



MEDIA RELEASE **National Skills Fund R5 billion loss: PSA calls on President Ramaphosa to step in**

DATE 17 March 2022

EMBARGO None

ENQUIRIES communication@psa.co.za

The Public Servants Association (PSA) learnt with shock that the National Skills Fund (NSF), which is an entity of the Department of Higher Education and Training, cannot account for R5 billion.

The NSF was established to provide funding towards education and training objectives such as bursaries and scholarships, learnership and skills programmes, and workplace-based learning, and to improve the post-school education and training system. The NSF is tasked to focus on capacity building, investing in skills infrastructure, research, and innovation. The failure to account for R5 billion over two years is unacceptable in the face of the country's huge backlog on skills development and rising youth unemployment.

The Minister of Higher Education reported that he appointed a company to conduct a full-scale forensic investigation into the NSF's financial affairs following Scopa direction in May 2021. He also appointed a ministerial task team to conduct a strategic review of the NSF, including general operations, efficiency, and relevance regarding the country's national skills priorities. The Department has already spent R2 million on an investigation and suspended the Director-General and Executive Officer in June 2021, with disciplinary proceedings still pending.

The National Prosecuting Authority recently confirmed that it could only recover R1.7 billion over 20 years. With reports still being awaited, the PSA thus has little faith that the unaccounted money will be recovered, whilst more money is being ploughed into numerous investigations. This matter requires immediate action by President Cyril Ramaphosa as most state-owned entities (SOEs) are failing dismally, resulting even more money being wasted on investigations with little returns. The PSA repeats the Union's call on government to stop outsourcing and the agentisation of the Public Service as this provides fertile ground for looting of state resources. This pattern of events is similar in most SOEs, where corruption is followed by suspension of the leadership, appointment of forensic companies, and the matter then disappearing from the public domain without consequence management. As a result, workers suffer under reduced budgets for tools of trade, diminished benefits, working in dangerous buildings, and no salary adjustments.

The PSA calls upon President Ramaphosa to prioritise the reconfiguration of SOEs as the country continues to pay a high price for looting whilst SOEs fail to deliver, other than undue enrichment by strategically positioned individuals. The country can no longer afford lip service at the expense of economic recovery and President Ramaphosa needs to act now and stand up to be counted in the battle against SOE corruption.

END