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DAY 1

**COMMISSION OF INQUIRY INTO
HIGHER EDUCATION AND TRAINING**

HELD AT: SAMMY MARX SQUARE - PRETORIA

PARTIES PRESENT:

Commission

Evidence Leaders

South African Union of Students

Wits University

Department of Higher Education

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SESSION 1 – 10 AUGUST 2016

JUDGE: Alright I would like to welcome everybody here, this is the first meeting of the Education Commission, I welcome your cooperation and I look forward to ...[inaudible] it is my role to listen to you and hear
5 whatever you have to say and to take into account what you are saying. We are looking for any relevant evidence relating to the ...[inaudible] which is whether fees are necessary and whether they should be funded and if so how, apparently my mic is ...[inaudible] is this one any better, righto this is the one I should use and once again welcome.

10 I hope since there are not a lot of spectators at the back that you probably heard what I had to say the first time but I am looking forward to hearing what you have to say and we all as commissioners will welcome the input of everybody who comes to speak at this commission, the fact that you may have views that you think are perhaps not
15 mainstream views or perhaps you think they are mainstream views does not matter at all, they will all be given consideration and at the end we will try our best to make sure that your views are taken into the final recommendation to the President.

You will appreciate that what we are to do is not to make a
20 decision, we cannot do that, the best we can do is make a recommendation and we hope that what you say will add to the value of what we put before the President. With that brief introduction and bearing in mind that this is really an introductory session so that you can address anything that you feel is a matter of dispute or a matter of
25 importance in relation to the overall terms of our commission and we

would like you to commence and we would welcome the South African Union of Students as the very first contributors to this discussion. Advocate Pillay it is going to be over to you to lead such evidence as think is appropriate and to the South African Union of Students you are
5 free to say whatever you want within the bounds of relevance, thank you.

ADV. K. PILLAY SC: Thank you Chairperson, just to place ourselves on record my name is Kameshni Pillay and I am a member of the Jò burg Bar and I just ask the rest of my team to place themselves on record.

ADV. M. LEKWANE: Good morning my name is Matsileng Lekwane I am
10 also a member of the Johannesburg bar and one of the evidence leaders.

ADV. C. MABUDA: I am Chipio Mabuda I am from the Johannesburg Bar and I am also one of the evidence leaders.

ADV. M. ZULU: Good morning my name is Male Zulu I am a member of
15 the Johannesburg Bar and one of the evidence leaders thank you.

PROF. T. MOSIA: Good morning my name is Themba Mosia I am an expert assisting the commission on higher education.

ADV. G. SIMPSON: Good morning my name is Genevieve Simpson and I am also an expert assisting the commission.

20 JUDGE: Yes thank you.

ADV. K. PILLAY SC: Thank you Chairperson. The first presenter, the first set of presentations we have for the first day of these hearings in set 1 Chair is the South African Union of Students which is a federation of student representative councils of all universities in the country, I would

now like to hand over to Mr Mjajubana who is the Chairperson of SAUS.

MR MJAJUBANA: Thank you and greetings. My name is Avela Mjajubana the South African Union of Students President and before perhaps I can start I would allow my colleagues here to introduce
5 themselves thank you.

JUDGE: If you will just bear with me one moment I am not getting a very good volume from you and I think it is important that we should hear everything you say, is there any way of improving the volume.

MR MJAJUBANA: No thank you, as I was saying that ...[intervenes]

10 JUDGE: That is better thank you.

MR MJAJUBANA: Perhaps before we start my name is Avela Mjajubana the South African Union of Students President, I will allow my colleagues to introduce themselves and then I will take over from there.

JUDGE: Thank you.

15 MR NDLOVU: My name is Stembisa Ndlovu the secretary general of South African Union of Students thank you.

JUDGE: Thank you.

MR MOGABE: My name is Mishak Mogabe I am the treasurer of the South African Union of Students.

20 JUDGE: Thank you.

FEMALE: ...[inaudible]

JUDGE: Thank you. Now I do not propose to swear any witnesses in at this stage because what you are saying is not a matter which, the truth of which needs to be proved, I am quite happy just to receive your

submissions without your being sworn in unless you would like to be sworn in.

MR MJAJUBANA: No we were elected by congress and we were declared leadership.

5 JUDGE: That is fine.

MR MJAJUBANA: There is a colleague of ours that is busy with some technical issues Ukaletso Mabusa who is a National Executive Committee Member of SAUS.

JUDGE: Yes, again Miss Pillay I do find that this board in front of me is
10 an obstruction, yes could it not be moved or lowered if you please so that I can at least see who is talking to me. Is there any possibility of perhaps putting it on the desk below, oh I see sorry this is going to be part of your presentation is it?

MR MJAJUBANA: Ja.

15 JUDGE: I see well what do you suggest, is it possible to move it over to the right slightly so that we can all see it but I can see who the witnesses are or to the left it does not matter but then we will not see Advocate Pillay, a little bit further if you please and angle it slightly like that so that we can see it, that is fine like that, yes thank you that is much better, can
20 you plug it in. What is the problem, now I have no longer got the book that I was supposed to have because I was told it was already in here, have you got yours where is our secretary not here. Pumi I need that volume off my desk please it is not here, today the one for today thank you. I am sorry for the delay as soon as it is connected up we will start.
25 Right everything seems to be in order, Mr Mjajubana would you like to

begin or are you going to lead the witness Miss Pillay?

MR MJAJUBANA: Thank you Chair, I was not done with the introductory part of our collective present here, the Deputy Secretary General is on her way, she will be joining us anytime from now but perhaps before we
5 begin if Chairperson would allow me to perhaps ask a question and then we will proceed from that.

JUDGE: Yes of course.

MR MJAJUBANA: Thank you. I will start from the background or the preamble of this question to say this commission is as a result of student
10 protest that happened last year demanding that fees must fall, demanding free quality education in South Africa. Now with that there is an understanding that majority of our students are poor and the many are rejected by our education system in the higher education sector, now from that premise many parents and students from experience student
15 leaders we shed tears with them because they cannot access to any institution because first of all they do not have money to pay registrations and education at large.

Now from this background Chair we have witnessed that the President have extended the work of the commission to that they must
20 report, a primary report must be submitted in November this year and then the commission must report 30 June next year with that Activista South Africa request from the commission itself. Now we as the Union that were at the centre of that protest we were never consulted in that process and we believe that there were discussions before even
25 President would establish this commission now we will deal with that

when perhaps we question the President around that.

Now the question that I want to ask is what are the reasons behind the request for an extension because I believe the commission now is five or six months since its establishment and we ourselves we
5 have met the commission in June and we have been wondering since from the beginning of this year where is this commission, where are they working and we are glad that in June perhaps you came and called us. Now I want perhaps to understand the reasons why this commission requested for an extension and in the main what does this commission
10 or what have this commission recommended to the President on what must happen particularly with the fee increments that in the institutes of higher learning now they are beginning with discussions, what must happen with the 2017 enrolment, that is my question Chairperson thank you.

15 JUDGE: Yes, well I am quite happy to tell you what the reasons were, sorry let me put this on, I am quite happy to tell you what the reasons were. Our evidence leaders were appointed and they looked into the scope of all the questions which are likely to arise in this commission. You may or may not have seen that there is a structure which has been
20 prepared for the work of the commission, if you have not seen the structure then you should have one and I will ask that the evidence leaders make it available to you, it is on the website as well, that structure was as a result of a thorough consideration of what is going to be required in order to deal with the full matter fairly and to present
25 everything to the President in due course.

And the structure required that time be taken firstly to prepare for each leg of the commission as it were that was identified and thereafter to present the evidence that will, is thought to be required and that is the evidence based upon the submissions that we have received which is
5 something in the nature of 200 submissions, we need to hear all of the people and we need to hear all of them in relation to the issues which they have raised with us. The issues may seem simple in the very basic sense of how do you finance the students on an interim and a longer term basis, it is not quite as easy as that as the evidence leaders have
10 pointed out to us and that is why when we had considered the whole structure that was framed for our consideration we realised that it would simply not be possible to present a final report within the time that was allocated.

