



*Funding To Skill Our Nation*

# NATIONAL SKILLS FUND

STRATEGIC PLAN &

2015/16 - 2019/20

ANNUAL PERFORMANCE PLAN

2015/16

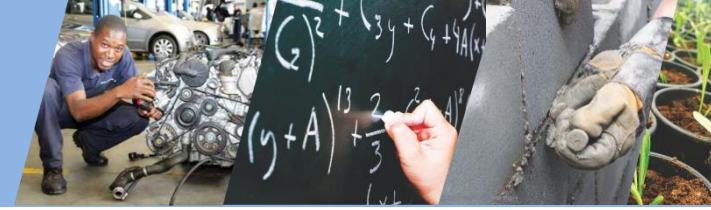
Presentation to the Portfolio Committee on Higher Education and Training on 27 May 2015



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA





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## ESTABLISHED

### Page 14 - NSF Strategic Plan

- ✓ *The National Skills Fund (NSF) was established in 1999 in terms of section 27 of the Skills Development Act, No 97 of 1998.*
- ✓ *The Director-General of Higher Education and Training is the Accounting authority of the National Skills Fund as stipulated in section 29(1) of the Skills Development Act (SDA).*
- ✓ *The Director-General shall, subject to the laws that govern the public service, appoint a person to be the executive officer of the NSF, who will, upon such appointment, be within the employ of the public service. Within the framework of the Director-General's delegations of authority, the day-to-day operations of the NSF are managed by the Executive Officer.*
- ✓ *In accordance with above legislation, all current NSF employees are within the employ of the public service as employees of the DHET*





## LISTED AS SCHEDULE 3A PUBLIC ENTITY

- ✓ *Listed on 12 October 2012 as Schedule 3A Public Entity in terms of the PFMA, retrospectively effective from 1 April 2012.*



## TO FUND

- ✓ *Skills development projects of National Priority as per NSDS – sec 28 of SDA*
- ✓ *Skills development projects for the achievement of the SDA within discretion of the DG – sec 28 of SDA*
- ✓ *Activities to achieve national standards of good practice in skills development – sec 30B of SDA*
- ✓ *Administration of the Fund (within 10% limit) – sec 28 of SDA*

# VISION & MISSION



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## OUR VISION

*Funding to skill our nation.*



## OUR MISSION

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



# PLANNING PROCESS



*The NSF developed a Fund Allocation Framework, which integrates key focus areas identified from key Government Strategies and Policy:*

- ✓ *Key focus areas were identified from key Government Strategies, Programmes, Policies and Legislation (e.g. NDP, White Paper on PSET, MTSF, NSDS III, etc.). The key focus areas and NSF's response thereto are further outlined in this presentation.*

**Refer to Pages 20 to 24 in NSF's Strategic Plan for a comprehensive description of the key focus areas identified and NSF's response thereto.**

- ✓ *The NSF developed a **Fund Allocation Framework**, as advised by the NSA to the Minister. The NSF funds in accordance with the Fund Allocation Framework.*





# PLANNING PROCESS



*The performance of the NSF as a Fund, which funds in accordance with its Fund Allocation Framework, is measured against targets that have been set for the NSF's Strategic Goals and Objectives:*

- ✓ *NSF has **Two Strategic Goals**. One is external focussed and one internal. The external goal relates to providing funding towards skills development initiatives, whilst the internal goal is aimed at internal business excellence within the NSF. The NSF's Strategic Goals are aligned to the NSF's Mandate.*
- ✓ *Strategic Objectives are determined for each of the NSF's two Strategic Goals.*
- ✓ *Key performance indicators are determined for each strategic objective. Five-year and annual targets are set against each performance indicator. The targets are further delineated into the NSF's Fund Allocation Framework categories.*
- ✓ **Refer to Page 30 in the NSF's Strategic Plan for a schematic illustration of the relationship between NSF's Mandate, Strategic Goals and Objectives**

