first year of the NSF's support, LRS reported that the funding has made an immense contribution to its core mandate of acting as a research and education institution.

In the 2018/19 financial year, 150 of the 620 (24%) workers who received funding towards education and training programmes completed their qualifications. This is a 50% overachievement on the targeted 100 graduates in this category in 2018/19.

The primary aims of LRS' research and resource deliverables that are supported by the NSF is to tackle information asymmetries that exist between the role players in collective bargaining in South Africa and to support more inclusive outcomes of collective bargaining.

Trade union representatives, in particular, have few resources to draw on when it comes to collective bargaining. It is also true that the changing world of work presents role players with new challenges of representation. This work is intended to support trade unions in particular to be more informed role players in collective bargaining and to promote more rational and inclusive outcomes of collective bargaining.

The LRS reports that the support of the NSF has been critical in assisting the organisation with publishing monthly, quarterly and annual journals as well as other online repositories and learning tools for its members.



3. PSET DEVELOPMENT, CAPACITY BUILDING AND SUPPORT

The NSF made available R150m to upgrade workshops at 26 TVET campus to meet industry requirements in 13 priority trades for the first rollout of the national artisanal development CoS programme.

The White Paper for Post-School Education and Training 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.

In the review year, the NSF therefore continued to build linkages within the skills system and provide funding for skills development capacity in public education and training institutions. A total of 66 projects and programmes of the department are within this group of capacity-focused projects funded by the NSF which are largely long-term in nature.

For instance, the department's flagship CoS programme being implemented at 26 TVET campuses is one of the key projects the NSF has funded in the review year with the view of expanding and integrating the PSET system and artisan development in particular. The NSF made available R150m to upgrade workshops at 26 TVET campus to meet industry requirements in 13 priority trades for the first rollout of the national artisanal development CoS programme. The SETAs have ensured that all participating employers in the programme received a discretionary grant.

Also in a bid to boost artisan development, the NSF approved R141m for the department's artisan certificates project. The project is aimed at coordinating artisan development in South Africa to ensure a single, common national system for artisan development from 2012 to 2020. This is a concerted effort by the department to meet the NDP's goal of 30 000 artisans produced by the country annually by 2030.

Additionally, the National Artisan Moderation Body (NAMB) project has been supported by the NSF with an approved allocation of R128.8m from 2012 to 2020. An initiative of the department, NAMB is aimed at eradicating the prevailing practices in artisan development as applied to trade testing under the previous Manpower Training Act. NAMB also aims to implement a single national artisan trade testing and certification system across all economic sectors quality assured by the Quality Council for Trade and Occupations.

On the other the hand, the Artisan Recognition of Prior Learning (ARPL) being implemented by the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments (INDLELA) has been supported by the NSF with an approved allocation of R44.1m from 2012 to 2020. The purpose of the

ARPL project is to recognise, through formal assessment processes and certification, the experience possessed by artisan aides. It promotes lifelong learning within a formal artisan environment through the acquisition of formal qualifications. It is also aimed at improving the income/wage disparities and encouraging career development. In essence, it gives effect to the South African Qualifications Authority's broader principle of recognition of prior learning within the education and training environment.

Additionally, a group of 24 young artisans from TVET colleges, universities of technology and private training centres represented South Africa at the WorldSkills International Competition in Kazan, Russia, from 22 – 27 August 2019. The 45th World Skills International Competition brought together more than 1 400 young professionals representing 67 countries competing in 56 different skills. The South Africa group are gold medal finalists of the 3rd WorldSkills South Africa held in Durban in March 2019. They competed on a global scale in Russia in 19 different skill areas under the following categories: construction and building technology, creative arts and fashion, information and communication technology (ICT), manufacturing and engineering, social and personal services, and transportation and logistics.

WorldSkills South Africa, led by INDLELA, is another artisan project supported by the NSF with an approved allocation of R57.5m from 2015 to 2020. Through the national and international competitions, INDLELA is actively encouraging high school learners, college students and unemployed youth to see artisanship as a career of choice to ease the skills shortages in South Africa.

On the other hand, the department is also committed to ensuring that learners are equipped with the necessary information that will enable them to make informed career choices. This includes encouraging them to apply on time to PSET institutions of their choice. In support of access to such career information, the NSF approved R127.4m from 2017 to 2020 towards the department's career development services unit. The unit was set up to drive a differentiated, yet nationally coordinated and supported, career development service for South Africa which will inform and shape the post-schooling system.

The department's career development services unit offers a multi-channel career service for all ages that includes a national career helpline which can be accessed

through the telephone, SMS or 'Please Call Me', email, webchat and social media platforms. It also offers online self-help tools that bring free, quality career information to members of the public. In addition, the outreach team takes all these services to the people, especially those in rural areas, through participating in career events across the country. Its activities include the career advocacy campaigns, the development and production of career publications and resources and the educational, informative Khetha Radio Programme. The Khetha Radio Programme aims to assist the public navigate through the PSET system with a specific focus on career planning and life-long learning. Through a partnership with the South

African Broadcast Corporation, the unit hosts a weekly show which is broadcast on 13 different radio stations.

Further, the Higher Education and Training Management Information System (HETMIS) project has an approved allocation of R29.3m from 2012 to 2020. The project is aimed at developing an integrated information management database envisaged as a means to develop capacity for skills planning as envisaged in the NSDS III. Fundamentally, it is geared to create a credible, integrated and unified view of the skills supply to improve skills planning to meet the needs of an inclusive growth path for the country.

NOTABLE HIGHLIGHT



Centre of Specialisation programme

The CoS programme was officially kick-started in March 2019 with the first cohort of 649 apprentices onboarded and inducted by host employers.

The group makes up 83% of the projected 780 apprentices for the first intake in the artisanal development programme being rolled out at 26 TVET campuses in 2019.

CoS is a national programme aimed at building the capacity of the public TVET college system to deliver trade qualifications while building the much-needed skills for Strategic Integrated Projects (SIPs).

A total of 26 campuses across the country were training apprentices in 13 critical trades and occupations that are in short supply for various infrastructure development and the economic needs of South Africa in general.

Four employer associations, namely the Retail Motor Industry, Steel and Engineering Industry Federation, Institute of Plumbing and South African Institute of Welding, are part of this groundbreaking initiative.

The apprentices have signed three-year apprenticeship contracts as part of the on-the-job learning at host employers and will undergo theoretical and simulated practical learning in the refurbished, fully equipped CoS workshops at the TVET colleges.





Professional development of TVET campus managers

The professional development of campus managers project is aimed at building the capacity of TVET campus managers and professionalising their roles and functions. It has also enabled a bond of comradery to develop between all campus managers across the country.

Public TVET colleges have a significant role in addressing the lack of much-needed skills in South Africa. However, there remains a serious blockage in the TVET college system of not producing sufficient quality in the delivery of teaching and learning.

While the reasons for this situation are complex and multifaceted, one of the central reasons for the poor delivery is the gap in leadership and management at the site of delivery of teaching and learning – the campus.

If targeted skills needs are to be delivered by the 50 public TVET colleges, there must be effective management and functionality at the 264 campuses. Without a capable and committed leadership and management at campus level, there can be little progress towards the realisation of the TVET colleges' mandate: to be the vehicle for national economic and social development.

It is on this basis the project was initiated – to build the capacity of TVET campus managers – and funded by the NSF for R7.4m over three years.

The project, at the closeout stage by the end of the review year, has made significant achievements throughout its three phases.

In the first phase, 40 campus managers from mainly rural areas participated in three blocks of intensive residential training. This was followed by onsite coaching and mentoring in critical areas identified by principals and the department. Tailored campus improvement plans (CIPs) were also developed and campus managers received onsite support in implementing their CIPs.

A total of 164 campus managers from all 50 colleges were trained as part of the phase 2 rollout. The training was grouped into seven clusters and rolled out simultaneously in seven cities, namely Polokwane, Witbank, Newcastle, Port Shepstone, Port

Elizabeth, Kimberley and Rustenberg. The training focused on building partnerships, ensuring that the physical environment is conducive to teaching and learning, managing effective campus teaching and learning, as well as building student-centred campuses.

All 264 TVET campus managers were trained on the module – the campus manager as an agent of change – as part of phase 3, the final rollout. The training comprised a four-day residential training session aimed at understanding the campus manager's role in improving students' academic results.

Highlights in the 3 phases:

Trained trainers from TVET colleges: A total of 15 principals, 26 deputy principals and 7 senior managers representing all nine provinces.

Trained to monitor and support: A total of 18 regional officials, 50 deputy principals (academic) and 50 principals.

Established communities of practice: Daily online sharing and support platform developed for 250 campus managers at no cost to the department.

Administrators developed as coordinators: Eight young administrators from nine TVET colleges in seven provinces were trained to manage the coordination and logistics of training at different clusters.

Young managers given international experience: A total of 17 campus managers, which included deputy principals (academic), acting principals and student support services managers, went on a learning trip to China. The relatively young group, aged below 40 years, were given exposure to international practices and networks to build future partnerships for their colleges.

Six young postgraduates trained, mentored and coached: These young people are now permanently employed at the Quality Council for Trades and Occupations, Department of Basic Education, the TVET Youth and Development Directorate within the department, Telkom and the NSF.

The TVET capacity is being strengthened at all levels through this programme. No consultants were used on the project. All the training was conceptualised and developed by experts with good standards of practice within the TVET college system. By the end of the review year, the modules developed over the three phases were being modified to align with university qualifications.

The Hair and Skin Research Lab

The NSF's funding approval of R19.6m in 2016 enabled the University of Cape Town to establish the Hair and Skin Research Lab, Africa's first dedicated hair and skin research lab.

The NSF funding was specifically for sourcing high-tech equipment needed by the lab. "This investment has been game-changer," according to UCT's head of dermatology, Prof. Nonhlanhla Khumalo.

The facility is contributing to academia and industry. Two scientists were recruited from the lab by Wits University as lecturers, one to L'Oréal, a cosmetic company, and another to the Textile Research Institute, a scientific research and education organisation in Princeton, USA.

Within three years, the lab has graduated one PhD (two expected in 2019), two master's degrees (two expected 2019) and 16 Advanced Diplomas (11 expected in 2019). "These qualifications did not exist but are now available in the country due to the NSF's enabling funding," Prof Khumalo stated in a report to the NSF in February 2019.

The work of the lab has grown significantly in the last three years and it now boasts three distinct programmes as reported by Prof Khumalo:

Cosmetic Ingredients Safety Programme

The initial infrastructure for the Cosmetic Ingredients Safety Programme was funded by the NSF and the Services Sector Education and Training Authority (SETA) funded the completion of the infrastructure and the development of the programme. The result was the establishment of the National Cosmetic Ingredients Safety Testing Unit, the first in the country to offer the service.

The National Cosmetic Ingredients Safety Testing Unit has produced 16 graduates (in 2017 and 2018) in the Advanced Diploma in Cosmetic Formulation Science, the first graduate programme to train scientists to formulate cosmetics. This is a blended programme with 10 weeks at UCT and 10 months experiential learning in cosmetic company labs nationwide.

Hair Testing in Medicine Programme

The initial infrastructure for the Hair Testing in Medicine Programme was also funded by the NSF and the development of the programme was funded by the South African Medical Research Council and the NRF.

Hair has a rich blood supply and, as a result, chemicals can be incorporated into hair from the blood. This includes both illicit and drugs used for treatment of diseases such as TB and HIV.

The major contribution of the lab in this area of work has been in the understanding of hair curliness and related biochemistry – specifically how this can influence the reliability of tests done using hair.

For example, very curly hair has higher internal (structural) lipids which may influence the incorporation of lipid-soluble drugs. Whether this is the case or not has been a research focus of the lab's work and this is important because drug levels may have to be adjusted for hair curvature.

This work is initiated by a multidisciplinary team led by a mechanical engineer coordinating the geometry and mechano-physical properties that will result in the objective characterisation of hair that is not based on race (which is subjective since Caucasian hair may be curly or straight) as is currently the case.

The huge potential of testing hair has been demonstrated in one of the lab's projects which shows a clear significance in the hair of diabetic adults and children compared to healthy controls. The project has the potential to change the future of clinical practice in this area.

Wound Healing and Skin Scarring Programme

The Wound Healing and Skin Scarring Programme is the newest programme that aims to improve the understanding and treatment of scarring alopecia and keloid scars, mostly prevalent in people of African ancestry.

Funding allocations from the NSF and Services SETA were used to source initial infrastructure, although there is still a need for specific equipment for skin biopsy processing, immunohistochemistry staining and specialised imaging according to Khumalo's report.

There is no effective treatment for keloids – large scars that cause significant disfigurement and emotional distress. Keloids are a neglected area of research worldwide.

As an African facility, the lab aims to prioritise and find effective treatments to improve the quality of life of affected Africans. Lessons learnt from skin scarring are likely to be applicable to scarring of internal organs and may give rise to life-saving treatments.

4. SKILLS INFRASTRUCTURE DEVELOPMENT

In the 2018/19 financial year, the NSF had 16 skills infrastructure projects valued at R2.5bn. The establishment of the False Bay TVET College's sixth campus, namely Swartklip, and 10 TVET campuses being built by the department in rural and peri-urban areas in the Eastern Cape, Mpumalanga and KwaZulu-Natal are some of the projects in this portfolio. The South African Renewable Energy and Technology Centre (SARETEC), located at the Cape Peninsula University of Technology and launched in November 2018, are project in this portfolio.

NOTABLE HIGHLIGHT



False Bay TVET College Swartklip Campus

The NSF approved R180m funding for False Bay TVET College to establish its sixth campus, namely Swartklip. This funding is enabling the college to realise its vision of creating a skills campus purely focused on the training of artisans. When complete, the campus will boast fully equipped workshops in various artisanal trades such as masonry, plumbing, painting, plastering, tiling, carpentry, welding, electrics, motor mechanics and rigging.

The Swartklip Campus was established to create a skills campus consisting of a cluster of centres of excellence with the aim to reduce poverty, inequality and unemployment through training excellence that will promote accelerated and sustained economic growth.

The rigging workshop, to be utilised as an artisanal CoS for rigging, constituted the first phase of the project and was almost near completion by the end of the review year. The second phase will entail the refurbishment of additional workshops for boiler making, electrics and motor mechanics, the erection of a perimeter fence and entrance gate, as well as a road and external works.

Sithokozile Nelani and **Uzair Jardine** are in the college's first intake of rigging apprentices in the 2019 academic year.

Nelani, a 30 year-old black woman from the Eastern Cape, studied Electrical Engineering (Heavy Current) from N1-N6 National Accredited Technical Education Diploma (Nated) at Ekurhuleni East TVET College in Daveyton.

"Rigging is quite a male-dominated industry. It is my interest to prove and show other females that it is possible to make in this industry irrespective of one's gender," Nelani said.

Before joining the rigging apprenticeship programme, she passed her Trade Test Certificate in Electrical Engineering and was in her third year of distance learning at Lyceum College working towards a Bachelor of Arts in Disaster and Safety Management. She has also worked for the SA Navy as an engine room attendant aboard the SAS Makhanda. She then qualified as an auxiliary watcher on boats, ensuring the safety, maintenance and the protection of maritime resources.

"One the things that lured my interest in rigging is that it involves all the trades in engineering fields. There are no company operations without riggers," she explained. "For example, in construction and building sites a rigger is needed for moving extremely large and heavy loads safely, working with cranes."

Since the start of this programme, she has gained understanding and learnt more about rigging and is getting clarification on things she queried, such as splicing, grommets, lifting and turning load. The importance of safety and precautions, the need for a rigger to be vigilant, confident, and reliable and the importance of leadership skills and professionalism are some of her lessons on the programme. Importantly, being knowledgeable about the equipment involved is a notable highlight: how these work, what are they capable of and how she should operate and maintain them.

"Being part of the rigging programme has boosted my confidence. I discovered that I am very much capable and effective working with others. I would like to appreciate the funders of the programme – the NSF – for their investments in these apprenticeships. Their support does not go unnoticed and the result will be overwhelming. The NSF must continue reaching out to the people and bring light."

Nelani attests to the famous quote by the late Nelson Mandela: 'Education is the most powerful weapon which you can use to change the world'. "In a massive way education helps us find purpose and improve our lives," she said.

Jardine, on the other hand, is a coloured male from Morgens Village, located between Westgate and Westridge in Mitchell's Plain.

"I always had an interest for physical work and work that requires lots of thinking. Also, I often wondered how heavy objects and massive objects get erected in certain places which manpower alone would certainly not be able to do," he said.

Once he learnt more about the rigging industry and many of the tasks they perform and how important these are, he thought to himself, "This is perfect for me."

"I have learnt so much in this programme and in such a short time too. My ultimate goal is opening my own rigging company once I have successfully passed my trade test in three years. In that way, I will get to lead a company into success and create more job opportunities for more people."

"Without this programme, I would most probably have still been studying religious studies at the mosque opposite Mondale High School in Portlands, Mitchell's Plain, and possibly doing odd jobs on weekends for some money or looking for a part-time job."

Not only is this programme giving him knowledge that he can use for the future, it is also showing him a whole new possibility of employment or entrepreneurship. "This programme has truly changed my life for the better. It has given me something I can never lose and for that I am extremely grateful."

"Knowledge and having the skills to implement that knowledge is something no one is born with. Therefore, such programmes are made available to empower young minds to make their future bright. And with funders such as NSF making it possible for such opportunities to be available, learning and putting knowledge into action has never been easier."

Jardine is grateful for the opportunity made possible by NSF and False Bay TVET College.



South African Renewable Energy and Technology Centre

The SARETEC facility was established to develop the skills required to design, build, operate and maintain world-class renewable energy utility-scale power plants.

The fully equipped cutting-edge facility located at the Cape Peninsula University of Technology is fully operational and was launched by the Director-General of Higher Education and Training, Gwebinkundla Qonde, in November 2018.

It is a response to the Department of Energy's integrated resource plan (IRP201), which commits to the procurement of some 800 megawatts of renewable energy for the next 20 years.

The NSF approved grant funding of R105m for establishing and equipping the SARETEC facility and included R24m for operational costs.

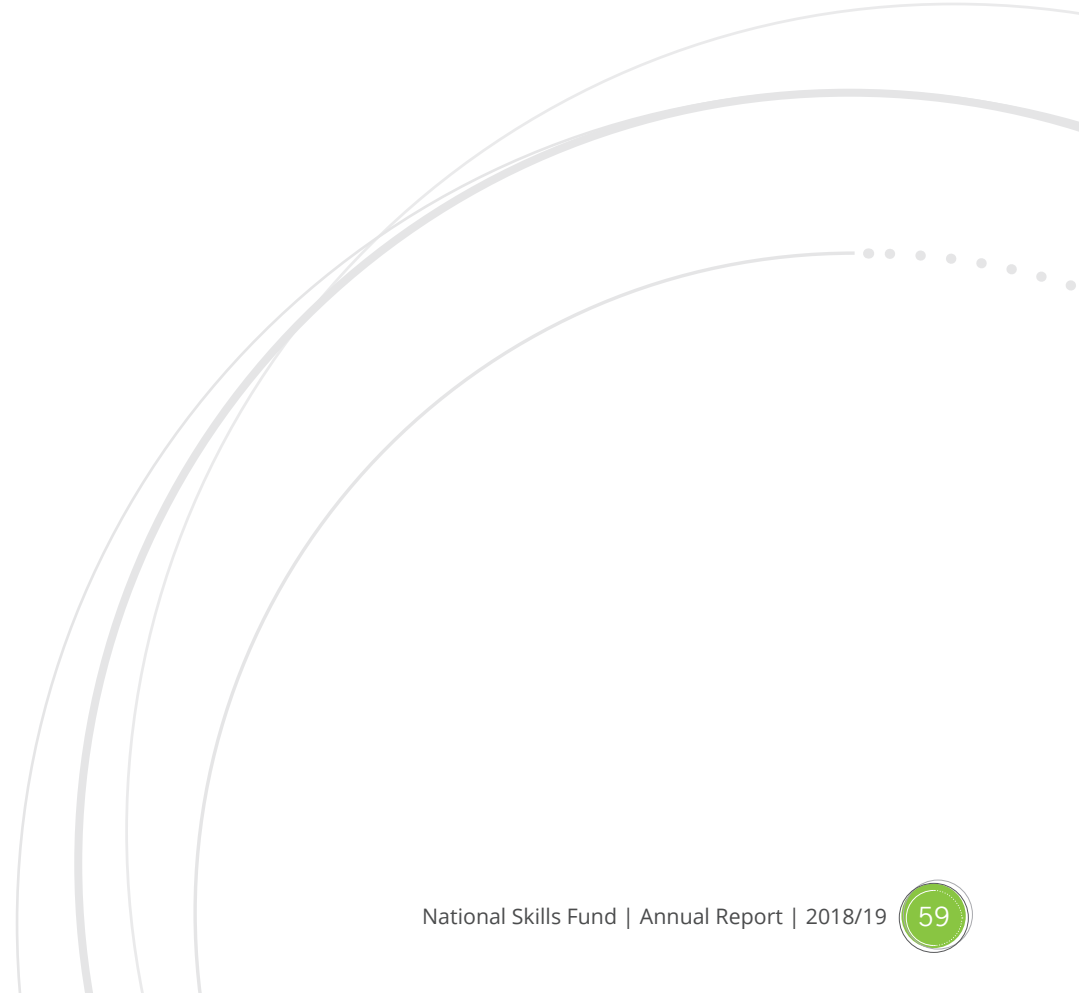
In its seven years, SARETEC has made tangible strides. It has two registered curricula for wind and solar and soon plans to offer qualifications in energy efficiency and biomass to gas.

SARETEC is actively building intimate, value-driven academic-industry partnerships in the development of renewable energies with the Manufacturing, Engineering and Related Services SETA as the quality partner.





C PERFORMANCE INFORMATION



1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of responsibility for performance information for the year ended 31 March 2019

The Accounting Authority is responsible for the preparation of the public entity's performance information and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

The performance information reflects the actual achievements against planned objectives, indicators and targets, as per the strategic and annual performance plan of the public entity, for the financial year ended 31 March 2019.

The performance information of the entity set out on page 61 to page 109 was approved by the Director-General of Higher Education and Training, as the Accounting Authority of the National Skills Fund.



MR GF QONDE

DIRECTOR GENERAL: HIGHER EDUCATION AND TRAINING

31 July 2019

2. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa currently performs the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings reported under the "Report on the audit of the annual performance report" heading in the report on other legal and regulatory requirements section of the auditor's report.

Refer to the Report of the Auditor-General to Parliament on the National Skills Fund (pages 128 to 131), published as Part F: Financial Information.

3. OVERVIEW OF THE NSF'S 2018/19 PERFORMANCE

3.1 Service Delivery Environment

The NSF reports on its performance against its strategic plan and annual performance plan to relevant stakeholders, who include the following:

- The Minister of Higher Education, Science and Technology and Director-General of Higher Education and Training, through the relevant structures of the Department of Higher Education and Training (DHET). Reports of the NSF are discussed in the DHET's senior management meetings and Ministerial management meetings. The NSF is also part of the DHET's Annual Review and Planning workshops, where annual performance is discussed and planning of the new financial year is undertaken;
- Relevant parliamentary portfolio committees; and
- A committee of the National Skills Authority (NSA) also provides monitoring with respect to the contribution of the NSF to the targets of the National Skills Development Strategy III (NSDS), which is now replaced by the National Skills Development Plan (NSDP) 2030.

These performance reports include, among others, quarterly monitoring of performance, derived from the annual performance plan of the NSF and reported via the DHET.

Most of the funds disbursed were towards the education and training of learners, benefitting 59 051 learners for the year under review. Of these 59 051 learners funded, 34 925 (59%) learners are from rural areas and 33 905 (57%) learners are undergoing learning programmes that relate to priority occupations. Priority occupations are those occupations identified as in demand as outlined in the DHET'S Top 100 Occupations in High Demand list, as well as those occupations identified as being in high demand for the Strategic Integrated Projects. Furthermore, 4 480 learners (8%) of the 59 051 learners funded have undergone training related to small, medium and micro enterprise (SMME) and cooperative development, benefitting 786 SMMEs and cooperatives. Also, 8 959 learners (15%) of the 59 051 learners were funded on learning programmes related to community education and training and 618 learners (1%) of the 59 051 learners funded were workers undergoing worker education learning programmes.

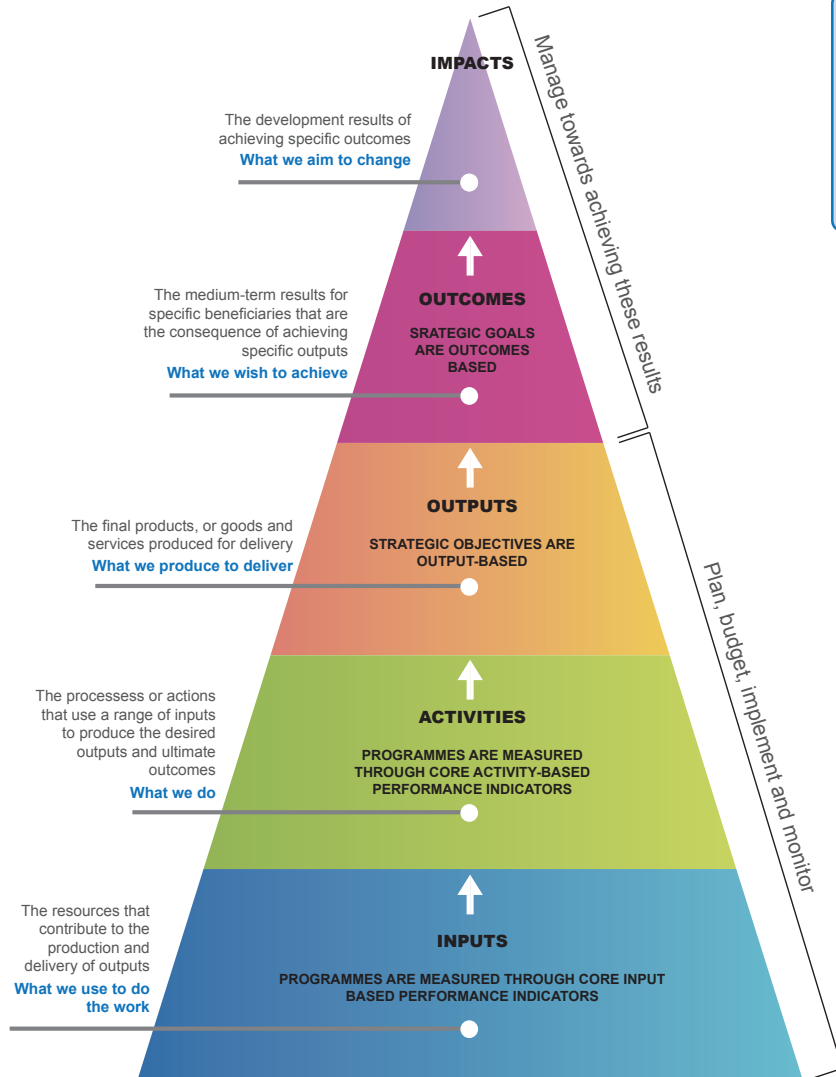
The majority of the 59 051 learners funded are African learners (53 022, 90%), followed by Coloured learners (4 697, 8%). The 59 051 learners are made up of 35 291 female learners (60%) and 23 760 male learners (40%).

During the current financial year, 5 908 learners of the 33 905 learners funded for learning programmes that relate to priority occupations successfully completed their education and training programmes, with the remainder of the learners still undergoing their learning programmes in the next financial year. Furthermore, 6 658 rural learners of the 34 928 rural learners funded successfully completed their education and training, with the remainder of the learners still undergoing their learning programmes in the next financial year.

The NSF remains committed towards funding these learners over their entire learning programme period. This is to ensure a maximum throughput of learners obtaining their qualifications and preventing a high drop-out rate of learners due to a lack of funding to complete their learning programmes from one year to the next.

The NSF's Strategic Plans and Annual Performance Plans are based on the NSF's theory of change, which has been premised on the Framework for *Strategic Plans and Annual Performance Plans* published by the National Treasury. The aim of the

theory of change is to measure the outputs, outcomes and ultimate impact of skills development projects funded by the NSF. The theory of changes as contained in the NSF's Annual Performance Plan 2018/19 is as follows:



Contribute towards creating employability and reducing inequality and poverty

The NSF's key beneficiaries can be categorised as follows:
i) the learners funded by NSF for skills development; and
ii) the PSET system through which the skills of learners are developed.

The expected consequence of achieving specific outputs due to providing funding for skills development initiatives to the benefit of the key beneficiaries are the following:
1. For the learners funded by 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.

Performance measured mainly through the Strategic Plan on a medium to longer term basis.

The final product of the NSF is in the main the following:
1. Number of NSF learners that completed their education and training through the NSF's skills development initiatives;
2. Number of cooperatives and SMMEs that benefitted from the NSF's skills development initiatives;
3. Number of workers that were educated 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 (incl. 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 a medium term or annual basis.

The NSF performs the following activities to achieve the desired outputs:
The NSF plans skills development initiatives to be funded, initiates such skills development initiatives, monitors the execution thereof to achieve the outputs and evaluate the final output and outcome thereof.

Performance measured mainly through the APP and Operational Plan on an annual basis.

The NSF uses the following resources to produce the desired outputs:
1. The NSF uses funding to deliver skills development initiatives, received in the main through skills development levies;
2. The NSF employs human capacity to manage and support the delivery of the desired output through the skills development initiatives; and
3. The NSF utilises technology (ICT systems) to deliver improved efficiency in the delivery of skills development initiatives.

Performance measured mainly through the APP, Operational Plan and budget on a medium term and annual basis.

3.2 Organisational environment

For the year under review, the NSF has continued the process of implementing its new organisational structure, new business processes and new Information Communication Technology (ICT) system to improve the overall efficiency and effectiveness of the fund and the work thereof.

Significant progress has been made in each of the following areas:

1. The NSF's monitoring capacity has been strengthened through the appointment of NSF regional directors, enabling NSF to closely monitor skills development at regional level and improve regional stakeholder engagement and coordination. The appointment of the NSF regional directors has started to bear fruit, with an overall improvement in project reporting and project monitoring.
2. The value added by fund managers appointed in the previous financial year has started to show in the current financial year. The fund managers provide dedicated financial management support aimed at strengthening financial management at skills development project level. Overall, there has been an improvement in the financial reporting and financial management of skills development projects at project level.
3. The NSF has finalised the build phase of the new integrated Microsoft Dynamics ICT system during the financial year under review. Furthermore, the first phase of the system was deployed during the current financial year and the second phase of deployment started shortly after year end. The following benefits are to be realised from the implementation of the new ICT system:
 - i. Enable simpler, faster and more accurate reporting;
 - ii. Improve monitoring of skills development programmes and projects (including learners, learning sites, funds utilisation, etc.);
 - iii. Improve monitoring of the NSF's performance;
 - iv. Enable evaluation of outputs, outcomes and impact;
 - v. Assist strategic planning and enable strategic analysis;
 - vi. Enable measurement of cost efficiency and return on investment to maximise return on investment;
 - vii. Improve accountability and transparency;
 - viii. Improve communication and stakeholder management;
 - ix. Improve financial management; and
 - x. Strengthen control environment.