And as you will see from the structure the time has been
15 constructively developed so that we can take the evidence and present a report. Now what will happen as far as the students position is between now and then is a matter for the government to decide and it must make its own decisions, we cannot influence that, I do not think that we are likely to be in a position to make an interim recommendation as to how
20 the financing should take place, indeed that is not our task it is not within our mandate to do so. Whether the President will be able to act on the interim report that we submit in November I doubt, the President is going to have to make up his mind on what should happen between now and the receipt of the final report. As you know when he receives the final
25 report he is not obliged to take any notice of it at all he can put it on the

top shelf if he wishes and take whatever political decision he thinks is appropriate at the time.

This is only an advisory report it is not a binding report and so I can only say to you that insofar as students have been catered for this
5 year by a no fees increase, the President will have to decide what is to happen in the year to come on an interim basis whether he will raise taxes or whatever he will do is his decision we cannot influence that decision, we have not been asked to do so either so we must follow our course to come to the duty, to fulfilment of the duty that we have had
10 committed to us, that is to say to recommend what the long term manner of dealing with fees should be. That is all that I can tell you at the moment, if you have any further questions you are quite free to ask them.

MR MJAJUBANA: ...[inaudible] can we perhaps be furnished with the
15 work that the commission has done for at least January to now thank you.

JUDGE: I am sorry I did not understand that question.

MR MJAJUBANA: Can we at least be furnished with the work that the commission has done at least January to now.

20 JUDGE: Well what has been done has been setting up the commission, that is to say the logistics of the commission, how it is to run, what staff are to be employed, where the venue is to be, who is to run it and how it is to be run in connection, between the departments and the various interested parties. The evidence leaders have been briefed, they have
25 looked at the numerous reports, they have consulted with their expert

witnesses to plan the way forward, they needed, the evidence leaders needed to understand what the whole scope was to be and in order to do that they obviously had to do a vast amount of reading and they had to take a considerable amount of advice and of course they had regard to
5 the submissions, the representations that were made and that has brought us to the present time, it has not been possible to proceed meaningfully until the present time and now it is and that is what we are trying to do.

MR MJAJUBANA: I think Chair maybe without waste of time we are
10 obviously as the Union ...[intervenes]

JUDGE: Which is on and which is off.

MR MJAJUBANA: Thank you Chair. As I was saying that perhaps we as the Union we are going to reflect from this response now without waste of time I will give the Treasury General just to start with the beginning of
15 our presentation, over to you treasurer.

JUDGE: Thank you.

MR MOGABE: Thank you very much, I do not know if I am audible enough, yes thank you very much.

JUDGE: I must tell you that what you are saying will be recorded and a
20 record of the evidence will be produced and if at the end of the day you want a copy of the record of the evidence I am sure it can be provided to you.

MR MOGABE: Thank you very much. As it was said we are the South African Union of Students representing all SRC's from all 26 University's.
25 We are the biggest federation of SRC's and we are here to speak on

behalf of more than one million students in the country, they gave a mandate to come here and give the views of students in relation to what must happen in relation to the question of free education. As you know as a way of background that in 2015 we went to a protest, all students
5 speaking with one voice in what we termed the fees must fall and that struggle is what led to the President pronouncing after we had a meeting with him we were part of that meeting as South African Union of Students and the President subsequently pronounced that there must be this commission.

10 So we are saying as a way of introduction and background that this commission was born out of the struggle that was led by us as the students from all institutions of higher learning. Now without wasting much of the time the President will lead us in presenting why we want free education as students so that each and every person in the country
15 and in the world will know why students are demanding free education. After the President leading that part we will have the Deputy Secretary General who present, because students said we need to look at the quality of that free education we want so the Deputy Secretary General will lead on that part of the quality of that free education we want and
20 then the President will come back again and lead us on how this free education can be introduced in our perspective as South African Union of Students.

We want to give guidance on how we wish to see this free education being introduced in the country and then the Deputy Secretary
25 General will summarise and give a way forward and then we will be done

with our presentation so this is how our presentation is going to flow from now until we finish. We will plead with you that allow us to finish the entire presentation and then we will respond to questions after when we are done so that we are able to move with the flow that we have
5 prepared as we are going to present going forward.

President let me hand over to you to speak the mandate that we are given by the students, by the way on 21 to 24 April we had a meeting in Cape Town with all SRC's to finalise these submissions and this presentation so what we are speaking is a voice of the students and it is
10 coming from the mandate that we are given by the students so President over to you.

JUDGE: Yes thank you.

MR MJAJUBANA: Thank you, thank you Treasury General for that introduction. May we quickly go into the presentation itself, as the Union
15 we are saying, and it has been for 10 years now since our establishment that we demand free quality education in South Africa, now the reasons being and I will summarise them, with given history in South Africa and the historical injustices of the past majority of students mainly black in particular and students in general are coming from poor background so
20 that is the first reason that we are saying there must be free education so that this group of or this section of our community can get access to free, can get access to education.

Increasing student debts which in our struggle we call the black debt, here we are saying majority of our students when they enter into
25 the system they get into a debt and further to that when they want to

continue to register or continue with their studies because of this debt now they end up dropping out of the institutions so we are saying all these debts they must be scrapped so that all students can get access to education. We are saying also that there will never be a social justice
5 and a transformation and a developmental agenda advanced if there is still a section of the society that cannot be able to access education so that is why we are saying that there must be free education.

Also we are saying that the enrolment is increasing over the years but with the premise that many of our students are coming from
10 families that are in the periphery from the economy then these students they also end up dropping out from the education sector so we are saying that also this one of free education must be addressed also. We are saying that there will never be a skill that is acquired in South Africa without education so we are saying we demand free education in order
15 to get skills to build our country both economically and socially. Also we are saying that the human resource which is in line with the skill also is needed both in the private sector and the public sector so with that bottleneck this question cannot be addressed the human resource question in South Africa.

20 So we are saying that there must be free education in order to address this human resource both for private sector and public sector in order to develop South Africa. We are saying that with this free education the social system and its further development is necessitated so we will need to get this free education so that we address the social
25 imbalances and the social question and the development as a whole.

We also believe that there will be a reduction of criminal activities because we believe that majority of youth number one is unemployed because they did not get the required skill henceforth we are saying that this free education will open up space for every young person in South Africa to get to access to education and get the required skill in order to partake in the mainstream economy in the country.

Also we are saying that in South Africa with this free education there will be an increase in terms of the research output and so that is our belief in the main and we also say that with that having said this is just a premise that in order for South Africa to develop we education must be equal to each and every one in South Africa, access must not be denied due to debts, access must not be denied due to race, gender and class so we are saying free quality education in South Africa is impossible, is possible and is indeed needed for the developmental agenda. For now I will give to the Deputy Secretary General to deal with the quality part of our education then from thereon I will come in and give how this free education can be attained in South Africa, thank you.

JUDGE: Thank you.

MS HASSEN: Thank you very much my name is Fassia Hassen, is it on, right my name is Fassia Hassen and I am the Deputy Secretary General of the South African Union of Students. Following on what our President has spoken about, when we made the call for free education it was also a call for free and quality education, needs be obviously that in opening up access we must also acknowledge the project that we are trying to do and that is inherently linked to walking out with a degree that can in

some ways allow for students to be employed and allow for them to make an economic difference in their lives.

Now when doing research on other free education models across the world, Cuba being one example, the quality of education
5 could be questionable but more importantly when people walk out of the University or an institution of higher learning they cannot do much with that degree and after giving it a lot of thought and doing research we have come to the conclusion that there is no need for quality to be at the expense of free and what do we mean when we say that, the issue of
10 quality has got to do with resources, it has got to do with research, it has got to do with support for institutions of higher learning and a lot of those elements are financially linked.