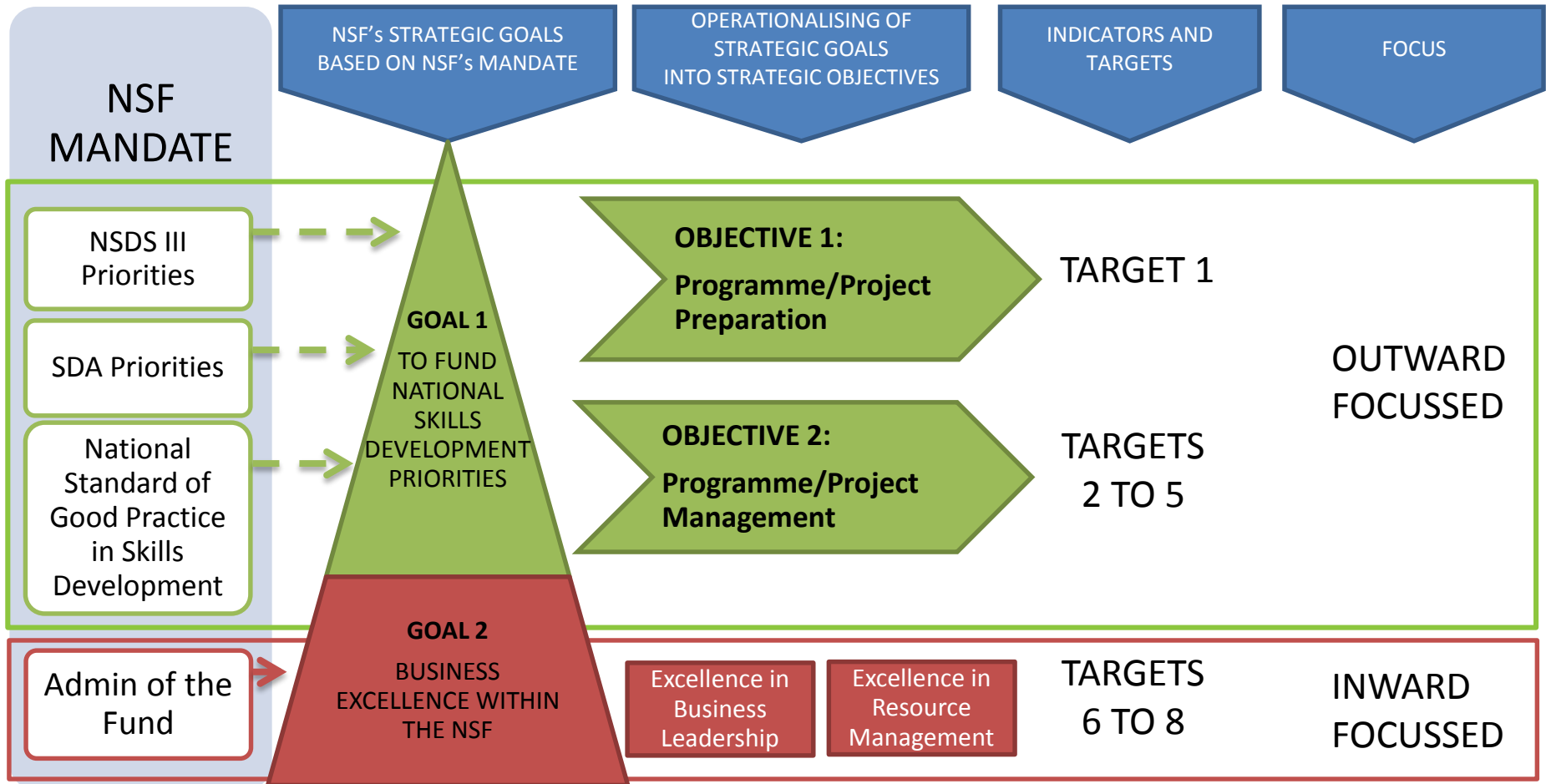


# PLANNING PROCESS



## ALL FUNDING IS DONE IN ACCORDANCE WITH THE NSF'S FUND ALLOCATION FRAMEWORK

(Incorporates key focus areas derived from National Government Strategies, Policies, etc.)





# KEY FOCUS AREAS



## KEY FOCUS AREAS IDENTIFIED & RESPONSE THERETO

KEY AREA	THE NSF's RESPONSE	STRATEGIC INPUT
<b>1. Educational institutions and employers partnerships linked to work integrated learning</b>	<ul style="list-style-type: none"> <li>✓ Key area of intervention.</li> <li>✓ Partnerships to be integrated into projects funded and linked to work integrated learning.</li> <li>✓ NSF to facilitate partnerships, understand the total value chain right up to work integrated learning and focus on areas of need.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Ongoing research, analysis and planning required in this area.</li> <li>✓ Stakeholder relationships to be facilitated to bring learning and the workplace closer together.</li> <li>✓ Projects to be structured to include practical experience to learners through work based training as part of overall value chain.</li> </ul>
<b>2. Effective skills demand planning through research and analysis (including planning system)</b>	<ul style="list-style-type: none"> <li>✓ NSF is currently funding this aspect of the value chain , e.g. Labour Market Intelligence Project (LMIP)</li> </ul>	<ul style="list-style-type: none"> <li>✓ NSF to create integrated skills planning processes to ensure data from LMIP, DHET central planning, SIPs, etc. continuously feeds into and directs NSF's funding mechanisms. This includes obtaining necessary research &amp; analysis capability for the NSF.</li> </ul>
<b>3. Departmental review of legislation and White Paper alignment</b>	<ul style="list-style-type: none"> <li>✓ NSF to actively participate in this initiative.</li> <li>✓ Redefining the Sector Education and Training Authority (SETA) landscape is a critical area of collaboration.</li> </ul>	<ul style="list-style-type: none"> <li>✓ NSF to collaborate with stakeholders and participate in the process to ensure alignment of stakeholders and optimum value from funding of projects.</li> <li>✓ Lessons learned will be shared to improve future policies.</li> </ul>

# KEY FOCUS AREAS



KEY AREA	THE NSF's RESPONSE	STRATEGIC INPUT
<b>4. Promoting partnerships and innovation in project delivery</b>	<ul style="list-style-type: none"> <li>✓ Roles and responsibilities of partners to be continuously unpacked and understood, in the context of external factors.</li> <li>✓ Regular communication with and obtaining commitment from stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Stakeholder strategies and frameworks are important.</li> <li>✓ NSF to strengthen its capabilities in this area and incorporate stakeholder requirements in funding contracts.</li> <li>✓ Partnerships with various stakeholders to be initiated and strengthened.</li> </ul>
<b>5. Technical and Vocational Education and Training (TVET) colleges capacitation and infrastructure</b>	<ul style="list-style-type: none"> <li>✓ NSF is funding this area.</li> <li>✓ Not a once off intervention, but rather a continuous funding exercise with long-term consideration for the capacitation of TVET colleges.</li> <li>✓ Further and ongoing planning with regards to TVET colleges is required.</li> </ul>	<ul style="list-style-type: none"> <li>✓ NSF involved in the expansion of the TVET college system and participates in the planning and continuous definition of its involvement.</li> <li>✓ Stakeholder strategy and framework to be compiled and implemented.</li> </ul>
<b>6. Community Colleges and Public Adult Learning Centres (PALCs) development</b>	<ul style="list-style-type: none"> <li>✓ There is minimal information available in this area.</li> <li>✓ All responses have to be informed by proper information to inform NSF funding areas.</li> <li>✓ This area will have a substantial financial implication.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Strategically, this has to be considered seriously and in detail. Gaps in the development value chain have to be addressed, as this is a high priority area.</li> <li>✓ The required developmental actions have to be defined in detail and a due diligence on PALCs carried out.</li> <li>✓ NSF will have to promote partnerships between universities and colleges.</li> <li>✓ PSDF – Utilise the forums and other stakeholders in each province to gather information.</li> </ul>