Further work is being undertaken to ensure that the remaining key vacant positions in the NSF's new organisational structure are filled. The NSF's new business process is also under implementation and will be closely monitored to ensure it improves the NSF's efficiency and effectiveness.

3.3 Key policy developments and legislative changes

The White Paper for PSET sets out a vision for a single, coherent, differentiated and articulated PSET system. This will result in the review of all PSET legislation and a drive towards a higher degree of integration with the PSET system.

The National Plan for PSET is currently being finalised for implementation of the White Paper. The new NSDP 2030, which has been approved by the National Economic Development and Labour Council (NEDLAC) and the Minister, sets out the vision for the skills development system. Once the National Plan for PSET is approved, the NSF will ensure that it aligns its strategic plans and APP to the National Plan for PSET, as well as the NSDP 2030.

3.4 Changes to planned targets

No changes were made to planned targets during the 2018/19 financial year.

4. 2018/19 PERFORMANCE INFORMATION (REVIEW YEAR)

4.1 SUMMARY OF ACHIEVEMENTS

	STRATEGIC OBJECTIVES PERFORMANCE INDICATORS (OUTPUT-BASED)					BUDGET PROGRAMME PERFORMANCE INDICATORS (ACTIVITY AND INPUT-BASED)				
	TOTAL TARGETS	ACHIEVED		NOT ACHIEVED		TOTAL TARGETS	ACHIEVED		NOT ACHIEVED	
BUDGET PROGRAMME 1: Funding Skills Development	6	6	100%	0	0%	13	8	62%	5	38%
BUDGET PROGRAMME 2: NSF Business Excellence (Administrative Programme)	3	0	0%	3	100%	3	2	67%	1	33%
ALL PROGRAMMES	9	6	67%	0	33%	16	10	63%	6	38%

4.2 PROGRAMME 1: FUNDING SKILLS DEVELOPMENT

4.2.1 SUB-PROGRAMME 1.1: EDUCATION AND TRAINING

STRATEGIC OBJECTIVES AND ANNUAL TARGETS (Specifically related to Sub-Programme 1.1: Education and Training)										
STRATEGIC OBJECTIVE 1: SKILLS DEVELOPMENT TOWARDS PRIORITY OCCUPATIONS <i>To develop skills required for priority occupations</i>										
Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2014/15	2015/16	2016/17	2017/18	2018/19				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
STRATEGIC OBJECTIVE TARGET 1										
1	12 267 NSF-funded learners to complete their education and training towards priority occupations over the five-year strategic period.	Number of NSF-funded learners that completed their education and training towards priority occupations. (OUTPUT-BASED)	New indicator. No data available.	New indicator. No data available.	3 267	8 521	3 000	5 908	2 908 over achievement	Refer to Note 1 (Pg 84).

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

STRATEGIC OBJECTIVE 2: RURAL SKILLS DEVELOPMENT
To develop the skills of people from rural areas

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2014/15	2015/16	2016/17	2017/18	2018/19			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		

STRATEGIC OBJECTIVE TARGET 2

2	12 418 NSF-funded learners from rural areas to complete their education and training over the five-year strategic period.	Number of NSF-funded learners from rural areas that completed their education and training. (OUTPUT-BASED)	New indicator. No data available.	New indicator. No data available.	3 418	6 856	3 000	6 658	3 658 over-achievement	Refer to Note 2 (Pg 84).
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STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

STRATEGIC OBJECTIVE 3: SMME AND CO-OPERATIVE SKILLS DEVELOPMENT
To support SMME and cooperative development through skills development

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2014/15	2015/16	2016/17	2017/18	2018/19			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		

STRATEGIC OBJECTIVE TARGET 3

3.1	800 SMMEs and cooperatives to benefit from NSF-funded skills development initiatives over the five-year strategic period.	Number of SMMEs and cooperatives that benefitted from NSF-funded skills development initiatives. (OUTPUT-BASED)	New indicator. No data available.	New indicator. No data available.	2 158	1 705	200	786	586 over-achievement	Refer to Note 3 (Pg 85).
3.2	450 NSF-funded learners that acquired skills through SMMEs and cooperatives to benefit from NSF-funded skills development initiatives over the five-year strategic period.	Number of NSF-funded learners that acquired skills through SMME and cooperative skills development initiatives. (OUTPUT-BASED)	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	200	475	275 over-achievement	Refer to Note 4 (Pg 86).

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

STRATEGIC OBJECTIVE 4: COMMUNITY-BASED SKILLS DEVELOPMENT

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

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2014/15	2015/16	2016/17	2017/18	2018/19			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		

STRATEGIC OBJECTIVE TARGET 4

4	7 000 NSF-funded learners that acquired skills through community-based skills development initiatives over the five-year strategic period.	Number of NSF-funded learners that acquired skills through community-based skills development initiatives. (OUTPUT-BASED)	New indicator. No data available.	New indicator. No data available.	3 289	5 281	1 400	3 825	2 425 over-achievement	Refer to Note 5 (Pg 86).
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STRATEGIC OBJECTIVE 5: WORKER EDUCATION

To educate workers through worker education initiatives

STRATEGIC OBJECTIVE TARGET 5

5	300 workers to be educated through worker education initiatives over the five-year strategic period.	Number of workers educated through worker education initiatives. (OUTPUT-BASED)	New indicator. No data available.	New indicator. No data available.	0	0	100	414	314 over-achievement	Refer to Note 6 (Pg 87).
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SUB-PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2014/15	2015/16	2016/17	2017/18	2018/19				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME TARGET 1										
1	213 000 learners (cumulative headcount) funded by NSF for education and training over the five-year strategic period.	Number (headcount) of learners funded by NSF for education and training. (ACTIVITY-BASED)	62 617	63 903	48 169	57 238	38 000	59 051	21 051 over-achievement	Please refer to Note 7 (Pg 87).
BUDGET PROGRAMME TARGET 2										
2	86 600 learners (cumulative headcount) funded by NSF for education and training towards priority occupations over the five-year strategic period.	Number (headcount) of learners funded by NSF for education and training towards priority occupations. (ACTIVITY-BASED)	New indicator. No data available.	New indicator. No data available.	29 052	38 368	20 000	33 905	13 905 over-achievement	Refer to Note 8 (Pg 88).

SUB-PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2014/15	2015/16	2016/17	2017/18	2018/19				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME TARGET 3										
3	65 200 learners (cumulative headcount) from rural areas funded by NSF for education and training over the five-year strategic period.	Number (headcount) of learners from rural areas funded by NSF for education and training. (ACTIVITY-BASED)	New indicator. No data available.	New indicator. No data available.	22 633	32 888	16 000	34 925	18 928 over-achievement	Refer to Note 9 (Pg 88).
BUDGET PROGRAMME TARGETS 4.1 AND 4.2										
4.1	800 SMMEs and cooperatives funded by NSF for skills development over the five-year strategic period.	Number of SMMEs and cooperatives funded by NSF for skills development. (ACTIVITY-BASED)	New indicator. No data available.	New indicator. No data available.	2 158	2 222	200	786	586 over-achievement	Refer to Note 10 (Pg 89).

SUB-PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2014/15	2015/16	2016/17	2017/18	2018/19			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		

BUDGET PROGRAMME TARGETS 4.1 AND 4.2 (continued)

4.2	450 learners funded by NSF for skills development through SMMEs and cooperatives funded by NSF for skills development over the five-year strategic period.	Number (headcount) of learners funded by NSF for skills development through SMME and cooperative skills development initiatives. (ACTIVITY-BASED)	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	200	4 480	4 286 over-achievement	Refer to Note 11 (Pg 89).
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BUDGET PROGRAMME TARGET 5

5	10 000 learners (cumulative headcount) funded by NSF for skills development through community-based skills development initiatives over the five-year strategic period.	Number (headcount) of learners funded by NSF for skills development through community-based skills development initiatives. (ACTIVITY-BASED)	New indicator. No data available.	New indicator. No data available.	6 877	8 675	2 000	8 959	6 959 over-achievement	Refer to Note 12 (Pg 90).
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SUB-PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2014/15	2015/16	2016/17	2017/18	2018/19				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME TARGET 6										
6	7 500 workers (cumulative headcount) funded by NSF for worker education over the five-year strategic period.	Number (headcount) of workers funded by NSF for worker education. (ACTIVITY-BASED)	New indicator. No data available.	New indicator. No data available.	237	823	200	618	418 over-achievement	Refer to Note 13 (Pg 90).

4.2.2 SUB-PROGRAMME 1.2: PSET SYSTEM DEVELOPMENT AND CAPACITY BUILDING

STRATEGIC OBJECTIVES AND ANNUAL TARGETS (Specifically related to Sub-Programme 1.2: PSET System Development and Capacity Building)									
STRATEGIC OBJECTIVE 6: AN EXPANDED, INTEGRATED AND EFFECTIVE PSET SYSTEM <i>To expand the PSET system, improve effectiveness of the PSET system and integrate the PSET system more</i>									
Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2014/15	2015/16	2016/17	2017/18	2018/19			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		
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 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 the envisaged outputs. (OUTPUT-BASED)	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	Longer term projects, thus the successful completion will only be measured closer to the end of the five-year strategic period.		

SUB-PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.2: PSET System Development and Capacity Building)

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2014/15	2015/16	2016/17	2017/18	2018/19				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME TARGET 7										
7	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 value for money 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.	New indicator. No data available.	100%	100%	100%	97%	3% under-achievement	Refer to Note 14 (Pg 91).

SUB-PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.2: PSET System Development and Capacity Building)

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2014/15	2015/16	2016/17	2017/18	2018/19				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
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) 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.	New indicator. No data available.	100%	100%	100%	0%	Not achieved	Refer to Note 15 (Pg 91).

4.2.3 SUB-PROGRAMME 1.3: SKILLS INFRASTRUCTURE DEVELOPMENT

STRATEGIC OBJECTIVES AND ANNUAL TARGETS (Specifically related to Sub-Programme 1.3: Skills Infrastructure Development)									
STRATEGIC OBJECTIVE 7: SKILLS INFRASTRUCTURE DEVELOPMENT <i>To expand the PSET system, improve effectiveness of the PSET system and integrate the PSET system through infrastructure development</i>									
Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2014/15	2015/16	2016/17	2017/18	2018/19			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		
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 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 the envisaged outputs. (OUTPUT-BASED)	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	Longer term projects, thus the successful completion will only be measured closer to the end of the five-year strategic period.		

SUB-PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.3: Skills Infrastructure Development)

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2014/15	2015/16	2016/17	2017/18	2018/19			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		

BUDGET PROGRAMME TARGET 9

9	100% of NSF-funded skills infrastructure development projects have a clear business plan and value for money 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.	New indicator. No data available.	100%	100%	100%	94%	6% under-achievement	Refer to Note 14 (Pg 93).
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BUDGET PROGRAMME TARGET 10

10	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.	New indicator. No data available.	100%	100%	100%	0%	Not achieved	Refer to Note 15 (Pg 93).
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4.2.4 SUB-PROGRAMME 1.4: SKILLS DEVELOPMENT RESEARCH, INNOVATION AND ADVOCACY

STRATEGIC OBJECTIVES AND ANNUAL TARGETS (Specifically related to Sub-Programme 1.4: Skills Development Research, Innovation and Advocacy)									
STRATEGIC OBJECTIVE 8: SKILLS DEVELOPMENT RESEARCH, INNOVATION AND ADVOCACY <i>To research priority areas related to skills development (including areas identified for innovation) and to communicate and advocate skills development</i>									
Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2014/15	2015/16	2016/17	2017/18	2018/19			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		
STRATEGIC OBJECTIVE TARGET 8									
8	100% of skills development research, innovation and advocacy projects have successfully achieved the project outputs.	Percentage of skills development research, innovation and advocacy projects that have successfully achieved the project outputs. (OUTPUT-BASED)	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	Longer term projects, thus the successful completion will only be measured closer to the end of the five-year strategic period.		

SUB-PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.4: Skills Development Research, Innovation and Advocacy)

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2014/15	2015/16	2016/17	2017/18	2018/19			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		

BUDGET PROGRAMME TARGET 11

11	100% of NSF-funded research, innovation and advocacy projects have a clear business plan and value for money 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.	New indicator. No data available.	100%	100%	100%	100%	Achieved	Achieved target.
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BUDGET PROGRAMME TARGET 12

12	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.	New indicator. No data available.	100%	100%	100%	0%	Not achieved	Refer to Note 15 (Pg 93).
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4.3 PROGRAMME 2: NSF BUSINESS EXCELLENCE (ADMINISTRATIVE PROGRAMME)

STRATEGIC OBJECTIVES AND ANNUAL TARGETS (Specifically related to Programme 2: NSF Business Excellence)										
STRATEGIC OBJECTIVE 9: IMPROVE NSF'S EFFICIENCY AND EFFECTIVENESS THROUGH AN IMPROVED ORGANISATIONAL STRUCTURE <i>To improve the planning capabilities, skills development implementation capabilities, executive office and support service functions of the NSF over the five-year strategic period through the implementation of an improved organisational structure</i>										
Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2014/15	2015/16	2016/17	2017/18	2018/19				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
STRATEGIC OBJECTIVE TARGET 9										
9	90% of SMS positions filled.	Percentage of SMS positions filled (%) (OUTPUT-BASED)	100%	20%	35%	57%	90%	77%	13% under-achievement	The NSF is dependent upon the DHET Human Resource Management (HRM) to perform its recruitment functions. Due to severe capacity constraints experienced by DHET HRM, there were significant delays in the filling of vacant positions. The NSF tried to augment this situation by availing its interns to assist DHET HRM with sorting of job applications, appointing service providers to capture the job applications and arranging the shortlisting and interview panels on behalf of DHET HRM. The NSF also assisted DHET HRM to draft terms of reference to implement an e-recruitment system for the DHET and assisted DHET HRM to draft a motivation for deviation from National Treasury's moratorium to implement an e-recruitment system.

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Programme 2: NSF Business Excellence)

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2014/15	2015/16	2016/17	2017/18	2018/19				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
STRATEGIC OBJECTIVE TARGET 10										
10	90% of non-SMS positions filled.	Percentage of non-SMS positions filled (%) (OUTPUT-BASED)	100%	20%	40%	72%	90%	53%	37% under-achievement	The NSF is dependent upon the DHET HRM to perform its recruitment functions. Due to severe capacity constraints experienced by DHET HRM, there were significant delays in the filling of vacant positions. The NSF tried to augment this situation by availing its interns to assist DHET HRM with sorting of job applications, appointing service providers to capture the job applications and arranging the shortlisting and interview panels on behalf of DHET HRM. The NSF also assisted DHET HRM to draft terms of reference to implement an e-recruitment system for the DHET and assisted DHET HRM to draft a motivation for deviation from National Treasury's moratorium to implement an e-recruitment system.

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Programme 2: NSF Business Excellence)

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

To improve the NSF's planning, skills development implementation, executive office and support functions through the implementation of information and communication technology for the National Skills Fund over the five-year strategic period.

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2014/15	2015/16	2016/17	2017/18	2018/19			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		

STRATEGIC OBJECTIVE TARGET 11

11	Implement 90% of key ICT needs.	Percentage of key ICT needs implemented (%) (OUTPUT-BASED)	71%	70%	80%	67%	80%	67%	13% under-achievement	The underachievement is mainly due to delays in the implementation of the NSF's new Microsoft Dynamics ICT system and delays in the implementation of NSF's new website / portal.
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PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Programme 2: NSF Business Excellence)

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2014/15	2015/16	2016/17	2017/18	2018/19				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
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%	35%	57%	90%	100%	10% over-achievement	All vacant SMS posts have been advertised before year end.
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)	80%	45%	40%	72%	90%	72%	18% under-achievement	The NSF is dependent upon the DHET HRM to perform its recruitment functions. Due to severe capacity constraints experienced by DHET HRM, there were significant delays in the filling of vacant positions. The NSF tried to augment this situation by availing its interns to assist DHET HRM with sorting of job applications, appointing service providers to capture the job applications and arranging the shortlisting and interview panels on behalf of DHET HRM. The NSF also assisted DHET HRM to draft terms of reference to implement an e-recruitment system for the DHET and assisted DHET HRM to draft a motivation for deviation from National Treasury's moratorium to implement an e-recruitment system.

PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Programme 2: NSF Business Excellence)

Strategic target for the five-year strategic period 2015/16 to 2019/20	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2014/15	2015/16	2016/17	2017/18	2018/19				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
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%	67%	90%	100%	10% over-achievement.	The NSF has started the processes to address all of its key ICT needs.

4.4 NOTES TO THE ANNUAL REPORT: REASONS FOR VARIANCES

4.4.1 NOTE 1

Variance explained

Reason 1	2 424
Reason 2	490
Total variance explained	2 914

The reasons for the variance are the following:

1. The actual performance for the projects listed below significantly exceeded the baseline figures available for these projects at the time of planning. The NSF based its target for 2018/19 on the 2016/17 audited figures, since it was the best available information at 28 February 2018, the date at which the final version of the NSF's 2018/19 Annual Performance Plan (APP) had to be submitted to the Minister for approval. The final 2017/18 performance figures were not available as at 28 February 2018, since the 2017/18 financial year is only due for completion on 31 March 2018. Furthermore, the performance figures are only finalised by 30 April 2018 (a month after the year has ended) for reporting to the Minister and by 31 May 2018 (two months after the year has ended) for submission for audit purposes. Furthermore, should NSF at the time have based its performance target on the unaudited performance figures as per the quarter 3 report for 2017/18, NSF would have come to the same result.
2. Due to the NSF being required to fund the No Fees Increase for the 2017 and 2018 academic years, the NSF initially halted funding to all new projects in order to ensure that the NSF remains a going concern. As result thereof, at the time that the NSF finalised the 2018/19 APP, the NSF did not take into account funding for new projects contracted after 28 February 2018 into the performance target set. The new projects contracted were mainly as a result of the Rural Request for Proposal (RFP) and Work-integrated Learning (WIL).

4.4.2 NOTE 2

Variance explained

Reason 1	2 118
Reason 2	1 607
Total variance explained	3 725

The reasons for the variance are the following:

1. The actual performance for the projects listed below significantly exceeded the baseline figures available for these projects at the time of planning. The NSF based its target for 2018/19 on the 2016/17 audited figures, since it was the best available information at 28 February 2018, the date at which the final version of the NSF's 2018/19 APP had to be submitted to the Minister for approval. The final 2017/18 performance figures were not available as at 28 February 2018, since the 2017/18 financial year is only due for completion on 31 March 2018. Furthermore, the performance figures are only finalised by 30 April 2018 (a month after the year has ended) for reporting to the Minister and by 31 May 2018 (two months after the year has ended) for submission for audit purposes. Furthermore, should NSF at the time have based its performance target on the unaudited performance figures as per the quarter 3 report for 2017/18, NSF would have come to the same result.

2. Due to the NSF being required to fund the No Fees Increase for the 2017 and 2018 academic years, the NSF initially halted funding to all new projects in order to ensure that the NSF remains a going concern. As result thereof, at the time that the NSF finalised the 2018/19 APP, the NSF did not take into account funding for new projects contracted after 28 February 2018 into the performance target set. The new projects contracted were mainly as a result of the Rural RFP and WIL.

4.4.3 NOTE 3

Variance explained

Reason 1	236
Reason 2	322
Total variance explained	558

The reasons for the variance are the following:

1. The over-achievement relates to the Small Enterprise Development Agency (SEDA) project. The baseline used to determine the planned target for the SEDA project was set at 200 SMMEs and cooperatives, which is significantly lower than the actual audited figure for SEDA reported during 2016/17 of 2 127 SMMEs and cooperatives. The reason why the baseline was set lower was due to the fact that the SEDA project was due for expiry at the end of June 2018, which meant the last three months were meant to wrap up the project and finalise the close-out report. However, the project was extended during the 2018/19 financial year (in October 2018) to 31 December 2019, resulting in additional time being provided for the project to achieve a higher number of SMMEs and cooperatives. Please note, the contract extension was after final submission of the APP and thus could not be considered at the time of preparing the plan. The NSF based its target for 2018/19 on the 2016/17 audited figures, since it was the best available information at 28 February 2018, the date at which the final version of the NSF’s 2018/19 APP had to be submitted to the Minister for approval. The final 2017/18 performance figures were not available as at 28 February 2018, since the 2017/18 financial year is only due for completion on 31 March 2018. Furthermore, the performance figures are only finalised by 30 April 2018 (a month after the year has ended) for reporting to the Minister and by 31 May 2018 (two months after the year has ended) for submission for audit purposes. Furthermore, should NSF at the time have based its performance target on the unaudited performance figures as per the quarter 3 report for 2017/18, NSF would have come to the same result, since the SEDA contract was still due to expire on 30 June 2018 as at the end of the 2017/18 financial year.
2. Due to the NSF being required to fund the No Fees Increase for the 2017 and 2018 academic years, the NSF initially halted funding to all new projects in order to ensure that the NSF remains a going concern. As result thereof, at the time that the NSF finalised the 2018/19 APP, the NSF did not take into account funding to new projects contracted after 28 February 2018 into the performance target set. The new projects contracted were mainly as a result of the Rural RFP and WIL.

4.4.4 NOTE 4

Variance explained

Reason 1	370
Total variance explained	370

The reasons for the variance are the following:

1. This is a new performance indicator for 2018/19 and there was no baseline available at the time of setting the target. The NSF therefore set its target in line with that of strategic performance indicator 3.1, since the two performance indicators are related. Subsequently, the NSF's performance has exceeded the target set, which now provides a baseline for the NSF. The over-achievement was mainly as a result of new projects contracted after submission of the APP on 28 February 2018. The new projects contracted were mainly as a result of the Rural RFP and WIL.

4.4.5 NOTE 5

Variance explained

Reason 1	766
Reason 2	1 777
Total variance explained	2 543

The reasons for the variance are the following:

1. The actual performance for the projects listed below significantly exceeded the baseline figures available for these projects at the time of planning. The NSF based its target for 2018/19 on the 2016/17 audited figures, since it was the best available information at 28 February 2018, the date at which the final version of the NSF's 2018/19 APP had to be submitted to the Minister for approval. The final 2017/18 performance figures were not available as at 28 February 2018, since the 2017/18 financial year is only due for completion on 31 March 2018. Furthermore, the performance figures are only finalised by 30 April 2018 (a month after the year has ended) for reporting to the Minister and by 31 May 2018 (two months after the year has ended) for submission for audit purposes. Furthermore, should NSF at the time have based its performance target on the unaudited performance figures as per the quarter 3 report for 2017/18, NSF would have come to the same result.
2. Due to the NSF being required to fund the No Fees Increase for the 2017 and 2018 academic years, the NSF initially halted funding to all new projects in order to ensure that the NSF remains a going concern. As result thereof, at the time that the NSF finalised the 2018/19 APP, the NSF did not take into account funding for new projects contracted after 28 February 2018 into the performance target set. The new projects contracted were mainly as a result of the Rural RFP and WIL.

4.4.6 NOTE 6

Variance explained

Reason 1	314
Total variance explained	314

The reasons for the variance are the following:

1. The NSF based its target for 2018/19 on the 2016/17 audited figures, since it was the best available information at 28 February 2018, the date at which the final version of the NSF's 2018/19 APP had to be submitted to the Minister for approval. The final 2017/18 performance figures were not available as at 28 February 2018, since the 2017/18 financial year is only due for completion on 31 March 2018. Furthermore, the performance figures are only finalised by 30 April 2018 (a month after the year has ended) for reporting to the Minister and by 31 May 2018 (two months after the year has ended) for submission for audit purposes. However, the actual audited performance figures for the 2016/17 financial year was 0 workers and thus the NSF did not have a baseline figure other than 0 workers to set a target by the time NSF drafted the APPs. NSF can however not set a target of 0 workers, since one cannot set a target that requires no performance, and therefore NSF set a target of 100 workers to start off with for the 2018/19 financial year. Furthermore, should NSF at the time have based its performance target on the unaudited performance figures as per the quarter 3 report for 2017/18, NSF would have come to the same result. Subsequently, the target was over-achieved due to the NSF's funding of the worker education projects.

4.4.7 NOTE 7

Variance explained

Reason 1	6 160
Reason 2	16 196
Total variance explained	22 356

The reasons for the variance are the following:

1. The actual performance for the projects listed below significantly exceeded the baseline figures available for these projects at the time of planning. The NSF based its target for 2018/19 on the 2016/17 audited figures, since it was the best available information at 28 February 2018, the date at which the final version of the NSF's 2018/19 APP had to be submitted to the Minister for approval. The final 2017/18 performance figures were not available as at 28 February 2018, since the 2017/18 financial year is only due for completion on 31 March 2018. Furthermore, the performance figures are only finalised by 30 April 2018 (a month after the year has ended) for reporting to the Minister and by 31 May 2018 (two months after the year has ended) for submission for audit purposes. Furthermore, should NSF at the time have based its performance target on the unaudited performance figures as per the quarter 3 report for 2017/18, NSF would have come to the same result.
2. Due to the NSF being required to fund the No Fees Increase for the 2017 and 2018 academic years, the NSF initially halted funding to all new projects in order to ensure that the NSF remains a going concern. As result thereof, at the time that the NSF finalised the 2018/19 APP, the NSF did not take into account funding to new projects contracted after 28 February 2018 into the performance target set. The new projects contracted were mainly as a result of the Rural RFP and WIL.

4.4.8 NOTE 8

Variance explained

Reason 1	9 969
Reason 2	4 097
Total variance explained	14 066

The reasons for the variance are the following:

1. The actual performance for the projects listed below significantly exceeded the baseline figures available for these projects at the time of planning. The NSF based its target for 2018/19 on the 2016/17 audited figures, since it was the best available information at 28 February 2018, the date at which the final version of the NSF's 2018/19 APP had to be submitted to the Minister for approval. The final 2017/18 performance figures were not available as at 28 February 2018, since the 2017/18 financial year is only due for completion on 31 March 2018. Furthermore, the performance figures are only finalised by 30 April 2018 (a month after the year has ended) for reporting to the Minister and by 31 May 2018 (two months after the year has ended) for submission for audit purposes. Furthermore, should NSF at the time have based its performance target on the unaudited performance figures as per the quarter 3 report for 2017/18, NSF would have come to the same result.
2. Due to the NSF being required to fund the No Fees Increase for the 2017 and 2018 academic years, the NSF initially halted funding to all new projects in order to ensure that the NSF remains a going concern. As result thereof, at the time that the NSF finalised the 2018/19 APP, the NSF did not take into account funding for new projects contracted after 28 February 2018 into the performance target set. The new projects contracted were mainly as a result of the Rural RFP and WIL.

4.4.9 NOTE 9

Variance explained

Reason 1	8 015
Reason 2	10 906
Total variance explained	18 921

The reasons for the variance are the following:

1. The actual performance for the projects listed below significantly exceeded the baseline figures available for these projects at the time of planning. The NSF based its target for 2018/19 on the 2016/17 audited figures, since it was the best available information at 28 February 2018, the date at which the final version of the NSF's 2018/19 APP had to be submitted to the Minister for approval. The final 2017/18 performance figures were not available as at 28 February 2018, since the 2017/18 financial year is only due for completion on 31 March 2018. Furthermore, the performance figures are only finalised by 30 April 2018 (a month after the year has ended) for reporting to the Minister and by 31 May 2018 (two months after the year has ended) for submission for audit purposes. Furthermore, should NSF at the time have based its performance target on the unaudited performance figures as per the quarter 3 report for 2017/18, NSF would have come to the same result.
2. Due to the NSF being required to fund the No Fees Increase for the 2017 and 2018 academic years, the NSF initially halted funding for all new projects in order to ensure that the NSF remains a going concern. As result thereof, at the time that the NSF finalised the 2018/19 APP, the NSF did not take into account funding to new projects contracted after 28 February 2018 into the performance target set. The new projects contracted was mainly as a result of the Rural RFP and WIL.

4.4.10 NOTE 10

Variance explained

Reason 1	236
Reason 2	322
Total variance explained	558

The reasons for the variance are the following:

1. The over-achievement relates to the SEDA project. The baseline used to determine the planned target for the SEDA project was set at 200 SMMEs and cooperatives, which is significantly lower than the actual audited figure for SEDA reported during 2016/17 of 2127 SMMEs and cooperatives. The reason why the baseline was set lower was due to the fact that the SEDA project was due for expiry at the end of June 2018, which meant the last three months were meant to wrap up the project and finalise the close-out report. However, the project was extended during the 2018/19 financial year (in October 2018) to 31 December 2019, resulting in additional time being provided for the project to achieve a higher number of SMMEs and cooperatives. The contract extension was after final submission of the APP and thus could not be considered at the time of preparing the plan. The NSF based its target for 2018/19 on the 2016/17 audited figures, since it was the best available information at 28 February 2018, the date at which the final version of the NSF's 2018/19 APP had to be submitted to the Minister for approval. The final 2017/18 performance figures were not available as at 28 February 2018, since the 2017/18 financial year is only due for completion on 31 March 2018. Furthermore, the performance figures are only finalised by 30 April 2018 (a month after the year has ended) for reporting to the Minister and by 31 May 2018 (two months after the year has ended) for submission for audit purposes. Furthermore, should NSF at the time have based its performance target on the unaudited performance figures as per the quarter 3 report for 2017/18, NSF would have come to the same result, since the SEDA contract was still due to expire on 30 June 2018 as at the end of the 2017/18 financial year.
2. Due to the NSF being required to fund the No Fees Increase for the 2017 and 2018 academic years, the NSF initially halted funding to all new projects in order to ensure that the NSF remains a going concern. As result thereof, at the time that the NSF finalised the 2018/19 APP, the NSF did not take into account funding for new projects contracted after 28 February 2018 into the performance target set.