When we talk about free and quality education we acknowledge the fact that the money has to come from somewhere, there is no such
15 thing as a free lunch, the argument that we have made is that students are not to be the ones who must bear the brunt or the burden of paying and thus the model that is being proposed of course is that the state, University's and the private sector must make a contribution and in doing so it is also linked to the issue of institutional autonomy. Now the reason
20 we are making this link at this point is that there is a fundamental job to be done in the process of free and quality education to ensure that those institutions do not drop standards and that is the role of the state and that is the role of the University's together.

There have been issues raised around research outward around
25 various issues around currencies and you know all of those affecting the

standards and the ratings of University's but we must also acknowledge that this is a long term project that the call for free and quality education is something that we will reap the benefits thereof in the next 20 years and acknowledging that means that we understand that there will be
5 some trade offs that have to be made but not at the expense of the quality element. On the issue as well we have spoken about decolonisation of the education system in the submission and very, very quickly when we talk about decolonisation we make the difference between that of transformation.

10 We acknowledge that the system itself is structurally racist, it seeks to exclude the poor black child on all levels not just financial, it excludes academic, emotional, accommodation and food security. We also acknowledge that we cannot be learning in an exploitative and a colonial space because access to education is not just about financial
15 access and being able to walk into a University, it is also about feeling comfortable at an institution of higher learning, it is about owning the space as black bodies and the truth of the matter is that the education crisis is a greater structural one and it therefore needs a greater structural solution which we are now proposing as the public and
20 decolonised education that is free.

Following on from that we have also spoken about the fact that access to higher education cannot be separated from racial issues and it is vital that we understand this because the bitter truth is that the masses of this country do not have access and they are poor and they are black
25 people and once we acknowledge this particular matter we will

understand the sensitivities in which we are working and the second very important point is about looking at education holistically, to provide support on all levels and that does fall under the decolonisation project particularly because we must understand that when a student walks into
5 for example a Wits University or for example University of Zululand if they have managed to get through the basic education system to a point where they can actually get accepted into University, this is number 1, an exception to the rule, it is a great achievement.

But now they walk into this institution, they are not equipped to
10 deal with the current standards, they do not have accommodation a lot of the time, they do not have food, security, they do not have academic support and we find that these students fall through the cracks of the system and the model that we need to look at is one that ensures that a person who walks in at first year level walks out three years later with a
15 degree and that is ultimately where we need to be looking at and that is why we are talking about holistic learning and about support on all levels.

The next point there is about commodification of higher education which is the ultimate fundamental project of what we are doing
20 here and the truth is that the higher education institutions that we currently have, have allowed education to be commodified, there are certain degrees ...[intervenes]

JUDGE: I am sorry I do not, excuse me I do not understand this expression commodified, what do you mean by that?

25 MS HASSEN: Allow me to explain.

JUDGE: Thank you.

MS HASSEN: When we talk about commodification of education and I will give you a practical example, for example accounting science, in year one there are several courses, accounting 1, economics, 5 mathematics, accounting 1 equals 36 points and costs a particular amount, if I am correct it is about R11 000-00 at Wits University. Now these courses not just have a points attached to them but they also cost this particular amount and we have reduced education to a marketable service that a student pays for, the focus now is not on learning and not 10 on developing but ensuring that we pay the institution back for a service rendered without proper academic support and holistic learning.

But it is about the greater issue that we keep speaking about, the greater structural issue and it is linked to quality as well in that when we implement free education if the element of quality falls what will likely 15 happen in the sector is that private institutions such as Monash, Boston etcetera will then fill that gap and there is a fundamental problem with that because in those institutions students get an education they can afford not what they deserve and given the context that we have just provided we will then acknowledge that the masses of this country 20 cannot afford a quality education that will allow them to move into the economic sector as leaders of the industry.

We also have to ask ourselves what education is about, is it simply about preparing human beings for individual jobs that will benefit self interest or is it about building people and building society using 25 education as a tool and I will use training, I am a law student, final year

is next year so we are almost there, but let me use an example of training legal practitioners. When we were training legal practitioners and judges etcetera at institutions of higher learning we cannot be training our students to read the law in black and white, we cannot be

5 inflexible technocrats, judges of the constitutional court do vital work for our democracy and there is a greater value that we play in the adjudication of those matter and that thus the point being made that education is not just about this marketable service, it is not just about you putting people through the system here, here is a degree walk out

10 go do something it is about building society and that is the model that we are looking at.

The next matter is around curriculum content review, that is linked to decolonisation, we have spoken about the eradication of some of those structural issues and about the broader transformation project

15 but before I close I want to speak formally about institutional autonomy because it is a huge controversial subject and one that is up for serious debate. As student leaders when we engage our vice chancellors and our rectors about various matters we are told actually that is the matter of the state, that is Minister Nzimande's job we are very stuck, there is

20 not enough state subsidy, we really cannot deal with that matter we must now approach the state.

We then meet with the state and we meet with Minister he says no, no I do not have power it is the job of vice chancellors and rectors and what ends up happening is that as student leaders and as students

25 we are caught between a rock and a hard place because on the one side

institutions of higher learning are saying well we cannot do anything about it but then on the other hand the Minister is saying well I have no power over institutions of higher learning and all that happens really is that the issue is not solved and number two it is students who suffer and

5 so what we need to look around is the balance of institutional autonomy such that there is enough power of the state to put pressure where needs be but at the same time vice chancellors and rectors and University management and councils will be able to say we are still running our institution and that is a fine balance that needs to happen

10 will all key stakeholders in the room.

Now that includes SRC's, that includes institutions of higher learning and it includes the state. I think let me leave it at that to allow President to elaborate on other matters and I can then chip in if needs be later, thank you.

15 MR MJAJUBANA: Thank you DSG we are going to continue with the part that says free education for all or for the poor.

ADV. K. PILLAY SC: Please if we could ask you Mr Mjajubana just to put yourself back on record when you start speaking again just for the purposes of the transcript so they can follow who is speaking.

20 MR MJAJUBANA: Okay thank you. Once again my name is Avela Mjajubana the President of the South African Union of Students. As I was saying that we are going to continue with the free education for all or for the poor but with that I would want to touch on the issue of this commodity part, you know education we have deliberated many a times

25 that is it either for a private good or public good then we have come to a

conclusion that education is indeed for a public good but with the understanding that South Africa is a developing capitalist state then therefore education with that colonisation as a part of capitalist mode of exploiting then education was also scooped from that process in order to
5 further the interest of the ruling class which is the capitalist class so you would find that the education system that we are in is not a responsive to the needs of the community that we live in rather an education that is borrowed somewhere particularly from our former colonisers.

Free education for all or for the poor, these two perspectives we
10 have discussed and we have resolved that after a thorough assessment that education must be for the poor and the missing middle which throws from the working class. We are saying that the middle class particularly are the ones that you would find that with the cap that is being used by the government be that of NSFAS to determine whether the student
15 qualifies or not it stays at around 123 000 per annum. Now we are saying that with the increase or the yearly increase of fees in the institute of higher learning it then also put a burden on the working class part which includes police and etcetera.

So we are saying here we have a table which displays the cost
20 of studying versus the cost of living, current average of cost of study of student per year is estimated to be around 100 000 with resident costs around 40 000, transport costs around 9000, tuition fees around 26 000, books and stationary around 10 000 and food around 15 000, the above actually was deliberated in the congress of SAUS in 2005, this might
25 have increased by the way in the state that we find ourselves. The

average salary of a living adopted from the business Tec report 2016 it stipulates that teachers earn around 280 000 to 600 000 per annum. Police officers 105 000 to 156 000, nurses 150 000 to 250 000, the average salary is 180 000 per annum, now with this you can actually
5 come out with an argument that it is indeed not feasible for our parents particularly those that we have named in this graph to fund this education we are talking about.

