

Release of the Report of Commission of Inquiry into the Feasibility of making High Education and Training Fee-free in South Africa



13 November 2017

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On 14 January 2016, I established a Commission of Inquiry into Higher Education and Training in order to add into the body of knowledge and evidence that will inform government's decision making process in pursuit of a sustainable solution to the on-going higher education funding matter.

The Commission was chaired by Honourable Justice Jonathan Arthur Heher, assisted by Adv Gregory Ally and Ms Leah Khumalo.

The terms of reference of the Commission was to enquire into, make findings, report on and make recommendations on the following:

- The feasibility of making higher education and training (higher education) fee-free in South Africa, having regard to:

- o The Constitution of the Republic of South Africa, all relevant higher and basic education legislation, all findings and recommendations of the various presidential and ministerial task teams as well as all relevant educational policies, reports and guidelines;
- o The multiple facets of financial sustainability, analysing and assessing the role of government together with its agencies, students, institutions, business sector and employers in funding higher education and training; and
- o The institutional independence and autonomy which should occur vis-à-vis the financial funding model.

The Commission was expected to complete its work within a period of eight months and to submit its final report to the President within two months of completing its work.

At the request of the Commission the working period of the Commission was extended until 30 June 2017 with the report due within two months of completion of the work.

I received the final report from the Commission on 30 August 2017. I would like to thank Judge Heher and the Commissioners on the work done on this challenging matter. I also thank all stakeholders who made presentations to the Commission, and all who cooperated with the Commission to ensure that its work was done and concluded successfully.

I hereby release the Report of the Commission into the feasibility of making higher education and training fee-free in South Africa.

1. RECOMMENDATIONS OF THE COMMISSION

The recommendations of the Commission can be summarised as follows:

1.1 FUNDING THE POST SCHOOLING EDUCATION AND TRAINING SECTOR

The Commission recommended that government increase Block funding to the Post School Education and Training Sector (PSET) as a whole in line with increased costs for providing quality education and infrastructure needs. The Commission recommended that government increase its expenditure on higher education and training to at least 1% of the GDP, in line with comparable economies. The Commission further recommended that government pay particular attention to the Technical and Vocational Education and Training colleges as they cannot perform at their current funding levels.

1.2 STUDENT ACCOMODATION

On student accommodation, the Commission found that there is a severe shortage of student accommodation across the higher education and training sector. The Commission recommended that government adopt an affordable plan to develop more student accommodation and that Historically Disadvantaged Institutions be prioritised. The commission further recommend a Public-Private Partnership approach when responding to the student accommodation challenge.

1.3 ONLINE AND BLENDED LEARNING

On the option of Online and Blended Learning, the Commission recommended that Government must further investigate the viability of "online and blended learning" as an alternative in addressing the funding and capacity challenges facing the current higher education and training sector.

1.4 FUNDING FOR TECHNICAL VOCATIONAL EDUCATION AND TRAINING (TVET) STUDENTS

The Commission made the following recommendations regarding the funding of students at TVET colleges:

- That all students at TVET Colleges should receive fully subsidized free education in the form of grants that cover their full cost of study and that no student should be partially funded.

1.5 POSTGRADUATE STUDENTS

The Commission recommended that the NRF bursaries (based on merit, or other criteria as developed by the NRF) for postgraduate students be retained and expanded when possible. The Commission further recommended for Postgraduate students to have access to a cost-sharing model of government guaranteed Income-Contingency Loans sourced from commercial banks (ICL).

1.6 HISTORIC DEBT

It is recommended that students with debt, who have since graduated, be offered income-contingent loans (ICL) as well.

1.7 NSFAS

The Commission recommend that the participation of the National Student Financial Aid Scheme (NSFAS) in the funding of university students be replaced by the ICL system. NSFAS should be retained for the provision of the funding of all TVET students and TVET student support if such retention is considered necessary.

1.8 FUNDING FOR UNIVERSITY STUDENTS

The Commission recommends that all undergraduate and postgraduate students studying at both public and private universities and colleges, regardless of their family background, be funded through a cost-sharing model of government guaranteed Income-Contingency Loans sourced from commercial banks. Through this cost-sharing model, the Commission recommends that commercial banks issue government guaranteed loans to the students that are payable by the student upon graduation and attainment of a specific income threshold. Should the student fail to reach the required income threshold, government bares the secondary liability.

In implementing this model, the Commission recommends that the existing NSFAS model be replaced by a new Income Contingency Loan System.

Should government be opposed to this model, the Commission recommends that government consider the "Ikusasa Student Financial Aid Programme", an Income Contingency Loan Funding Model proposed by the Ministerial Task Team on Funding for Poor, Working Class and Missing Middle Students.

The Commission further recommend that government considers the introduction of a university fee capping mechanism to avoid the cancelling out effect. Some key points of the ICL model are the following:

- repayment only begins when the student reaches a certain threshold income;
- payments only continue until such a time as the loan is paid off;
- the repayment period could be set to a maximum period so as ensure that payment does not impact on retirement accumulation;
- students could be allowed to settle the loan more quickly should they be able to;
- those who emigrate could be required to pay off the loan before leaving;
- loan is made available to all students (Private and Public Universities) ;
- No means test;
- The financing of every university student is achieved through a bank loan at a rate favourable to the student. Whether such financing should extend to the full cost of education will depend solely on the choice of the borrower and his need for such an extension;
- Collection and recovery of the loan will be undertaken by SARS through its normal processes.
- The state can guarantee the loan or, better still, purchase the loan, so that the student becomes a debtor in its books. Prof Fioramonti, in his model proposed the inclusion of the banks as lenders to students, with a government guarantee, so as to cover the cost for the initial years.
- No student is obliged to repay a loan unless and until his or her income reaches a specified level. At the lowest specified level the interest rate is at its lowest but will increase in accordance with specified increases in income growth.
- If the loan is not repaid within a specified number of years the balance can be written off.
- The State will repay each student loan to the bank at a given date (say five years from the first advance).

1.9 REGISTRATION FEES

The Commission recommended for the application and registration fees to be scrapped across the board.

WAY FORWARD

The Inter-Ministerial Committee on Higher Education Funding led by the Minister in the Presidency Mr Jeff Radebe, and the Presidential Fiscal Committee whose lead Minister is the Minister of Finance, Mr Malusi

Gigaba, are processing the report. I will make a pronouncement on the Report once the Ministers have concluded their work. I have decided to release the Report prior to the conclusion of our work in processing it so that the public can have an opportunity to study the report while we continue with the processing thereof.

For the full report and executive summary click here:

[Commission of Inquiry into Higher Education Report.pdf](#)

[Commission of Inquiry into Higher Education Report_Executive Summary_0.pdf](#)

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