4.4.11 NOTE 11

Variance explained

Reason 1	4 280
Total variance explained	4 280

The reasons for the variance are the following:

1. This is a new performance indicator for 2018/19 and there was no baseline available at the time of setting the target. The NSF therefore set its target in line with that of budget programme performance indicator 4.1, since the two performance indicators are related. Subsequently, the NSF's performance has exceeded the target set, which now provides a baseline for the NSF. The over-achievement was mainly as a result of new projects contracted after submission of the APP on 28 February 2018. The new projects contracted were mainly as a result of the Rural RFP and WIL.

4.4.12 NOTE 12

Variance explained

Reason 1	2 082
Reason 2	5 010
Total variance explained	7 092

The reasons for the variance are the following:

1. The actual performance for the projects listed below significantly exceeded the baseline figures available for these projects at the time of planning. The NSF based its target for 2018/19 on the 2016/17 audited figures, since it was the best available information at 28 February 2018, the date at which the final version of the NSF's 2018/19 APP had to be submitted to the Minister for approval. The final 2017/18 performance figures were not available as at 28 February 2018, since the 2017/18 financial year is only due for completion on 31 March 2018. Furthermore, the performance figures are only finalised by 30 April 2018 (a month after the year has ended) for reporting to the Minister and by 31 May 2018 (two months after the year has ended) for submission for audit purposes. Furthermore, should NSF at the time have based its performance target on the unaudited performance figures as per the quarter 3 report for 2017/18, NSF would have come to the same result.
2. Due to the NSF being required to fund the No Fees Increase for the 2017 and 2018 academic years, the NSF initially halted funding to all new projects in order to ensure that the NSF remains a going concern. As result thereof, at the time that the NSF finalised the 2018/19 APP, the NSF did not take into account funding for new projects contracted after 28 February 2018 into the performance target set. The new projects contracted was mainly as a result of the Rural RFP and WIL.

4.4.13 NOTE 13

Variance explained

Reason 1	418
Total variance explained	418

The reasons for the variance are the following:

1. The NSF based its target for 2018/19 on the 2016/17 audited figures, since it was the best available information at 28 February 2018, the date at which the final version of the NSF's 2018/19 APP had to be submitted to the Minister for approval. The final 2017/18 performance figures were not available as at 28 February 2018, since the 2017/18 financial year is only due for completion on 31 March 2018. Furthermore, the performance figures are only finalised by 30 April 2018 (a month after the year has ended) for reporting to the Minister and by 31 May 2018 (two months after the year has ended) for submission for audit purposes. However, the actual audited performance figures for the 2016/17 financial year was 237 workers, which is slightly above the planned target set by the NSF of 200 workers. Furthermore, should NSF at the time have based its performance target on the unaudited performance figures as per the quarter 3 report for 2017/18, NSF would have set an even lower target, since the quarter 3 report reflected 0 workers. Subsequently, the target was over-achieved due to the NSF's funding of the worker education projects.

4.4.14 NOTE 14

The reason for the variance is that, although business plans exist for the three projects, this was not adequate and therefore the target was not achieved.

4.4.15 NOTE 15

The actual expenditure is supported by invoices and the deliverables are supported by the business plan and related deliverables.

However, the deliverables are not clearly linked to actual expenditure in the reporting templates and therefore the link between actual expenditure and actual deliverables are unclear.

Management has identified this as an area for improvement.

5. PERFORMANCE INFORMATION 2017/18 (PRIOR YEAR)

5.1 SUMMARY OF ACHIEVEMENTS

	STRATEGIC OBJECTIVES PERFORMANCE INDICATORS (OUTPUT-BASED)					BUDGET PROGRAMME PERFORMANCE INDICATORS (ACTIVITY AND INPUT-BASED)				
	TOTAL TARGETS	ACHIEVED		NOT ACHIEVED		TOTAL TARGETS	ACHIEVED		NOT ACHIEVED	
BUDGET PROGRAMME 1: Funding Skills Development	5	3	60%	2	40%	12	11	92%	1	8%
BUDGET PROGRAMME 2: NSF Business Excellence (Administrative Programme)	3	0	0%	3	100%	3	0	0%	3	100%
ALL PROGRAMMES	8	3	38%	5	62%	15	11	73%	4	27%

5.2 PROGRAMME 1: FUNDING SKILLS DEVELOPMENT

5.2.1 SUB-PROGRAMME 1.1: EDUCATION AND TRAINING

STRATEGIC OBJECTIVES AND ANNUAL TARGETS (Specifically related to Sub-Programme 1.1: Education and Training)										
STRATEGIC OBJECTIVE 1: SKILLS DEVELOPMENT TOWARDS PRIORITY OCCUPATIONS <i>To develop skills required for priority occupations</i>										
Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
STRATEGIC OBJECTIVE TARGET 1										
1	35 000 NSF-funded learners to complete their education and training towards priority occupations over the five-year strategic period.	Number of NSF-funded learners that completed their education and training towards priority occupations over the five-year strategic period (OUTPUT-BASED)	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	3 267	7 000	8 521	Over-achievement of 1 521	The target has been achieved, mainly due to skills development programmes delivered in partnership with SEDA, skills development programmes linked to the Expanded Public Works Programme (EPWP) and specific skills development projects with TVET colleges.

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

STRATEGIC OBJECTIVE 2: RURAL SKILLS DEVELOPMENT

To develop the skills of people from rural areas

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2013/14	2014/15	2015/16	2016/17	2017/18			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		

STRATEGIC OBJECTIVE TARGET 2

2	35 000 NSF-funded learners from rural areas to complete their education and training over the five-year strategic period.	Number of NSF-funded learners from rural areas that completed their education and training over the five-year strategic period (OUTPUT-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	3 418	7 000	6 856	Under-achievement of 144	The target has not been achieved by a small margin. Most of the learners funded by the NSF from rural areas were still undergoing education and training programmes and had not yet completed their education and training programmes as at the financial year end.
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STRATEGIC OBJECTIVE 3: SMME AND CO-OPERATIVE SKILLS DEVELOPMENT

To support SMME and co-operative development through skills development

STRATEGIC OBJECTIVE TARGET 3

3	800 SMMEs and cooperatives to benefit from NSF-funded skills development initiatives over the five-year strategic period.	Number of SMMEs and cooperatives that benefitted from NSF-funded skills development initiatives over the five-year strategic period (OUTPUT-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	2 158	150	1 705	Over-achievement of 1 555	NSF achieved target. The overachievement is mainly due to the NSF's collaboration with SEDA, aimed at skills development related to SMMEs.
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STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

STRATEGIC OBJECTIVE 4: COMMUNITY-BASED SKILLS DEVELOPMENT

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

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2013/14	2014/15	2015/16	2016/17	2017/18			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		

STRATEGIC OBJECTIVE TARGET 4

4	7 000 NSF-funded learners that acquired skills through community-based skills development initiatives over the five-year strategic period.	Number of NSF-funded learners that acquired skills through community-based skills development initiatives over the five-year strategic period (OUTPUT-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	3 289	1 400	5 281	Over-achievement of 3 881	NSF achieved target. The overachievement is mainly due to NSF's skills development partnership with SEDA.
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STRATEGIC OBJECTIVE 5: WORKER EDUCATION

To educate workers through worker education initiatives

STRATEGIC OBJECTIVE TARGET 5

5	5 600 workers to be educated through worker education initiatives over the five-year strategic period.	Number of workers educated through worker education initiatives over the five-year strategic period (OUTPUT-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	0	840	-	Under-achievement of 840	The target has not been achieved due to budgetary reprioritisation, resulting in funding for worker education projects being delayed.
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SUB-PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME TARGET 1										
1	121 800 learners funded by NSF for education and training over the five-year strategic period.	Number of learners funded by NSF for education and training (ACTIVITY-BASED).	77 913	62 617	63 903	48 169	43 000	57 238	Over-achievement of 14 238	NSF achieved its target on the number of learners to be funded during the 2017/18 financial year, which can mainly be attributed to scarce and critical skills bursaries funded through NSFAS and the NRF, as well as NSF's partnership with SEDA, which further contributed towards skills development.
BUDGET PROGRAMME TARGET 2										
2	65 800 learners funded by NSF for education and training towards priority occupations over the five-year strategic period.	Number of learners funded by NSF for education and training towards priority occupations (ACTIVITY-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	29 052	30 100	38 365	Over-achievement of 8 265	NSF achieved its target on the number of learners to be funded during the 2017/18 financial year, which can mainly be attributed to scarce and critical skills bursaries funded through NSFAS and the NRF.

SUB-PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME TARGET 3										
3	48 720 learners from rural areas funded by NSF for education and training over the five-year strategic period.	Number of learners from rural areas funded by NSF for education and training (ACTIVITY-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	22 633	17 200	32 888	Over-achievement of 15 688	The target has been achieved. The NSF's overachievement can mainly be attributed to bursaries awarded to students to study at universities that are located outside the metropolitan areas. Furthermore, the NSF's partnership with SEDA further contributed towards rural skills development.
BUDGET PROGRAMME TARGET 4										
4	1 000 SMMEs and cooperatives funded by NSF for skills development over the five-year strategic period.	Number of SMMEs and cooperatives funded by NSF for skills development (ACTIVITY-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	2 158	150	2 222	Over-achievement of 2 072	The annual target has been met. The overachievement is mainly due to NSF's collaboration with SEDA, aimed at skills development related to SMMEs.

SUB-PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.1: Education and Training)

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME TARGET 5										
5	10 000 learners funded by NSF for skills development through community-based skills development initiatives over the five-year strategic period.	Number of learners funded by NSF for skills development through community-based skills development initiatives (ACTIVITY-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	6 877	2 000	8 675	Over-achievement of 6 675	NSF achieved target. The over-achievement is mainly due to NSF's skills development partnership with SEDA.
BUDGET PROGRAMME TARGET 6										
6	7 500 workers funded by NSF for worker education over the five-year strategic period.	Number of workers funded by NSF for worker education (ACTIVITY-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	237	1 125	823	Under-achievement of 302	Underachievement of 302. The target has not been achieved, due to budgetary reprioritisation, resulting in funding for worker education projects being delayed.

5.2.2 SUB-PROGRAMME 1.2: PSET System Development and Capacity Building

STRATEGIC OBJECTIVES AND ANNUAL TARGETS (Specifically related to Sub-Programme 1.2: PSET System Development and Capacity Building)									
STRATEGIC OBJECTIVE 6: AN EXPANDED, INTEGRATED AND EFFECTIVE PSET SYSTEM <i>To expand the PSET system, improve effectiveness of the PSET system and integrate the PSET system more</i>									
Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2013/14	2014/15	2015/16	2016/17	2017/18			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		
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 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 the envisaged outputs (OUTPUT-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	Longer-term projects, thus the successful completion will only be measured closer to the end of the five-year strategic period.		

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.2: PSET System Development and Capacity Building)

Strategic target for 2016/17-2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2013/14	2014/15	2015/16	2016/17	2017/18			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		

BUDGET PROGRAMME TARGET 7

7	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 value-for-money 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 value-for-money budget breakdown (ACTIVITY-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	100%	100%	100%	Achieved	Achieved target.
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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) 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.	New indicator. No data available.	New indicator. No data available.	100%	100%	100%	Achieved	Achieved target.
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5.2.3 SUB-PROGRAMME 1.3: Skills Infrastructure Development

STRATEGIC OBJECTIVES AND ANNUAL TARGETS (Specifically related to Sub-Programme 1.3: Skills Infrastructure Development)

STRATEGIC OBJECTIVE 7: SKILLS INFRASTRUCTURE DEVELOPMENT

To expand the PSET system, improve effectiveness of the PSET system and integrate the PSET system through infrastructure development

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2013/14	2014/15	2015/16	2016/17	2017/18			
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement		
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 that have successfully achieved 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 the envisaged outputs (OUTPUT-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	Longer-term projects, thus the successful completion will only be measured closer to the end of the five-year strategic period.		

BUDGET PROGRAMME 9

9	100% of NSF-funded skills infrastructure development projects have a clear business plan and value-for-money budget breakdown.	Percentage of NSF-funded skills infrastructure development projects with a clear business plan and value-for-money budget breakdown (ACTIVITY-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	100%	100%	100%	Achieved	Achieved target.
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STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.3: Skills Infrastructure Development)

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME 10										
10	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.	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	100%	100%	Achieved	Achieved target.

5.2.4 SUB-PROGRAMME 1.4: Skills Development, Research, Innovation and Communication

STRATEGIC OBJECTIVES AND ANNUAL TARGETS (Specifically related to Sub-Programme 1.4: Skills Development Research, Innovation and Communication)										
STRATEGIC OBJECTIVE 8: SKILLS DEVELOPMENT RESEARCH INNOVATION AND COMMUNICATION <i>To research priority areas related to skills development (including areas identified for innovation) and to communicate and advocate skills development</i>										
Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
STRATEGIC OBJECTIVE TARGET 8										
8	100% of skills development, research, innovation and communication projects have successfully achieved the project outputs.	Percentage of skills development, research, innovation and communication projects that have successfully achieved the project outputs (OUTPUT-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	Longer-term projects, thus the successful completion will only be measured closer to the end of the five-year strategic period.			
BUDGET PROGRAMME 11										
11	100% of NSF-funded research, innovation and communication projects have a clear business plan and value-for-money budget breakdown.	Percentage of NSF-funded research, innovation and communication projects with a clear business plan and value-for-money budget breakdown (ACTIVITY-BASED).	New indicator. No data available.	New indicator. No data available.	New indicator. No data available.	100%	100%	100%	Achieved	Achieved target.

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 1.4: Skills Development Research, Innovation and Communication)

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME 12										
12	100% of NSF-funded research, innovation and communication 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 communication 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.	New indicator. No data available.	New indicator. No data available.	100%	100%	100%	Achieved	Achieved target.

5.3 PROGRAMME 2: NSF BUSINESS EXCELLENCE (ADMINISTRATIVE PROGRAMME)

STRATEGIC OBJECTIVES AND ANNUAL TARGETS (Specifically related to Sub-Programme 2: NSF Business Excellence)										
STRATEGIC OBJECTIVE 9: IMPROVE THE NSF'S EFFICIENCY AND EFFECTIVENESS THROUGH AN IMPROVED ORGANISATIONAL STRUCTURE <i>To improve the planning capabilities, skills development implementation capabilities, executive office and support service functions of the NSF over the five-year strategic period through the implementation of an improved organisational structure</i>										
Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
STRATEGIC OBJECTIVE TARGET 9										
9	90% of key positions filled.	Percentage of key positions filled (OUTPUT-BASED).	100%	100%	20%	35%	90%	57%	Under-achievement of 33%	The NSF is dependent on DHET's HRM to perform its recruitment functions. Due to severe capacity constraints experienced by DHET's HRM there were significant delays in the filling of vacant positions. The NSF tried to augment this situation by availing its interns to assist DHET's HRM with the sorting of job applications, appointing service providers to capture job applications and arranging the shortlisting and interview panels on behalf of DHET's HRM. The NSF also assisted DHET's HRM to draft terms of reference to implement an e-recruitment system for DHET, and assisted DHET's HRM to draft a motivation for deviation from National Treasury's moratorium to implement an e-recruitment system.

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 2: NSF Business Excellence)

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
STRATEGIC OBJECTIVE TARGET 10										
10	90% of other positions filled.	Percentage of other positions filled (OUTPUT-BASED).	100%	100%	20%	40%	90%	72%	Under-achievement of 18%	The NSF is dependent on DHET's HRM to perform its recruitment functions. Due to severe capacity constraints experienced by DHET's HRM there were significant delays in the filling of vacant positions. The NSF tried to augment this situation by availing its interns to assist DHET's HRM with the sorting of job applications, appointing service providers to capture the job applications and arranging the shortlisting and interview panels on behalf of DHET's HRM. The NSF also assisted DHET's HRM to draft terms of reference to implement an e-recruitment system for DHET, and assisted DHET's HRM to draft a motivation for deviation from National Treasury's moratorium to implement an e-recruitment system.

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 2: NSF Business Excellence)

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
STRATEGIC OBJECTIVE TARGET 11										
11	Implement 90% of key ICT needs.	Percentage of key ICT needs implemented (OUTPUT-BASED).	71%	71%	70%	80%	90%	67%	Under-achievement of 23%	The under-achievement was due to delays in the implementation of the NSF's new Microsoft Dynamics ICT system, delays in the implementation of the NSF's new website and portal, and delays in connecting DHET to the South African National Research Network (SANReN).

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 2: NSF Business Excellence)

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME TARGET 13										
13	90% of key positions filled.	Percentage of key positions filled (OUTPUT-BASED).	100%	100%	20%	35%	90%	57%	Under-achievement of 33%	The NSF is dependent on DHET's HRM to perform its recruitment functions. Due to severe capacity constraints experienced by DHET's HRM there were significant delays in the filling of vacant positions. The NSF tried to augment this situation by availing its interns to assist DHET's HRM with the sorting of job applications, appointing service providers to capture the job applications and arranging the shortlisting and interview panels on behalf of DHET's HRM. The NSF also assisted DHET's HRM to draft terms of reference to implement an e-recruitment system for DHET and assisted DHET's HRM to draft a motivation for deviation from National Treasury's moratorium to implement an e-recruitment system.

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 2: NSF Business Excellence)

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME TARGET 14										
14	90% of other positions filled.	Percentage of other positions filled (OUTPUT-BASED).	100%	88%	45%	40%	90%	72%	Under-achievement of 18%	The NSF is dependent on DHET's HRM to perform its recruitment functions. Due to severe capacity constraints experienced by DHET's HRM there were significant delays in the filling of vacant positions. The NSF tried to augment this situation by availing its interns to assist DHET's HRM with the sorting of job applications, appointing service providers to capture the job applications and arranging the shortlisting and interview panels on behalf of DHET's HRM. The NSF also assisted DHET's HRM to draft terms of reference to implement an e-recruitment system for DHET and assisted DHET's HRM to draft a motivation for deviation from National Treasury's moratorium to implement an e-recruitment system.

STRATEGIC OBJECTIVES AND ANNUAL TARGETS
(Specifically related to Sub-Programme 2: NSF Business Excellence)

Strategic target for 2016/17–2020/21	Performance indicator	Audited /Actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2013/14	2014/15	2015/16	2016/17	2017/18				
		Actual achievement	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
BUDGET PROGRAMME TARGET 15										
15	Implement 90% of key ICT needs.	Percentage of key ICT needs implemented (OUTPUT-BASED).	71%	71%	70%	80%	90%	67%	Under-achievement of 23%	The under-achievement is due to delays in the implementation of the NSF's new Microsoft Dynamics ICT system, delays in the implementation of NSF's new website and portal. and delays in connecting DHET to SANReN.





D

GOVERNANCE



1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) as amended and run in tandem with the principles contained in the King Report on Corporate Governance.

Parliament, the executive and the accounting authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

For the year under review, there were no portfolio committees meetings on the Department of Higher Education and Training attended by the National Skills Fund (the NSF).

3. EXECUTIVE AUTHORITY

As per the requirements of the PFMA, the NSF reported quarterly to the Minister of Higher Education and Training as the executive authority of the NSF. The quarterly reports entail the reporting on the NSF's financial status, performance information and compliance with the PFMA and Treasury Regulations.

4. THE ACCOUNTING AUTHORITY

The Director-General (DG) of the department is the accounting authority of the NSF as stipulated in section 29(1) of the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA) as amended.

The DG of department is responsible for the control of the NSF and ultimately accountable to the Minister and Parliament for the NSF's performance, strategic direction and money spent by the NSF.

Within the framework of the DG's delegations of authority, the day-to-day operations of the NSF are managed by the Executive Officer.

The NSF further reports through the governance structures set by the department; these include the Skills Development Branch Management Meetings, the Senior

Management Meetings and the Ministerial Management Meetings.

The role of the accounting authority is as follows:

As accounting authority of the NSF, the DG has amongst others the following responsibilities:

1. To manage the NSF in accordance with the PFMA;
2. To keep a proper record of all financial transactions, assets and liabilities of the NSF;
3. To prepare annual financial statements for the NSF in the prescribed form;
4. Subject to the laws governing the public service, to appoint the executive officer of the NSF, who will, upon such appointment, be in the employ of the public service;
5. To ensure that the prescribed limitation of the amount that can be used in the administration of the NSF is adhered to; and
6. To submit the annual financial statements to the National Skills Authority for information as soon as possible after they have been prepared.

Composition of the accounting authority

The DG of the department, Mr Gwebinkundla Fellix Qonde, is the accounting authority of the NSF as per section 29(1) of the SDA as amended.

Remuneration of accounting authority

The DG does not receive any remuneration in his capacity as the accounting authority of the NSF.

5. RISK MANAGEMENT

The risk management activities of the NSF are covered within the NSF's comprehensive risk assessment facilitated by the Legal, Governance, Risk and Compliance Directorate while the NSF Internal Audit provides oversight. Risk management workshops have been conducted to review and update the strategic risks for the 2019/20 financial year emanating from the approved NSF Strategic Plan, Annual Performance Plan and the new Microsoft Dynamics ICT system. The process resulted in augmenting the existing strategic risk register which was noted by the NSF Audit Committee. The Legal, Governance, Risk and Compliance Directorate conducted a project risk management workshop; once the project risk register is finalised, a combined assurance framework will be developed to ensure that a coordinated approach is applied in receiving assurance on whether key risks are being managed appropriately within the NSF.

6. INTERNAL CONTROL

Management has focused on improving internal control through its partnership with the department in terms of the Memorandum of Agreement with the latter as well as with assistance from Internal Audit.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of Internal Audit

The objective of the Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve the NSF operations. It assists the NSF to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of internal controls, risk management and governance processes.

The main activities of Internal Audit are:

- Compile a three year rolling strategic and annual internal audit plan;
- Perform internal audits based on the internal audit plan, including ad hoc assignments and investigations as required by the Audit Committee and accounting authority;
- Report the outcome of internal audits to management and the Audit Committee; and
- Perform follow-up reviews on previous reported internal audit findings to evaluate if management implemented corrective actions.

Audit work

The following activities as per the 2018/19 internal audit plan were completed:

- Review of the annual performance plan for 2019/20;
- Follow-ups performed on the AG action plan;
- Grant allocation framework / due diligence process review – follow-ups on prior reports, contracting and first tranche payments for rural development projects and ongoing reviews of UIF project initiation activities;
- Probity review of procurement processes implemented by grant recipient for the TVET Connectivity project as it progressed through various stages;

- Project life cycle review – follow-up audit;
- Performance information review;
- Policies and procedures review;
- Ad hoc requests received from management (including project reviews);
- Facilitation of risk assessment workshop;
- Ongoing programme assurance over information technology system under development, including IT General Controls Review and Business Continuity / Disaster Recovery review; and
- A high level review of the 2018/19 Annual Financial Statements and Annual Performance Report was planned and completed after the 2018/19 year end.

Key activities and objectives of the Audit Committee

The objective of the Audit Committee is to assist the accounting authority in fulfilling oversight responsibilities regarding the financial and performance reporting processes, the system of internal control and management of risks, the audit process and the monitoring of compliance with laws and regulations.

The main activities are:

- Consider the effectiveness of the internal control systems, including information technology and security;
- Understand the scope of internal and external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations together with management's responses;
- Assess whether the NSF's assets have been properly safeguarded and used;
- Review the NSF's risk profile on an annual basis and ensure management is effectively managing the risks;
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- Review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information and annually review the Annual Financial Statements and recommend its approval to the Director-General; and
- Review the performance information of the NSF.

8. COMPLIANCE WITH LAWS AND REGULATIONS

The NSF aims to embed compliance with laws and regulations throughout its organisation as an integral part of all relevant processes.

To assist with compliance monitoring, the NSF uses the DHET's Compliance Calendar to ensure compliance with all required documentation in terms of the PFMA and Treasury Regulations, within legislated deadlines.

The NSF also uses the National Treasury template to assess compliance with laws and regulations on a quarterly basis as part of the quarterly reporting process to the executive authority.

Action plans to address non-compliance are developed and the implementation thereof monitored regularly.

The NSF also attends various other committee meetings to keep abreast of laws and regulations that need to be complied with.

9. FRAUD AND CORRUPTION

The activities of the NSF are covered within the Good Governance Policy, which includes fraud prevention.

The NSF uses the whistle-blowing policy of the department.

No cases of fraud have become known to the NSF during the last financial year save for the reported maladministration by the NSF grant recipient in respect of the projects funded by the NSF.

10. MINIMISING CONFLICT OF INTEREST

Through the Memorandum of Agreement with the department for shared services, the NSF has permission from the department to use its bid committees, which follow the department's supply chain management policy. To date there are no conflicts of interest identified.

11. CODE OF CONDUCT

The NSF employees are bound by the Code of Conduct of the Public Service as all NSF employees are currently employed by the department.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The NSF head office and regional offices buildings comply with the necessary Health Safety and Environmental prescripts.

13. SOCIAL RESPONSIBILITY

Not applicable to the NSF for the 2019 financial year.

14. MATERIALITY AND SIGNIFICANCE FRAMEWORK

The NSF prepared its Materiality and Significance Framework which has been approved by the DG and the Minister.

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act (PFMA) and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its committee charter, has conducted its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Audit Committee Members and Attendance

The Committee is made up of the following members, all of whom are independent and financially literate. The members are:

Members	Designation	Date of appointment
Prof DP van der Nest	Chairperson	19 May 2017
Ms Subathree Padayachy	Member	19 May 2017
Mr Siphon Makhubu	Member	19 May 2017

The terms of reference require the Committee to meet at least two times a year. For the year under review, the Committee held four formal and one special meetings, attended as indicated below:

Members	Types and number of meetings attended	
	Formal meetings	Special meetings
Prof DP van der Nest	4	1
Ms Subathree Padayachy	4	1
Mr Siphon Makhubu	4	1

The effectiveness of internal control

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the PFMA requirements, Internal Audit and the Auditor-General South Africa (AGSA) provide the Audit Committee and management with assurance whether the internal controls are adequate and effective. This is achieved by means of evaluating

the effectiveness of the management of identified risks, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The NSF is in process of the implementation of new systems and processes and is currently still in a transition phase, based in initiatives implemented as part of a structured project rolled out in prior years to map the way forward for the NSF. This project included a revised organisational structure, re-aligned business processes and an integrated information technology system. The Audit Committee receives regular updates on the progress with the project. Progress on the project implementation in all three areas have been slower than initially planned due to challenges experienced. This has also contributed to the fact that the system of internal control was not entirely effective during the year under review. As reported by assurance providers to the Audit Committee, there have been significant internal control deficiencies noted in the NSF. This has resulted in the NSF receiving a qualified audit opinion for the 2018/19 financial year. There were also control deficiencies identified in the system of internal control over performance information. The Audit Committee will continue to monitor progress against the corrective action plans implemented by management.

Reporting on performance information is currently a manual process subject to human error. It is anticipated that the implementation of the integrated information system will assist in improving the quality of performance reports.

The quality of in-year management and monthly / quarterly reports submitted in terms of the PFMA

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Authority of the NSF during the year under review.

The Audit Committee will continue to monitor quarterly reporting of performance information against set objectives.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the AGSA and the Accounting Authority;
- reviewed the AGSA's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the NSF compliance with legal and regulatory provisions;

- reviewed significant adjustments resulting from the audit; and
- reviewed information on predetermined objectives to be included in the annual report.

The Audit Committee notes the AGSA's conclusions on the annual financial statements. There were material misstatements identified during the audit of the financial statements, which resulted in a qualified audit opinion. The implementation of an integrated financial management system will assist in improving the quality of financial reporting.

Internal audit

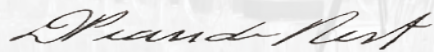
The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the NSF in its audits. Co-sourced capacity was obtained for internal audit and they were able to complete the audits approved in the coverage plan by the Audit Committee, subject to minor adjustments to the plan which was approved by the Audit Committee.

Auditor-General South Africa

The Audit Committee has met with the AGSA to ensure that there are no unresolved issues.

Conclusion

Our appreciation is also extended to management, the Acting Chief Financial Officer and staff for their efforts regarding the financial statements for the year. The Audit Committee will monitor the improvements made by management in addressing control deficiencies identified by external and internal audit.



Prof DP van der Nest

Audit Committee Chairperson

Date: 31 August 2019



From left to right: Sipho Makhubu, Prof DP van der Nest (Chairperson) and Subathree Padayachy





HR HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The NSF has a funded staff establishment of 155 posts of which 63 posts were vacant at the end of the review period. All NSF employees remain employed by the Department of Higher Education and Training since the NSF operated as a programme under the department prior to its listing as a public entity in October 2012. The NSF refunds the department for the employee costs incurred by the department on behalf of the NSF.

All employees are required to sign performance agreements with their immediate supervisors, which are reviewed bi-annually and assessed annually. The NSF's performance management framework will be reviewed as part of improving the fund's operations.

2. HUMAN RESOURCE MANAGEMENT OVERSIGHT STATISTICS

Personnel cost by programme

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	No. of employees	Average personnel cost per employee (R'000)
Skills development	2 290 780	70 717	3,09%	243*	760

*243 includes 92 permanent employees, 22 interns, 12 WIL, 3 resignations and 114 end of contracts.

Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top management	18 091	26%	19	952
Senior management	25 297	36%	32	791
Skilled*	27 329	39%	192	402
Semi-skilled	0	0%	0	0
TOTAL	70 717	100%	243	291

*192 includes 48 permanent employees, 22 interns, 12 WIL, 110 resignations or end of contracts.

Performance rewards

Programme	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	424	18 091	2,34%
Senior management	174	25 297	0,69%
Skilled	256	27 329	0,94%
Semi-skilled	0	0	0,00%
TOTAL	854	70 717	1,21%

Training costs

Directorate/Business unit	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost
NSF staff establishment	70 717	1 342	1,90%

Employment and vacancies

Programme	2017/2018 no. of employees	2018/2019 approved posts	2018/2019 no. of employees	2018/2019 vacancies	% of vacancies
Skills development	93	155	92	63	41%
Top management*	12	23	17	6	26,1%
Senior management	32	46	27	19	41,3%
Professional qualified	0	0	0	0	0,0%
Skilled	46	86	48	38	44,2%
Semi-skilled	0	0	0	0	0,0%
Unskilled	0	0	0	0	0,0%
TOTAL	90	155	92	63	40,6%

*Approved posts excluding interns and WIL

Top management* 17 includes 1 Executive Officer, 2 Chief Directors and 14 Directors.

Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	12	6	1	17
Senior management	32	0	5	27
Professional qualified	0	0	0	0
Skilled	168	25	111	82*
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
Total	212	31	117	126

*Skilled 82 includes 48 permanent employees, 34 interns and WIL.