# KEY FOCUS AREAS



KEY AREA	THE NSF's RESPONSE	STRATEGIC INPUT
<b>7. Sector Education and Training Authorities (SETA) landscape review</b>	<ul style="list-style-type: none"> <li>✓ The SETA landscape is up for review in 2016.</li> <li>✓ The act refers to national priorities, but these need to be defined.</li> <li>✓ SETAs have the industry links that are required to bring learning and workplace closer together and should be used and protected.</li> </ul>	<ul style="list-style-type: none"> <li>✓ NSF to be actively involved in the strategy formulation and support.</li> <li>✓ NSF to play a role in formulating the SETA transformation strategy and restructuring process.</li> </ul>
<b>8. Artisan development strategy operationalisation</b>	<ul style="list-style-type: none"> <li>✓ NSF is currently funding this area and it will remain a high focus area in the future.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The funding plan for artisan development should be refined and aligned to sub-sectors.</li> <li>✓ NSF to continue to fund improvement and maintenance of the artisan development system, due to the fiscus shortfalls.</li> </ul>
<b>9. Development of scarce and critical skills (incorporating SIPs)</b>	<ul style="list-style-type: none"> <li>✓ High focus area, especially with regards to bursary allocations and vocational and technical skills development through TVET colleges.</li> <li>✓ NSF to influence utilisation of money to increase focus on scarce skills.</li> </ul>	<ul style="list-style-type: none"> <li>✓ NSF's involvement in research is important.</li> <li>✓ The NSF will proactively plan to satisfy demand for scarce skills through focused funding.</li> <li>✓ NSF will incorporate skills to deliver SIPs in its projects and bursary requirements.</li> </ul>
<b>10. Improve the quality of education and training in post-school education</b>	<ul style="list-style-type: none"> <li>✓ NSF initiatives aimed at increasing the success rate and throughput of beneficiaries at TVET colleges.</li> <li>✓ The NSF has to move closer to the relevant role players to ensure money spent complies with NSF rules, such as scarce skills coverage, acceptable throughput and student mentoring programmes.</li> </ul>	<ul style="list-style-type: none"> <li>✓ All beneficiaries to complete courses, with required coaching and mentorship and funding provided. Mentorship and coaching needs to be refined and driven.</li> <li>✓ NSF will keep on funding this aspect in future. There must be integration across all systems and data.</li> </ul>

# KEY FOCUS AREAS



KEY AREA	THE NSF's RESPONSE	STRATEGIC INPUT
<b>11. Facilitate partnerships and development of Small, Medium and Micro Enterprises (SMMEs)</b>	✓ The NSF acknowledges that this is a key aspect in creating economic growth.	<ul style="list-style-type: none"> <li>✓ Link to departmental plans, partnerships to train SMMEs, community college funding – further research and analysis is required.</li> <li>✓ Review current interventions in consultation with the new Department of Small Business Development -SEDA</li> </ul>
<b>12. Worker, NGO and community- based education programmes</b>	✓ The NSF recognises this as an important link in the skills development value chain.	<ul style="list-style-type: none"> <li>✓ Analysis and planning in collaboration with the existing task team is required in this area.</li> <li>✓ NSF must link with stakeholders and understand strategies in this area.</li> <li>✓ NSF must identify gaps in the value chain and consider specific recommendations made by stakeholders recently, to define its role.</li> </ul>
<b>13. Recognition of Prior Learning (RPL) integration</b>	✓ There are perceived levels of learning that are not acceptable to the industry. Industry and learning institutions must be linked and training standardized.	<ul style="list-style-type: none"> <li>✓ Continued funding of work on articulation policy development and implementation.</li> <li>✓ The NSF to meet with role players to better understand the value chain and gaps.</li> <li>✓ Funding for capacitation, training and the system.</li> <li>✓ Influence and collaboration so that previous training is validated and components taken into account.</li> </ul>

# KEY FOCUS AREAS



KEY AREA	THE NSF's RESPONSE	STRATEGIC INPUT
<b>14. Post-school Education and Training (PSET) system integration</b>	<ul style="list-style-type: none"> <li>✓ NSF supports integration initiatives. NSF can use this for access to stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Through funding, assist to integrate the PSET system.</li> <li>✓ NSF requires ICT specialists to assess whether NSF and the PSET system gets optimal benefit from ICT funded projects and whether synergies can be unlocked through integration with existing ICT systems in the PSET environment, rather than duplication.</li> <li>✓ Robust methodologies and frameworks have to be in place in which NSF will fund information systems and information technology.</li> </ul>

# NSF FUND ALLOCATION FRAMEWORK



## FIVE KEY PRIORITIES FOR FUND ALLOCATION

- i. Human Resource Development Priorities;
- ii. Ministerial Priorities in consultation with the National Skills Authority (NSA);
- iii. National priorities aligned to the key strategies of Government;
- iv. Priorities identified by the Director-General supporting the Skills Development Act; and
- v. Priorities to address skills infrastructure.



## i) Human Resource Development Priorities

*Within the framework of Human Resource Development Strategy of South Africa (HRDSSA) II, the NSF's Fund Allocation Framework will prioritise the following:*

- Strengthen and support the expansion of TVET college access;
- The production of intermediate skills (in particular artisans) and professionals;
- The production of academics and stronger industry-university partnerships in research and development;
- Strengthening foundational learning; and
- Address worker education.

## ii) Ministerial Priorities in consultation with the National Skills Authority (NSA):

*The successful delivery of the NSDS relies on the role played by social partners in the delivery of skills. The following are the key initiatives that the NSF will fund and participate in:*

- Skills development legislation research and review, including integration thereof into education and training and national priorities of Government;
- Constituency capacity building and NSA capacity building programmes;
- National public dialogue and advocacy;
- Skills marketing and communication, inclusive of annual skills conferences and exhibitions;
- Provincial Skills Development Forums; and
- Promoting good practice in skills development.

## iii) National priorities aligned to the key strategies of Government

*The following have been identified as national priority areas from various key strategies of Government:*

- New Economic Growth Path;
- Industrial Policy Action Plan;
- Skills to support rural development;
- Skills for education and health;
- Skills to support justice and crime prevention;
- Skills to support co-operatives and small enterprises;
- Public sector capacity building;
- Skills for a green economy; and
- Artisan development.



## iv) Priorities identified by the Director-General supporting the Skills Development Act

*The Fund Allocation Framework will support skills required for the achievement of priorities as identified by the Director-General in support of the Skills Development Act, which includes the following:*

- Worker education;
- Skills system capacity building;
- Training Lay-off Scheme;
- Academia, Research and Development; and
- Bursaries.



## v) Priorities to address skills infrastructure

*The Fund Allocation Framework will support priorities to address key skills infrastructure gaps, which includes the following:*

- Public Delivery Infrastructure;
- Community Education Centers Infrastructure;
- Skills Development Institutes Infrastructure; and
- State-owned Enterprises Infrastructure.

# STRATEGIC GOALS



## NSF MANDATE

(as per SDA)  
To FUND:

National Skills Development  
Priorities (NSDS III)  
(sec 28(1) of SDA)

Skills Development Priorities for  
achievement of SDA  
(sec 28(1) of SDA)

Activities to achieve a National  
Standard of Good Practice in  
Skills Development  
(sec 30B of SDA)

Administration of the Fund  
(sec 28(3) of SDA)  
(within 10% of revenue limit)

NSF's STRATEGIC GOALS  
BASED ON NSF's  
MANDATE

FOCUS

OUTWARD  
FOCUSSED

**GOAL 1**  
TO FUND  
NATIONAL  
SKILLS  
DEVELOPMENT  
PRIORITIES

NB: Goal 1 incorporates  
the key focus areas  
identified, with NSF's  
response thereto and is  
executed within the  
NSF's Fund Allocation  
Framework.