Free education, the reality of the matter is that yes as I have said that when we look at this tables the cost of studies taking more than 50
10 percent from the salaries of our parents so it is not possible because we also take into consideration the other expenses like your electricity, food at home, water, rentals and children because they also from a basic education side they would need some assistance in terms of going to schools and maintenance of their needs whilst they are at the basic
15 level. With that having said it is clear that the working class cannot be able to fund free education therefore as SAUS we have categorised students as follows.

That students there are some from parents, students with parents but earning less than a reflected above because we would know
20 that in the table we have said 180 is a living, is an average salary so there might be students that are coming from parents that earn below that average salary. There are also students who are coming from families that are not working due to unemployment and also there are students that do not have parents at all. This actually these ones that
25 are not, do not have parents many a times they use their parent guardian

certificates and ID's in order to apply for NSFAS but also with available budget in NSFAS many get excluded.

We are also saying that there are those actually that are coming from rich families and parents perhaps neglect them which now they tend to become the burden of the government as well. So we as the South African law students we are advocating for free education for the missing middle and the poor in the main as a short term goal but ultimately education must be free for all in South Africa. Now this is the perspective that we have used actually now then this free education can come about, we are saying that we must cut the wage bill, it is very paining to have a parent that is a cleaning in an institution of higher learning that earns about 5000 and we have a vice chancellor that earns perhaps about 350 000.

Now with that parent having a student and with that only 5000 and having a vice chancellor that earns this exorbitant income so we are saying that salaries of vice chancellors must be cut in order to fund free education, also we have ministers that earn around 150 000 with also benefits of your medical aid 10 000, your transport, your security all these things so we are saying that all these salaries of ministers they must be reduced in order to assist in the cost of education. And also we are saying that the mayors as well and municipal managers they also earn exorbitant salaries so with all these benefits as well so we are saying that their salaries must be reduced.

And also there is the salary that perhaps a President when he has left term of office he continues to get the salary so we are saying

that perhaps that salary can be used to fund education, that person as a person that was serving the republic must be treated as another worker that perhaps was working so he must go and get a retirement pension not to get that income that he was getting whilst he was the President so
5 we are saying that also because they will end probably around millions so we are saying that salary as well must be used to fund education and parliamentarians as well they earn very high so we are saying that also their salaries must be reduced.

The wealth tax for education we are speaking here about the
10 people that actually own company's so we are saying that those people the rich ones they must be able to contribute towards education, they must not play with us and give us two students bursary's and then that we think that they are contributing immensely, so we are saying that their salaries as well or their, they must be able to be taxed in order to fund
15 this education. International solidarity, we are saying that South Africa perhaps needs to, with its bricks program now it must be able to use that program to advance or to get assistance in terms of funding of this free education.

Just in government spending we know that the government has
20 taken that route so we are actually saying that government also need to adjust its spending and stop tenderising services because that is the other part of the state that takes away tax payers money within that tender process so we are saying that the state must stop tenderising services, actually that tender services can be actually be, state must be
25 able to build its own company's that are going to deal with all these

services in order to reduce cost and take that money to fund free education.

We are saying private sector must fund, must meet government actually half way, chamber of mines they are taking much of our
5 resources, they are taking much of our mineral resources and only for them to make private income so we are saying that there must be a percentage agreed upon by government together with the private sector to fund for education and also within the private sector we are saying
10 nationalisation well of mines, banks, can assist immensely in terms of funding this free education so we are also pleading with that and that the government needs to develop a capacity to deal with corruption so as to also prevent unnecessary wasteful expenditure and fund this free education.

And individuals actually from the public generally they can also
15 fund free education as they wish. Increase government DTP on education by two percent, that is what we are saying at least you need to contribute to around what is it 50 billion. Yes the model that we have drawn so as to summarise what we have said. Also we are saying that there must be conversation of NSFAS into a bursary system other than
20 being alone because NSFAS in the manner remains alone not a bursary. We have explained these other sections. I will now give to the secretary general of the Union to summarise because we have also notified of the time constraint here, thank you.

MR NDLOVU: Thank you very much I am Stembisa Ndlovu the
25 secretary general of the South African Union of Students. I think that my

colleagues have explained explicitly our position that hence in our summary we are making it explicitly clear that struggle for free education is a justified struggle that will not be trained as current epoch therefore so as the commission deliberate around the issues they must know that

5 the Union has brought some of the non negotiable terms in saying that ultimately the outcome of this commission that we envisage as the Union is that free education must be introduced by 2017, that is our position. We want free education for the poor and more especially the ...[indistinct] must be able to be incorporated in the process, currently we

10 cannot be waging a struggle that sons and daughters of Rupert and so on and so forth must be funded by state but we are saying sons and daughters from the poor working class need to be able to be funded as to ensure that they are able to get educated because what you must understand that the struggle that we are waging it is class struggle

15 because it is going to shift the balance of ...[indistinct] higher education sector towards the poor and the working class that we represent and advocate for their needs.

A multi dimensional approach must be used to fund free education as the President has made it clear that the private sector that

20 is wreaking our mineral resources need to play a meaningful role in terms of entering that they assist in terms of funding the struggle for free education in our country. A way forward in conclusion, we envisage to see the country introducing free education for the poor by 2017 because the demand for free education is an urgent demand that all the people

25 know by now as witnessed during the fees must fall. It is no longer some

of the negotiable terms that we are bringing forward as the Union, we have been reasoning for the past 10 years since our establishment as the Union and I think now it is high time that we are able to put our position clear and forward to all who seek to listen to us as young people
5 of this country that patience is slowly running out, outside the institutions of higher learning.

Hence we are saying that it becomes difficult now that there is this commission that is in session that since its establishment has been dealing with logistics, we must put it on record that it is very disturbing to
10 be told that and they will definitely seek to look unto those things and come up with a position as the Union on how should we therefore be able to reflect that. The student protest we know that was suspended only when this commission was pronounced because we said we want to give this commission to do its work on free education, students from time
15 to time expect to hear progress about how far with the work of the commission.

JUDGE: Just one moment please, I do not think you need to speak quite so loudly because there is amplification in the machine itself and it is at the moment you are distorting so just lower your voice a little bit and it
20 will come through clearer, thank you.

MR NDLOVU: Thank you, last time I checked they said there is a problem when you speak low but thank you very much Chair. We expect to time to time to get progress registered by the commission, I think that it is advisable that maybe even monthly we are able to be briefed on how
25 far is the progress as stakeholders because it cannot be that we wait for

three months, we wait for four months without getting any report because the national executive committee meeting that the treasury general was referring to gave us a mandate that they expect that this commission should have been done by its work by the end of August and if that is not
5 the case we will have to go and review and we will see what will happen, part of the resolutions that were taken is that students are prepared to go and study in the Union buildings, some are prepared to go and study in Cape Town in the parliament because the time is now that free education must be introduced.

10 And now we are faced with a situation whereby institution are in a process of increasing fees and I think the first step, really the first step is to cut registration fees in institution, I think that is one of the most progressive first steps that we are bringing forward also as the Union that the commission must be able to take into cognisance as we
15 continue to deal with the process, thank you very much.

JUDGE: Thank you. Does SAUS have anything else that it wishes to add and if so please go ahead.

MR NDLOVU: I wanted to say we are done with our presentation now we wait for questions so that we respond.

20 JUDGE: Thank you. Miss Pillay are there any pertinent questions that you would like to ask which they might be able to deal with?

ADV. K. PILLAY SC: Thank you Chairperson. Chairperson may of the issues that SAUS has raised is obviously extremely pertinent to the work of the commission and it is issues which we look forward to engaging
25 constructively with SAUS on as the commission enters set 2, set 3, set 4,

set 5, set 6 and set 7 of its hearings. We just from our side from the evidence leaders side just wanted to thank Mr Mjajubana, Mr Ndlovu, Mr Mogabe, Miss Hassen and Miss Simasa for their presentation today I think many of the issues which they have touched on are issues which
5 are clearly central to our work and issues which will feature very heavily in the work of the, in the program of the commission going forward.