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation*	3	3%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	114	97%
Other	0	0%
Total	117	100%

Labour relations

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0

Equity target and employment equity status: Male

Levels	Male			
	African	Coloured	Indian	White
Top management	4	1	1	2
Senior management	13	1	1	0
Professional qualified	0	0	0	0
Skilled	30	0	0	1
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
Total	47	2	2	3

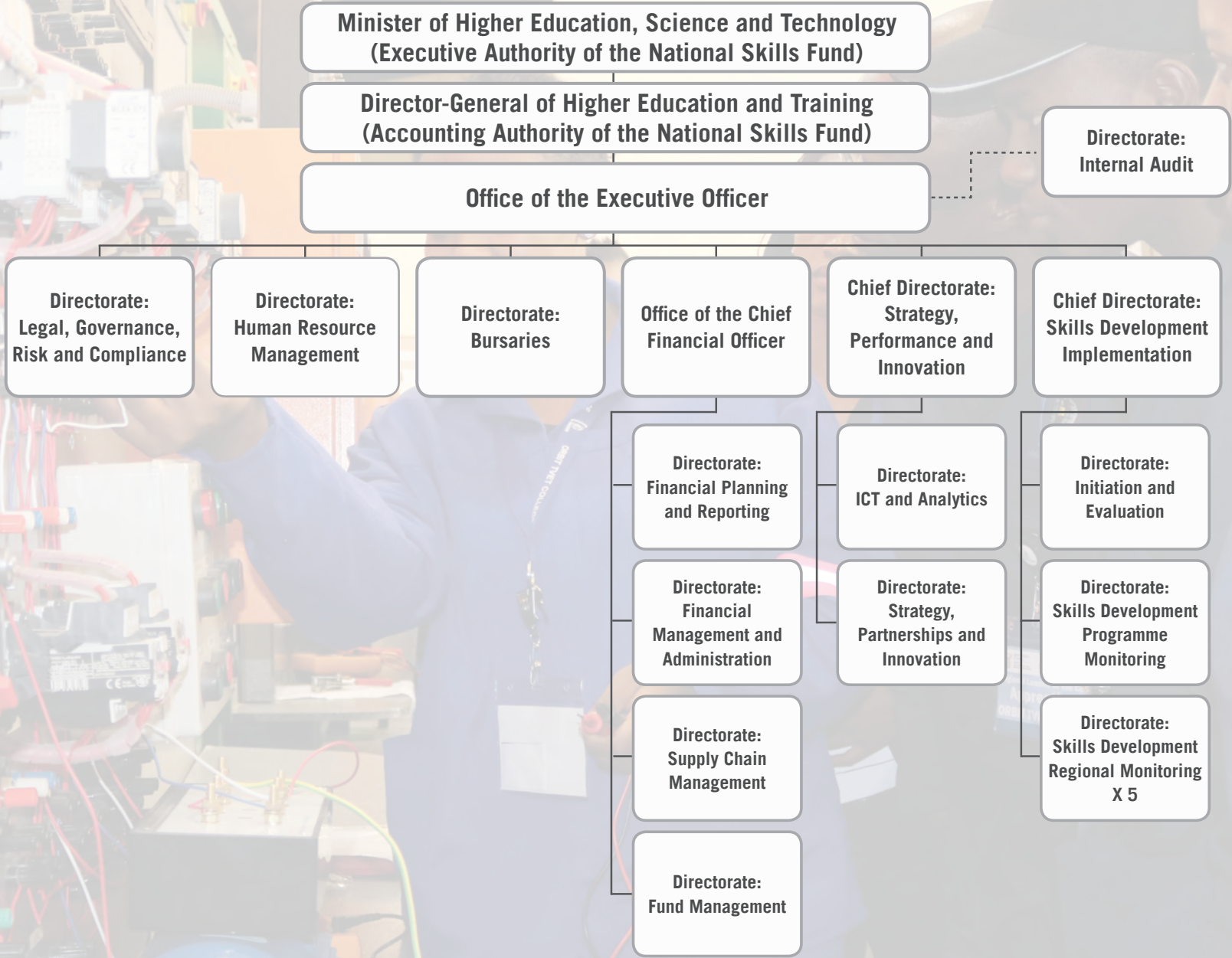
Equity target and employment equity status: Female

Levels	Female			
	African	Coloured	Indian	White
Top management	8	0	0	1
Senior management	9	1	1	1
Professional qualified	0	0	0	0
Skilled	46	0	0	5
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
Total	63	1	1	7

Disabled staff

Levels	Disabled Staff	
	Male	Female
Top management	0	0
Senior management	0	0
Professional qualified	0	0
Skilled	0	1
Semi-skilled	0	0
Unskilled	0	0
Total	0	1

3. ORGANISATIONAL STRUCTURE





JAVU

Ixando
Farming Co-operative
Ltd

FINANCIAL INFORMATION

General Information

Registered name:	National Skills Fund
Physical address:	Ndinaye House 178 Francis Baard Street Pretoria 0002
Postal address:	Private Bag X174 Pretoria 0001
Telephone number:	+27 86 9990 NSF (673)
Fax number:	+27 12 323 0291
Website address:	www.dhet.gov.za
External auditors:	The Auditor-General of South Africa Lefika House 300 Middel Street New Muckleneuk, Pretoria 0001
Executive Officer:	Mr Mvuyisi Macikama
Chief Financial Officer:	Ms Nyawa Dikwayo CA(SA) (Acting from June 2019)
Accounting Authority:	Mr Gwebinkundla Fellix Qonde Director-General of Higher Education and Training (Accounting Authority of the National Skills Fund)
Registered office:	178 Francis Baard Street Pretoria 0001
Strategic overview:	The strategic goal of the NSF is to provide funds to support projects that are national priorities in the National Skills Development Strategy (NSDS), that advance the Human Resource Development Strategy (NRDS) of South Africa, and that support the National Skills Authority (NSA) in its work.
Reporting framework:	General Recognised Accounting Practice (GRAP)
Relevant framework :	Public Finance Management Act, 1999 (Act No. 1 of 1999) Skills Development Act, 1998 (Act No. 97 of 1998) Skills Development Levies Act, 1999 (Act No. 9 of 1999) Public Service Act, 1994 (Act No. 38 of 1994) Employment Equity Act, 1999 (Act No. 9 of 1999) Unemployment Insurance Act, 1966 (Act No. 30 of 1966) Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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1. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL SKILLS FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified opinion

1. I have audited the financial statements of the National Skills Fund (NSF) set out on pages 134 to 204, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets, the statement of cash flows and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the NSF as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act no. 97 of 1998) (SDA).

Basis for qualified opinion

Accruals from non-exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence that accruals from non exchange transactions and the related skills development expenses had been properly accounted for, as evidence that the services had been received could not be provided. This was due to inadequate project monitoring processes at the NSF. I was unable to confirm the accruals from non-exchange transactions and the related skills development expenses by alternative means as it was impractical to do so. Consequently, I was unable to determine whether any adjustment was necessary to accruals from non exchange transactions and skills development expenses, stated at R1.5bn on the statement of financial position and at R2.9bn on the statement of financial performance respectively, and disclosed in notes 12 and 19 respectively to the financial statements.

Trade and other receivables from non-exchange transactions

4. The NSF did not recognise receivables from non-exchange transactions in accordance with GRAP 104, *Financial instruments*, as the receivables were recognised at the carrying amount instead of at amortised costs using the effective interest method. The effects of discounting were therefore not taken into account as the entity has long outstanding receivables.
5. Additionally, the entity did not perform an adequate assessment of the impairment of receivables from non-exchange transactions.
6. I was unable to quantify the misstatement amount as it was impractical to do so. As a result, I was unable to determine the adjustment required to receivables from non exchange transactions of R255.7m, stated in the statement of financial position and disclosed in note 7 to the financial statements. This also has an impact on the surplus for the period and on the accumulated surplus.

Context for the opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of this auditor's report.
8. I am independent of the NSF in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes), and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of the corresponding figures

11. As disclosed in note 24 to the financial statements, the corresponding figures for the financial year ended 31 March 2018 have been restated as a result of an error in the financial statements of the NSF for the year ended 31 March 2019.

Responsibilities of the accounting authority for the financial statements

12. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA and the SDA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

13. In preparing the financial statements, the accounting authority is responsible for assessing the NSF's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the NSF or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the NSF. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the NSF for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 1 – funding skills development	64 – 91

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. The material findings on the usefulness and reliability of the selected programme are as follows:

21. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the following achievements of these indicators:

Sub-programme	Indicator description	Reported achievement audited value	Audited value
1.2 PSET system development and capacity building	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.	97%	89%
1.4 Skills infrastructure development	Percentage of NSF-funded skills infrastructure development projects with a clear business plan and value for money budget breakdown.	94%	79%

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report on pages 61 to 91 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the NSF with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

26. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

27. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.

28. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statements were corrected but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Consequence management

29. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was because proper and complete records were not maintained as evidence to support the investigations into irregular expenditure.

Other information

30. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes general information, service delivery performance information,

governance information and human resources information. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

31. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
32. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report.
33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

34. I considered internal controls relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation, however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
35. Management did not implement adequate internal controls relating to project monitoring and reporting. This resulted in underlying records not being readily available, and in material misstatements on the values reported in the financial statements.
36. Management did not put processes in place to ensure adequate monitoring of the internal controls that support reliable financial and performance reporting, and compliance with legislation.

37. Record management processes were also inadequate as the supporting documentation was inadequate to support investigations into irregular expenditure incurred in the previous year.

AUDITOR-GENERAL.

AUDITOR-GENERAL

Pretoria

30 August 2019



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

2. ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the NSF’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NSF’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
 - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NSF’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the NSF to cease continuing as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

3. ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

As the Accounting Authority I am required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), to maintain adequate accounting records and I am responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is my responsibility as the Accounting Authority to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period that ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and in accordance with the PFMA.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

As the Accounting Authority I acknowledge that I am ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable me as the Accounting Authority to meet these responsibilities, I as the Accounting Authority ensure that standards for internal control aimed at reducing the risk of error in a cost-effective manner are set. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

As the Accounting Authority I am of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

As the Accounting Authority I have reviewed the entity's cash flow forecast for the year to 31 March 2020 and in the light of this review and the current financial position, I am satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for the independent audit of the entity's Annual Financial Statements and subsequently providing an audit opinion on the entity's Annual Financial Statements.

As the Accounting Authority, I hereby approve the Annual Financial Statements set out in pages 134 to 204 which have been prepared on the going concern basis.



Mr GF Qonde
Director-General of Higher Education and Training
Accounting Authority of the National Skills Fund
28 August 2019

4. Statement of Financial Position

	Notes	2018/19 R'000	2017/18 Restated R'000
ASSETS			
Non-current Assets			
Property, plant and equipment	2	3,047	5,187
Intangible assets	3	23,144	18,554
TVET college infrastructure assets	4	786,590	514,578
Current Assets			
Investments	5	6,658,826	6,320,731
Trade and other receivables from exchange transactions	6	76	84
Trade and other receivables from non-exchange transactions	7	255,701	177,898
Deferred expenditure on skills development grant disbursements	8	1,393,784	1,260,474
Cash and cash equivalents	9	741,259	9,604
TOTAL ASSETS		9,862,427	8,307,110
LIABILITIES			
Current Liabilities			
Trade and other payables from non-exchange transactions	10	(32,092)	(35,107)
Trade and other payables from exchange transactions	11	(28,588)	(42,493)
Accruals from non-exchange transactions	12	(1,463,634)	(1,405,715)
Accruals from exchange transactions	13	(4,949)	(3,881)
Provisions	14	(1,162)	(1,299)
TOTAL LIABILITIES		(1,530,425)	(1,488,495)
TOTAL NET ASSETS		8,332,002	6,818,615

4. Statement of Financial Position (continued)

	Notes	2018/19 R'000	2017/18 Restated R'000
FUNDS CONTRIBUTED BY:			
Capital and Reserves		8,332,002	6,818,615
TVET college infrastructure development reserve		2,354,943	2,354,943
SETA uncommitted surplus reserve		-	-
Accumulated surplus		5,977,059	4,463,672
TOTAL CAPITAL AND RESERVES*		8,332,002	6,818,615

The NSF's mandate is to fund skills development as outlined in the Skills Development Act, 1998 (Act No. 97 of 1998). Hence, the nature of the NSF is developmental and not profit-driven. The NSF's purpose is not to accumulate large reserves for investment, but utilise its funds towards skills development and thereby contribute towards unlocking the human potential of South Africa's citizens. Since the dawn of the NSDS III, the NSF's performance in skills development grants disbursements has increased consistently and significantly. The NSF started to utilise both its annual income and accumulated reserves to effective use towards funding skills development. The NSF's improved performance can be clearly noted through its high level of commitment towards skills development.

5. Statement of Financial Performance

	Notes	2018/19 R'000	2017/18 Restated R'000
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Skills development levies	15	3,496,140	3,199,737
Income from SETAs	16	8,055	5,000
REVENUE FROM EXCHANGE TRANSACTIONS			
Finance income	17	445,263	490,298
Finance income from advance payments to skills development programmes and projects	18	58,195	60,718
TOTAL REVENUE		4,007,653	3,755,753
EXPENSES			
SKILLS DEVELOPMENT EXPENSES			
Skills development grant disbursements	19	(2,290,780)	(7,026,411)
ADMINISTRATIVE EXPENSES			
Employee costs	20	(70,717)	(59,688)
Operating expenses	21	(79,072)	(54,392)
Management fees and bank charges	22	(1,813)	(1,915)
Depreciation and amortisation	2 & 3	(3,271)	(4,965)
LEVY COLLECTION COSTS TO SARS		(48,578)	(48,353)
TOTAL EXPENSES		(2,494,231)	(7,195,724)

5. Statement of Financial Performance (continued)

	Notes	2018/19 R'000	2017/18 Restated R'000
OTHER INCOME / (EXPENDITURE)			
Loss on disposal of assets	2	(35)	(19)
TOTAL OTHER INCOME / (EXPENDITURE)		(35)	(19)
NET (DEFICIT) / SURPLUS FOR THE YEAR	**	1,513,387	(3,439,990)

**The National Skills Fund's mandate is to fund skills development as outlined in the Skills Development Act, 1998 (Act No.97 of 1998). Hence, the nature of the NSF is developmental and not profit-driven. The NSF's purpose is not to accumulate large reserves for investment, but to utilise its funds towards skills development and thereby contribute towards unlocking the human potential of South Africa's citizens. Since the dawn of the NSDS III, the NSF's performance in skills development grants disbursements has increased consistently and significantly. The NSF started to utilise both its annual income and accumulated reserves towards funding skills development.

6. Statement of Changes in Net Assets

	TVET college infrastructure development reserve R'000	SETA uncommitted surplus reserve R'000	Accumulated surplus R'000	Total R'000
Restated Balance as at 1 April 2017	2,411,256	1,980,827	5,866,521	10,258,604
As originally stated	2,411,256	1,980,827	5,861,451	10,253,534
Prior period correction	-	-	5,070	5,070
Net Restated Deficit per Statement of Financial Performance	(56,313)	(1,980,827)	(1,402,849)	(3,439,989)
Total revenue and other income	-	-	3,755,753	3,755,753
Prior period correction (Note 24)	(56,313)	-	(1,176)	(57,489)
Total expenses	-	(1,980,827)	(5,157,426)	(7,138,253)
Balance at 31 March 2018	2,354,943	-	4,463,672	6,818,615
Balance at 1 April 2018	2,354,943	-	4,463,672	6,818,615
Net deficit per Statement of Financial Performance			1,513,387	1,513,387
Total revenue and other income	-	-	4,007,653	4,007,653
Total expenses			(2,494,266)	(2,494,266)
Balance at 31 March 2019 **	2,354,943	-	5,977,059	8,332,002

**The NSF's mandate is to fund skills development as outlined in the Skills Development Act, 1998 (Act No. 97 of 1998). Hence, the nature of the NSF is developmental and not profit-driven. The NSF's purpose is not to accumulate large reserves for investment, but utilise its funds towards skills development and thereby contribute towards unlocking the human potential of South Africa's citizens. Since the dawn of the NSDS III, the NSF's performance in skills development grants disbursements has increased consistently and significantly. The NSF started to utilise both its annual income and accumulated reserves towards funding skills development. The NSF's improved performance can be clearly noted through its high level of commitment towards skills development.

7. Statement of Cash Flow

	Notes	2018/19 R'000	2017/18 Restated R'000
Cash flows from operating activities			
Cash receipts from stakeholders		3,504,042	3,203,981
Levies, interest and penalties received		3,495,979	3,198,981
Other cash receipts from stakeholders		8,063	5,000
Cash paid to stakeholders, suppliers and employees		(2,601,787)	(6,781,024)
Skills development grant payments		(2,388,846)	(6,599,935)
Employee costs		(69,588)	(58,591)
Payments to suppliers and other		(143,353)	(122,498)
Cash (utilised) / generated from operations	23	902,255	(3,577,043)
Finance income		445,263	490,298
Net cash from operating activities		1,347,518	(3,086,745)
Cash flows from investing activities			
Additions to property, plant and equipment	2	(1,098)	(2,065)
Additions to intangible assets	3	(4,658)	(16,849)
Additions to TVET college infrastructure assets	4	(272,012)	(34,680)
Utilisation of / (Additions to) investments		(338,095)	2,539,753
Net cash flows from investing activities		(615,863)	2,486,159
Increase / (Decrease) in cash and cash equivalents		731,655	(600,586)
Cash and cash equivalents at beginning of the year		9,604	610,190
Cash and cash equivalents at end of the year	9	741,259	9,604

8. Statement of Comparison of Budget and Actual Amounts

	Approved and final budget Annual R'000	Actual amounts on accrual basis R'000	(Under) / Over budget R'000	(Under) / Over budget %
REVENUE				
REVENUE FROM NON-EXCHANGE TRANSACTIONS	3,385,876	3,504,195	118,319	3.4%
Skills development levies	3,385,876	3,496,140	110,264	3.3%
Income from SETAs	-	8,055	8,055	100.0%
REVENUE FROM EXCHANGE TRANSACTIONS	495,929	503,458	7,529	1.5%
Finance income	435,211	445,263	10,052	2.3%
Other income	60,718	58,195	(2,523)	-4.2%
TOTAL REVENUE	3,881,805	4,007,653	125,848	3.2%
EXPENSES				
SKILLS DEVELOPMENT GRANT DISBURSEMENTS	(3,992,669)	(2,290,780)	(1,701,889)	42.6%
Education and Training	(2,199,965)	(2,283,940)	83,975	3.8%
PSET System Development and Capacity Building	(571,104)	143,061	(714,165)	-125.0%
No Fee Increase	-	-	-	-
Skills Infrastructure Development	(1,121,058)	(105,085)	(1,015,973)	-90.6%
Skills Development Research, Innovation and Communication	(100,542)	(44,816)	(55,726)	-55.4%
TOTAL SKILLS DEVELOPMENT EXPENSES	(3,992,669)	(2,290,780)	(1,701,889)	(-42.6%)

8. Statement of Comparison of Budget and Actual Amounts (continued)

	Approved and final budget Annual R'000	Actual amounts on accrual basis R'000	(Under) / Over budget R'000	(Under) / Over budget %
ADMINISTRATIVE EXPENSES				
Employee costs	(72,652)	(70,717)	(1,935)	-2.7%
Operating expenses	(154,932)	(79,072)	(75,860)	-49.0%
Management fees and bank charges	(2,226)	(1,813)	(413)	-18.6%
Depreciation	(8,146)	(3,271)	(4,875)	-59.8%
TOTAL ADMINISTRATIVE EXPENSES	(237,956)	(154,873)	(83,083)	-34.9%
COLLECTION COSTS TO SARS	(54,000)	(48,578)	(5,422)	10.0%
TOTAL EXPENSES	(4,284,625)	(2,494,231)	(1,790,394)	-41.8%
TOTAL OTHER INCOME/ (EXPENDITURE)	-	(35)	(35)	0.0%
NET (DEFECIT) / SURPLUS FOR THE YEAR	(402,820)	1,513,387	1,916,207	-475.7%

*The budget was prepared on the accrual basis and there are no changes between the approved and final budget.

*Refer to Note 33 of the Annual Financial Statements for reasons for movements in comparison of budget and actual amounts

9. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Accounting Policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The financial statements are presented in South African Rand which is the functional reporting currency for the National Skills Funds and all values are rounded off to the nearest thousand (R'000). The financial statements have been prepared on accrual basis with the exception of assets that are revalued. The financial statements have been prepared on the going concern basis and the accounting policies have been consistently applied to all the years presented.

The Accounting Framework of the entity, based on the preceding paragraph, is therefore as follows:

- GRAP 1: Presentation of financial statements
- GRAP 2: Cash flow statements
- GRAP 3: Accounting policies, changes in accounting estimates and errors
- GRAP 4: The effects of changes in foreign exchange rates
- GRAP 9: Revenue from exchange transactions
- GRAP 13: Leases
- GRAP 14: Events after reporting date
- GRAP 17: Property, plant and equipment
- GRAP 19: Provisions, contingent liabilities and contingent assets
- GRAP 21: Impairment of non-cash-generating assets
- GRAP 23: Revenue from non-exchange transactions
- GRAP 24: Presentation of budget information in the Financial Statements
- GRAP 25: Employee benefits
- GRAP 26: Impairment of cash-generating assets
- GRAP 31: Intangible assets
- GRAP 104: Financial instruments.

Directives issued and effective:

- Directive 1: Repeal of existing transitional provisions in, and consequential amendments to, standards of GRAP.

- Directive 2: Transitional provisions for the adoption of standards of GRAP by Public Entities, Trading Entities, Municipal Entities and Constitutional Institutions.
- Directive 5: Determining the GRAP reporting framework.
- Directive 7: The application of deemed cost on the adoption of standards of GRAP.
- Directive 10: Application of the Standards of GRAP by Public Further Education and Training Colleges.
- Directive 11: Changes in measurement bases following initial adoption of standards of GRAP.
- Directive 12: The selection of an appropriate reporting framework by Public Entities.

Interpretations of the standards of GRAP approved:

- IGRAP 1: Applying the probability test on the initial recognition of exchange revenue.
- IGRAP 2: Changes in existing decommissioning, restoration and similar liabilities.
- IGRAP 3: Determining whether an arrangement contains a lease.
- IGRAP 4: Rights to interest arising from decommissioning, restoration and environmental rehabilitation funds.
- IGRAP 5: Applying the restatement approach under the standard of GRAP on financial reporting in hyper-inflationary economies.
- IGRAP 6: Loyalty programmes.
- IGRAP 8: Agreements for the construction of assets from exchange transactions.
- IGRAP 9: Distributions of non-cash assets to owners.
- IGRAP 10: Assets received from customers.
- IGRAP 13: Operating leases - Incentives.
- IGRAP 14: Evaluating the substance of transactions involving the legal form of a lease.
- IGRAP 16: Intangible assets - Website costs.

Approved guidelines of standard of GRAP:

- Guide 1: Guideline on Accounting for Public Private Partnerships

Effective accrual based IPSASs:

- IPSAS 20: Related parties disclosure

Effective IFRSs and IFRICs that are applied:

- IAS 19 (AC 116): Employee benefits

1.2 Changes in accounting policies, estimates and errors

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise.

The entity changes an accounting policy only if the change:

- Is required by a standard of GRAP; or
- Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the performance or cash flow.

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the entity restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

1.3 Critical judgements, estimations and assumptions

In the application of the NSF accounting policies management is required to make judgements, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Property, plant and equipment

Management has made certain estimations with regard to the determination of estimated useful lives and residual values of items of property, plant and equipment, as discussed further in note 1.10.1

Leases

Management has applied its judgement to classify all lease agreements that the company is party to as operating leases, as they do not transfer substantially all the risks and rewards of ownership to the company. Furthermore, as the operating lease in respect of office equipment is only for a relatively short period of time, management has made a judgement that it would classify the agreement in its entirety as an operating lease.

1.4 Going concern assumption

These financial statements have been prepared on the going concern basis. In assessing whether the NSF is a going concern, the Accounting Authority has considered the fact that the power to collect skills development levies will enable the NSF to be considered as a going concern for at least the next twelve months. The NSF surplus reserves will enable it to continue operating as a going concern.

1.5 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by the standard.

1.6 Comparative information

Budget information in accordance with GRAP 1 has been provided in the notes to the financial statements for the current financial year only, and forms part of the audited annual financial statements. (Refer to note 33 for more detail.)

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.7 Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Events after reporting date that are classified as adjusting events have been accounted for in the annual financial statements. Events after reporting date that have been classified as non-adjusting events have been disclosed in the disclosure notes to the annual financial statements.

1.8 Revenue recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

Accounting policy 1.8.1 on revenue from non-exchange transactions and accounting policy 1.8.2 on revenue from exchange transactions describe the conditions under which revenue will be recorded by the management of the entity.

In making their judgement, the management considered the detailed criteria for recognition of revenue as set out in GRAP 9 (revenue from exchange transactions). The management of the entity is satisfied that recognition of the revenue in the current year is appropriate.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of value added tax.

1.8.1 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no obligation or condition to repay the amount.

1.8.1.1 Skills development levy (SDL) income

Skills development levy (SDL) transfers are recognised when it is probable that future economic benefits can be measured reliably, and occur when the Department of Higher Education and Training (DHET) makes the allocation or the payment, whichever event comes first, to the National Skills Fund (NSF) as required by section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999). SDL income is measured at fair value of the consideration received and is based on the information supplied by DHET.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999, registered member companies pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of DHET. 20% of the skills development levies are paid over to the NSF and 80% to the SETAs.

National Skills Fund SDL income is set aside in terms of the Skills Development Act, 1998 (Act No. 97 of 1998), as amended for the purpose of:

	2018/19	2017/18
Employee costs and other operating expenditure of the NSF	10%	10%

According to section 28(2) of the Skills Development Act, 1998, the Accounting Authority approved the utilisation of 10% of the money allocated to the fund in terms of section 8(3)(a) of the Skills Development Levies Act, 1999, to administer the fund. The utilisation of the 10% allocation may be applied for short-term employee benefits as well as other operating expenses.

1.8.1.2 State contributions

State contributions represent unconditional grants received from DHET and are measured at fair value of the consideration received.

1.8.1.3 Income from SETAs towards TVET college infrastructure development

Skills Development Circular No. 08/2013 stipulates the role of SETAs with regard to the TVET college infrastructure development. In terms of the Circular, each SETA's contribution towards the TVET college infrastructure development is a fixed amount, which was based on 4.8% of the SETA's estimated Discretionary Grant.

Income from SETAs towards the TVET college infrastructure development is recognised at fair value of the consideration received in the TVET college infrastructure development reserve as such funding is specifically received for use towards the TVET college infrastructure development. The related TVET college infrastructure development expenditure is also recognised against the TVET college infrastructure development reserve.

1.8.1.4 Finance income from SETA receivables for TVET college infrastructure development

Finance income represents interest earned on SETA receivables for TVET college infrastructure development and is accrued on a time proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

1.8.1.5 Income from SETAs towards Indlela development and recapitalisation

Income from SETAs towards the Indlela development and recapitalisation is recognised at fair value of the consideration received.

1.8.2 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

1.8.2.1 Finance income (from exchange transactions)

Finance income represents interest earned on investments and is accrued on a time proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

1.8.2.2 Other income

Other income represents interest received by the training providers on the advance payments affected by NSF based on the approved memorandum of agreement entered into between the parties. This interest received by the training providers is utilised to incur project expenditure on behalf of NSF.

Other income is accrued on a time proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

1.9 Expenditure

1.9.1 Collection costs paid to SARS

In terms of section 10(2) of the Skills Development Levies Act, 1999, the Accounting Authority must, on a monthly basis as may agreed between SARS and the Accounting Authority, settle the costs of collection by SARS from the levies paid into the National Skills Fund. The total amount of the collection costs, may not exceed 2% of the total amount of the levies collected by SARS.

1.9.2 NSF 10% employee costs and other operating expenses

According to section 28(2) of the Skills Development Act, 1998, the Accounting Authority approved the utilisation of 10% of the money allocated to the fund in terms of section 8(3)(a) of the Skills Development Levies Act, 1999, to administer the fund. The utilisation of the 10% allocation may be applied for short-term employee benefits as well as other operating expenses.

1.9.3 Short-term employee benefits

Short-term employee benefits comprise salaries, paid annual leave, paid sick leave, thirteenth cheques, performance bonuses and non-monetary benefits such as medical care, housing and car allowances. The cost of short-term employee benefits is charged to the Statement of Financial Performance as employee cost in the year to which they relate, except for non-accumulating benefits which are only recognised when the specific event occurs.

Short-term employee benefits that give rise to a present legal or constructive obligation are included in the Statement of Financial Position as accruals in the year to which they relate.

1.9.4 Skills development grant disbursements

Skills development grant disbursements comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the NSF under the terms of the contract.

Skills development grant disbursements are recognised as expenses in the period in which they are incurred. Grant disbursements include the following:

1.9.4.1 Payments for training of unemployed people

The training of unemployed people is undertaken by selected training contractors on a basis of a predetermined course fee per day. Upon completion of the training, certified claims are submitted by training contractors upon which payments are made.

1.9.4.2 Funds allocated to training providers for skills development training

The NSF allocates funds in respect of skills development to training providers in terms of approved memoranda of agreement entered into between the parties. Funds not spent by the training providers at year end are accounted for as pre-paid expenditure in the financial statements of the NSF until the related eligible project expenses are incurred by the training providers and the relating expenditure recognised. If eligible expenses are not incurred, the amount allocated to the training providers should be refunded to the NSF including any accrued interest.

1.9.5 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

1.9.6 Irregular expenditure

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including: the Public Finance Management Act, 1999 (Act No.

1 of 1999, as amended by Act No. 29 of 1999); the State Tender Board Act, 1968 (Act No. 86 of 1968, or any regulation made in terms of that Act); or any provincial legislation providing for the procurement procedures in that provincial government.

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

If irregular expenditure is not condoned by the relevant authority it must be recorded appropriately in the relevant note to the financial statements. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned.

1.10 Assets

1.10.1 Property, plant and equipment

The Director-General of the Department of Higher Education and Training is the Accounting Authority of the fund in terms of the PFMA and must control the fund.

Property, plant and equipment comprise mainly computer equipment, office equipment, office furniture and office appliances.

Property, plant and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Computer equipment: 3 years
- Office equipment: 5 years
- Office furniture: 5 years
- Office appliances: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within surplus/deficit in the Statement of Financial Performance.

1.10.2 Property, plant and equipment acquired by project implementing agencies for NSF special projects

Property, plant and equipment acquired by project implementing agencies for NSF special projects are capitalised in the financial statements of the respective agencies, as the agencies control such assets for the duration of the project.