**GOAL 2**  
BUSINESS  
EXCELLENCE WITHIN  
THE NSF

INWARD  
FOCUSSED



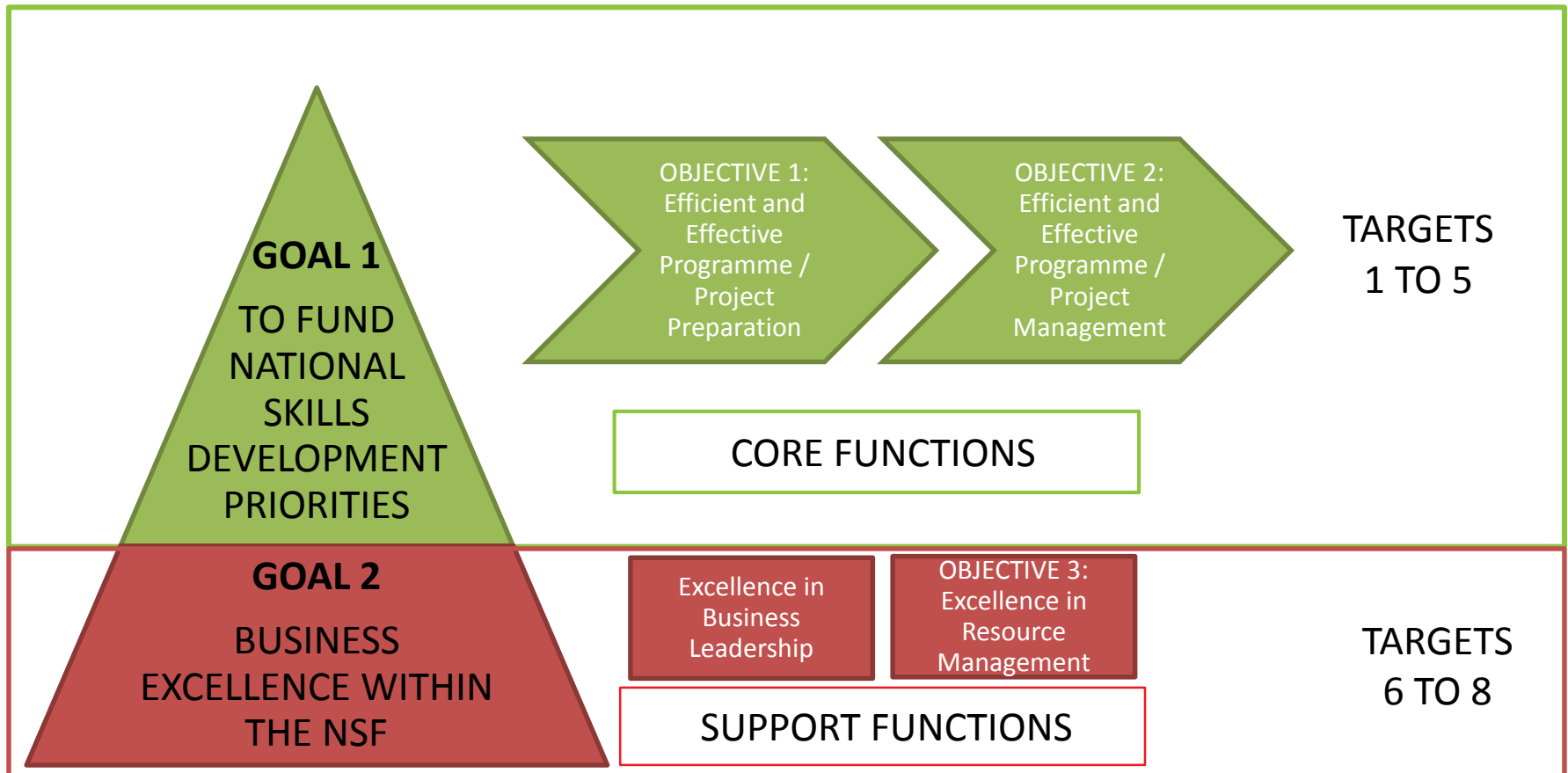
# STRATEGIC OBJECTIVES



NSF's STRATEGIC GOALS  
BASED ON NSF's  
MANDATE

OPERATIONALISING STRATEGIC GOALS  
INTO THREE STRATEGIC OBJECTIVES

TARGETS



# ANNUAL PERFORMANCE PLAN

## 2015-16



# STRATEGIC TARGETS



## STRATEGIC OBJECTIVE 1: EFFECTIVE AND EFFICIENT PROGRAMME/PROJECT PREPARATION

*To be effective and efficient in funds needs analysis, project feasibility, scoping and projects selection (both proactive & reactive)*

Strategic target for the NSDS III period 2011/12 to 2015/16		Strategic target for the period 2015/16 to 2019/20	Performance Indicator	Audited / Actual performance			Estimated performance (Baseline)	Medium Term Targets			Additional 2 Years	
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
TARGET 1												
1	100% of reserve funds committed towards skills development	100% of reserve funds committed towards skills development	% of reserve funds committed towards skills development	11% (R 0.780 billion)	100% (R7.685 billion)	100% (R8.462 billion)	100%	100%	100%	100%	100%	100%
TARGET 1 PER FUND ALLOCATION OBJECTIVE / BUDGET CATEGORY												
1.1	NSDS III: HRDSSA		% of reserve funds committed towards skills development	0% (R0)	100% (R0.49 billion)	100% (R0.093 billion)	100%	100%	100%	100%	100%	100%
1.2	NSDS III: NSA Ministerial			0% (R0)	100% (R0.21 billion)	100% (R0.093 billion)	100%	100%	100%	100%	100%	100%
1.3	NSDS III: Government Priorities			21% (R0.655 billion)	100% (R4.134 billion)	100% (R3.109 billion)	100%	100%	100%	100%	100%	100%
1.4	NSDS III: DG Priorities			4% (R0.112 billion)	69% (R0.735 billion)	100% (R3.432 billion)	100%	100%	100%	100%	100%	100%
1.5	NSDS III: Skills Infrastructure			1% (R0.013 billion)	47% (R0.532 billion)	100% (R1.735 billion)	100%	100%	100%	100%	100%	100%
1.6	NSDS IV			0% (R0)	0% (R0)	0% (R0)	0%	0%	100%	100%	100%	100%