As to the question of whether to date the commission has only been engaging with logistics issues I think we have engaged with SAUS before and we have emphasised to SAUS that the nature of the
10 commissions work is inquisitorial which means that a lot of the work is happening behind the scenes, the various reports are being studied, international work is being studied closely, we have got expert advice, we have consulted widely with a range of stakeholders over a long period so expect to be part of the commission going forward and we look
15 forward to engaging constructively with you, thank you Chair.

JUDGE: Thank you. Right may I say that I agree with what Advocate Pillay has said, yes.

MR NDLOVU: Are there any questions because with that we would want to register perhaps our disappointment in a sense that when you
20 explained that many of the work of the commission is done behind the scenes and when we get here we are told of logistics it then disturbs us very much because we expected perhaps to be called like this in at least by April so we are very disturbed by these closing remarks and we will thank you from that point of, thank you.

25 JUDGE: Well I am sure that you appreciate as a student that nothing

happens of itself there has to be preparation for what goes on and once the preparation has matured with your input obviously there will have to be discussion about your input and that will apply to everybody who speaks here and I speaking for myself am impressed by what you have had to say to us, I can see the merit of 99 percent of what you have had to say to us and it will receive attention, it must so thank you.

MS HASSEN: If I may just in closing, obviously as SAUS I think we have raised the issues that we have had and we do acknowledge the kind of pressure that the commission is under given the political dynamic, I think there is just one point to make in closing that is very, very relevant in upcoming weeks and months and it is something we have raised with the evidence leaders. We have raised the concern around the work of this particular commission on the issue of free and quality education being separated from the ministerial task team that is now investigating a possible increment for 2017 and it has been reflected in the presentation but we do want to make it very clear that the work of the ministerial task team cannot be happening without this commission, ultimately this commission should be informing what the possible ...[indistinct] I mean obviously the position we have made our position is very clear of a moratorium but the work of this commission should rather be informing the other and it seems to be the other way around and it is raising a lot of tension on the ground, there is a lot of difficulty in institutions of higher learning and we have raised this with the state and we have raised it with the various stakeholders.

But if there is going to be an attempt by the ministerial task team

to put forward and increment for 2017 it will harm the work of the commission and all of the hard work and the research and the investigations that are currently being done and I think from our side is to request the commission to continue engagements of course but to speak
5 to the department of higher education, to speak to the President, to understand the kind of difficulty that we are in as the South African Union of Students that if there is any form of increment we will then have to reject all of it and it will bring into question the work of the commission and that is something that is likely to happen in the next month or two
10 and we just want to be very open and very clear about it and be on record that there is a concern that the fact that these two commission have been separated and that our hand will be forced as the South African Union of Students if we cannot address the two matters appropriately, thank you.

15 JUDGE: Can I just say that we cannot possibly advise the President on a half cocked basis, we need to be properly, factually briefed on all the matters that are relevant. As matters presently stand the handling of higher education falls within the department, within the financial constraints of the government that is not for us to interfere with. Even
20 when we submit our report as I say the President may say I wish to have nothing to do with this report I do not agree with it, at the moment whatever fees increases or reductions take place is a decision which is going to be taken by the government with the knowledge of what resources it has available, we are not in a position and we are not
25 informed sufficiently at this stage to tell the government this is the money

you have and this is the money you must use, you have to give us a chance to prepare ourselves for that position and that cannot happen overnight, thank you.

MR NDLOVU: Thank you very much I do have a question. The
5 question, I do not know if I am audible enough.

JUDGE: Yes that seems to be in order.

MR NDLOVU: Okay ja thank you very much. No we were listening to the spokesperson of the commission this morning when he was briefing the nation that SAUS will present first and the probing from the panel of
10 experts on our presentation it seems as if we are closing without probing our presentation and I do not know whether our presentation was satisfactory that much that there are no even one single question about, a critical question of free education so I wonder that question Judge if you can give it so that we are able to have the comfort because it seems
15 now that we are in Church where the pastor preach and the people say Amen and then we go home, this is a critical question of free education, we want to hear what are the panel of experts are saying about our presentation that is what we were told that we are invited to do an oral presentation so that we are probed so that we are able to hear what is
20 your thinking also as panel of experts appointed by the President to deal with this question thank you.

JUDGE: Yes that is a fair comment. You must bear in mind though that this is an introductory session and nothing more than an introductory session, the idea is to get the input at this stage more than to analyse it,
25 this is not a session where we say we believe you or we accept what you

give us, I am impressed by what you are saying, I can see the point of what you are saying, I can see the benefit of what you are putting forward but at this stage to ask you questions of which I have 100 in my mind about the practicalities of how the money should be raised and
5 what the effect of the tax implications might be for example in the suggestions that you put forward is simply not appropriate because we are trying to get an overall picture of your approach to the general question.

You will if you so wish be given a better opportunity on more
10 specific issues in due course but it would not be right at this stage to ask a whole lot of questions about very pertinent specific issues which you may or may not be in a position to answer, it may be necessary for a specific question to be directed to you to ask you to consider them in the light of the sets that this commission still has to consider but this is a
15 purely introductory set dealing with the scope of the mandate and you have addressed that and for the moment I think we should let things be because there is a long way to go as you will understand.

That is not to say that we think, consider that your presentation was in any way unsatisfactory it was not, on the contrary you have put
20 your position very clearly and we thank you.

MR NDLOVU: I want to understand Judge so that I capture you properly, you are suggesting to us that we are still going to be called again for some sort of a cross-examination of some sort, question and answer session?

25 JUDGE: No I am suggesting that when the issues become clearer and

the practical implications of, for example greater taxation become clearer you may be asked for your input or you may be asked to attend so that you too can hear what is said by the experts on these, in these fields and you may wish to comment after that but you have not heard any of that
5 evidence and so to say to you now you must comment in advance on that evidence is completely unrealistic.

MR NDLOVU: I am finding it difficult to understand because I think it is very simple what I am asking, what I am asking is that are we still going to be afforded another opportunity to come back here and when we are
10 coming back, we are coming back here to do what because what we have done here today is contrary to what we were told to do, it is contrary to what we are expected to be done today, I think that is what the Treasury General was saying.

JUDGE: When you have more information upon what is presented to the
15 commission as you will either through the public or the, through direct access to you then you may be more interested in addressing the specifics of that, at this stage you are being asked to address nothing that that been put before this commission.

MS HASSEN: Chairperson just two concerns just to echo but I think you
20 have answered, the one concern is we do not have an issue coming back, the concern here is a delay in time in which the commission will ultimately be able to report back but the second thing that I think would assist us is because we were prepared to answer questions, if we could get an indication of where the points of tensions are so that we can then
25 go back and do research, we can then know okay there is a particular

element on corporate tax that we need to do more research on then I think that will assist us so that we do not do nothing from now until the next meeting and then we run around in circles, that would assist moving forward.

5 MR NDLOVU: Ja let me just ask you the last question so that when you respond you just include that question. as a commission I am sure that in as much as you are neutral in your work but I am sure also you understand I am sure the plight of the poor, I do think so unless you advise me otherwise I think you understand the plight of the poor
10 ...[intervenes]

JUDGE: Sorry I am losing you on that word.

MR NDLOVU: I am saying as a commission I anticipate that we understand the plight of the poor unless you advise me otherwise so I want to ask you a question that says do you believe that it is possible for
15 free education to be introduced in South Africa as a commission because I know of course that you are neutral in your work but as you are also bias towards the poor you might have a thinking about this question of free education, so I am asking you do you believe it is possible because as SAUS we believe it is possible, we have presented to you, what is it
20 that you think about this question thank you?

JUDGE: Well from my own point of view I have no doubt that it is possible whether it is practicable and if so how it is practicable are the questions that we have to address in this commission because for example, just to put the most basic proposition to you, it may be
25 considered when we hear the evidence that the money that should be

spent on higher education should be better spent on primary education and high school education, I am not saying that will happen but it maybe put to us on that basis that that is where the money should be spent and so that the people who come to the higher education system are not as
5 you described earlier, not able to cope but are people who are able to cope so some people may consider because that is the submissions that have been made to us, some people may consider that that is the priority rather than giving everybody free education.