1.10.3 Intangible assets

The Director-General of the Department of Higher Education and Training is the Accounting Authority of the fund in terms of the PFMA and must control the fund.

Intangible assets comprise mainly computer software. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- a) It is technically feasible to complete the asset so that it will be available for use or sale.
- b) There is an intention to complete and use or sell it.
- c) There is an ability to use or sell it.
- d) It will generate probable future economic benefits or service potential.
- e) There are available technical, financial and other resources to complete the development and to use or sell the asset.
- f) The expenditure attributable to the asset during its development can be measured reliably.

Amortisation of the intangible asset will begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Amortisation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Computer software: 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.10.4 TVET college infrastructure assets

TVET college infrastructure assets comprise TVET college campuses developed on behalf of the respective colleges.

The TVET college infrastructure development is financed by the NSF and is centrally implemented by the Department of Higher Education and Training as the implementing agency for the NSF. The ultimate beneficiaries of the TVET college infrastructure assets are the respective colleges to whom the assets will be transferred upon completion thereof.

The NSF shall recognise the cost of the TVET college infrastructure assets as an asset if, and only if: (a) it is probable that future economic benefits or service potential associated with the item will flow to the NSF, and (b) the cost or fair value of the item can be measured reliably.

The NSF shall derecognise the TVET college infrastructure asset upon transfer thereof to the respective colleges.

TVET college infrastructure assets are stated at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items, which includes site preparation costs.

1.10.5 Deferred expenditure on skills development grant disbursements

Deferred expenditure represents grant disbursement made in advance to training providers based on the signed memorandum of agreement between the parties. Deferred expenditure can be classified as either paid (cash flow payments were made) or incurred based on the stipulations contained in the memoranda of agreement. Deferred expenditure paid reflects the outstanding capital amounts as well as accrued interest received by the training providers at financial year end. NSF will only be entitled to the unspent funds, including any accrued interest, at the end of the project term.

Deferred expenditure is initially recognised at cost and subsequently measured at fair value less any provision for impairment.

1.10.6 Trade and other receivables from non-exchange transactions

Trade and other receivables from non-exchange transactions are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The provision is made in accordance with GRAP 104.64 whereby the recoverability of the outstanding advance is assessed individually and then collectively after grouping the assets in financial assets with similar credit risks characteristics.

1.10.7 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

In terms of section 29(2) of the Skills Development Act, 1998 (Act No. 97 of 1998) any money in the fund not required for immediate use should be invested with the Public Investment Corporation (PIC). Cash and cash equivalents are measured at fair value.

For purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in financial instruments.

1.11 Liabilities

1.11.1 Defined contribution plans

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The NSF provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956 (Act No. 24 of 1956) as amended. In terms of the Pension Funds Act, the fund is not required to be actuarially valued. Contributions are at a rate of 13% of pensionable emoluments. The entity's contributions to the defined benefit contribution scheme are established in terms of the rules governing the scheme.

Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The entity has no further payment obligations once the contributions have been paid.

1.11.2 Leave and bonus accruals

The entity has opted to treat its provision for leave and bonus pay as an accrual.

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is recognised for the estimated liability as a result of services rendered by employees up to the reporting date. Accruals related to employee benefits included in the Statement of Financial Position include annual leave, capped leave, thirteenth cheque as well as performance bonus commitments at year end (based on current salary rates).

The liability for leave pay is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made. No accrual is made for post retirement benefits, as the NSF does not provide for such benefits for its employees.

1.11.3 Payables to skills development programmes and projects

Due to the nature of the NSF operations, numerous contracts exist that require management estimation and judgement to determine the provision amount at financial year end relating to possible services rendered on these contracts not yet invoiced / claimed by the training providers.

Payables to skills development programmes and projects include accruals for programmes and projects that are estimated on an annual basis. These estimates and underlying assumptions are reviewed on an ongoing basis. For purposes of the accrual calculations management deems the training be rendered equally over the original contract term, while taking into consideration historical performance trends on each contract. These estimates are based on the remaining portion of the contract for a specific year that has not been invoiced / claimed by the training providers. Actual results may differ from these estimates. Accruals recognised for the relevant financial year are deducted from the remaining contract commitment.

No accrual is made for projects approved at year end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

1.11.4 Provisions

In terms of GRAP 19 a provision is defined as a liability of uncertain timing or amount. Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement.

1.11.4.1 Provision for levies less than threshold

Section 4(b) of the Skills Development Levies Act 199 (Act No. 9 of 1999) stipulates that employers with a total yearly remuneration expense of below R500,000 are exempt from contributing skills development levies. In practice it does happen that some of these exempted employers contribute skills development levies. As a result, they are entitled to claim their contributions back. There is uncertainty over the timing and amount of the provision for levies paid below threshold, as the NSF does not know the amount or time of contributions that will be claimed back in the future. For purposes of calculating the provision management expects the future claims to be in line with the historic levies less than threshold claimed back. The historic levies less than threshold claimed back in comparison with total skills development levies received is used as a basis for estimating the provision.

1.11.4.2 Provision for performance bonuses

Performance bonuses are provided for based on the NSF's past practice to pay annual performance bonuses. Uncertainty exists over the amount and the timing of the performance bonuses as NSF has not yet completed the performance assessments at year end and determined the performance bonus payable. Management estimates the performance bonus payable to be in line with the prior period's performance bonus paid with an average increase for inflation.

1.12 Financial instruments

The entity has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities. The classification of financial assets and liabilities, into categories, is based on judgement by management.

Financial assets and financial liabilities are recognised on the NSF Statement of Financial Position when the NSF becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value. Subsequent to initial recognition these instruments are measured as set out below.

1.12.1 Financial assets - classification

A financial asset is any asset that is cash or contractual right to receive cash. The entity's principal financial assets as reflected on the face of the Statement of Financial Position are classified as follows:

- Cash and cash equivalents;
- Financial assets at fair value; and
- Trade and other receivables.

In accordance with GRAP 104 the financial assets of the entity are classified as follows into the categories as allowed by the standard:

Type of financial asset	Classification in terms of GRAP 104
Cash and cash equivalents	Financial assets at fair value
Financial assets at fair value through surplus or deficit	Financial assets at amortised cost
Trade and other receivables	Financial assets at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in financial instruments. The entity categorises cash and cash equivalents as financial assets: Loans and receivables.

Financial assets at fair value are financial assets that meet either of the following conditions:

- They are classified as held for trading; or
- Upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months, which are classified as non-current assets. Loans and receivables are initially measured at cost which represents fair value. After initial recognition financial assets are measured at amortised cost, using the effective interest method less provision for impairment.

1.12.2 Financial liabilities - classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity, or exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity. The entity's principal financial liabilities relate to accounts payable which are classified as follows on the face of the Statement of Financial Position:

- Trade and other payables.

There are two main categories of financial liabilities, the classification based on how they are measured. Financial liabilities may be measured at:

- Fair value through surplus or deficit; or
- At amortised cost using the effective interest method.

Financial liabilities at fair value are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through surplus or deficit are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as Other Financial Liabilities and are initially measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with GRAP 104 the Financial Liabilities of the entity are all classified as "other financial liabilities".

1.12.3 Initial and subsequent measurement

1.12.3.1 Financial Assets: Financial assets at fair value through surplus / deficit

Money market financial instruments are initially and subsequently measured at fair value. It is the policy of NSF to account for changes in the fair value of monetary securities classified at fair value, through the Statement of Financial Performance. The fair value adjustment is calculated between the difference of the market value at the end of the reporting period and the cost of the investment. These investments are revalued once a year at the end of the reporting period.

1.12.3.2 Financial Assets: Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.12.3.3 Financial liabilities: Trade and other payables

Trade and other payable financial instruments are measured at amortised cost using the effective interest rate method. Accruals represent goods/services that have been received together with an accompanied invoice but final authorisation to affect payment has not been effected. Accruals are recognised in the Statement of Financial Position as trade and other payables.

1.12.4 Impairment of financial assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Accounts receivable are initially valued at cost, which represents fair value, and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for a provision for impairment based on past default experience of all outstanding amounts at year end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivable is established when there is objective evidence that NSF will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is based on long outstanding non-active supplier contracts where the recovery of the outstanding amount is uncertain as no new contracts exist for the recovery of the outstanding balance. Based on past default experience it is the policy of the entity to provide for 50% of non-active contracts between 180 days and 270 days outstanding and 100% of non-active contracts exceeding 270 days.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. When the receivable is uncollectable, it is written off against

the allowance account. Subsequent recoveries of amounts previously written off are credited to the Statement of Financial Performance.

1.12.5 Impairment and gains and losses from subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

1.12.6 Derecognition of financial assets

A financial asset or a portion thereof is derecognised when the NSF realises the contractual rights to the benefits specified in the contract, the rights expire, the NSF surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in capital and reserves is included in net surplus or deficit for the period.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.12.7 Derecognition of financial liabilities

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net surplus or deficit for the period.

1.12.8 Fair value considerations

The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the NSF could realise in the normal course of business. The carrying amounts of financial assets and financial liabilities with a

maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

1.12.9 Risk management of financial assets and liabilities

It is the policy of the entity to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date.

Risks and exposure are disclosed as follows:

1.12.9.1 Credit risk:

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

1.12.9.2 Liquidity risk:

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 26 to the annual financial statements.

1.13 Related parties

1.13.1 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related party transactions are classified by the entity as those transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.13.2 Key management personnel

Key management personnel is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The Chief Executive Officer (CEO) of NSF on post level 15 is currently regarded as being at key management level including employees on level 14 and 13 or below acting in the position of the CEO. Transactions conducted with key management, as well as with close family members of key management, are regarded as related party transactions. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.14 Commitments and earmarked funds

1.14.1 Commitments

Commitments only include funds that have been committed contractually at year end. Funds committed contractually are commitments where the NSF has a contractual obligation to fund the skills development programme/project or administrative projects. With a contractual obligation there is a written agreement with specific terms between the NSF and the third party, whereby the third party undertakes to perform certain deliverables as outlined in the agreement. Performance on these deliverables will obligate the NSF to make payment.

1.14.2 Earmarked funds

Earmarked funds include the following:

i. Funds earmarked towards skills development programmes and projects, that have been approved at year end, but not yet contracted

Funds earmarked towards skills development programmes/projects, that have been approved at year end, but not yet contracted are skills development programmes/projects that have been approved by the Director General of Higher Education and Training as at year end, but have not yet been contracted as contracting is still in process as at year end and will be concluded after year end.

ii. Funds earmarked towards skills development programmes and projects that have been recommended for approval at year end, but have not yet been approved or contracted

Funds earmarked towards skills development programmes and projects that have been recommended for approval at year end, but have not been approved and contracted are skills development programmes/projects that have been recommended to the Director General of Higher Education and Training for approval before year end for which approval and contracting will take place after year end.

iii. Funds earmarked towards constructive commitments arising from annual allocations to ongoing skills development programmes and projects

Funds earmarked towards constructive commitments are funds that the NSF commits on an annual basis towards ongoing skills development programmes and projects. Due to this established pattern of past practice the NSF has created a valid expectation on the part of the third parties, that it will continue to fund these skills development programmes and projects on an annual basis.

1.15 Contingent assets and contingent liabilities

Management judgement is obtained through the services of legal counsel when disclosing contingent assets and liabilities. The probability that an inflow or outflow of economic resources will occur due to past events, which will only be confirmed by the occurrence or non-occurrence of one or more future events as well as any possible financial impact, is disclosed based on management estimation in the disclosure notes.

1.16 The following GRAP standards have been issued but are not yet effective and have not been early adopted by the entity:

GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

The following interpretations (iGRAP) have been issued but are not yet effective and have not been early adopted by the entity:

IGRAP 17	Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18	Interpretation of the Standard of GRAP on Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies

Management has considered all of the above-mentioned GRAP standards issued (both effective and not effective) and anticipates that the adoption of these standards will not have a significant impact on the financial performance, financial position or cash flows of the entity.

2. Property, plant and equipment

Reconciliation of cost to net book value

Owned assets	2018/19 R'000			2017/18 R'000		
	Cost	Accumulated depreciation	Carrying Value	Cost	Accumulated depreciation	Carrying Value
Computer Equipment	17,268	(15,773)	1,495	16,744	(13,675)	3,069
Office Furniture	4,280	(3,128)	1,152	3,851	(2,325)	1,526
Office Appliance	220	(149)	71	200	(109)	91
Office Equipment	1,054	(725)	329	1,019	(518)	501
Total	22,822	(19,775)	3,047	21,814	(16,627)	5,187

Reconciliation of opening to closing net book value

Owned assets	2018/19 R'000				
	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
Computer Equipment	3,069	616	(35)	(2,155)	1,495
Office Furniture	1,526	428	-	(802)	1,152
Office Appliance	91	20	-	(40)	71
Office Equipment	501	34	-	(206)	329
Total	5,187	1,098	(35)	(3,203)	3,047

2. Property, plant and equipment (continued)

Reconciliation of opening to closing net book value

	2017/18 R'000				Carrying value at end of year
	Carrying value at beginning of year	Additions	Disposals	Depreciation	
Owned assets					
Computer Equipment	5,166	1,582	(19)	(3,660)	3,069
Office Furniture	1,752	465	-	(691)	1,526
Office Appliance	129	2	-	(40)	91
Office Equipment	688	16	-	(203)	501
Total	7,735	2,065	(19)	(4,594)	5,187

3. Intangible assets

Reconciliation of cost to net book value

	2018/19 R'000			2017/18 R'000		
	Cost	Accumulated depreciation	Carrying Value	Cost	Accumulated depreciation	Carrying Value
Owned assets						
Computer Software	2,527	(2,527)	-	2,527	(2,460)	67
Microsoft Dynamics Integrated System	23,144	-	23,144	18,487	-	18,487
Total	25,671	(2,527)	23,144	21,014	(2,460)	18,554

3. Intangible assets (continued)

Reconciliation of opening to closing net book value

	2018/19 R'000				
	Carrying value at beginning of year	Additions	Disposals	Amortisation	Carrying value at end of year
Owned assets					
Computer Software	68	-	-	(68)	-
Microsoft Dynamics Integrated System	18,486	4,658	-	-	23,144
Total	18,554	4,658	-	(68)	23,144

The NSF is currently developing an intergrated ICT System - Microsoft Dynamics Integrated System; this system will integrate all work done at project sites into the financial system to allow more effective and efficient monitoring and reporting. The ICT system is scheduled for roll out to NSF's skills development providers during May and June 2019.

Reconciliation of opening to closing net book value

	2017/18 R'000				
	Carrying value at beginning of year	Additions	Disposals	Amortisation	Carrying value at end of year
Owned assets					
Computer Software	439	-	-	(371)	68
Microsoft Dynamics Integrated System	1,637	16,849	-	-	18,486
Total	2,076	16,849	-	(371)	18,554

4. TVET College Infrastructure Assets

Reconciliation of cost to net book value

TVET College Infrastructure Assets		2018/19 R'000			2017/18 R'000		
Site	TVET College	Cost	Accumulated impairment	Carrying Value	Cost	Accumulated impairment	Carrying Value
Aliwal North	Ikhala	50,572	-	50,572	10,338	-	10,338
Balfour	Gert Sibande	11,947	-	11,947	10,513	-	10,513
Bhambanana	Umfolozi	173,310	-	173,310	171,987	-	171,987
Giyani	Letaba	10,362	-	10,362	10,362	-	10,362
Graaff-Reinet	Eastern Cape Midlands	48,491	-	48,491	10,338	-	10,338
Greytown	Umgungundlovu	17,357	-	17,357	10,338	-	10,338
Kwagqikazi	Mthashana	18,756	-	18,756	10,369	-	10,369
Msinga	Umgungundlovu	40,131	-	40,131	10,338	-	10,338
Ngqungqushe (Lusikisiki)	Ingwe	31,818	-	31,818	10,338	-	10,338
Nkandla A	Umfolozi	211,667	-	211,667	207,887	-	207,887
Nkandla B	Umfolozi	10,338	-	10,338	10,338	-	10,338
Nongoma	Mthashana	36,031	-	36,031	10,351	-	10,351
Sterkspruit	Ikhala	51,119	-	51,119	10,365	-	10,365
Thabazimbi	Waterberg	-	-	-	-	-	-
Umzimkhulu	Esayidi	64,353	-	64,353	10,378	-	10,378
Vryheid	Mthashana	10,338	-	10,338	10,338	-	10,338
Total		786,590	-	786,590	514,578	-	514,578

Initial costs for design of the sites have been completed, and construction has commenced at most sites during the 2018/19 financial year.

4. TVET College Infrastructure Assets (continued)

Reconciliation of opening to closing net book value

TVET College Infrastructure Assets		2018/19 R'000				
Site	TVET College	Carrying value at beginning	Additions	Disposals	Impairment	Carrying value at end
Aliwal North	Ikhala	10,338	40,234	-	-	50,572
Balfour	Gert Sibande	10,513	1,434	-	-	11,947
Bhambanana	Umfoloji	171,987	1,323	-	-	173,310
Giyani	Letaba	10,362	-	-	-	10,362
Graaff-Reinet	Eastern Cape Midlands	10,338	38,153	-	-	48,491
Greytown	Umgungundlovu	10,338	7,019	-	-	17,357
Kwagqikazi	Mthashana	10,369	8,387	-	-	18,756
Msinga	Umgungundlovu	10,338	29,793	-	-	40,131
Ngqungqushe (Lusikisiki)	Ingwe	10,338	21,480	-	-	31,818
Nkandla A	Umfoloji	207,887	3,780	-	-	211,667
Nkandla B	Umfoloji	10,338	-	-	-	10,338
Nongoma	Mthashana	10,351	25,680	-	-	36,031
Sterkspruit	Ikhala	10,365	40,754	-	-	51,119
Thabazimbi	Waterberg	-	-	-	-	-
Umzimkhulu	Esayidi	10,378	53,975	-	-	64,353
Vryheid	Mthashana	10,338	-	-	-	10,338
Total		514,578	272,012	-	-	786,590

4. TVET College Infrastructure Assets (continued)

Reconciliation of opening to closing net book value

TVET College Infrastructure Assets		2017/18 R'000				
Site	TVET College	Carrying value at beginning	Additions	Disposals	Impairment	Carrying value at end
Aliwal North	Ikhala	10,338		-	-	10,338
Balfour	Gert Sibande	10,513		-	-	10,513
Bhambanana	Umfolozi	159,010	12,977	-	-	171,987
Giyani	Letaba	10,362		-	-	10,362
Graaff-Reinet	Eastern Cape Midlands	10,338		-	-	10,338
Greytown	Umgungundlovu	10,338		-	-	10,338
Kwagqikazi	Mthashana	10,369		-	-	10,369
Msinga	Umgungundlovu	10,338		-	-	10,338
Ngqungqushe (Lusikisiki)	Ingwe	10,338		-	-	10,338
Nkandla A	Umfolozi	242,497	21,703	(56,313)	-	207,887
Nkandla B	Umfolozi	10,338		-	-	10,338
Nongoma	Mthashana	10,351		-	-	10,351
Sterkspruit	Ikhala	10,365		-	-	10,365
Thabazimbi	Waterberg	-		-	-	-
Umzimkhulu	Esayidi	10,378		-	-	10,378
Vryheid	Mthashana	10,338		-	-	10,338
Total		536,211	34,680	(56,313)	-	514,578

TVET College Infrastructure Assets comprise the above TVET college campuses that are still in development as at year end. The TVET college campuses are being developed on behalf of the respective colleges as outlined above. The disposal for the Nkandla site is due to certain portions of the construction that have been put into use. The entire site is due for completion during the 2019/20 financial period.

Skills Development Circular No. 08/2013 calls on NSF and the SETAs to contribute towards funding the TVET college infrastructure development in support of Goal 4.3 of the National Skills Development Strategy III (NSDS III), which promotes growth of the public TVET College system that is responsive to sector, local, regional and national skills needs and priorities.

The SETA's contribution of R1bn was paid over to the NSF as an unconditional grant. The TVET college infrastructure development is financed by the NSF and is centrally implemented by the Department of Higher Education and Training as the implementing agency for the NSF. The ultimate beneficiaries of the TVET college infrastructure assets are the respective colleges as outlined above to whom the assets will be transferred upon completion thereof. Hence, the NSF is responsible for recognising the assets while under construction until completion and transfer thereof to the respective colleges.

5. Investments

It is the policy of NSF to account for changes in the fair value of monetary securities classified as held for trading through the Statement of Financial Performance. The fair value adjustment is calculated as the difference between the market value at the end of the reporting period and the cost of the investment. These investments are revalued once a year at the end of the reporting period by the Public Investment Corporation (PIC). The latest revaluation was performed on 31 March 2019.

	Notes	2018/19 R'000	2017/18 R'000
Composition at fair value			
Investments with the Public Investment Corporation (PIC)		6,658,826	6,320,731
Balance at the beginning of the year		6,320,731	8,860,484
Invested during the year		3,495,979	3,198,980
Interest received and capitalised	17	443,873	487,358
Management fees and expenses	22	(1,757)	(1,861)
Withdrawal		(3,600,000)	(6,224,230)
Fair value adjustment		-	-
Closing balance end of year (None of the financial assets is impaired)		6,658,826	6,320,731

The NSF assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. None of the financial assets at fair value through surplus / (deficit) is impaired on reporting date.

Section 29(2) of the Skills Development Act, 1998 (Act No. 97 of 1998), stipulates that any money in the NSF not required for immediate use may be invested in accordance with the investment policy approved by the Director-General that complies with the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the NSF as a public entity that is listed in Schedule 3A of the Public Finance Management Act, 1999 (Act No. 1 of 1999), must invest surplus funds with the Corporation for Public Deposits. The NSF obtained exemption from National Treasury to invest surplus funds with the Public Investment Corporation (PIC) in accordance the NSF's investment policy.

6. Trade and other receivables from exchange transactions

	Notes	2018/19 R'000	2017/18 R'000
The carrying and fair value of trade and other receivables from exchange transactions are as follows:			
Receivables from administrative expenditure		76	84
Closing balance end of year		76	84

The balance of the R76,000 is relating to a deposit on parking space as well as employees with credit leave balances. Employees with credit leave balances relate to employees who have taken leave days more than the accrued number of leave days as at 31 March 2019. These credit balances should reduce during the course of the 2019 calendar year.

7. Trade and other receivables from non-exchange transactions

	2018/19 R'000	2017/18 R'000
Current		
The carrying and fair value of current trade and other receivables from non-exchange transactions are as follows:		
Receivables from skills development programmes and projects	255,701	175,447
Carrying amount	255,701	175,447
Less: Provision for impairment	-	-
SETA receivable from SETAs Uncommitted Surpluses	-	2,451
Carrying amount	-	2,451
Less: Provision for impairment	-	-
Current trade and other receivables - Closing balance end of year	255,701	177,898

The decrease in SETA receivable from SETAs Uncommitted Surpluses is due to the bad debts written off (R24m) for SETA uncommitted surpluses for the financial year ending March 2014 for ETDP SETA (R1.85m), TETA SETA (R450,000) and FP&M SETA (R151,000). The results of court judgement between BUSA and the Minister of DHET set aside SETA regulation 3(12) instructing SETAs to pay over uncommitted surpluses to NSF.

7. Trade and other receivables from non-exchange transactions (continued)

Trade and other receivables from non-exchange transactions are all considered for impairment. Based on past default experience, it is the policy of the entity to provide for 50% of non-active contracts between 181 days and 270 days outstanding and 100% of non-active contracts exceeding 270 days.

As at 31 March 2019, there were trade and other receivables from non-exchange transactions that were more than 180 days past due and were not impaired due to the fact that these contracts are still active (2017/18: R0). The aging of trade and other receivables from non-exchange transactions that is not impaired is as follows:

2018/19 R'000					
	Current	31-180 days	181 to 270 days	Over 270 days	Total
	R'000	R'000	R'000	R'000	R'000
- Receivables from skills development programmes and projects		11,547	24,070	220,084	255,701
- SETA receivable from SETAs uncommitted surpluses		-	-	-	0
Total		11,547	24,070	22,084	255,701

2017/18 R'000					
	Current	31-180 days	181 to 270 days	Over 270 days	Total
	R'000	R'000	R'000	R'000	R'000
- Receivables from skills development programmes and projects	152	5,849	40,857	128,589	175,447
- SETA receivable from SETAs uncommitted surpluses		-	-	2,451	2,451
Total	152	5,849	40,857	131,040	177,898

7.1 Ageing of trade and other receivables from non-exchange transactions impaired

As at 31 March 2019, R2,451m trade and other receivables (2017/18: R0) were impaired. The receivables impaired is SETA receivable from SETAs uncommitted surpluses. The bad debts written off (R2,4m) is for SETA uncommitted surpluses for the financial year ending March 2014, for ETDP SETA (R1,85m), TETA SETA (R450,000) and FP&M SETA (R151,000). The results of court judgement between BUSA and the Minister of DHET set aside SETA regulation 3(12) that instructing SETAs to pay over uncommitted surpluses to NSF.

8. Deferred expenditure on skills development grant disbursements

	Notes	2018/19 R'000	2017/18 R'000
Education and Training		1,153,681	1,190,600
Education and Training		1,153,681	1,190,600
PSET system development and capacity building		137,422	24,587
PSET system development and capacity building		137,422	24,587
Skills infrastructure development		73,429	30,359
Skills infrastructure development		73,429	30,359
Skills development research, innovation and communication		29,252	14,928
Skills development research, innovation and communication		29,252	14,928
Deferred expenditure - Closing balance end of year		1,393,784	1,260,474

Deferred expenditure represents skills development grant disbursements paid or payable in advance to skills development providers based on the signed contractual agreement between the parties. In terms of the signed contractual agreement between the NSF and the skills development providers, the NSF disburses grants monthly, quarterly or annually in advance.

Deferred expenditure reflects the outstanding capital amounts, including accrued interest received by the skills development providers on the advance payments at financial year end. NSF will only be entitled to the unspent funds, including any accrued interest, at the end of the programme or project term or upon termination of the contract.

The increase in deferred expenditure was due to new projects implemented at the beginning of the financial year (e.g. 104 new projects were implemented during the financial year). Low expenditure had actually been incurred on the various sites which resulted in higher deferred expenditure being recognised.

9. Cash and cash equivalents

	Notes	2018/19 R'000	2017/18 R'000
Favourable cash balances:			
Cash in bank		741,259	9,604
Closing balance end of year		741,259	9,604

As required in Treasury Regulation 31.2, National Treasury approved the banks where the NSF bank accounts are held. The weighted average interest rate on short-term bank deposits was 5.79% for the reporting period (2017/18: 6.75%).

Cash includes cash with commercial banks. Cash equivalents are short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to an insignificant risk of change in value.

For purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, net of bank overdrafts.

10. Trade and other payables from non-exchange transactions

	Notes	2018/19 R'000	2017/18 R'000
Payables to skills development programmes and projects	10.1	32,092	35,107
Closing balance end of year		32,092	35,107

10.1 Payables to skills development programmes and projects

	Notes	2018/19 R'000	2017/18 R'000
Education and Training			
Education and Training		31,498	34,819
Skills development research, innovation and communication			
Skills development research, innovation and communication		594	288
Closing balance end of year		32,092	35,107

11. Trade and other payables from exchange transactions

	Notes	2018/19 R'000	2017/18 R'000
Administrative payables due to the Department of Higher Education and Training (DHET)		22,532	36,418
Other administrative payables		6,056	6,075
Closing balance end of year		28,588	42,493

12. Accruals from non-exchange transactions

	Notes	2018/19 R'000	2017/18 R'000
Accruals related to skills development programmes and projects	12.1	1,278,256	1,220,337
Other accruals	12.2	185,378	185,378
Closing balance end of year		1,463,634	1,405,715

12.1 Accruals related to skills development programmes and projects

	2018/19 R'000	2017/18 R'000
Education and Training	648,532	725,092
Education and Training	648,532	725,092
PSET system development and capacity building	437,898	316,546
PSET system development and capacity building	437,898	316,546
Skills infrastructure development	176,901	173,808
Skills infrastructure development	176,901	173,808
Skills development research, innovation and communication	14,925	4,891
Skills development research, innovation and communication	14,925	4,891
Closing balance end of year	1,278,256	1,220,337

12.1 Accruals related to skills development programmes and projects (continued)

As at 31 March 2019, accruals related to skills development grant projects and programmes amounting to R1.278m (2017/18: R1.220m) were recognised. Accruals related to skills development grant projects and programmes include accruals that are estimated on an annual basis. For purposes of the estimation of accruals management deems the skills development activities to be rendered equally over the original contract term, while taking into consideration historical trends on each relevant project and programme. These estimates are based on the remaining portion of the contract for a specific year that has not been invoiced / claimed by the skills development providers.

The accruals recognised for the relevant financial year are deducted from the remaining contractual commitments.

12.2 Other accruals

Other accruals from non-exchange transactions include the following:

	2018/19 R'000	2017/18 R'000
Accrual for overpayment of SETA uncommitted surplus by the Services SETA*	185,378	185,378
Closing balance end of year	185,378	185,378

*Overpayment of SETA uncommitted surplus by Services SETA has been earmarked for the establishment of SAIVCET. The amount is stated at the original overpayment due to the contractual agreement still being finalised.

13. Accruals from exchange transactions

	Notes	2018/19 R'000	2017/18 R'000
Leave and bonus accruals	13.1	4,949	3,881
Closing balance end of year		4,949	3,881

13.1 Leave and bonus accrual

	2018/19 R'000	2017/18 R'000
Balance at the beginning of the year	3,881	2,925
Amounts utilised during the year	(3,881)	(2,925)
Amount recognised during the year	4,949	3,881
Closing carrying amount	4,949	3,881
Leave and bonus accrual composition:		
Current		
Leave accrual	3,190	2,404
Bonus accrual (Thirteenth cheque)	1,759	1,477
Closing balance end of year	4,949	3,881

Leave is calculated based on leave days outstanding at reporting date and quantified in terms of total cost of employment per employee. The bonus accrual relates to thirteenth cheque commitments owed to NSF employees at reporting date.