# STRATEGIC TARGETS



## STRATEGIC OBJECTIVE 2: EFFECTIVE AND EFFICIENT PROJECT MANAGEMENT

*To be effective and efficient in project management, which consists of project start up, implementation support, disbursements, monitoring, evaluation and closure.*

Strategic target for the NSDSIII period 2011/12 to 2015/16		Strategic target for the period 2015/16 to 2019/20	Performance Indicator	Audited / Actual performance			Estimated performance (Baseline)	Medium Term Targets			Additional 2 Years	
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
TARGET 2												
2	Commit R2.12 billion of future income towards skills development by the end of the outer year	Commit R2.66 billion of future income towards skills development by the end of the outer year	Future income committed towards skills development (R billion)	R0	R0.13 billion	R1.673 billion	R2 billion	R2.12 billion	R2.25 billion	R2.38 billion	R2.52 billion	R 2.66 billion
TARGET 2 PER FUND ALLOCATION OBJECTIVE / BUDGET CATEGORY												
2.1	NSDS III: HRDSSA		Future income committed towards skills development (R billion)	R0	R0	R0.1 billion	R0.05 billion	R0.05 billion	-	-	-	
2.2	NSDS III: NSA Ministerial			R0	R0	R0.11 billion	R0.05 billion	R0.05 billion	-	-	-	
2.3	NSDS III: Government Priorities			R0	R0.13 billion	R0 billion	R0.95 billion	R1.01 billion	-	-	-	
2.4	NSDS III: DG Priorities			R0	R0	R1.675 billion	R0.95 billion	R1.01 billion	-	-	-	
2.5	NSDS III: Skills Infrastructure			R0	R0	R2.736 billion	-	-	-	-	-	
2.6	NSDS IV			R0	R0	R0	R0	R0	R2.25 billion	R2.38 billion	R2.52 billion	R 2.66 billion

# STRATEGIC TARGETS



## STRATEGIC OBJECTIVE 2: EFFECTIVE AND EFFICIENT PROJECT MANAGEMENT

*To be effective and efficient in project management, which consists of project start up, implementation support, disbursements, monitoring, evaluation and closure.*

Strategic target for the NSDSIII period 2011/12 to 2015/16		Strategic target for the period 2015/16 to 2019/20	Performance Indicator	Audited / Actual performance			Estimated performance (Baseline)	Medium Term Targets			Additional 2 Years	
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
TARGET 3												
3	Fund 70 000 learners for training by outer year	Fund 70 000 learners for training by outer year	Number of learners funded for training (n)	-	95 554 learners	77 913 learners	70 000 learners	70 000 learners	70 000 learners	70 000 learners	70 000 learners	70 000 learners
TARGET 3 PER FUND ALLOCATION OBJECTIVE / BUDGET CATEGORY												
3.1	NSDS III: HRDSSA		Future income committed towards skills development (R billion)	R0	R0	R0.1 billion	R0.05 billion	R0.05 billion	-	-	-	
3.2	NSDS III: NSA Ministerial			R0	R0	R0.11 billion	R0.05 billion	R0.05 billion	-	-	-	
3.3	NSDS III: Government Priorities			R0	R0.13 billion	R0 billion	R0.95 billion	R1.01 billion	-	-	-	
3.4	NSDS III: DG Priorities			R0	R0	R1.675 billion	R0.95 billion	R1.01 billion	-	-	-	
3.5	NSDS III: Skills Infrastructure			R0	R0	R2.736 billion	-	-	-	-	-	
3.6	NSDS IV			R0	R0	R0	R0	R0	R2.25 billion	R2.38 billion	R2.52 billion	R 2.66 billion

# STRATEGIC TARGETS



## STRATEGIC OBJECTIVE 2: EFFECTIVE AND EFFICIENT PROJECT MANAGEMENT

*To be effective and efficient in project management, which consists of project start up, implementation support, disbursements, monitoring, evaluation and closure.*

Strategic target for the NSDSIII period 2011/12 to 2015/16		Strategic target for the period 2015/16 to 2019/20	Performance Indicator	Audited / Actual performance			Estimated performance (Baseline)	Medium Term Targets			Additional 2 Years		
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
TARGET 4													
4	Disburse 90% of grant income received	Disburse 90% of grant income received	Grants disbursed versus grant income received (%)	65% (R1.149 billion)	100% (R2.616 billion)	100% (R3.171 billion)	100%	90%	90%	90%	90%	90%	
TARGET 4 PER FUND ALLOCATION OBJECTIVE / BUDGET CATEGORY													
4.1	NSDS III: HRDSSA		Grants disbursed versus grant income received (%)	0% (R0)	0.3% (R0.007 billion)	1% (R0.020 billion)	1%	1%	-	-	-		
4.2	NSDS III: NSA Ministerial			0.2% (R0.003 billion)	0.8% (R0.017 billion)	1% (R0.015 billion)	1%	1%	-	-	-		
4.3	NSDS III: Government Priorities			16% (R0.315 billion)	50.8% (R1.091 billion)	37% (R1.309 billion)	30%	46%	-	-	-		
4.4	NSDS III: DG Priorities			42.3% (R0.830 billion)	67% (R1.447 billion)	41% (R1.524 billion)	24%	40%	-	-	-		
4.5	NSDS III: Skills Infrastructure			0.1% (R0.001 billion)	2.5% (R0.054 billion)	20% (R0.303 billion)	34%	2%	-	-	-		
4.6	NSDS IV			-	-	-	-	-	90%	90%	90%	90%	



# STRATEGIC TARGETS



## STRATEGIC OBJECTIVE 2: EFFECTIVE AND EFFICIENT PROJECT MANAGEMENT

*To be effective and efficient in project management, which consists of project start up, implementation support, disbursements, monitoring, evaluation and closure.*

Strategic target for the NSDSIII period 2011/12 to 2015/16		Strategic target for the period 2015/16 to 2019/20	Performance Indicator	Audited / Actual performance			Estimated performance (Baseline)	Medium Term Targets			Additional 2 Years	
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
TARGET 5												
5	Fund 80% of earmarked infrastructure projects by outer year	Fund 80% of earmarked infrastructure projects by outer year	Infrastructure projects funded versus projects earmarked for funding (%)		50%	70%	75%	80%	80%	80%	80%	80%
TARGET 5 PER FUND ALLOCATION OBJECTIVE / BUDGET CATEGORY												
5.1	NSDS III: HRDSSA		Infrastructure projects funded versus projects earmarked for funding (%)									
5.2	NSDS III: NSA Ministerial											
5.3	NSDS III: Government Priorities											
5.4	NSDS III: DG Priorities											
5.5	NSDS III: Skills Infrastructure				50%	70%	75%	80%				
5.6	NSDS IV								80%	80%	80%	80%