And all of these views we have to consider and we will so the
10 answer to your question is that we cannot possibly say at this stage that we think that it can happen, we would all like it to happen there is no doubt about that, whether it can happen is what we have to decide so please do not try and run a five kilometre race in 10 seconds, we have to take the time that must be taken over these things you cannot force
15 them, thank you.

ADV. K. PILLAY SC: Chairperson just to indicate that we have received SAUS's presentation this morning, we will study it quite closely and we will engage with SAUS on all of the issues which we believe need to be expanded on as the commissions work unfolds, thank you.

20 JUDGE: Thank you for your attendance and if you are asked for a later input we hope that you will be able to assist us, thank you. Miss Pillay can we take a 10 minute adjournment?

ADV. K. PILLAY SC: Yes we can, we can Chair. I believe we can take a tea adjournment.

25 JUDGE: Yes well we have been a bit longer and I think we should cut it

to 10 minutes rather than a quarter of an hour.

ADV. K. PILLAY SC: That works thank you Chair.

JUDGE: We will take a 10 minute adjournment thank you.

HEARING ADJOURNS

HEARING RESUMES

5 ADV. K. PILLAY SC: Thank you Chairperson, our next presenter is Mr Ntokoza Mahlangu, a Wits Alumnae and IT Entrepreneur, Mr Mahlangu.

MR MAHLANGU: Good day everyone, I am honoured to present to this esteemed forum, I would like to speak on the issue of free education or how we can tackle it but before that next slide please. Someone on the
10 slides, okay thank you, so I am about me, my name is Ntokoza Mahlangu, I studied at Wits I am a Alumnae now, while I was studying my father had issues paying for school; family helped where they could but ultimately I had to find a job at a bank before finishing, so luckily I found a job as a graduate, the graduate programme and through that I
15 qualified for a bursary that allowed me to finish my studies off. So now I am IT Entrepreneur and my experiences has made me passionate about the plight of the student, fuelled by my passion for the development of South Africa.

So today's problem I would like to speak about today's problem so
20 today's problem or the problem that brings us here today is limited access to tertiary education and this is for all sorts of reasons the limited funding opportunities because there are limited means of funding. Tertiary education in and of itself is expensive because of the high operational costs of tertiary, there are below average enrolment levels,
25 the cost of accommodation and transportation is also an issue. The

location of institutions versus where people live can also be a bit of a challenge. Generally our access is limited to, generally only recently a few have rebuilt universities in every Province; and generally there is limited access in tertiary education outside of major metros. There is

5 also the high cost of learning materials in that text books are not included in the cost of university, and overall the issues that we have a lot of capable students whose potential is cut short because of access to tertiary. Thank you. Next slide please. So I would also like to talk about the desired future, so the desired future is a future where a person's

10 financial situation is not a barrier to further education. The desired future is a future where there is access to funded education for the willing and able; and those who have shown ability and perseverance, so if you have the ability and the perseverance you should not be prevented from studying.

15 So we would also like to increase productivity through our factors of production. So we have opportunity of natural resources in this Country, we are known for this, Capital Stock as well, by many accounts we are still the most developed Country in Africa. There is high unemployment in the Country but this is seen, this can be seen as

20 Labour potential and Human Capital potential that we can unlock through education. So there are some solutions that I would like to pass by; I would like to speak on very quickly, I would like to touch on. Can you go onto the next slide please?

So just some possibilities is we could look at maybe providing tiers

25 of financial help to those who are financially incapable. So from a

finance perspective we can tier it to say that only the poorest will have truly free education, the middle class can have subsidised education and the next point could be that we could provide financial help to those wanting to study in fields where we have scarce skills in, such as

5 Science, Technology, Engineering and Mathematics and we could provide financial help for those. These are some possibilities but I feel these are solutions that do not really tackle the issue at hand, so I would like to deviate for a minute. Next slide please. Okay so Henry Ford once said if I asked people what they wanted they would have said faster

10 horses. Henry Ford's today's problem was slow transportation and the desired future if you had to look at what people were asking for, was faster transportation. And so Henry Ford gave people automobiles, meaning access to faster transportation without having to resort to horses.

15 A little closer to home in banking; in the bank people ask for more branches because they were tired of standing in long queues. So today's problem them was long queues in branches and the desired future was shorter queues and branches and banks decided to give people internet banking. So my thinking is, is there a lateral solution for

20 today's problem to bridge the gap to our desired future. So we spoke on today's problem and we spoke on our desired future; I believe there is a solution if we can challenge the belief that a tertiary institution must exist in a physical form.

And the same way that we are starting to get away from the belief

25 that to run a business you have to have a physical office to run it from;

and then I believe then that technology gives us an opportunity to look at now, especially. Technology gives us an opportunity to look at the option of an accredited online university so the important features for this to be viable are that we need to ensure that the qualifications are accredited.

5 This is most important as students and Alumnae of the accredited online university must know that qualifications from this institution actually mean something. We can also then explore zero rated broad band access to this online university, which means students must be able to access this university without incurring data costs. We do see this
10 happening where there are some telecoms companies offering zero rated access to websites such as Wikipedia you know so people can access the knowledge without having to pay data costs.

There is also access to devices or equipment, there is an opportunity there of reducing the costs of by inheriting computer
15 equipment set for cyclical disposal by corporations. So every few years corporations dispose of their equipment and we can then look at using those and maybe transferring or spreading these around to the students that would be studying in this online university; and then of course the digital online learning material, we now have the opportunity of online
20 learning material to reduce or eliminate the costs of learning material such as text books.

And so just a few advantages I think that although there might be a higher initial investment to build the accredited online university the ongoing operational costs should be greatly reduced when compared to
25 a traditional tertiary institution. So there is potential for highly interactive

learning material to bridge the gap between different learning styles and material can take the form of videos, interactive animations and the like. Students can then also forego the cost of food, accommodation and transportation as the university can be accessed from anywhere; you do
5 not have to leave home. All the required learning material can be incorporated into the lessons or courses available and we can eliminate the cost of learning materials as well. Then free access, we can explore then giving free access to more students. So downright this means more South Africans can get access to education and the opportunity to a
10 tertiary qualification. Thank you and that is my presentation in a nutshell.

Sorry about that, I have not done a costing yet, but having been running an IT business I do think that the cost of building an online university the actual development cost would be far less I think than
15 having to build more traditional physical universities. There is a lot of research that would have to go, a lot of effort would have to go into building actual material and getting, making sure that the actual qualifications from this university can be accredited but I have not actually looked at the cost yet.

20 JUDGE: Have you looked into the question of the practicality of it from a logistical point of view, I mean so much of our population is not IT equipped, how would you answer that?

MR MAHLANGU: That is a very good question so the way I see it, it is, if you look at our situation now right there is the logistical issue of how to
25 actually equip people with IT, and one of the suggestions that I made in

the slides, the presentation was the opportunity of using equipment that corporations are actually, what corporations would actually throw away, and building those, or giving those to communities to use, to access this online university. So that is one aspect, and I also think that it, I do not
5 know if it is an all-encompassing or perfect solution, but I think it is better than nothing; it would be something that is better than nothing.

JUDGE: I must tell you that I have another set of representations which suggested something similar to what you are proposing through the use of internet cafes.

10 MR MAHLANGU: So it definitely an option I mean in my opinion, at a project level you can look at the detail, you can then assess how to tackle issues such as those. So this is me speaking from a high level; there are all sorts of other issues that we could actually bring up, but at a project level you could then try and tackle, you would say okay we have
15 this as an issue; how can we then tackle that. It could be through Internet Cafés we could; all in all it is issues that we can tackle if we look at it from a sort of lower level project perspective I believe.

JUDGE: I take it that you have not looked at the question of what the effect would be on the existing university system.