14. Provisions

	Notes	2018/19 R'000	2017/18 R'000
Provision for levies less than threshold	14.1	178	339
Performance bonus provision	14.2	984	960
Closing balance end of year		1,162	1,299

14.1 Provision for levies less than threshold

	2018/19 R'000	2017/18 R'000
Balance at the beginning of the year	339	1,095
Levies less than threshold provision raised / (utilised) for the year	(161)	(756)
Closing balance end of year	178	339

14.2 Performance bonus provision

	2018/19 R'000	2017/18 R'000
Balance at the beginning of the year	960	909
Performance bonus provision unutilised	(130)	(159)
Performance bonus additional provision for prior year performance bonuses	-	-
Performance bonus paid (utilisation of provision)	(830)	(750)
Performance bonus provision for the current year performance bonuses	984	960
Closing balance end of year	984	960

As at 31 March 2019, the performance bonus provision amounting to R984,000 (2017/18: R960,000) was recognised. Performance bonuses accrue to staff on an annual basis subject to the achievement of predetermined performance standards. The provision is an estimate of the amount due to staff in the service of the NSF at the reporting date.

15. Skills Development Levies (Non-Exchange Revenue)

	Notes	2018/19 R'000	2017/18 R'000
In terms of the Skills Development Act and the Skills Development Levies Act, the total levy income per the Statement of Financial Performance is as follows:			
Percentage of payroll payable as Skills Development Levy		1%	1%
Skills Development Levies received from SARS (20%):			
Skills Development Levies received			
Skills Development Levies collected by SARS		3,495,979	3,198,981
Less: Amount withheld by the Department of Higher Education and Training and paid to the SETAs (80%)		17,479,896	15,994,905
		(13,983,917)	(12,795,924)
		3,495,979	3,198,981
Movement in provision for levies less than threshold	14.1	161	756
Total		3,496,140	3,199,737

16. Income from SETAs (Non-Exchange Revenue)

	2018/19 R'000	2017/18 R'000
Income from SETAs towards Indlela development and recapitalisation	8,055	5,000
Total	8,055	5,000

17. Finance Income (Exchange Revenue)

	Notes	2018/19 R'000	2017/18 R'000
Finance income from investments at the Public Investment Corporation (PIC)	5	443,874	487,358
Finance income from other commercial banks		1,389	2,940
Total		445,263	490,298

18. Finance income from advance payments to skills development programmes and projects

	2018/19 R'000	2017/18 R'000
Finance income from advance payments to skills development programmes and projects	58,195	60,718
Total	58,195	60,718

Interest received is from advance payments made by the NSF to skills development providers in terms of the agreed contractual agreements between the parties. In terms of these agreements the interest may be utilised towards the skills development activities as contained in the contract. On contract finalisation, any unutilised funds (inclusive of accrued interest) should be refunded to the NSF.

19. Skills development grant disbursements

	2018/19 R'000	2017/18 R'000
Education and Training	2,283,940	2,884,176
Education and Training	2,283,940	2,884,176
PSET system development and capacity building	(143,061)	3,970,941
PSET system development and capacity building	(143,061)	3,970,941
Skills infrastructure development	105,085	126,789
Skills infrastructure development	105,085	126,789
Skills development research, innovation and communication	44,816	44,505
Skills development research, innovation and communication	44,816	44,505
Total	2,290,780	7,026,411

20. Employee Costs

	2018/19 R'000	2017/18 R'000
Salaries and wages	62,616	52,894
Basic salaries	50,400	43,068
Performance awards	854	802
Service bonuses	3,295	2,383
Other non-pensionable allowances	6,697	5,552
Overtime	254	160
Service benefits	11	13
Net movement: Leave accrual	823	412
Net movement: Service bonus accrual	282	504
Social contributions	7,559	6,302
Pension fund contributions: defined contribution plans	5,929	4,889
Medical aid contributions	1,622	1,402
Bargaining council	8	11
Bursaries to employees	542	492
Total	70,717	59,688
Average number of employees*	126	212
*Average number of employees:		
Permanent employees	92	89
Internships/WIL	34	122
Contract employees	-	1
Employees beginning of the financial year	212	77
Movement during the year:		
Resignations/Pensions/internships ended	(117)	(22)
Appointments/Internships	31	157

21. Operating Expenses

	Notes	2018/19 R'000	2017/18 R'000
Advertising and marketing		-	736
Catering		155	133
Cleaning services		202	223
Computer services and consumables		1,872	3,020
Consultancy and service provider fees*	21.1	3,125	7,440
Consumables		439	146
Courier and delivery		2	1
DHET shared services charge	21.2	12,125	9,446
External Auditor's remuneration		3,317	3,249
Internal Auditor's remuneration		3,818	5,332
Audit Committee - Meeting fees		242	342
Operating leases		534	540
Other		181	64
Printing and publications		313	140
Repairs and maintenance		74	-
Resettlement cost		180	103
Security		1,117	1,263
Software expenses	21.5	5,216	1,328
Stationery		733	809
Telephone and fax		684	1,099
Training and development		1,342	1,188
Travel and subsistence		10,437	10,158
Venues and facilities		104	350
Warranty costs		-	-
Information Security services - IT systems	21.3	30,409	7,282
Bad debts written off	23.4	2,451	-
Total		79,072	54,392

21.1 Consultancy and service provider fees

2018/19

*The consulting and service provider fees relate to consultancy services to assist with the following:

1. Due to the temporary vacancy of Director Financial Planning and Reporting and Director Fund Management a consulting service company was appointed to assist with the preparation of the Annual Financial Statement .
2. Media relations, strategic communication and public affairs.

The need for consultants will continue to reduce as NSF fills its vacant posts with the relevant skilled personnel.

21.2 DHET shared service charge

DHET shared service charges relates to a signed service level agreement between the DHET and the NSF, in which the DHET commits to providing the NSF with services such as human resource management, IT management, supply chain management, facilities management and security management in return for a fee paid by the NSF.

21.3 Information Security services - IT systems

The information security services fees relates to services for the implementation, maintenance and support of information security services on DHET and NSF IT infrastructure networks. The majority of the network service relates to the DHET and the estimated amount for the DHET is R30,287m.

21.4 Bad debts written off

The bad debts written off (R2.4m) is for SETA uncommitted surpluses for the financial year ending March 2014 for ETDP SETA (R1.85m), TETA SETA (R450,000) and FP&M SETA (R151,000). The results of court judgement between BUSA and the Minister of DHET set aside SETA regulation 3(12) instructing SETAs to pay over uncommitted surpluses to NSF.

21.5 Software expenses

The additional software expenses relates to cloud services, hosting services and maintenance services on the MS Dynamics system.

22. Management fees and bank charges

	Notes	2018/19 R'000	2017/18 R'000
Bank charges paid to banks		56	54
Management fees and expenses paid to Public Investment Corporation (PIC)	5	1,757	1,861
Total		1,813	1,915

23. Cash generated from operations

	Notes	2018/19 R'000	2017/18 Restated R'000
Net surplus / (deficit) as per Statement of Financial Performance		1,513,387	(3,439,990)
Adjustment for non-cash items:			
Amortisation	3	68	371
Depreciation	2	3,203	4,594
Loss on disposal of asset	2	35	19
Disposal of TVET College Infrastructure Assets	4	-	56,313
Increase / (decrease) in provisions:			
Relating to employment	14.2	21	51
Relating to skills development grant expenditure			
Relating to levy provisions		(161)	(756)
Adjustment for items disclosed separately:			
Finance income	17	(445,263)	(490,298)
		1,071,290	(3,869,696)
Movements in working capital:		(169,035)	292,653
(Increase) / decrease in trade and other receivables		(77,795)	(84,214)
(Increase) / decrease in deferred expenditure		(133,310)	81,856
Increase / (decrease) in trade and other payables and accruals		42,070	295,011
Cash generated from operations		902,255	(3,577,043)

24. Prior period errors corrected

The following prior period errors occurred:

1. Expenses were not recognised in the correct period.
2. Movements in reserves and accumulated surplus were inaccurately calculated.
3. Current liabilities were understated.
4. Total assets were overstated.
5. Contracted commitments and approved but not yet contracted commitments were understated.
6. TVET assets disposal was not accounted for in the 2017/18 financial period.

24. Prior period errors corrected (continued)

The prior year financial statements have been adjusted retrospectively and the effect of the retrospective adjustment on prior year financial statements is as follows:

STATEMENT OF FINANCIAL PERFORMANCE	2017/18 R'000
EXPENSES	7,195,723
As originally stated	7,138,234
Prior period correction	57,489
SKILLS DEVELOPMENT EXPENSE	7,026,412
As originally stated	6,970,099
Prior period correction	56,313
ADMINISTRATIVE EXPENSES	120,958
As originally stated	119,782
Prior period correction	1,176
NET (DEFICIT) / SURPLUS FOR THE YEAR	(3,439,989)
As originally stated	(3,382,500)
Prior period correction	(57,489)
STATEMENT OF FINANCIAL POSITION	
TOTAL ASSETS	8,307,110
As originally stated	8,363,423
Prior period correction - TVET College Infrastructure	(56,313)
CURRENT LIABILITIES	1,488,495
As originally stated	1,492,389
Prior period correction	(3,894)

24. Prior period errors corrected (continued)

	2017/18 R'000
TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	42,493
As originally stated	46,387
Prior period correction	(3,894)
TOTAL LIABILITIES	1,488,495
As originally stated	1,492,389
Prior period correction	(3,894)
CAPITAL AND RESERVES	6,818,615
As originally stated	6,871,034
Prior period correction	(52,419)
TVET COLLEGE INFRASTRUCTURE DEVELOPMENT RESERVE	2,354,943
As originally stated	2,411,256
Prior period correction	(56,313)
ACCUMULATED SURPLUS	4,463,672
As originally stated	4,459,778
Prior period correction	3,894
COMMITMENTS AND EARMARKED FUNDS	22,187,773
As originally stated	22,114,251
Prior period correction	73,522
APPROVED AND CONTRACTED	8,489,311
As originally stated	8,219,602
Prior period correction	269,709
APPROVED AND NOT YET CONTRACTED	1,533,750
As originally stated	1,729,936
Prior period correction	(196,186)

25. Commitments and earmarked funds

As at reporting date the NSF has committed and earmarked funds towards skill development programmes and projects.

	Notes	2018/19 R'000	2017/18 R'000
Contractual Commitments			
1. Funds committed contractually at year end	25.1 & 25.5	8,149,781	8,489,311
Education and Training		4,922,236	2,349,994
PSET system development and capacity building		1,199,367	3,865,758
Skills infrastructure development		1,965,671	2,233,389
Skills development research, innovation and communication		62,507	40,170
Total Capital and Reserves at year end		8,332,002	6,818,615
(Over) / Under committed		182,221	(1,670,696)
Earmarked funds			
2. Funds earmarked towards skills development programmes and projects, that have been approved at year end, but not yet contracted	25.2	624,807	1,533,750
3. Funds earmarked towards skills development programmes and projects, that have been recommended for approval at year end, but have not yet been approved or contracted	25.3	8,635	920,215
4. Funds earmarked towards constructive commitments arising from annual allocations to ongoing skills development programmes and projects over the five-year strategic period	25.4	10,034,209	11,244,497

25.1 Funds committed contractually at reporting date

Funds committed contractually are commitments where the NSF has a contractual obligation to fund skills development programmes/projects or administrative projects. With a contractual obligation there is a written agreement with specific terms between the NSF and the third party, whereby the third party undertakes to perform certain deliverables as outlined in the agreement. Performance on these deliverables will obligate the NSF to make payment.

25.2 Funds earmarked towards skills development programmes and projects, that have been approved at year end, but not yet contracted

Funds earmarked towards skills development programmes/projects, that have been approved at year end, but not yet contracted are skills development programmes/projects that have been approved by the Director-General of Higher Education and Training as at year end, but have not yet been contracted as contracting is still in process as at year end and will be concluded after year end.

25.3 Funds earmarked towards skills development programmes and projects, that have been recommended for approval at year end, but have not yet been approved or contracted

Funds earmarked towards skills development programmes and projects, that have been recommended for approval at year end, but have not been approved and contracted are skills development programmes/projects that have been recommended to the Director-General of Higher Education and Training for approval before year end for which approval and contracting will take place after year end.

25.4 Funds earmarked towards constructive commitments arising from annual allocations to ongoing skills development programmes and projects

Funds earmarked towards constructive commitments are funds that the NSF commits on an annual basis towards ongoing skills development programmes and projects. Due to this established pattern of past practice the NSF has created a valid expectation on the part of the third parties that it will continue to fund these skills development programmes and projects on an annual basis. Funds earmarked towards constructive commitment arising from annual allocations to ongoing skills development programmes and projects consist of:

	2018/19 R'000	2017/18 R'000
1. Funds earmarked towards bursaries (funded via NSFAS, NRF and others)*	1,843,038	2,750,602
2. Funds earmarked towards training of workers under the Expanded Public Works Programme*	16,794	164,155
3. Funds earmarked towards training of workers under the DTI Monyetla Programme*	129,012	158,839
4. Funds earmarked towards National Artisan Development*	7,944,096	7,899,219
5. Funds earmarked towards supporting the Human Resource Development Council of South Africa*	78,620	78,561
6. Funds earmarked towards supporting the National Skills Authority*	22,649	193,121
Total	10,034,209	11,244,497

*Funds earmarked towards commitments are limited to the five-year strategic period ending 31 March 2024.

25.5 Funds committed contractually at reporting date

Expenditure contracted for at reporting date, which will be financed through the ordinary trading operations, but not recognised in the Annual Financial Statements, is as follows:

	2018/19 R'000	2017/18 R'000
NSDS III		
Education and Training	4,922,236	2,350,926
Education and Training	4,922,236	2,350,926
PSET system development and capacity building	1,199,367	3,865,758
PSET system development and capacity building	1,199,367	3,865,758
Skills infrastructure development	1,965,671	2,233,389
TVET college infrastructure development		
Skills infrastructure development	1,965,671	2,233,389
Skills development research, innovation and communication	62,507	40,170
Skills development research, innovation and communication	62,507	40,170
Total Skills Development Commitments	8,149,781	8,490,243

26. Financial Instrument - Financial Risk Management

Exposure to currency, commodity, interest rate and credit risk arise in the normal course of the operations. This note presents information about the exposure to each of the above risks, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these financial statements.

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the financial instruments.

	Carrying amount	Fair value
Financial assets - 2018/19	7,655,786	7,655,786
Cash and cash equivalents	741,259	741,259
Financial assets at fair value through surplus / (deficit)	6,658,826	6,658,826
Trade and other receivables	255,701	255,701
Financial assets - 2017/18	6,508,233	6,508,233
Cash and cash equivalents	9,604	9,604
Financial assets at fair value through surplus / (deficit)	6,320,731	6,320,731
Trade and other receivables	177,898	177,898
Financial liabilities - 2018/19	60,680	60,680
Trade and other payables	60,680	60,680
Financial liabilities - 2017/18	77,600	77,600
Trade and other payables	77,600	77,600

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. The carrying amount of cash and cash equivalents approximate fair value due to the relative short-term maturity of these financial assets.

Financial assets at fair value through surplus / (deficit)

Fair value of financial assets is derived from quoted market prices in active markets, if available.

Trade and other receivable

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. The carrying amount of accounts receivable, net of allowances for bad debt, approximates fair value due to the relative short-term maturity of these financial assets.

Trade and other payable

Trade and other payables are stated at amortised cost, which approximates their fair value due to the relatively short-term maturity of these financial liabilities.

Fair value hierarchy

The NSF uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., derived from prices).

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2019, the NSF held the following financial instruments measured at fair value:

	2018/19 R'000			
	Total	Level 1	Level 2	Level 3
Investments with the Public Investment Corporation (PIC)	6,658,826	6,658,826	-	-
	6,658,826	6,658,826	-	-

During the reporting period ending 31 March 2019, there were no transfers between level 1 and level 2 fair value measurements.

As at 31 March 2018, the NSF held the following financial instruments measured at fair value:

	2017/18 R'000			
	R'000	R'000	R'000	R'000
Investments with the Public Investment Corporation (PIC)	6,320,731	6,320,731	-	-
	6,320,731	6,320,731	-	-

26. Financial Instrument - Financial Risk Management (continued)

During the reporting period ending 31 March 2018, there were no transfers between level 1 and level 2 fair value measurements.

Credit Risk

Financial assets, which potentially subject NSF to concentrations of credit risk, consist primarily of cash and cash equivalents, investments and accounts receivable. Credit risk arises from the risk that a counter party may default or not meet its obligations timeously.

NSF management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of the Treasury Regulations.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. NSF does not have any material exposure to any individual or counter party. NSF's concentration of credit risk is limited to the industry in which the NSF operates. No events occurred in the industry during the financial year that may have an impact on the recovery of trade and other receivables.

Before training advances are paid to service suppliers, provider vetting, as well as site visits, are conducted by the NSF. A list of successful providers is compiled and approved by the Project Grants Committee (PGC) prior to the disbursement of any funds. The risk of non-performance by these counter parties is also mitigated through the application of a reconciliation process which initiates the clearing of an outstanding provider advance before a second advance will be granted.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at year end:

	2018/19 R'000		
	Rated	Non-rated	Total
Cash and cash equivalents	741,259	-	741,259
Investments	6,658,826	-	6,658,826
Trade and other receivables	255,701	-	255,701
Total	7,655,786	-	7,655,786

	2017/18 R'000		
	Rated	Non-rated	Total
Cash and cash equivalents	9,604	-	9,604
Investments	6,320,731	-	6,320,731
Trade and other receivables	177,898	-	177,898
Total	6,508,233	-	6,508,233

26. Financial Instrument - Financial Risk Management (continued)

Liquidity risk

Liquidity risk is the risk of the NSF not being able to meet its obligations as they fall due. The NSF manages the liquidity risk through proper management of working capital, capital expenditure and actual vs forecasted cash flows. Adequate reserves and liquid resources are also maintained.

Forecast liquidity reserve as of 31 March 2019 is as follows:

	2019/20 R'000	2020/21 R'000	2021/22 R'000
Opening balance for the period	8,332,002	7,125,604	7,068,874
Operating proceeds	3,555,170	3,732,928	3,919,575
Operating outflow	(5,274,788)	(4,320,860)	(3,533,843)
Cash flow from investments	513,220	531,202	549,904
Closing balance for the period	7,125,604	7,068,874	8,004,510

The table below analyses the financial liabilities that will be settled on net basis into the relevant maturity groupings based on the remaining period at financial statement date to the contractual maturity date:

	2018/19 R'000	
	Less than 1 year	Total
At reporting date		
Trade and other payables	60,680	60,680
	60,680	60,680

	2017/18 R'000	
	Less than 1 year	Total
At 31 March 2018		
Trade and other payables	77,600	77,600
	77,600	77,600

26. Financial Instrument - Financial Risk Management (continued)

Market Risk

Interest rate sensitivity analysis

Financial assets

NSF is sensitive to the movements in the money market repo rate which is the primary rate to which the investment portfolios are exposed. The rates of sensitivity are based on management's assessment of possible changes to the interest rates and is formulated on a 100 basis point movement.

If the weighted average interest rate as at reporting date had been 100 basis higher or lower the interest income would have been affected as follows:

	2018/19 R'000	
	Increase / Decrease in basis point	Effect on the surplus/ deficit
Financial assets - 2018/19		
Investments - PIC	+100	61,957
	-100	(61,957)

	2017/18 R'000	
	Increase / Decrease in basis point	Effect on the surplus/ deficit
At 31 March 2018		
Investments - PIC	+100	69,205
	-100	(69,205)

Foreign exchange risk

NSF does not initiate any transactions with international parties and is therefore not exposed to any exchange risk due to currency fluctuations. All transactions are denominated in South African Rand with local vendors.

Price Risk

NSF is exposed to equity securities price risk because of investments held and classified as financial assets at fair value through surplus / (deficit) on the Statement of Financial Position. These financial assets are classified as held for trade. NSF is not exposed to commodity price risk.

To manage its price risk arising from equity securities NSF diversifies its portfolio with the Public Investment Corporation (PIC). Diversification of the portfolio is done in accordance with limits set and agreed with PIC.

Cash flow and fair value interest rate risk

As NSF has significant interest bearing assets, the revenue and operating cash flows are substantially dependent on changes in market interest rates. As NSF does not have significant interest-bearing liabilities, the expenses and cash flows are not substantially dependent on changes in the market interest rates.

2018/19 R'000				
As at reporting date	Effective interest rate	Subject to interest rate movement: Floating	Non-interest bearing	Total R'000
Current financial assets	7.16%	6,658,826	997,036	7,655,862
Cash and cash equivalents	n/a	-	741,259	741,259
Investments	7.16%	6,658,826	-	6,658,826
Trade and other receivables	n/a	-	255,777	255,777
Current liabilities	n/a	-	60,680	60,680
Trade and other payables	n/a	-	60,680	60,680

2017/18 R'000				
Year ended 31 March 2018	Effective interest rate	Subject to interest rate movement: Floating	Non-interest bearing	Total R'000
Current financial assets	7.59%	6,320,731	187,586	6,508,317
Cash and cash equivalents	n/a	-	9,604	9,604
Investments	7.59%	6,320,731	-	6,320,731
Trade and other receivables	n/a	-	177,982	177,982
Current liabilities	n/a	-	77,600	77,600
Trade and other payables	n/a	-	77,600	77,600

27. Contingent Liabilities

	Notes	2018/19 R'000	2017/18 R'000
The following contingent liabilities exist:			
Legal claims instituted against the NSF	27.1	1,470	1,470
Application to retain accumulated surplus as at year end	27.2	8,332,002	6,818,615
Critical skills project expenditure	27.3	1,236	1,236

27.1 Legal claims instituted against the NSF

The legal claims instituted against the NSF relate to two cases against Business Unity South Africa (BUSA) which requires repromulgation of regulation 4.4 of SETA Act. The legal process is still ongoing to determine the final outcome of the claims.

27.2 Application to retain accumulated surplus as at year end

The NSF will be applying for the retention of its accumulated surplus at the financial year ending 31 March 2019 in terms of section 53(3) of the PFMA from National Treasury during the first quarter of the 2019/20 financial year. The accumulated surplus as at year end is therefore disclosed as a contingent liability until the approval has been obtained.

27.3 Critical skills project expenditure

The NSF co-funded a critical skills project with the Energy and Water SETA (EWSETA) for the unemployed to the value of R17m and there are unclaimed funds by the EWSETA of R1,236,000 (2017/2018: R1,236,000). This amount can only be confirmed when all the necessary documentation are provided to the NSF by the EWSETA for verification to validate the expenditure incurred.

28. Contingent Assets

	Notes	2018/19 R'000	2017/18 R'000
Legal claims instituted by NSF	28.1	16	16
Total		16	16

28.1 Legal claims instituted by NSF

The legal claims instituted by the NSF relate to disciplinary action taken against an employee , relating to missing inventory which could not be accounted for by the employee.

29. Related Party Transactions

The NSF reports to the Minister of Higher Education and Training. Accordingly the NSF transacts with a number of related parties within the Department of Higher Education and Training.

All related party transactions that occurred during the current financial year were at arm's length and in the normal course of business, in accordance with the mandate of the NSF.

29.1 Relationships

- Department	Department of Higher Education and Training (DHET)
- Advisory body within the department	National Skills Authority (NSA)
- Entities under the department	Qualification Council for Trades and Occupations (QCTO)
	South African Qualifications Authority (SAQA)
	National Student Financial Aid Scheme (NSFAS)
	Agricultural SETA (AGRISETA)
	Bank SETA
	Culture, Arts, Tourism and Hospitality SETA (CATHSETA)
	Construction Education and Training Authority (CETA)
	Chemical Industries Education and Training Authority (CHIETA)
	Education Training and Development Practices SETA (ETDP SETA)
	Energy and Water SETA (EWSETA)
	Finance and Accounting Services SETA (FASSET)
	Food and Beverages SETA (FOODBEV)
	Fibre Processing and Manufacturing SETA (FP&M SETA)
	Health and Welfare SETA (HWSETA)
	Insurance SETA (INSETA)
	Local Government SETA (LGSETA)
	Manufacturing, Engineering and Related Services SETA (MERSETA)
	Media, Information and Communication Technologies SETA (MICT SETA)
	Mining Qualifications Authority (MQA)
	Public Sector SETA (PSETA)
	Safety and Security SETA (SASSETA)
	Services SETA
	Transport Education and Training Authority (TETA)
	Wholesale and Retail SETA (W&RSETA)
	National Institute for Humanities and Social Sciences (NIHSS)
	Human Resource Development Council of South Africa (HRDSA)

29.1 Relationships (continued)

- TVET Colleges under the department

Motheo TVET College	Mnambithi TVET College
Vuselela TVET College	Thekwini TVET College
Taletso TVET College	Mthashana TVET College
Orbit TVET College	Nkangala TVET College
South West Gauteng TVET College	Gert Sibande TVET College
Ekurhuleni East TVET College	Umfolozu TVET College
Ekurhuleni West TVET College	Buffalo City TVET College
Sekhukhune TVET College	Flavius Mareka TVET College
Vhembe TVET College	Letaba TVET College
Mopani South East TVET College	King Hintsa TVET College
Waterberg TVET College	Tshwane North TVET College
Sedibeng TVET College	Northern Cape Rural TVET College
Capricorn TVET College	Western Gauteng TVET College
Maluti TVET College	Tshwane South TVET College
Goldfields TVET College	Ikhala TVET College
Boland TVET College	Ingwe TVET College
North Link TVET College	Central Johannesburg TVET College
College of Cape Town TVET College	Lephalale TVET College
False Bay TVET College	Northern Cape Urban TVET College
South Cape TVET College	East Cape Midlands TVET College
West Coast TVET College	Lovedale TVET College
Majuba TVET college	Esayidi TVET College
Umgungundlovu TVET College	Coastal TVET College
Elanzeni TVET College	King Sabata TVET College
Elangeni TVET College	Port Elizabeth TVET College

- Members of senior management

- Executive Officer
- Chief Financial Officer
- Chief Director Skills Development Implementation
- Director Public Relations
- Director Programme Monitoring
- Director Regional Skills development Implementation X4
- Director ICT
- Director Legal
- Director Internal Audit
- Director Bursaries
- Director Fund Management
- Director Supply Chain
- Director Financial Planning and Reporting
- Director Financial Management and Administration

29.2 Related party transactions and balances - Operating Expenses

	2018/19 R'000	2017/18 R'000
DHET - Shared Services	42,412	9,446

Included in the DHET Shared Services is the information security services fees related to services for the implementation, maintenance and support of information security services on DHET and NSF IT infrastructure networks. The majority of the network service relates to the DHET and the estimated amount for the DHET is R30,287m.

29.3 Key management personnel

	2018/19 R'000			2017/18 R'000		
	Basic salary and social contributions	Bonuses and performance related payments	Other short-term employee benefits	Basic salary and social contributions	Bonuses and performance related payments	Other short-term employee benefits
EXECUTIVE OFFICE						
Executive Officer	1,395	190	19	1,303	135	14
Director Legal, Governance, Risk & Compliance Services	975	60	6	507	9	1
Director Public Relations and Communication	473	-	7	-	-	-
Director Internal Audit	1,184	-	1	1,004	-	4
Sub- Total	4,027	250	33	2,814	144	19
FINANCE						
Chief Director: Project Siyaphambili	1,207	96	2	1,130	76	5
Directors Fund Fangement	412	-	-	962	-	11
Directors Fund Fangement (Acting)	259	-	-	-	-	-
Directors Financial Administration (Acting CFO)	1,153	-	2	942	-	-
Directors Financial Planning and Reporting	795	60	1	906	55	3
Director Supply Chain Management	631	115	1	-	-	-
Sub- Total	4,457	271	6	3,940	131	19

29.3 Key management personnel (continued)

	2018/19 R'000			2017/18 R'000		
	Basic salary and social contributions	Bonuses and performance related payments	Other short-term employee benefits	Basic salary and social contributions	Bonuses and performance related payments	Other short-term employee benefits
SKILLS DEVELOPMENT IMPLEMENTATION						
Chie Director Skills Development Implementation	565	59	59	-	-	-
Director Initiation and Evaluation	1,034	141	27	962	59	28
Director Bursaries	961	60	17	892	74	11
Programme Monitoring	1,105	69	13	1,052	65	6
Regional Skills Development (FS, NW & NC)	723	130	3	-	-	-
Regional Skills Development (GP, LP & MP)	725	3	14	-	-	-
Regional Skills Development (KZN & EC)	791	64	40	-	-	-
Regional Skills Development (WC, NC & EC)	780	67	14	-	-	-
Sub- Total	6,684	593	187	2,906	198	45
STRATEGY PARTNERSHIPS AND INNOVATION						
Director ICT and Analytics	946	58	-	734	-	3
Director Strategy Partnerships and Innovation	567	-	12	1,081	-	80
Sub- Total	1,513	58	12	1,815	-	83
Total	16,681	1,172	238	11,475	473	166

Personnel remuneration is paid by the Department of Higher Education and Training and claimed back as part of the 10% administration fee. No transactions were conducted with any family members of key management personnel during the current or previous period under review.