# STRATEGIC TARGETS



## STRATEGIC GOAL 1: RATIONALE BEHIND PERFORMANCE INDICATORS AND TARGETS

Strategic target for the NSDS III period 2011/12 to 2015/16		Strategic target for the period 2015/16 to 2019/20	Performance Indicator	2015/16 TARGET	Rationale
1	100% of reserve funds committed towards skills development	100% of reserve funds committed towards skills development	% of reserve funds committed towards skills development	100%	This indicator encourages the NSF to not only utilise its revenue effectively towards skills development funding, but also put its historic accumulated surpluses towards effective use in funding skills development.
2	Commit R2.12 billion of future income towards skills development by the end of the outer year	Commit R2.66 billion of future income towards skills development by the end of the outer year	Future income committed towards skills development (R billion)	R2.12 billion	Since skills development takes place over a period of time, it is important to commit in advance to match expenditure outflow with revenue inflow as far as possible and prevent the continued accumulation of large reserves year-on-year.
3	Fund 70 000 learners for training by outer year	Fund 70 000 learners for training by outer year	Number of learners funded for training (n)	70 000 learners	A major function of the NSF is to fund national skill development and therefore effective and efficient monitoring of the learners funded on national priority projects / programmes is paramount to the effective and efficient operations performed to achieve the entity's goals.
4	Disburse 90% of grant income received	Disburse 90% of grant income received	Grants disbursed versus grant income received (%)	90%	The purpose of this indicator is to maximise the NSF's disbursement towards skills development in relation to the NSF's income received.
5	Fund 80% of earmarked infrastructure projects by outer year	Fund 80% of earmarked infrastructure projects by outer year	Infrastructure projects funded versus projects earmarked for funding (%)	80%	The purpose of the NSF is to facilitate skills development within South Africa, therefore it is essential that projects that are earmarked for funding are timely followed through towards implementation. The disbursement of funds catalyses implementation of the skills infrastructure development.

# STRATEGIC TARGETS



## STRATEGIC OBJECTIVE 3: EXCELLENCE IN RESOURCE MANAGEMENT

*This objective aims to address strategic resource management aspects for the NSF, which is critical in achieving excellence in resource management. Resource management includes a number of areas: Research and Analysis, HR Management, Financial Management, ICT Management, Information/knowledge management, Infrastructure/facilities management and shared logistical services management. Most of the performance indicators in these areas are operational in nature and have not been included in the strategic plan. However, those resource areas that require specific interventions that are key in the achievement of other strategic objectives are included in the strategic plan.*

Strategic target for the NSDSIII period 2011/12 to 2015/16		Strategic target for the period 2015/16 to 2019/20	Performance Indicator	Audited / Actual performance			Estimated performance (Baseline)	Medium Term Targets			Additional 2 Years	
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Excellence in Human Resource Management (TARGETS 6 and 7) (HR acquisition, development, individual performance management, employee wellness)												
6	90% of key funded positions filled by each year-end	90% of key funded positions filled by each year-end	Percentage of key funded positions filled (%)		100% (4 of 4 posts filled)	83% (5 of 6 posts filled)	90%	90%	90%	90%	90%	90%
7	60% of total funded positions filled by outer year	70% of total funded positions filled by outer year	Percentage of total funded positions filled (%)			38% (58 of 144 posts filled)	50%	60%	70%	80%	90%	90%

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Strategic target for the NSDSIII period 2011/12 to 2015/16		Strategic target for the period 2015/16 to 2019/20	Performance Indicator	Audited / Actual performance			Estimated performance (Baseline)	Medium Term Targets			Additional 2 Years	
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Excellence in Information and Communication Management (TARGET 8)												
8	Implement 70% of key ICT needs by outer year	Implement 90% of key ICT needs by outer year	Percentage of key ICT needs implemented (%)			50%	60%	70%	80%	90%	90%	90%

# STRATEGIC TARGETS



## STRATEGIC GOAL 2: RATIONALE BEHIND PERFORMANCE INDICATORS AND TARGETS

Strategic target for the NSDSIII period 2011/12 to 2015/16		Strategic target for the period 2015/16 to 2019/20	Performance Indicator	2015/16 TARGET	Rationale
6	90% of key funded positions filled by each year-end	90% of key funded positions filled by each year-end	Percentage of key funded positions filled (%)	90%	In order to function efficiently and effectively the NSF needs to have sufficient staff capacity in place in order to carry out the necessary functions required to achieve the objectives of the NSF.
7	60% of total funded positions filled by outer year	70% of total funded positions filled by outer year	Percentage of total funded positions filled (%)	60%	
8	Implement 70% of key ICT needs by outer year	Implement 90% of key ICT needs by outer year	Percentage of key ICT needs implemented (%)	70%	The timely availability of the ICT is essential for the effective and efficient operations of the NSF in achieving its objectives.

# STRATEGIC RISKS



NO.	RISK NAME	DESCRIPTION	MITIGATING ACTIONS
1	Organisational Structure	Operational inefficiency and strategic objectives not met due to inappropriate operating structure.	The NSF is in the process of reviewing and expanding its organisational structure to address its current capacity constraints.
2	Integrated ICT system	Strategic objectives not supported by an effective and efficient integrated ICT system.	The NSF will procure expertise ICT consultancy services to develop and implemented an effective and efficient integrated ICT system for the NSF.
3	Stakeholder relationship management	Inability to anticipate/interpret and manage shifts in the information stakeholders want and the way in which they want it communicated to them; and ineffective ongoing, transparent communications with the public in order to create goodwill.	The NSF will develop and implement a stakeholder management framework, whilst maintaining NSF's presence on key stakeholder forums.
4	People/HR Strategy	Failure to have a well-defined People/HR Strategy that supports the entity and its strategic objectives, employee needs and desires and organisational mission, vision and values.	The NSF will build the necessary HR management capacity to assist in the development of a well-defined People/HR strategy that supports the entity and its strategic objectives, employee needs and desires and organisational mission, vision and values.
5	Performance Monitoring and Evaluation (PME)	Lack of effective Integrated Performance Monitoring and Evaluation (PME) across the organisation.	Through Project Siyaphambili, the NSF will implement effective integrated PME across the organisation.