20 MR MAHLANGU: So to that I believe that there could be an impact somewhat if it is successful, but if it is successful then it is just that, it is successful. There could be an impact but there are certain types of qualifications I believe that we couldn't actually build onto this online university, for instance if we are doing engineering and there is lab work
25 involved then there is no you cannot get around actually going to a

physical institution and playing around with your chemistry and; but all and all I think it is, if it does work in such a way that universities or if it can affect universities then it is successful, then that is the end goal achieved in my opinion.

5 ADV. K. PILLAY SC: Mr Mahlangu may I just ask you a few questions about the funding of your university career. How is it that you funded your education, your higher education?

MR MAHLANGU: So what happened is in my first year my dad tried to take care of it; and then he started having issues paying along the way,
10 so what happened is I had family who tried to help out. But then the opportunity for a job came up, so I took the job and in this job I then qualified for bursaries that I then used to study. So I used to study part time while working full time at the job, and that is how I funded my own university.

15 ADV. K. PILLAY SC: And did you apply for NSFAS Funding.

MR MAHLANGU: I did not actually explore getting NSFAS funding I had a bit of, I was trying to get away from getting into debt to study, if that makes sense, personally.

ADV. K. PILLAY SC: So you did not apply for NSFAS funding because it
20 was a loan that had to be ultimately repaid and had it not been a loan, had it been for example a bursary would that have made a difference to you?

MR MAHLANGU: I do believe it would have made a difference; I do not know if it is feasible to give everyone a bursary, to just give money out in
25 that way; that is another question entirely, but I do think it would have

been a bit more attractive had that been an option.

ADV. K. PILLAY SC: And did you explore private sources of funding, did you explore for example private bursaries etcetera?

MR MAHLANGU: Yes I did and unfortunately or fortunately I sort of fall
5 into the missing middle market, which means I was not poor enough to actually qualify for bursaries, so that was my situation.

ADV. K. PILLAY SC: And from your own investigation maybe you can give us an idea of the experiences of the missing middle, and the kind of opportunities out there to secure sources of funding?

10 MR MAHLANGU: That is a tough question, I really came unprepared to answer that question, but I mean for me this could be something that works well for the missing middle, this online university because those are people who may have access to computers and devices; so in my mind this would be something that could be viable as an option for that.
15 I have not really thought of any other viable options for the missing middle specifically though.

ADV. K. PILLAY SC: But if I understand what you said that notwithstanding the fact that you were part of the missing middle, your father could not afford to keep you at a university.

20 MR MAHLANGU: So that is true, so again it did not mean that we poor at home, it is just that there were other expenses, so the additional cost of having to go to university was something that was a little too much for him to handle, it was a little arduous, it was a bit of a, it was something that he could not afford with the money that he did get, or does get. So
25 the money that he does get does not, or rather, the money that he does

get is money, is equivalent to sort of puts us out of the poor market but he also has expenses that sort of prevented him from actually fully paying for my fees.

ADV. K. PILLAY SC: And just lastly maybe because we are trying to get
5 a sense of the lived reality of being a student out there. If you can just describe to us the experience of having to work and then put yourself through university, what that was like.

MR MAHLANGU: Okay so the experience of working while putting myself through university, I think it was a, for me personally it was a
10 gratifying experience. It was tough because you do spend a lot of time outside of work, you have work that you have to do and you also have to have employers who are a bit more patient about the fact that you will leave a little earlier on certain days so you can make it in time for your lectures; all in all it just meant that there was a lot less time for me but I
15 also, but there was, how to put it, it was a lot less time for me but I also, okay my mind has just gone blank, I think I am a bit nervous by the way, sorry, so what it was is that it was tough but it was a good feeling, it was a gratifying experience being able to work and pay my way through university myself so to say through my bursary.

20 ADV. K. PILLAY SC: Thank you Chairperson I have no further questions.

FEMALE SPEAKER: Just Ntokoza on that one, so is it your submission to the Commission that it is feasible if we maybe explore the options of online varsities and use the internet even more, can you articulate that better thank you.

25 MR MAHLANGU: Yes I do believe that it is actually feasible I do believe

in the ability of technology to take limited resources and help us use them better; I do believe that technology is a great catalyst and with limited resources we can then do more with them. So already we do have certain options, there is already what we call massive open online
5 courses; so things like Khan University and through that there are actually courses that area available for people to take, to go onto the internet onto a website and to study through there. The only problem with those is that they are not accredited. So if we could explore an option that is accredited I think it could solve some of our issues.

10 JUDGE: Do you not regard UNISA as an online university?

MR MAHLANGU: So I think UNISA is a great thing, because it is correspondence, but I do not really regard it as an online university. So the, it's a university of correspondence, there are still physical books, physical learning material that you need to buy; there are implicit costs,
15 there are other costs involved in going through UNISA I think it is a great thing and I believe that UNISA does reach out through a lot more people, but I do think because of the, there are greater operational needs that UNISA has as compared to an online university.

ADV. K. PILLAY SC: Thank you Mr Mahlangu. Thank you Chairperson
20 our next presenter is Miss Zenzele Moasa Pahle registered Master Student at the University of Johannesburg. Miss Pahle over to you.

MS PAHLE: Good afternoon, thank you so much, sorry these do not look like my slides so I am a little bit, okay yes there we go. These look familiar. Good afternoon ladies and gentlemen, my name is Zenzele
25 Moasa Pahle but you can call me Zenzi, and I will be telling you a little

bit about Social Policy Financing and I will be making a case for the
Employ of Last Resort Program in South Africa as a funding module for
higher education. Next slide please. Okay Social Police decisions
reflect a conflict of values; which results in a lack of police choice.

- 5 These solutions mostly assume tax financing, however through the State
Theory of Money Employ of Last Resort Programs may provide the
solution to police dualism.

Okay but as you can see my statement still stands; as you can see
the slide actually shows the theoretical debates where this emanates
10 from and it is a debate usually it starts between and Keens and classical
economics on the one hand we have the Keynesians who believe in a
steered economy pro Governments, human suffering and job protection;
and we have the classical's who are represented by Friedrich Hayek and
they usually believe in Free Market forces; they are less government
15 friendly, they believe in more entrepreneurship and economic stability.

Next slide please. Currently higher education is expected to
contribute to International competitiveness through both social and
economic transformation. However this overlooks the conflicting nature
of socio political and economic policies. If we want to increase
20 International competitiveness on the one hand; we must pursue
economic transformation, and if we pursue economic transformation we
have to run our universities as corporate enterprises. However despite
the benefit this leads to increased exclusivity of higher education. On
the other hand if we want to increase International competitiveness we
25 must pursue social transformation and if we pursue social transformation

we must run universities as public enterprises. Running universities as public enterprises is highly likely to lead to the promotion of inclusive, enhanced, and competitive higher education within South African. Next slide please. Universities belong to the social sector where they garner their overarching goal of enhancing societal wellbeing. Dees & Elias 1998 identify three core academic values that stand to be threatened by increased institutional financial autonomy.

Those three values are knowledge sharing and the creation for public good; priority of academic duties and public interest; and the third being the distribution of power and resources in the social mission. Let us take a brief look each of these conflicts. Both business and universities value the creation of knowledge; however they differ in the values and norms surrounding knowledge dissemination. While business considers competitive strategies, universities prefer open sharing.

While the role of business is more of a top-down approach where investor value drives economic prosperity, the role of universities is more bottom-up where they create new knowledge and unbiased information through the production of high quality education. Finally for businesses resources should flow to the most economically productive uses, based on competitive strategy which facilitates creative destruction. On the other hand the distribution of higher education in terms of universities being run as intrinsic sites of civil society should not be primarily governed by market forces because it is healthy to have a diversity of disciplines and perspective to be maintained in society despite them not

necessarily being economically viable. These conflicts have resulted in a lack of real policy choice. On the one hand increased institutional autonomy may take the burden off student fees; however it is likely to steer power and resources to the most attractive commercial interests and universities may not be effective in the social mission. The idea there is that the public good will be threatened by private incentives. But on the other hand governments are also constrained because of Washington Consensus and Fiscal discipline.