29.4 Related party transactions and balances

Related party	2018/19 R'000											
	Income from SETAs uncommitted surpluses (written off of uncommitted surpluses)	Income from SETAs towards TVET college infrastructure development / Indlela development	Finance income on discounted SETA receivables for TVET college infrastructure development	Finance income from advance payments to skills development programmes and projects	TVET college infrastructure assets at 31 March 2019	Skills development grant disbursement expense	Payables to skills development programme and projects balance at 31 March 2019	Other accruals balance at 31 March 2019	Deferred expense balance at 31 March 2019	Receivables from skills development programmes and projects balance at 31 March 2019	Approved and contracted Commitments	Receipts
Department of Higher Education and Training (DHET)						(128,185)		471,345			2,960,023	485,000
Human Resource Devopment Council of South Africa (HRDCSA)				4		(17,994)		10,369	24,776		22,173	0
National Skills Authority (NSA)				298		(26,820)	(593)	3,487	3,790	1,192	102,530	86
National Institute for Humanities and Social Sciences (NIHSS)				5,697		(150,719)		63,017	111,023		76,797	
National Student Financial Aid Scheme (NSFAS)				37,899		(644,897)		94,236	415,305		824,954	
Qualification Council for Trades and Occupations (QCTO)						(280)		280	280		21,051	
South African Qualifications Authority (SAQA)												
AGRISETA										13,440		
BANK SETA												
CATHSETA												
CETA												
CHIETA		1,982										
ETDP SETA	1,850											
EWSETA												
FASSET												

29.4 Related party transactions and balances (continued)

Related party	2018/19 R'000											
	Income from SETAs uncommitted surpluses (written off of uncommitted surpluses)	Income from SETAs towards TVET college infrastructure development / Indlela development	Finance income on discounted SETA receivables for TVET college infrastructure development	Finance income from advance payments to skills development programmes and projects	TVET college infrastructure assets at 31 March 2019	Skills development grant disbursement expense	Payables to skills development programme and projects balance at 31 March 2019	Other accruals balance at 31 March 2019	Deferred expense balance at 31 March 2019	Receivables from skills development programmes and projects balance at 31 March 2019	Approved and contracted Commitments	Receipts
FOODBEV												
FP&M SETA	151											
HWSETA												
INSETA												
LGSETA												
MERSETA												
MICT SETA		2,573										
MQA						12,036	(8,628)	9,146	9,146			
PSETA						-		1,582	-	1,582		
SASSETA		3,500										
SERVICES SETA		-						185,378				
TETA	450											
W&R SETA												
Boland TVET College				24		(5,575)		59	9,955		15,190	
Buffalo City TVET College				185		(11,185)		1,969	12,095		40,181	
Capricorn TVET College				42		(8,272)	(1,429)	330	-		34,637	
Central Johannesburg TVET College						-	(12,264)					
Coastal TVET College						(4,556)		2,843	-		16,206	
College of Cape Town TVET College				226		(24,981)		2,770	9,181		34,860	

29.4 Related party transactions and balances (continued)

Related party	2018/19 R'000											
	Income from SETAs uncommitted surpluses (written off of uncommitted surpluses)	Income from SETAs towards TVET college infrastructure development / Indlela development	Finance income on discounted SETA receivables for TVET college infrastructure development	Finance income from advance payments to skills development programmes and projects	TVET college infrastructure assets at 31 March 2019	Skills development grant disbursement expense	Payables to skills development programme and projects balance at 31 March 2019	Other accruals balance at 31 March 2019	Deferred expense balance at 31 March 2019	Receivables from skills development programmes and projects balance at 31 March 2019	Approved and contracted Commitments	Receipts
East Cape Midlands TVET College					48,491	(11,024)		15,437	24,821	-	65,221	
Ekurhuleni East TVET College						(7,769)		9,269	13,810		53,422	
Ekurhuleni West TVET College						141		1,171	1,171	-	27,025	4,388
Elangeni TVET College				45		(9,457)		1,715	-		29,613	
Elanzeni TVET College				1		(7,269)		3,028	3,690	15,500	34,187	
Esayidi TVET College				99	64,352	(23,912)		3,069	57		35,056	
False Bay TVET College				9		(11,485)		4,781	10,334		34,834	
Flavius Mareka TVET College						(6,152)		2,192	11,060		31,769	
Gert Sibande TVET College				59	11,947	(23,996)		3,965	14,986	75	38,089	
Goldfields TVET College						(15,368)		-	147		11,657	
Ikhala TVET College				133	101,691	(3,066)		1,161	3,454		28,350	
Ingwe TVET College				270	28,937	825	(1)	4,210	4,693	3,745	24,468	15
King Hintsa TVET College				104		(5,726)		-	3,135		14,671	
King Sabata TVET College				254		(21,901)		13,508	3,709	13,508	49,021	
Lephalale TVET College				208		(5,367)		866	3,316		31,338	
Letaba TVET College				59	10,362	(3,080)		522	4,724		23,945	
Lovedale TVET College						(28,568)		5,756	4,171	17,021	19,798	
Majuba TVET College				9		(16,692)		1,359	6,762		26,854	
Maluti TVET College						(9,262)		3,737	6,387	1	14,601	

29.4 Related party transactions and balances (continued)

Related party	2018/19 R'000											
	Income from SETAs uncommitted surpluses (written off of uncommitted surpluses)	Income from SETAs towards TVET college infrastructure development / Indlela development	Finance income on discounted SETA receivables for TVET college infrastructure development	Finance income from advance payments to skills development programmes and projects	TVET college infrastructure assets at 31 March 2019	Skills development grant disbursement expense	Payables to skills development programme and projects balance at 31 March 2019	Other accruals balance at 31 March 2019	Deferred expense balance at 31 March 2019	Receivables from skills development programmes and projects balance at 31 March 2019	Approved and contracted Commitments	Receipts
Mnambithi TVET College				26		(11,768)		5,636	-		12,453	
Mopani South East TVET College				-		(3,696)		2,731	7,699		65,875	
Motheo TVET College						(13,234)		3,967	13,740		33,098	
Mthashana TVET College				20	65,125	(12,269)		1,109	1,109	6	45,902	
Nkangala TVET College						(2,088)		1,132	1,139	-		
North Link TVET College				35		(26,919)		6,961	13,769	14	20,586	
Northern Cape Rural TVET College				23		(11,996)		5,966	10,617		34,980	
Northern Cape Urban TVET College				18		(18,275)		3,915	7,475	1	17,397	
Orbit TVET College						(4,087)		1,734	9,563		40,893	
Port Elizabeth TVET College				5		(18,042)		4,587	19,096		32,892	
Sedibeng TVET College				165		(10,652)		1,536	4,287		24,299	
Sekhukhune TVET College				55		(9,191)		467	2,905		56,219	
South Cape TVET College				12		(23,847)		5,345	8,967		35,786	
South West Gauteng TVET College								4,571	4,571		28,904	
Taletso TVET College						(5,882)		724	6,026		32,806	
Thekwini TVET College				44		(4,750)		-	5,350	982	21,618	
Tshwane North TVET College						(12,562)	(107)	1,509	-		9,794	

29.4 Related party transactions and balances (continued)

Related party	2018/19 R'000											
	Income from SETAs uncommitted surpluses (written off of uncommitted surpluses)	Income from SETAs towards TVET college infrastructure development / Indlela development	Finance income on discounted SETA receivables for TVET college infrastructure development	Finance income from advance payments to skills development programmes and projects	TVET college infrastructure assets at 31 March 2019	Skills development grant disbursement expense	Payables to skills development programme and projects balance at 31 March 2019	Other accruals balance at 31 March 2019	Deferred expense balance at 31 March 2019	Receivables from skills development programmes and projects balance at 31 March 2019	Approved and contracted Commitments	Receipts
Tshwane South TVET College				138		(11,132)		2	16,213	1	37,557	
Umfolozi TVET College				119	451,628	(32,826)		15,871	26,171		91,351	
Umgungundlovu TVET College				-	57,488	(5,654)	(191)	895	895		48,370	
Vhembe TVET College				31		(5,257)		942	2,077		56,928	
Vuselela TVET College						(3,283)		1,340	6,564		39,212	
Waterberg TVET College				180	207,372	2,064		1,285	3,530		59,016	
West Coast TVET College				125		(26,380)		2,397	9,776		37,040	1,893
Western Gauteng TVET College												
Western Gauteng TVET College												
TVET: ID: False Bay (Swartklip)				37		(10,072)		2,972	17,292		169,928	
OP: TVET -2- Central JHB						(3,069)		3,069	3,069		30,406	
Northern Technical FET College - Rural Dev												
Total	2,451	8,055		46,658	1,047,393	(1,505,423)	(23,213)	(1,003,220)	917,871	67,068	5,825,881	491,382

29.4 Related party transactions and balances (continued)

Related party	2017/18 R'000											
	Income from SETAs uncommitted surpluses (written off of uncommitted surpluses)	Income from SETAs towards TVET college infrastructure development	Finance income on discounted SETA receivables for TVET college infrastructure development	Finance income from advance payments to skills development programmes and projects	TVET college infrastructure assets at 31 March 2018	Skills development grant disbursement expense	Payables to skills development programme and projects balance at 31 March 2018	Other accruals balance at 31 March 2018	Deferred expense balance at 31 March 2018	SETA receivables for TVET colleges infrastructure development balance at 31 March 2018	SETA receivable from SETAs uncommitted surpluses balance at 31 March 2018	Receivables from skills development programmes and projects balance at 31 March 2018
DHET						3,969,929		(465,260)				
HRDCSA				-		1,529		-	11,434			
NSA				246		42,976	288	4,891	3,495			6,384
NIHSS				4,647		60,116		-	82,006			
NSFAS				45,668		1,134,117		-	437,999			
QCTO												
SAQA												
AGRISETA												13,440
BANK SETA												
CATHSETA												
CETA												
CHIETA												
ETDP SETA												
EWSETA												
FASSET												
FOODBEV												
FP&M SETA												
HWSETA												
INSETA												
LGSETA												
MERSETA												

29.4 Related party transactions and balances (continued)

Related party	2017/18 R'000											
	Income from SETAs uncommitted surpluses (written off of uncommitted surpluses)	Income from SETAs towards TVET college infrastructure development	Finance income on discounted SETA receivables for TVET college infrastructure development	Finance income from advance payments to skills development programmes and projects	TVET college infrastructure assets at 31 March 2018	Skills development grant disbursement expense	Payables to skills development programme and projects balance at 31 March 2018	Other accruals balance at 31 March 2018	Deferred expense balance at 31 March 2018	SETA receivables for TVET colleges infrastructure development balance at 31 March 2018	SETA receivable from SETAs uncommitted surpluses balance at 31 March 2018	Receivables from skills development programmes and projects balance at 31 March 2018
MICT SETA												
MQA				397		32,903	20,665	9,175	9,175			
PSETA				-		927		1,582	-			1,582
SASSETA												
SERVICES SETA		5,000										
TETA												
W&R SETA												
Boland TVET College				34		29,900		1,736	1,736			
Buffalo City TVET College				3		7,866		1,361	10,593			-
Capricorn TVET College				-		14,969	1,429	14,969	14,969			
Central Johannesburg TVET College						-	12,264					
Coastal TVET College						12,713		2,084	3,797			
College of Cape Town TVET College				9		16,641		6,390	10,851			
East Cape Midlands TVET College					10,338	17,626		23,387	19,096			9,166
Ekurhuleni East TVET College				-		18,131		1,500	1,500			
Ekurhuleni West TVET College				18		12,134		1,171	1,171			4,248
Elangeni TVET College				60		812		153	2,922			
Elanzeni TVET College						(10,624)		4,876	4,876			15,500

29.4 Related party transactions and balances (continued)

Related party	2017/18 R'000											
	Income from SETAs uncommitted surpluses (written off of uncommitted surpluses)	Income from SETAs towards TVET college infrastructure development	Finance income on discounted SETA receivables for TVET college infrastructure development	Finance income from advance payments to skills development programmes and projects	TVET college infrastructure assets at 31 March 2018	Skills development grant disbursement expense	Payables to skills development programme and projects balance at 31 March 2018	Other accruals balance at 31 March 2018	Deferred expense balance at 31 March 2018	SETA receivables for TVET colleges infrastructure development balance at 31 March 2018	SETA receivable from SETAs uncommitted surpluses balance at 31 March 2018	Receivables from skills development programmes and projects balance at 31 March 2018
Esayidi TVET College				134	10,378	29,446		1,622	3,101			
False Bay TVET College				3		17,624		1,166	1,166			
Flavius Mareka TVET College												
Gert Sibande TVET College				35	10,513	9,567		-	276			75
Goldfields TVET College												
Ikhala TVET College				6	20,703	8,466		2,913	4,666			
Ingwe TVET College					10,338	8,162		9,209	7,563			3,745
King Hintsa TVET College				33		6,628		1,410	5,725			
King Sabata TVET College				121		46,480		16,948	22,719			
Lephalale TVET College				43		3,136		-	2,735			-
Letaba TVET College				-	10,362	(350)						
Lovedale TVET College				434		17,559		7,400	23,726			
Majuba TVET College						28,302			2,250			
Maluti TVET College						3,161		1	2			1
Mnambithi TVET College				51		2,804		504	4,836			
Mopani South East TVET College				23		2,425		450	2,926			
Motheo TVET College												
Mthashana TVET College					31,058	6,107		4,185	8,361			2,691
Nkangala TVET College												956

29.4 Related party transactions and balances (continued)

Related party	2017/18 R'000											
	Income from SETAs uncommitted surpluses (written off of uncommitted surpluses)	Income from SETAs towards TVET college infrastructure development	Finance income on discounted SETA receivables for TVET college infrastructure development	Finance income from advance payments to skills development programmes and projects	TVET college infrastructure assets at 31 March 2018	Skills development grant disbursement expense	Payables to skills development programme and projects balance at 31 March 2018	Other accruals balance at 31 March 2018	Deferred expense balance at 31 March 2018	SETA receivables for TVET colleges infrastructure development balance at 31 March 2018	SETA receivable from SETAs uncommitted surpluses balance at 31 March 2018	Receivables from skills development programmes and projects balance at 31 March 2018
North Link TVET College				66		15,142		4,022	4,022			14
Northern Cape Rural TVET College				55		8,309		2,945	5,540			
Northern Cape Urban TVET College				3		8,735		4,269	4,269			1
Orbit TVET College						711		736	2,761			
Port Elizabeth TVET College						11,470		5,680	12,131			
Sedibeng TVET College				9		4,931		279	8,005			
Sekhukhune TVET College						2,318		2,318	2,318			
South Cape TVET College				27		9,068		3,726	10,718			
South West Gauteng TVET College				-		4,571		4,571	4,571			
Taletso TVET College						1,194		209	5,748			
Thekwini TVET College				24		658		161	2,073			982
Tshwane North TVET College				13		10,870	106	3,868	14,921			
Tshwane South TVET College								1				1
Umfoloji TVET College					446,523	41,302		11,205	19,154			
Umgungundlovu TVET College				42	20,676	10,261	191		5,640			
Vhembe TVET College				15		(28)		1,362	5,231			
Vuselela TVET College						1,450		-	4,049			
Waterberg TVET College						7,333		7,333	7,333			

29.4 Related party transactions and balances (continued)

2017/18 R'000												
Related party	Income from SETAs uncommitted surpluses (written off of uncommitted surpluses)	Income from SETAs towards TVET college infrastructure development	Finance income on discounted SETA receivables for TVET college infrastructure development	Finance income from advance payments to skills development programmes and projects	TVET college infrastructure assets at 31 March 2018	Skills development grant disbursement expense	Payables to skills development programme and projects balance at 31 March 2018	Other accruals balance at 31 March 2018	Deferred expense balance at 31 March 2018	SETA receivables for TVET colleges infrastructure development balance at 31 March 2018	SETA receivable from SETAs uncommitted surpluses balance at 31 March 2018	Receivables from skills development programmes and projects balance at 31 March 2018
West Coast TVET College				154		13,532		7,151	5,414			2,733
Western Gauteng TVET College												
Total	-	5,000	-	52,373	570,889	5,704,009	34,942	(286,341)	829,570	-	-	61,520

30. Defined Contribution Plan

The NSF provides for retirement benefits for all its permanent employees through a defined contribution scheme to the GEPF that is subject to the Pension Funds Act, 1956 (Act No. 24 of 1956) as amended. In terms of the Pension Funds Act, 1956 (Act No. 24 of 1956), the fund is not required to be actuarially valued.

The NSF's liability is limited to its considerations made.

	Notes	2018/19 R'000	2017/18 R'000
Contributions for the year included in employee cost	20	5,929	4,889
		5,929	4,889

31. Operating lease rental

	2018/19 R'000	2017/18 R'000
NSF as lessee		
Future lease payments under non-cancellable operating leases:		
Photocopy machines	295	424
Due within one year	241	210
Due within two to five years	54	214
Later than five years	-	-
Parking	566	-
Due within one year	283	-
Due within two to five years	283	-
	861	424

32. Events after reporting period

There are no material adjusting events after the reporting date.

33. Notes to the statement of comparison of budget and actual amounts

33.1 Revenue from non-exchange transactions

The actual revenue received from non exchange transactions is above the budgeted revenue by 3.4%. The slight increase is as a result of levies collected in the third and fourth quarter of the financial year being over the average estimated collection for the quarter and the revenue received from SETAs that was not budgeted for.

33.2 Revenue from exchange transactions

The actual revenue received from exchange transactions is higher than budget by 1.5% due to the increase in the balance of the NSF investment account.

33.3 Skills development grant disbursements

The actual skills development grant disbursements was 42.6% below budget, which can mainly be attributed to the following:

1. The main reason for the shortfall is due to delays in the implementation of the infrastructure development project related to the construction of nine new Technical and Vocational Education and Training (TVET) college campuses across the country, as well as delays in the implementation of the Centres of Specialisation Programme and Rural Development projects.
2. Expenditure incurred on the active sites during the financial year have been capitalised and will be expensed upon final completion of the sites and final expenditure reports from the implementing agent.
3. Most of the contracts related to the Centres of Specialisation Programme and Rural Development projects have been finalised and most of the first tranche payment has been made and the expenditure should start being realised in the next financial year
4. The NSF further received a refund from the DHET for the #FeesMustFall project, amounting to R485m which further reduced the total net grant disbursement.

33.4 Employee cost

The actual employee costs are 2.7% below the budgeted employee costs. This is mainly due to the delay in implementing the NSF's improved organisational structure. The employee costs and administrative expenditure were budgeted for based on the new extended NSF organisational structure (with reference to project Siyaphambili). The expectation is that the remaining vacant positions will be filled during the 2019/20 financial year.

33.5 Operating expenses

The actual operating expenses are 49% below the budgeted operating expenses. This saving is driven by the lower than budgeted employee costs mainly due to the delay in implementing the NSF's improved organisational structure.

33.6 Management fees and bank charges

Management fees and bank charges are 18.6% below the budget. This is due to fees being charged by PIC based on the remaining balance at the end of each month.

33.7 Collection cost to SARS

There was a saving of 10.0% on the actual SARS collection costs for the period in comparison to the costs budgeted for the period. SARS is allowed to charge up to 2% as collection costs but have historically only charged 1%.

34. Irregular Expenditure

Reconciliation of irregular expenditure:

	Notes	2018/19 R'000	2017/18 R'000
Opening balance - prior year		404,414	376,773
Add: Irregular expenditure - current year		4,601	27,641
Less: Amounts condoned		-	-
Less: Amounts approved for write-off			
Irregular expenditure awaiting condonation		409,015	404,414

Analysis of irregular expenditure per age classification:

Current year	4,601	27,641
Prior years	404,414	376,773
Less: Amounts approved for write-off		
Total	409,015	404,414

Details of irregular expenditure:

Incident	Disciplinary steps taken	Number of cases	2018/19 R'000	2017/18 Restated R'000
Non-compliance to requirements of supply chain management	N/A	2		
Opening balance - prior year			404,414	376,773
Add: Irregular expenditure 2017/18			-	27,641
Less: Irregular expenditure condoned prior years			-	-
Add: Irregular expenditure 2018/19			4,601	-
Less: Irregular expenditure condoned 2018/19			-	-
Less: Amounts approved for write-off 2018/19				
Less: Amounts approved for write-off - prior years				
Total			409,015	404,414

34. Irregular Expenditure (continued)

(i) Appointment of TVET college construction contractors:

TVET college infrastructure development is centrally managed by the Department of Higher Education and Training, and financed through the National Skills Fund in terms of the memorandum of agreement between the Department of Higher Education and Training and the National Skills Fund. Hence, the following is managed centrally by the Department of Higher Education and Training:

1. All procurement of TVET college infrastructure development, which includes the award of tenders to the principal agent and construction contractors; and
2. Implementation oversight of TVET college infrastructure development.

Current year irregular expenditure amounting to R4.498m is the result of expenditure incurred relating to bids that were awarded in contravention of Construction Industry Development Board (CIDB) regulations.

CIDB regulation 17 stipulates that a contractor's grading for general building works (GB) should be in line with the value of the contract. A potentially emerging contractor (PE) may be at a grade lower than the required grade. In the terms of reference of the tenders awarded, the requirements stipulated a CIDB grading of 7 GB PE which is an indication that the project value could be for project values up to R130m. The two tender awards for tender DHET041 were for contracts valued at between R167m and R194m.

CIDB regulation 25 (7A) does allow the award of tenders outside the tender value range; however, certain provisions are stipulated, amongst others:

- The margin of the tender exceeding the tender value range should be reasonable (according to regulation 25 (3) the limit is 20%);
- The award does not pose undue risk (in terms of experience/work capacity and financial capability were evaluated); and
- In terms of CIDB regulation 21(3), the department should report to the CIDB the nature of the financial or management support and the benefit derived from such support in the development of that contractor.

Two of the tenders awarded to contractors exceeded the allowable margin of the tender according to CIDB regulation 25(3) and posed undue risks as these contractors were considered not to have the financial and work capability to successfully complete the projects.

The appointment of the above contractors was done by the Department of Higher Education and Training after the construction tender was re-advertised for the second time. The first tender was cancelled due to the department not receiving any proposals that met the necessary criteria. After the second re-advertisement a significantly lower number of proposals were received. The loss of time due to a second re-advertisement led to the department awarding bids to construction contractors for three out of the sixteen construction sites.

(ii) Appointment of consultant to render events and conferencing services:

Irregular expenditure amounting to R103,000 (2017/18: R349,000) was as a result of the appointment of a consultant to render events and conference services to the department, which was in contravention of Treasury Regulation 16A6.3. The advertisement of the bid was for a period shorter than 21 days as stipulated in the Treasury Regulation 16A6.3; however, the motivation for a shorter period was not adequately supported nor was the procurement an emergency.



ANNEXURES

ANNEXURE A: LIST OF SKILLS DEVELOPMENT PROGRAMMES AND PROJECTS FUNDED BY THE NSF

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
EDUCATION AND TRAINING					4'922'236	2'283'940
Bursaries and scholarships					1'095'720	1'057'916
NSF/16/1/1/1	BS: NRF	1'583'412	01-Jan-11	31-Dec-19	148'538	357'147
NSF/16/1/1/2	BS: NSFAS	7'491'839	01-Jan-11	31-Dec-19	794'314	580'297
NSF/16/1/1/3	BS: International Scholarship	92'785	15-Apr-14	31-Jul-22	145'658	111'023.00
NSF/16/1/1/4	BS: AIMS	18'375	19-Jun-17	30-Jun-20	7'210	9'449
Occupational Programmes (TVET colleges)					2'062'795	486'897
NSF/16/1/2/80	OP: Esayidi TVET (Sports Coaching)	45'177	01-Jul-16	31-Dec-19	14'880	5'783
NSF/16/1/2/82	OP: DSPP - SSACI	16'624	05-May-16	31-Dec-19	12'459	46'813
NSF/16/1/2/27	OP: TVET -2- Ikhala	39'882	18-Oct-16	31-Dec-19	126'057	3'473
NSF/16/1/2/31	OP: TVET -2- Lovedale	39'882	23-Nov-16	31-Dec-19	17'734	10'663
NSF/16/1/2/32	OP: TVET -2- Port Elizabeth	57'878	25-Oct-16	31-Dec-19	17'603	23'658
NSF/16/1/2/74	OP: TVET -2- West Coast	64'285	23-Jan-17	31-Dec-19	124'757	23'818
NSF/16/1/2/40	OP: TVET -2- Sedibeng	39'882	29-Sep-16	31-Dec-19	21'548	5'512
NSF/16/1/2/45	OP: TVET -2- Coastal	33'475	28-Sep-16	31-Dec-19	19'048	-
NSF/16/1/2/46	OP: TVET -2- Elangeni	39'882	08-Dec-16	31-Dec-19	31'328	4'928
NSF/16/1/2/47	OP: TVET -2- Esayidi	64'285	28-Nov-16	31-Dec-19	133'188	14'152
NSF/16/1/2/48	OP: TVET -2- Majuba	64'285	16-Nov-16	31-Dec-19	20'650	13'082
NSF/16/1/2/52	OP: TVET -2- Umfolozi	64'285	27-Sep-16	31-Dec-19	28'388	10'840
NSF/16/1/2/53	OP: TVET -2- Umgungundlovu	64'285	29-Sep-16	31-Dec-19	148'370	-
NSF/16/1/2/57	OP: TVET -2- Mopani South East	64'285	01-Dec-16	31-Dec-19	59'383	-
NSF/16/1/2/58	OP: TVET -2- Sekhukhune	64'285	08-Nov-16	31-Dec-19	52'985	8'927

Occupational Programmes (TVET Colleges) (contd)

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
NSF/16/1/2/59	OP: TVET -2- Vhembe	65'783	05-Dec-16	31-Dec-19	85'793	2'491
NSF/16/1/2/62	OP: TVET -2- Gert Sibande	64'285	23-Jan-17	30-Sep-22	26'260	26'680
NSF/16/1/2/64	OP: TVET -2- Orbit	39'882	14-Oct-16	31-Dec-19	31'481	2'018
NSF/16/1/2/67	OP: TVET -2- Northern Cape Rural	64'285	18-Oct-16	31-Dec-19	30'329	14'029
NSF/16/1/2/68	OP: TVET -2- Northern Cape Urban	39'882	06-Oct-16	31-Dec-19	13'041	18'089
NSF/16/1/2/69	OP: TVET -2- Boland	39'882	24-Jan-17	31-Dec-19	24'545	5'433
NSF/16/1/2/70	OP: TVET -2- College of Cape Town	67'878	12-Dec-16	31-Dec-19	27'199	19'350
NSF/16/1/2/71	OP: TVET -2- False Bay	51'428	19-Jan-17	31-Dec-19	27'100	6'694
NSF/16/1/2/72	OP: TVET -2- Northlink	51'428	07-Dec-16	31-Dec-19	22'988	23'268
NSF/16/1/2/73	OP: TVET -2- South Cape	64'285	12-Jan-17	31-Dec-19	31'370	16'845
NSF/16/1/2/81	OP: Umfolozi Maritime	87'375	30-Nov-16	31-Dec-19	51'156	12'003
NSF/16/1/2/49	OP: TVET -2- Mnambithi	27'025	15-Nov-16	31-Dec-19	18'089	1'773
NSF/16/1/2/29	OP: TVET -2- King Hintsa	27'025	01-Feb-17	31-Dec-19	11'536	4'442
NSF/16/1/2/51	OP: TVET -2- Thekwini	27'025	28-Mar-17	31-Dec-19	16'267	8'143
NSF/16/1/2/42	OP: TVET -2- Tshwane North	33'110	10-Nov-16	31-Dec-19	21'303	-
NSF/16/1/2/25	OP: TVET -2- Buffalo City	58'534	12-Dec-16	31-Dec-19	30'055	11'894
NSF/16/1/2/61	OP: TVET -2- Ehlanzeni	46'332	31-Mar-17	31-Dec-19	33'525	7'931
NSF/16/1/2/50	OP: TVET -2- Mthashana	64'285	28-Mar-17	31-Dec-19	45'902	5'388
NSF/16/1/2/54	OP: TVET -2- Capricorn	57'878	08-Nov-16	31-Dec-19	34'966	7'900
NSF/16/1/2/55	OP: TVET -2- Lephalale	39'882	24-Oct-16	31-Dec-19	28'888	4'874
NSF/16/1/2/65	OP: TVET-2-Taletso	39'882	01-Nov-16	31-Dec-19	27'503	5'646
NSF/16/1/2/41	OP: TVET -2- South West	33'475	01-Nov-16	31-Dec-19	58'904	-
NSF/16/1/2/66	OP: TVET -2- Vuselela	39'882	09-Sep-16	31-Dec-19	33'192	7'065
NSF/16/1/2/26	OP: TVET -2- Eastcape Midlands	64'285	28-Oct-16	31-Jul-22	50'961	-
NSF/16/1/2/36	OP: TVET -2- Motheo	46'332	28-Sep-16	30-Sep-21	43'326	23'006

Occupational Programmes (TVET Colleges) (contd)

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
NSF/16/1/2/34	OP: TVET -2- Goldfields	27'025	27-Jun-18	31-Mar-20	11'510	15'515
NSF/16/1/2/35	OP: TVET -2- Maluti	27'025	03-Aug-17	31-Dec-19	11'952	11'910
NSF/16/1/2/38	OP: TVET -2- Ekurhuleni East	51'428	01-May-18	31-Oct-21	46'205	5'223
NSF/16/1/2/60	OP: TVET -2- Waterberg	64'285	15-Mar-17	31-Dec-19	56'771	-
NSF/16/1/2/43	OP: TVET -2- Tshwane South	33'475	28-Jun-17	31-Dec-19	31'345	12'081
NSF/16/1/2/39	OP: TVET -2- Ekurhuleni West	27'025	01-Jun-18	30-Sep-21	27'025	-
NSF/16/1/2/83	NSF:NAD: DSPP - IOPSA	12'468	01-Aug-16	31-Dec-20	9'650	1'199
NSF/16/1/2/28	OP: TVET-2-Ingwe	27'025	21-Nov-17	30-Jun-22	20'240	-
NSF/16/1/2/30	OP: TVET-2- King Sabata	66'607	22-Sep-17	31-Dec-21	75'312	11'324
NSF/16/1/2/56	OP: TVET-2- Letaba	27'025	16-Oct-17	31-Dec-19	29'744	7'222
NSF/16/1/2/84	DSPP ECA	17'321	01-Apr-18	31-Oct-21	11'368	5'935
NSF/16/1/2/37	OP: TVET -2- Central JHB	33'475	30-Apr-18	31-Oct-21	30'406	3'069
NSF/16/1/2/33	OP: TVET -2- Flavius Mareka	27'025	01-Jul-18	30-Sep-20	21'314	5'674
NSF/16/1/2/63	OP: TVET -2- Nkangala	27'025	01-Aug-17	31-Dec-19	25'893	1'132

Skills Programmes (Part Qualifications)					392'883	163'384
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NSF/16/1/3/10	SP: Inkwanca Home Based Care Centre (IHBCC)	4'177	30-Jun-18	31-Aug-18		132
NSF/16/1/3/11	SP: SEDA (BESD) Programme	84'000	17-Apr-12	31-Dec-19	16'549	-
NSF/16/1/3/15	SP: SA Disability Trust (SADDT - 2)	29'184	19-Jun-15	31-Dec-19	2'358	6'218
NSF/16/1/3/18	SP: LIMA Rural Development	26'421	03-Aug-15	31-Dec-19	28	7'880
NSF/16/1/3/19	SP: Blouberg Municipality	55'483	12-Aug-16	12-Aug-19	3'410	13'181
NSF/16/1/3/20	SP: Phokopela Investment Holdings	30'481	03-Jul-17	31-Jul-18		9'394
NSF/16/1/3/21	SP: Yikhonolakho Women and Youth Primary Co-operative Limited (YWYPC)	39'614	01-Jan-18	30-Jun-20	11'861	22'179
NSF/16/1/3/22	Catholic Institute of Education	23'406	01-Jul-18	30-Sep-19	15'546	7'805
NSF/16/1/3/27	Rhirhango Primary Co-op -RURAL DEV.	9'009	01-Aug-18	31-Jul-20	1'151	7'857

Skills Programmes (Part Qualifications) (contd)