# BUDGET



## BUDGET SUMMARY

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 Years	
	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20
<b>TOTAL REVENUE</b>	<b>2 451 092</b>	<b>2 698 909</b>	<b>4 010 974</b>	<b>3 080 579</b>	<b>3 239 551</b>	<b>3 465 803</b>	<b>3 614 862</b>	<b>3 666 108</b>	<b>4 037 680</b>
<b>TOTAL EXPENSES</b>	<b>1 387 617</b>	<b>2 659 920</b>	<b>3 233 871</b>	<b>3 710 260</b>	<b>5 122 721</b>	<b>3 283 360</b>	<b>3 472 515</b>	<b>3 680 866</b>	<b>3 901 720</b>
<b>SKILLS DEVELOPMENT GRANT DISBURSEMENTS (GOAL 1)</b>	1 304 949	2 575 125	3 138 491	3 441 728	4 866 431	3 057 778	3 241 244	3 435 719	3 641 862
<b>ADMINISTRATIVE EXPENSES (GOAL 2)</b>	82 668	84 795	95 380	268 532	256 290	225 582	231 271	245 147	259 858
<b>Surplus / (Deficit)</b>	<b>1 063 475</b>	<b>38 989</b>	<b>777 103</b>	<b>(629 681)</b>	<b>(1 883 170)</b>	<b>182 443</b>	<b>142 347</b>	<b>(14 758)</b>	<b>135 960</b>

# BUDGET



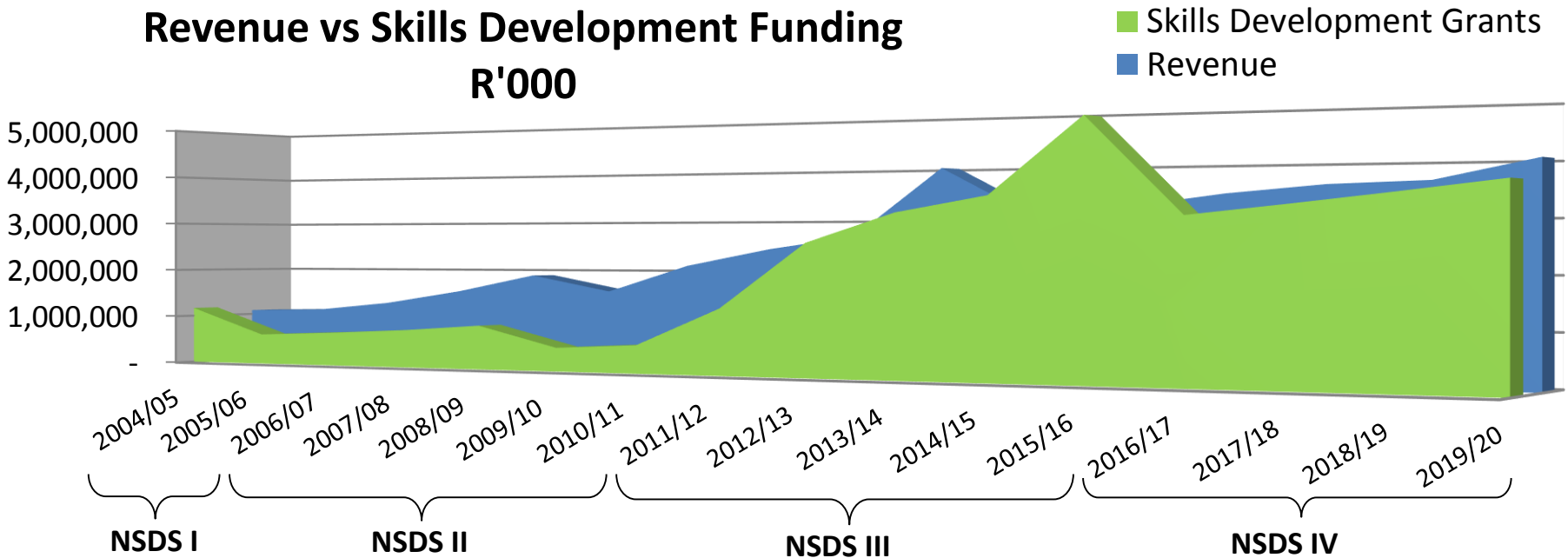
## ACCUMULATED SURPLUS AND RESERVES

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 Years	
	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20
<b>Opening balance</b>	6 582 222	7 645 697	7 684 686	8 461 789	7 832 108	5 948 938	6 131 381	6 273 728	6 258 970
<b>Surplus / (Deficit)</b>	1 063 475	38 989	777 103	(629 681)	(1 883 170)	182 443	142 347	(14 758)	135 960
<b>Closing balance</b>	<b>7 645 697</b>	<b>7 684 686</b>	<b>8 461 789</b>	<b>7 832 108</b>	<b>5 948 938</b>	<b>6 131 381</b>	<b>6 273 728</b>	<b>6 258 970</b>	<b>6 394 930</b>

