

TERMS OF REFERENCE

MINISTERIAL TASK TEAM TO CONDUCT AN INDEPENDENT REVIEW OF THE NATIONAL SKILLS FUND

1. Background

One of apartheid's most malign legacies is educational, both basic and post-school. As a result, government devotes a considerable share of its resources – about 20% of public spending – to education and skills development. One vehicle through which Post-School Education and Training (PSET) is financed is the NSF, which was established in terms of the Skills Development Act (SDA) of 1998. The NSF is funded through the skills development levy, a payroll tax introduced by the Skills Development Levies Act (SDLA) of 2000 to encourage learning and development in the workplace. It receives about 20% of the levy; the rest is allocated to Sector Education and Training Authorities (SETAs). These resources fund training programmes, institutional capacity building and research across the PSET system.

In 2019, the President of South Africa, Mr C. Ramaphosa established a new Ministry, the Ministry of Higher Education, Science and Innovation with Dr BE Nzimande as the Minister. The configuration of government thus signalled that a single Ministry of Higher Education, Science and Innovation now lead the respective Departments of Higher Education and Training, and Science and Innovation. The reconfiguration thus requires a strategic assessment, review and alignment of the objectives of the two departments and its entities including the NSF, as well as the White Paper for Post-School Education and Training (WPSET) 2015 and the White Paper on Science and Innovation (WSI) 2019.

Further, in 2013, the National Treasury, in partnership with the Department of Performance Monitoring and Evaluation (DPME) in the Presidency, initiated a series of Performance and Expenditure Reviews (PERs) of selected public programmes or policies. The projects were chosen based on recommendations by the Ministers' Committee on the Budget (a sub-committee of Cabinet), officials of the DPME and National Treasury. The NSF was identified as part of the 40 PERs to be conducted including the Department of Higher Education and Training.

This review provided useful insights into the trends, composition and drivers of the performance and expenditure across its programmes as well as the cost of NSF services which is regarded as an important tool for making decisions in pursuing efficiency gains and value for money.

Since 2011, the NSF has year on year funded education and training of an average of 60 000 beneficiaries aimed at targeting occupations in high demand, rural development, SMME and co-operative development, and worker education through workplace based learning interventions including learnerships, apprenticeships, occupationally directed qualifications and internships amongst other programmes. In the main, funding allocated through the NSF included TVET college and university infrastructure development, equipment and refurbishments, research, constituency support such as the Human Resource Development Council of South Africa, National Skills Authority and constituency capacity building and PSET system capacity building including TVET system capacity interventions targeting curriculum review, quality of provision, teaching and learning as well as administration of education and training system. These aimed to support, strengthen and improve access, quality and relevance of education and training provision as aligned to the demands of the world of work.

However, over the last two financial years the NSF has received unfavourable audit outcomes which is regression from having unqualified audit opinions in the prior years. During the 2018/19 financial year, the Auditor-General of South Africa (AGSA) identified a number of findings that impacted the performance and expenditure of the NSF including internal control limitations due to the high vacancy rate and system deficiencies.

The NSF as a skills development entity is positioned within the broader national context to support the attainment of key government policies and plans to address the triple challenge of poverty, inequality and unemployment. In responding to the mandate of government, the skills levy transferred to the NSF is a critical resource to fund skills development interventions as part of the broader PSET and innovation systems. The

demand has now been exacerbated due to the impact of Corona virus on South Africa's economic and social developmental trajectory amongst other policy shifts. The above contextual matters coupled with the advent of Corona virus (COVID-19) in South Africa in March 2020, has exacerbated the demand for funding to respond to the plethora of interventions to combat COVID-19 and respond to economic and social development and reconstruction has required the entity to realign and reprioritise its interventions.

It is within this context that the Minister of Higher Education, Science and Innovation instructed that an independent review of NSF be conducted. The independent review of the NSF would focus on a strategic review to look at the general operations of the NSF, its efficiency and relevance with regards to the national skills priorities of the country.

Purpose

The Minister has therefore decided to appoint an independent Ministerial Task Team (MTT) to conduct a strategic review of NSF, the general operations of the NSF, its efficiency and relevance with regards to the national skills priorities of the country. The strategic review will include the review of the strategic mandate, strategic policy scope and analysing its capacity, systems and organisational structure in relation to its mandate as a skills levy entity. The MTT will examine all contextual and institutional factors that impact upon the current challenges facing the entity, advise on its mandate as an entity and its scope of work as a skills levy entity and make recommendations on measures required to ensure that the NSF is strategically positioned as an entity with a clear mandate and scope, supported by the necessary structures, capacity and systems for sustainable future.

Composition

The MTT will be chaired by Ms Yedwa Mbali Mjiako and will include two members as follows:

- a. Ms Margaret Phiri.
- b. Mr Kishore Gobardan.

Scope of Work

The MTT is appointed for a period of six months, and must provide an assessment of and advice to the Minister in the following areas:

- a. The current strategic vision and plans of the NSF, and their relevance to the current challenges and policy objectives of the PSET and innovation system, with specific reference to the strategic role of the NSF as part of overall national government policy and legislative context.
- b. The mandate of the NSF as a skills levy entity within the PSET and innovation systems.
- c. The appropriateness and compatibility of the current model and structure to its mandate, operations and efficacy.
- d. The nature and structure of the models that the NSF utilises in relation to the national and provincial operations and partnerships.
- e. The efficacy of the current the current business model and systems with policy and legislation with specific reference to:
 - i. Funding approaches;
 - ii. Strategic planning and research;
 - iii. Financial management;
 - iv. Legal and risk;
 - v. Initiation and evaluation processes for projects;
 - vi. Project monitoring both financial and non-financial;
 - vii. Reporting both financial and non-financial ; and
 - viii. Evaluation of funded projects.

- f. The governance and administration of the NSF with specific reference to:
 - i. The efficacy of the current governance and administration models, systems and processes;
 - ii. The effectiveness and appropriateness of the existing oversight mechanism in ensuring accountability of the management of NSF;
 - iii. The efficacy of the current policy and regulatory environment.
- g. The current state of the NSF Information and Technology systems and in relation to its requirements to support the NSF as a skills levy entity, including a focus on its ability to draw on rapid advances in digital technologies that can support and enable all levels of operations.

Reporting

The MTT will be appointed for a period of six months, commencing its work on the date of the letters of appointment.

The MTT must, within six months, conduct the review and submit to the Minister a Report containing the findings and recommendations.

Administration

The NSF will provide administrative support to the Task Team.

Remuneration:

The members of the MTT will be remunerated in accordance with the Treasury Rates of Remuneration of Non-Official members: Committees of Inquiry, and Audit Committees, determined by the National Treasury.