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
NSF/16/1/3/24	Thabelanang Trading Enterprise - RURAL DEV.	5'117	01-Aug-18	31-Jul-20	1'095	4'021
NSF/16/1/3/23	LNT Trading Enterprises - RURAL DEV.	8'276	01-Aug-18	30-Nov-20	2'619	5'638
NSF/16/1/3/29	AVE Amagora Consulting - RURAL DEV.	2'576	01-Aug-18	31-Oct-19	176	2'400
NSF/16/1/3/26	LHR SOLUTIONS RURAL DEVELOPEMNT - RURAL DEV.	31'547	10-Sep-18	31-May-20	15'495	16'052
NSF/16/1/3/25	MPUMALANGA - DARDLEA	89'924	15-Jun-18	31-Dec-21	171'770	18'154
NSF/16/1/3/28	LAVENDER SKY (ACOSA) - RURAL DEV.	12'701	18-Sep-18	31-Dec-19	4'525	8'176
NSF/16/1/3/30	BioFuels Business Incubator - RURAL DEV.	5'697	26-Sep-18	31-Oct-19	2'876	2'821
NSF/16/1/3/35	Tsiku Training Consultancy - RURAL DEV	8'431	08-Oct-18	30-Jun-19	59	8'372
NSF/16/1/3/32	DATAkomb PTY LTD - RURAL DEV	12'497	08-Oct-18	31-Mar-20	6'839	5'652
NSF/16/1/3/31	SP: Umthombolwazi Consultants - RURAL DEV	1'953	01-Oct-18	30-Sep-20	630	1'323
NSF/16/1/3/36	SP: Mpumelelo Artisan Training Centre - Rural Dev	3'412	17-Oct-18	31-Dec-19	1'744	1'668
NSF/16/1/3/37	GARUNDBULT MAN DEVELOPMENT -RURAL DEV	6'966	24-Oct-18	31-Dec-19	3'374	3'592
NSF/16/1/3/38	Asante Management & Dev Services - Rural Dev.	7'109	24-Oct-18	31-Dec-19	4'653	2'457
NSF/16/1/3/33	Brucol Global Development - Rural Dev	2'498	04-Oct-18	30-Jun-19	18	2'479
NSF/16/1/3/34	SP:Mlasimbi Catering - Rural Dev	2'905	01-Oct-18	30-Jun-19	770	2'135
NSF/16/1/3/40	Liston Agri Solutions - Rural Dev	11'174	30-Jan-19	31-Mar-20	9'962	1'212
NSF/16/1/3/41	Aveng Grinaker - Rural Dev	6'956	04-Feb-19	31-Mar-20	5'262	1'694
NSF/16/1/3/39	Lawrance Anthony Earth Organisation - Rural Dev	3'806	01-Oct-18	30-Jun-20	2'912	894
NSF/16/1/3/42	Dept of Correctional Services - DCS	87'202	20-Dec-18	31-Mar-22	107'202	-
Workers Education					75'960	19'225
	WE: Ditsela - Project 2	12'654	01-Jan-16	31-Mar-19	1'284	-
NSF/16/1/5/3	WE: Chris Hani Institute	45'902	01-Apr-17	31-Mar-20	54'207	7'619
NSF/16/1/5/4	Workers College - Project 3	9'244	01-Jan-18	31-Mar-21	1'894	7'349

Workers Education (contd)

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
NSF/16/1/5/5	WE: Labour Research Service	3'683	01-Jan-18	31-Mar-21	2'746	936
NSF/16/1/5/6	WE: Ditsela-Project 3	9'576	01-Jan-18	31-Mar-21	7'703	1'865
NSF/16/1/5/7	NSA:CCBA: 3- NACTU	4'830	01-Mar-18	31-May-21	4'830	-
NSF/16/1/5/8	WE: NALEDI	4'753	01-Jan-18	31-Mar-21	3'296	1'456
Workplace-based learning					1'294'879	556'519
NSF/16/1/4/2	WL: Office of the Premier (KZN)	45'793	19-Aug-11	31-May-19	1'698	-
NSF/16/1/4/16	WL: College of Sustainable Agriculture - Tyelerha	48'622	01-Oct-16	30-Sep-18		5'831
NSF/16/1/4/17	WL: Nelson Mandela Childrens Hospital Trust	70'328	05-Jun-13	31-Mar-19		12'573
NSF/16/1/4/19	WL: SANCB	20'275	09-May-14	30-Sep-18		1'443
NSF/16/1/4/20	WL: Furniture World Private College (FWP College)	100'056	02-Oct-12	31-Dec-18		4'884
NSF/16/1/4/26	WL: Sea Safety Training Group	34'213	30-Nov-16	31-Dec-19	13'561	5'348
NSF/16/1/4/25	WL: Better Best Skills Dev	17'631	30-Nov-16	30-Sep-18		1'484
NSF/16/1/4/27	WL: SA Airways Technical (SAAT)	23'797	30-Mar-15	31-Dec-20	18'450	-
NSF/16/1/4/28	WL: Belgium Campus	4'384	01-Apr-15	31-Dec-18	-	571
NSF/16/1/4/29	WL: NMMU (SAIMI Project)	311'301	01-Apr-15	30-Sep-19	211'930	30'151
NSF/16/1/4/30	WL: MQA (NC & WC)	96'195	01-Sep-15	31-Mar-20	52'096	-
NSF/16/1/4/37	WL: EC Office of the Premier	75'285	29-Feb-16	30-Jun-19	14'129	-
NSF/16/1/4/38	WL: Tshwane Univ. of Technology	8'254	17-Dec-15	31-Mar-19		1'646
NSF/16/1/4/32	WL: NECSA	34'356	26-Sep-16	26-Sep-19	3'425	8'667
NSF/16/1/4/68	WL: Transnet 2	64'500	11-Jan-17	10-Jan-20	43'000	-
NSF/16/1/4/34	WL: 43 Air School	29'499	01-Apr-16	31-Dec-17	-	166
NSF/16/1/4/33	WL: DPW - Water Graduate Interns Program	57'200	01-Jul-15	31-Dec-18		3'719
NSF/16/1/4/35	WL: Shipping & Transport College	7'082	30-Nov-16	31-Jul-19	2'266	1'179
NSF/16/1/4/36	WL: SA Wine Industry - SAWIT 2	40'879	01-Jan-16	31-Dec-18		11'360

Workplace-based learning (contd)

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
NSF/16/1/4/39	WL: Furniture World Training Centre	35'740	12-Sep-16	31-Mar-19		1'419
NSF/16/1/4/40	WL: Dzunde Farming Co-operative Ltd	5'083	12-Sep-16	31-Mar-19		268
NSF/16/1/4/41	WL: African Global Skills Academy	38'281	12-Sep-16	31-Mar-19		1'363
NSF/16/1/4/42	WL: Mthengnya and Associates Pty (Ltd)	23'827	01-Sep-16	31-Mar-19		3'685
NSF/16/1/4/43	WL: MTL Training and Project	31'914	12-Sep-16	30-Sep-19	760	13
NSF/16/1/4/44	WL: Talent Emporium Training	23'509	12-Sep-16	31-Mar-19		1'608
NSF/16/1/4/46	WL: VPK Business Venture	24'344	12-Sep-16	30-Sep-19	1'120	923
NSF/16/1/4/48	WL: Ulwazi Training and Development	6'830	12-Sep-16	31-Mar-19		271
NSF/16/1/4/49	WL: Royal Dish	2'776	13-Sep-16	30-Sep-19	28	424
NSF/16/1/4/50	WL: Motlhompegi Management Consultants & Projects	18'307	12-Sep-16	30-Sep-19	2'614	386
NSF/16/1/4/51	WL: Tourism World Pty Ltd	7'942	15-Sep-16	31-Mar-19		107
NSF/16/1/4/52	WL: Ikoti Coal	7'942	12-Sep-16	31-Mar-19		592
NSF/16/1/4/53	WL: Aubrey Nyiko Business Enterprises CC	33'709	12-Sep-16	30-Sep-19	4'240	2'408
NSF/16/1/4/54	WL: Godisang Development	3'992	15-Sep-16	30-Sep-19	823	138
NSF/16/1/4/56	WL: SGC Training Consultants	31'237	22-Sep-16	30-Sep-19	3'454	-
NSF/16/1/4/58	WL: Tekmation	3'971	30-Sep-16	31-Mar-19		203
NSF/16/1/4/59	WL: Diocese of Grahamstown	21'796	19-Sep-16	30-Sep-19	2'263	2'325
NSF/16/1/4/60	WL: Tetrafull 1220 CC	3'971	04-Oct-16	31-Mar-19		382
NSF/16/1/4/64	WL: EOH Abantu	60'919	14-Dec-16	31-Dec-19	5'558	17'840
NSF/16/1/4/65	WL: Gillan & Veldhuizen Inc	396	20-Jan-17	31-Mar-19		131
NSF/16/1/4/66	WL: National Business Initiative (NBI)	6'296	01-Feb-17	30-Apr-20	1'352	2'071
NSF/16/1/4/67	WL: Educo Trust of Africa	11'913	02-Dec-16	30-Sep-20	2'906	5'029
NSF/16/1/4/69	WL: Lepelle Northern Water	3'971	17-Jan-17	31-Mar-19		2'726

Workplace-based learning (contd)

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
NSF/16/1/4/71	WL: Caroline's Fashion 3	13'491	20-Jun-17	30-Jun-18		3'147
NSF/16/1/4/70	WL: World Wide Fund for Nature (WWF-SA)	3'771	12-Apr-17	31-Oct-19	351	246
NSF/16/1/4/74	WL: Mthenganya & Associates Pty (Ltd)	9'090	14-Jun-17	31-Dec-19	3'321	3'110
NSF/16/1/4/72	WL: Chippa Training Academy	84'167	06-Jul-17	31-Oct-18		19'739
NSF/16/1/4/76	WL: Big Fish S.O.D.F	28'487	29-Jun-17	30-Jun-19	5'987	14'907
NSF/16/1/4/75	WL: Muselwa Trading and Projects (Pty) Ltd	26'908	23-Jun-17	30-Jun-19	3'886	12'383
NSF/16/1/4/79	WL: Qualitas Training	37'677	01-Jan-18	30-Jun-21	22'041	8'347
NSF/16/1/4/80	WL: SFERA TRAINING AND DEVELOPMENT	54'234	17-Jan-18	30-Jun-21	40'770	-
NSF/16/1/4/78	WL: Imperial Technical Training Academy	96'917	11-Jan-18	31-Jul-21	67'125	8'416
NSF/16/1/4/81	WL: Richards Bay Technical and Assessment Centre	45'933	01-Jan-18	30-Jun-21	17'176	19'804
NSF/16/1/4/83	WL: Chippa Training Academy (Eastern Cape)	52'245	08-Feb-18	30-Jun-19	1'682	24'932
NSF/16/1/4/84	WL: College of Sustainable Agriculture - Wild Coast	29'210	07-Mar-18	31-Jul-19	10	12'796
NSF/16/1/4/77	WL: Lepelle Northern Water 2	28'698	02-Aug-17	30-Jun-20	17'589	3'315
NSF/16/1/4/82	WL: ELECTRICAL CONTRACTORS ASSOCIATION (ECA)	29'692	01-Jan-18	30-Jun-21	15'278	10'711
NSF/16/1/4/85	WL: CEP - Sulinyembezi	38'186	12-Mar-18	31-Mar-20	7'811	30'366
NSF/16/1/4/86	WL: HR Support Solutions	3'971	20-Dec-17	31-Dec-19	1'887	2'084
NSF/16/1/4/89	Scientific Roets - RURAL DEV.	9'052	01-Sep-18	30-Nov-20	5'962	3'084
NSF/16/1/4/87	VERGE (PTY) LTD - RURAL DEV.	8'278	01-Aug-18	31-Jul-20	2'410	5'850
NSF/16/1/4/90	HOUSE OF LEMBA - RURAL DEV.	1'699	01-Sep-18	31-Aug-20	929	769
NSF/16/1/4/88	AGB Mathe- RURAL DEV	4'194	18-Sep-18	31-Dec-19	2'175	2'019
NSF/16/1/4/91	UMGANO FOUNDATION - RURAL DEV.	2'294	18-Sep-18	31-Jan-20	1'549	745
NSF/16/1/4/93	Tsogo- Tlhago Traiding Enterprise - RURAL DEV.	6'582	26-Sep-18	31-Dec-19	2'307	4'267
NSF/16/1/4/117	Aviwe Business Dev Services - Rural Dev	12'363	05-Nov-18	31-Dec-19	7'566	4'797
NSF/16/1/4/96	WL: Rubicon Communications - RURAL DEV.	4'139	01-Oct-18	31-Dec-19	1'439	2'700
NSF/16/1/4/104	Kgabo Cars - RURAL DEV	5'321	01-Oct-18	31-Mar-22	4'781	540

Workplace-based learning (contd)

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
NSF/16/1/4/103	Dynamic Youth Development Services. RURAL DEV.	2'104	17-Oct-18	31-Dec-19	662	1'442
NSF/16/1/4/100	Masana Social & Training Development - RURAL DEV	4'612	04-Oct-18	31-Dec-19	3'790	822
NSF/16/1/4/99	Mahube Training & Development - RURAL DEV	17'738	13-Aug-18	30-Nov-21	14'684	3'053
NSF/16/1/4/95	WL: Silalele Consultants - RURAL DEV	4'530	01-Oct-18	30-Sep-20	3'207	1'320
NSF/16/1/4/102	WL: Ratidzo Training Solutions - RURAL DEV	7'471	01-Oct-18	31-Mar-20	4'385	3'086
NSF/16/1/4/110	WL: Dee's Training – Rural DEV.	4'194	17-Oct-18	31-Dec-19	2'060	2'133
NSF/16/1/4/109	WL: African Global Skills-Rural Dev	9'711	04-Oct-18	31-Mar-20	6'617	3'079
NSF/16/1/4/113	WL: Mabusha Buss Enterprise - Rural Dev	10'344	01-Oct-18	31-Dec-19	6'772	3'571
NSF/16/1/4/114	WL: Pioneer Buss Consulting -Rural Dev	4'194	24-Oct-18	31-Dec-19	1'648	2'545
NSF/16/1/4/116	Tekmation - Rural Dev	8'869	24-Oct-18	31-Mar-22	7'342	1'527
NSF/16/1/4/115	WL: Chippa – Rural Dev.	26'386	24-Oct-18	31-Mar-20	20'141	6'245
NSF/16/1/4/94	Africa Skills Village - Rural Dev.	17'738	03-Oct-18	31-Dec-21	15'242	2'489
NSF/16/1/4/92	College of Sustainable Agriculture - Rural Dev	23'271	04-Oct-18	31-Dec-19	5'575	17'646
NSF/16/1/4/105	WL: Hercuscope CC - Rural Dev	3'540	17-Oct-18	31-Dec-19	1'420	2'116
NSF/16/1/4/97	WL: Macadamia Skills Academy - Rural Dev	13'324	01-Oct-18	30-Sep-20	9'210	4'103
NSF/16/1/4/106	Ndally's Trading Enterprise - Rural Dev	8'804	17-Oct-18	31-Dec-19	5'063	3'741
NSF/16/1/4/98	IN-TOUCH Community Development - Rural Dev	13'303	04-Oct-18	31-Dec-21	11'236	2'058
NSF/16/1/4/107	Dinaledi Management & Services - Rural Dev	8'869	10-Oct-18	31-Dec-21	5'831	3'038
NSF/16/1/4/101	WL: Tourism World - Rural Dev	7'186	10-Oct-18	31-Mar-20	6'011	1'170
NSF/16/1/4/111	Northern Technical FET College - Rural Dev	8'322	17-Oct-18	31-Dec-19	6'116	2'206
NSF/16/1/4/118	Dithipe Development Institute - Rural Dev	11'644	01-Oct-18	31-Mar-20	7'216	4'428
NSF/16/1/4/108	Mathosim Trimming and Upholstery - Rural Dev	5'701	17-Oct-18	31-Dec-19	2'224	3'466
NSF/16/1/4/120	Reflection Development Institute - Rural Dev	5'807	29-Oct-18	31-Dec-19	3'427	2'380
NSF/16/1/4/119	Mthunazi Consulting - Rural Dev	4'139	29-Oct-18	31-Dec-19	2'658	1'480
NSF/16/1/4/112	Masakane Trust - Rural Dev	2'559	24-Oct-18	31-Mar-21	2'325	233

Workplace-based learning (contd)

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
NSF/16/1/4/121	DTI: MONYETLA 5	75'381	12-Oct-18	31-Mar-20	64'520	40'861
NSF/16/1/4/124	Networx for Career Development CC - Rural Dev	12'581	05-Nov-18	31-Mar-20	8'478	4'103
NSF/16/1/4/123	Rehologile Primary Cooperative Limited - Rural Dev	1'677	16-Nov-18	31-Dec-19	1'027	651
NSF/16/1/4/122	MTL Training and Projects - Rural Dev	17'175	05-Nov-18	31-Dec-19	6'514	10'661
NSF/16/1/4/126	SA Digial Content Organisation - Rural Dev	2'293	27-Nov-18	30-Sep-19	1'524	769
NSF/16/1/4/128	DTI: ITUKISE 2	74'175	01-Oct-18	31-Dec-21	80'819	23'356
NSF/16/1/4/129	Dzunde Farming -Rural Dev	34'943	28-Nov-18	30-Sep-20	21'396	13'458
NSF/16/1/4/125	Blind SA - Rural Dev	3'123	01-Oct-18	31-Dec-20	2'250	873
NSF/16/1/4/131	Elgin Community College - Rural Dev	7'043	01-Oct-18	31-Mar-20	4'996	2'047
NSF/16/1/4/130	NECSA 2	17'699	02-Jan-18	30-Jun-21	10'410	7'243
NSF/16/1/4/132	Future & Overall Deliveries - Rural Dev	5'321	01-Oct-18	31-Dec-21	4'744	576
NSF/16/1/4/127	KGABO CARS (POI)	1'511	01-Sep-18	31-May-20	1'288	224
NSF/16/1/4/135	Mvula Trust - Rural Dev	7'041	15-Feb-19	30-Apr-20	5'007	2'034
NSF/16/1/4/136	Department of Public Works (DPW) - Extended Public Works Programme (EPWP) - WL: NDPW: EPWP (2018-2023)	228'831	01-Oct-18	31-Dec-23	295'341	33'491
NSF/16/1/4/134	WL: Ithunga Development - Rural Dev	4'194	04-Feb-19	30-Jun-20	4'194	-
NSF/16/1/4/133	ILINGE LABANTU DEBT SOLUTIONS CC - RURAL DEV	8'348	04-Feb-19	30-Jun-20	5'462	2'886
NSF/16/1/4/137	Kalideen Management Services - Rural Dev	3'845	04-Feb-19	31-Mar-20	2'343	1'502
PSET SYSTEM DEVELOPMENT AND CAPACITY BUILDING					1'199'367	-143'061
Cross-cutting PSET System Development, Capacity Building and Support					941'142	-314'739
NSF/10/4/6	DHET Projects	9'448'407	06-Mar-14	31-Mar-23	907'425	-315'018
NSF/16/2/1/2	CCPSET: CEPD (Student Leadership Capacity)	27'430	22-Jun-15	31-May-19	12'141	-
NSF/16/2/1/32	CCPSE: PSET Monitoring and Evaluation Framework	525	02-Sep-16	30-Nov-17	525	-
NSF/16/2/1/33	CCPSET:QCTO - ACCREDITATION	1'755	01-Jul-18	30-Jun-21	1'690	65

Cross-cutting PSET System Development, Capacity Building and Support (contd)

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
NSF/16/2/1/34	QCTO: Digitisation Learner Records	19,576	1-Jul-18	30-Sep-21	19,361	215
University Sub-System Development, Capacity Building and Support					-	351
NSF/16/2/3/1	UV: SCBS: UCT Hair & Cosmetic Laboratory	19,608	18-Aug-16	31-Dec-18	-	351
TVET College Sub-System Development, Capacity Building and Support					139'461	140'102
NSF/16/2/4/36	TVET: SCBS Saica CFO Support	153'305	01-Aug-17	30-Sep-19	120'316	-
NSF/16/2/4/39	South Cape TVET College (COS)	4'416	01-Aug-18	31-Jul-19	794	3'620
NSF/16/2/4/47	Gert Sibande TVET College (COS)	8'809	01-Aug-18	31-Jul-19	808	8'001
NSF/16/2/4/40	False Bay TVET College (COS)	12'514	01-Aug-18	31-Jul-19	2'180	10'334
NSF/16/2/4/41	College of Cape Town TVET College (COS)	8'605	01-Aug-18	31-Jul-19	1'250	7'354
NSF/16/2/4/46	Boland TVET College (COS)	10'783	01-Aug-18	31-Jul-19	750	10'013
NSF/16/2/4/38	East Cape Midlands TVET College (COS)	7'162	01-Aug-18	31-Jul-19	795	6'367
NSF/16/2/4/44	Port Elizabeth College TVET College (COS)	3'217	01-Aug-18	31-Jul-19	779	2'424
NSF/16/2/4/45	Sekhukhune TVET College (COS)	3'443	01-Aug-18	31-Jul-19	796	2'647
NSF/16/2/4/50	West Coast College (COS)	8'180	01-Aug-18	31-Jul-19	801	7'370
NSF/16/2/4/43	Majuba TVET college (COS)	7'562	01-Aug-18	31-Jul-19	801	6'753
NSF/16/2/4/42	Umfolozzi TVET College (COS)	13'820	01-Aug-18	31-Jul-19	1'507	12'216
NSF/16/2/4/49	Tshwane South TVET College (COS)	15'215	01-Aug-18	31-Jul-19	-	15'126
NSF/16/2/4/48	Mopani South East TVET College (COS)	7'712	01-Aug-18	31-Jul-19	1'524	6'188
NSF/16/2/4/53	Northlink TVET College (COS)	11'214	01-Aug-18	30-Jun-19	789	10'424
NSF/16/2/4/52	Ekurhuleni East TVET College (COS)	7'897	01-Aug-18	30-Jun-19	809	7'087
NSF/16/2/4/51	Flavius Mareka TVET College (COS)	10'896	01-Aug-18	30-Jun-19	1'587	9'309
NSF/16/2/4/54	Vuselela TVET College (COS)	4'062	01-Aug-18	31-Jul-19	796	3'266
NSF/16/2/4/56	Northern Cape Urban TVET College (COS)	4'525	01-Aug-18	31-Jul-19	796	3'729
NSF/16/2/4/55	Orbit TVET College (COS)	9'456	01-Aug-18	31-Jul-19	1'583	7'873

TVET College Sub-System Development, Capacity Building and Support (contd)

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
Community College Sub-System Development, Capacity Building and Support					118'763	31'225
NSF/16/2/5/2	SAICA CET - CFO SUPPORT	149'994	01-Mar-18	31-May-21	118'763	31'225
SKILLS INFRASTRUCTURE DEVELOPMENT					1'965'671	105'086
TVET College Infrastructure Development					1'831'074	58'056
NSF/16/3/2/8	TVET:ID: DSPP - Ekurhuleni East TVET College	23'065	02-Jan-16	31-Dec-19	1'867	-
NSF/16/3/2/1	TVET:ID: DHET - FET Infrastructure	2'500'000	09-Dec-13	31-Jul-19	1'557'754	8'480
NSF/16/3/2/10	TVET:ID: DSPP - Eastcape Midlands TVET College	15'315	01-Jul-16	31-Dec-19	4'080	-
NSF/16/3/2/6	TVET:ID: King Sabata -Dalindyebo (KSD)	59'260	12-Sep-16	31-Dec-18	-	8'206
NSF/16/3/2/7	TVET:ID: Lovedale Infrastructure	63'410	09-Sep-16	30-Nov-18	-	17'015
NSF/16/3/2/13	TVET:ID: False Bay (Swartklip)	180'000	30-May-18	30-Jun-21	155'608	24'355
NSF/16/3/2/14	SANREN- SABEN - TVET CONNECTIVITY PROJECT	246'839	03-May-18	30-Jun-20	111'765	-
University Infrastructure Development					134'596	47'030
NSF/16/3/1/1	UV:ID: Saica Walter Sisulu University	189'454	03-Jan-12	31-Dec-20	36'886	9'945
NSF/16/3/1/2	UV:ID: University of Pretoria (Veterinary Programme)	164'200	01-Aug-12	31-Dec-19	38'177	-
NSF/16/3/1/3	UV:ID: University of Pretoria (MBChB Programme)	416'562	01-Aug-12	31-Dec-19	42'341	37'085
NSF/16/3/1/4	UV:ID: CPUT Renewable Energy Infrastructure Project	105'578	25-Jan-13	30-Sep-19	17'192	-
SKILLS DEVELOPMENT RESEARCH, INNOVATION AND COMMUNICATION					62'507	44'816
Human Resource Development and Council (HRDCSA) Research, Planning, Advocacy and Communication					5'141	24'540
NSF/16/4/1/1	HRDC: HRDSA	105'200	28-Mar-13	31-Mar-20	4'505	23'269
NSF/16/4/1/2	HRDC:Duja Consulting	1'986	01-Nov-16	30-Nov-19	635	1'271

NSF reference number	NSF project name	Contract value (Project budget)	Project start date	Project end date	Remaining commitment (Remaining budget)	Total skills development grant disbursement expenditure to date
National Skills Authority Constituency Capacity Building and Advocacy					12'270	3'060
NSF/16/4/2/5	NSA:CCBA: 2- DPSA	14'385	01-Apr-14	31-Dec-18	-	1'720
NSF/16/4/2/10	NSA:CCBA: 2- COSATU	10'123	01-Jul-13	30-Sep-18	-	871
NSF/16/4/2/11	NSA:CCBA: 2-BUSA	2'600	01-Jan-16	31-Mar-18	-	469
NSF/16/1/TBC	NSA:CCBA: 3- COSATU	8'428	01-Apr-18	30-Jun-21	8'428	-
NSF/16/1/TBC	NSA:CCBA: 3- FEDUSA	3'841	01-Apr-18	30-Jun-21	3'841	-
National Skills Authority Monitoring, Research, Planning, Policy Development and Communication					45'096	16'331
NSF/16/4/3/1	NSA:MRPPDC: SAB&T Chartered Accountants Incorp.	88'808	18-Nov-14	31-Jul-19	-	16'331
NSF/16/4/3/2	Nexia SAB&T - NSA FUND MANAGER	45'096	10-Apr-18	10-Jul-21	45'096	-
National Skills Authority Monitoring, Research, Planning, Policy Development and Communication					-	885
NSF/16/4/4/2	Stellenbosch University- US - Investment Trends	873	08-Feb-18	30-Nov-18	-	641
NSF/16/4/4/1	Stellenbosch University- US -Macro Indicator	808	08-Feb-18	31-Jul-19	-	244
TOTAL					8'149'781	2'290'781

ANNEXURE B: LIST OF ABBREVIATIONS AND ACRONYMS

ACSA	Airport Company South Africa
AgriSETA	Agricultural SETA
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
ARPL	Artisan Recognition of Prior Learning
BESD	Basic Entrepreneurial Skills Development
CA	Chartered Accountant
CATHSETA	Culture, Arts, Tourism and Hospitality SETA
CET	Community education and training
CETA	Construction Education and Training Authority
CHE	Council on Higher Education
CHIETA	Chemical Industries Education and Training Authority
CoS	Centres of Specialisation
CTA	Certificate for Theory in Accounting
DG	Director-General
DHET/the department	Department of Higher Education and Training
DSPP	Dual System Pilot Project

DOL	Department of Labour
ECA-SA	Electrical Contractors Association of South Africa
EDTP SETA	Education, Training and Development Practices ETDP SETA
EPWP	Expanded Public Works Programme
FoodBev SETA	Food and Beverages SETA
FP&M SETA	Fibre Processing and Manufacturing SETA
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GRAP	Generally Recognised Accounting Practice
HEAIDS	Higher Education HIV/Aids Programme
HIV/Aids	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HRDCSA	Human Resource Development Council of South Africa
HRDS	Human Resource Development Strategy
HRM	Human Resources Management
HWSETA	Health and Welfare SETA
ICT	Information and Communication Technology
ICU	Intensive care unit

IESB	Code International Ethics Standards Board for Accountants' Code of ethics for professional accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IGRAP	Interpretations of GRAP
INDLELA	Institute for the National Development of Learnerships, Employment Skills and Labour Assessments
INSETA	Insurance SETA
IOPSA	Institute of Plumbing South Africa
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
IT	Information Technology
IWLP	Industrial and Working Life Programme
JICA	Japan International Cooperation Agency
KZN	KwaZulu-Natal
LGSETA	Local Government SETA
LLB	Bachelor of Laws

LRS	Labour Research Service
MERSETA	Manufacturing, Engineering and Related Services SETA
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
NAMB	National Artisan Moderation Body
NARYSEC	National Rural Youth Service Corps
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NGO	Non-governmental organisation
NQF	National Qualifications Framework
NRF	National Research Foundation
NPPSET	National Plan for Post-school Education and Training
NSA	National Skills Authority
NSDP	National Skills Development Plan
NSDS	National Skills Development Strategy
NSF/the fund	National Skills Fund, established in terms of section 27(1) of the Skills Development Act, 1998 (Act No. 97 of 1998)
NSFAS	National Student Financial Aid Scheme

ANNEXURE B: LIST OF ABBREVIATIONS AND ACRONYMS

PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PGC	Project Grants Committee
PGCE	Postgraduate Certificate in Education
PIC	Public Investment Corporation
PSA	Public Servants Association of South Africa
PSET	Post-school education and training
POPCRU	Police and Prisons Civil Rights Union
RAF	Road Accident Fund
REAP	Rural Education Access Programme
RFP	Request for proposal
QCTO	Quality Council for Trades and Occupations
SA	South Africa
SABBEX/BSA	South African Boat Builders Export Council/Boating South Africa
SADICO	South African Digital Content Organisation
SADTU	South African Democratic Teachers Union
SAGEN	South-African German Energy Programme

SAICA	South African Institute of Chartered Accountants
SAIMI	South African International Maritime Institute
SANReN	South African National Research Network
SAPS	South African Police Service
SAQA	South African Qualifications Authority
SARETEC	South African Renewable Energy Technology Centre
SASSETA	Safety and Security SETA
SDA	Skills Development Act, 1998 (Act No. 97 of 1998)
SDG	Sustainable Development Goal
SDL	Skills Development Levy
SEDA	Small Enterprise Development Agency
STC-SA	Shipping and Transport College Southern Africa
STEM	Science, technology, engineering, and mathematics
TB	Tuberculosis
TVET	Technical and vocational education and training
UIF	Unemployment Insurance Fund

UKITA	United Khayelitsha Informal Traders Association
UKZN	University of KwaZulu-Natal
UNISA	University of South Africa
WIL	Work-integrated learning





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