# BUDGET

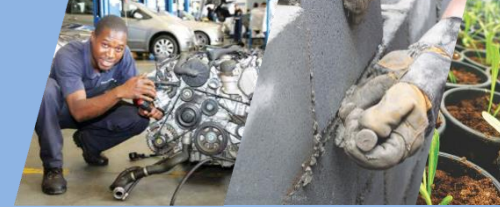


**Revenue vs Skills Development Funding  
R'000**

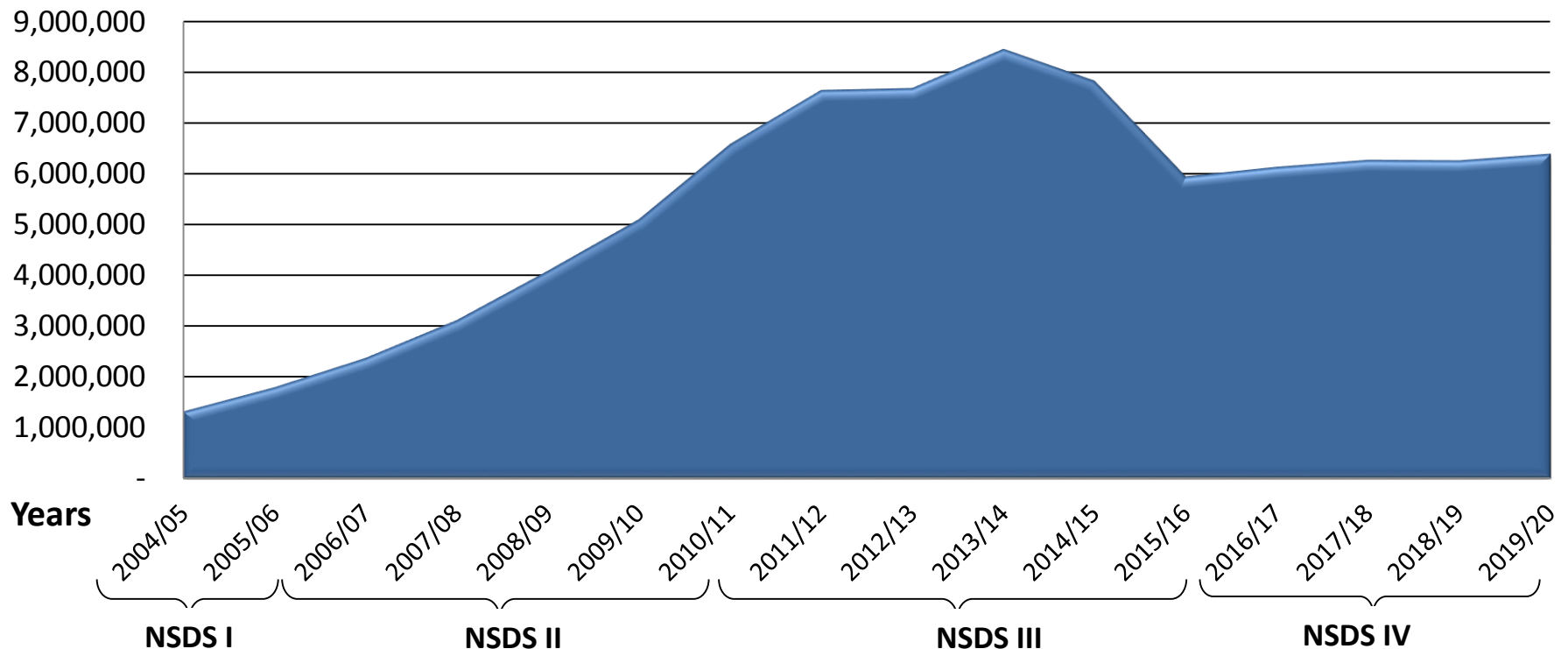


- ✓ Total revenue is currently growing at an average of 10% per year. Provision for a 6% growth in revenue was made in the budget going forward.
- ✓ Skills development grants expected to peak above annual revenue as NSF starts to utilise its accumulated reserves towards skills development over and above current revenue. This is due to the NSF's high level of commitments towards skills development.

# BUDGET



## Decline in Accumulated Surplus R'000



- ✓ Expected decline in accumulated surplus as NSF starts to utilise both its accumulated surplus and annual revenue towards skills development initiatives.

# BUDGET



## REVENUE

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 Years	
	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>	2 012 837	2 270 797	3 619 716	2 687 353	2 937 293	3 227 223	3 420 856	3 626 108	3 843 674
<b>SDL Income</b>	2 012 837	2 254 020	2 514 907	2 687 353	2 937 293	3 227 223	3 420 856	3 626 108	3 843 674
<b>Income from SETAs</b>	-	-	1 104 809	-	-	-	-	-	-
<b>Other Income</b>		16 777							
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>	438 255	428 112	391 258	393 226	302 258	238 580	194 006	40 000	194 006
<b>Interest Received</b>	418 321	428 112	391 064	393 226	302 258	238 580	194 006	40 000	194 006
<b>Other Income</b>	19 934		194						
<b>TOTAL REVENUE</b>	<b>2 451 092</b>	<b>2 698 909</b>	<b>4 010 974</b>	<b>3 080 579</b>	<b>3 239 551</b>	<b>3 465 803</b>	<b>3 614 862</b>	<b>3 666 108</b>	<b>4 037 680</b>

# BUDGET



## SKILLS DEVELOPMENT GRANT DISBURSEMENTS (GOAL 1)

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 Years	
	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20
<b>SKILLS DEVELOPMENT GRANT DISBURSEMENTS (GOAL 1)</b>	1 304 949	2 575 125	3 138 491	3 441 728	4 866 431	3 057 778	3 241 244	3 435 719	3 641 862
<b>NSDS II</b>	156 557	(41 617)	(32 095)						
<b>NSDS III</b>	1 148 392	2 616 742	3 170 586	3 441 728	4 866 431				
<b>HRDSSA</b>		6 665	19 833	66 490	70 359				
<b>NSA Ministerial</b>	2 922	17 303	15 172	66 954	70 850				
<b>Government Priorities</b>	314 579	1 091 354	1 308 720	1 769 259	1 633 318				
<b>DG Priorities</b>	829 823	1 447 469	1 523 696	1 418 733	1 408 874				
<b>Skills Infrastructure</b>	1 068	53 951	303 165	120 292	1 683 030				
<b>NSDS IV</b>						3 057 778	3 241 244	3 435 719	3 641 862

# BUDGET



## ADMINISTRATIVE EXPENSES (GOAL 2)

R'000	Audited outcome			Revised estimate	Medium-term estimate			Additional 2 Years	
	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20
<b>ADMINISTRATIVE EXPENSES (GOAL 2)</b>	<b>82 668</b>	<b>84 795</b>	<b>95 380</b>	<b>268 532</b>	<b>256 290</b>	<b>225 582</b>	<b>231 271</b>	<b>245 147</b>	<b>259 858</b>
<b>Employee costs</b>	14 051	17 732	24 307	54 111	57 141	60 284	63 298	67 096	71 122
<b>Operating expenses</b>	18 259	16 401	19 949	54 506	57 558	33 172	34 815	36 904	39 119
<b>Management fees and bank charges</b>	2 018	2 008	2 092	2 384	2 518	2 656	2 789	2 956	3 134
<b>Collection costs to SARS</b>	48 339	48 631	48 745	107 031	113 025	119 241	125 203	132 715	140 678
<b>Capital expenditure</b>	1	23	287	50 500	26 048	10 229	5 166	5 476	5 805

- ✓ NSF's total administrative costs (excl. SARS collection costs) is at 4.9% of its total revenue, making the Fund administratively a cost-efficient organisation in comparison with other levy organisations.



# NATIONAL SKILLS FUND



*Funding To Skill Our Nation*

Ngiyabonga. Ndi a livhuwa. Enkosi.

Baie dankie. Re a leboga.

Siyabonga kakhulu. Hi khense ngopfu.

Ke a leboha. Thank you.