The current financial model in South Africa for higher education involves three pillars. The first is government grants which constitute the largest share; but however as previously mentioned government finances are being constrained by fiscal discipline. The second pillar is student fees and as we know student fees has increased by approximately 9% this is from the SA Reserve Bank quarterly bulletin; and the third source is private sources and unfortunately private sources have not compensated for either the decrease in government grants or the increase in student fees.

With NSFAS not filling the gap and reduced government spending increased institutional autonomy is likely to lead to increased exclusivity of higher education as well as a decrease in competitiveness based on development. As stated previously most solutions assume some form of tax financing. The optimal tax financing model is usually a tax financing model with deferred charges; but this is based on misguided theoretical assumptions that all governments operate like households and face budgetary constraints. Let us take a look at solutions in the current

paradigm. There are three forms of tax funding with deferred charges. The first being income contingent loans; income contingent loans are based on a system where the student begins repayment after reaching a threshold income that they have earned. NSFAS is an attempt at
5 implementing income contingent loans in South Africa, however we do experience the problem of graduatory payments as well as high graduate unemployment's.

The second option is graduate tax. This is the most equitable option however it is the least popular because it must be applied to all
10 graduates regardless, and it is applied more like a head tax. The idea behind it is that the State will provide a grant for education and also in addition will require a special taxation requirement to pay the debt back after graduation and once the student has a job. The third is human capital contracts. Human Capital Contracts are contracts between
15 students and private companies who fund students.

Students are committed to employment for a defined period after graduation and pay a percentage of the income back. Despite removing the burden of student fees investors will however only invest in such contracts if the value of the student exceeds the cost to fund the student;
20 which again shows a skewness of involvements.

ADV. K. PILLAY SC: Skewed what is the context?

MS PAHLE: Sorry about that; okay the thing with private sector is that they will only invest in things based on cost benefit analysis and they are likely to only; I mean if we look at private sector, they will only go for like
25 financial management courses and law firms are big in the private sector

and insurance companies are big in the private sector; so they will only go for, and they will only want to fund students who are studying courses which are relevant to their industries, so that means not everyone will have access and we will now limit the diversity of studying and diversity
5 of courses in the Country, because everybody will only want to study what is being funded, and it will skew then the opportunities for everyone. Does that clarify it a little bit?

FEMALE SPEAKER: It does a bit, I was listening mostly to what you were saying that the repayment options are available for the students
10 when they have been funded; and I thought maybe you were going along those lines whether it is an option, whether it creates feasibility or not, or if it becomes skewed what would create a levelling ground on that?

MS PAHLE: Okay I am getting to what will create the levelling ground now that is the new paradigm in which I will speak. This was just
15 showing you what the available economic options or theoretical options in academic literature this is what is mostly available in literature. Okay continuing once again the real problem lies in the theoretical foundation. Orthodox macroeconomics teaches that Governments have three sources of financing for expenditure; being taxation, domestic
20 borrowings and corporate borrowings. This limits its ability to provide social services. The State theory of money however says this is a misguided assumption given that most governments operate in a modern complex monetary system. Modern monetary theory states that a Sovereign Currency Government operating in a modern monetary
25 system does not face any operational financial constraints. This based

on the functional; on the theory of functional finance it is not essential for a Sovereign Currency Government to finance expenditure either through taxation or borrowings. In a modern monetary system a Government spends by debiting Bank accounts of recipients and crediting Bank
5 Reserves.

This slide I will explain a little bit. The story starts with the Government, firstly the Central Bank is the Bank for the Government and commercial banks are banks for the private sector and individuals like you and me. So it starts, this is now Government spending, it starts
10 where the Government creates a liability and that liability translates to a matching transaction of assets to the Central Bank. Once those assets are generated or loaned to the Central Bank by the Government the Central Bank is now enabled to create reserves. Once it creates reserves, those reserves enable commercial banks to extend deposits
15 and they act as a buffer against liquidity risk for commercial banks.

From this perspective Government spending creates currency through the creation of money denominated government liability. It is worth noting the different types of money and what they mean at this point. Bank Reserves are non-interest earning, high powered Bank
20 money that simply acts as a buffer against liquidity risk. Bank Reserves do not generate inflation. What generates inflation usually is your Fiat currency which is your notes and coins in circulation. In contrast taxation destroys money through Government crediting taxpayers accounts and debiting Bank Reserves. The implication is that a
25 Government Deficit now becomes a Balance Sheet position of credits

exceeding debits, with net credits or net deposits in the private sector. The opposite is true for budget surpluses which will be debits exceeding credits with nett debits in the private sector. It is through these mechanisms and the realisation that deficits up to the point of full
5 employment are not inflationary that we can begin to look for solutions.

Based on the State theory of money Trencever and Caboob proposed the alternative use of an Employer of Last Resort Programme. The idea is for the Government to act as spender of last resort, whose responsibility will be to keep the rate of aggregate spending at the rate of
10 which current prices would buy all goods and services in the economy that it is possible to produce. If the spending rate is higher than this rate it will cause inflation. While if the spending rate is below this rate it will cause unemployment.

An Employer of Last Resort Program can create infinitely elastic
15 demand for labour at a fixed minimum wage that does not depend on aggregate demand. Government will provide jobs to willing, able, and needy individuals with the goal of price stability and full employment. The Employer of Last Resort Program provides a fixed wage as a price anchor. During recession the Employer of Last Resort Program pull will
20 increase to absorb displaced private sector workers and it operates as a buffer against unemployment. The wage is fixed but the quantity for labour fluctuates. So basically the idea is to, it acts as an anchor for price stability using the slides to explain; the wage will be fixed by the Government, and it will be a living wage, a subsistence wage and all
25 companies, all private sector companies would then be able to employ

labourers at a fixed wage plus a mark-up; so then that fixed wage will always be that fixed wage and then there will be a set mark-up which they will use creating some price stability. In addition the Employer of Last Resort Program will not displace private sector jobs because it will
5 provide jobs which are under supplied or not supplied by private sector. Such as companions for the elderly, public sector classroom assistants, low income housing engineers, environmental officers, day-care assistance, community and cultural historians.

Capitalistic economies lack the mechanism to create full
10 employment; near classical economists have considered that unemployment is only a transitory phenomenon and minimised or denied involuntary unemployment. They argue that the market will eventually clear and Government should reduce spending and encourage downward wage flexibility. As we see however by the pictures we have
15 had ongoing involuntary unemployment. We have rising graduate unemployment and youth unemployment as well as increased unemployment in various sectors especially people who have skills like in the picture it shows plumbers and electricians and such industries.

Most support the idea of full employment however they challenge
20 structural changes inflation and wage price spiral when it comes to Employer of Last Resort Programs. Structural changes and in terms of the Employer of Last Resort Program structural changes and technology must be institutionalised in that Employer of Last Resort Programs must have a watch list of "at risk" industries and regions in order to be ready
25 to take action. Inflation critics argue that Employer of Last Resort is

nothing more than a Cohesion Demand Stimulus Policy. However full employment is guaranteed regardless of aggregate demand and the programme is financed by increasing non-inflationary Bank Reserves. Wage price spiral critics argue, upward pressure on wages will occur
5 from workers earning below the living wage. However this will only, sorry, implementing an Employer of Last Resort Program will only cause a one-time wage adjustment without accelerating inflation.

Under Employer of Last Resort Program the appropriate monetary policy would not be interest rate policy but rather open market operations
10 in order to maintain the inter bank overnight lending rate. I will briefly share three case studies that show that the relative cost to GDP is too small to be considered inflationary. The first case study is Argentina. In Argentina they implemented the Head of Household Program which reduced indignant rates, increased female participation and the cost was
15 less than 1% of GDP. There are some negatives however; this program was financed through foreign debt which does not have the same benefits as being financed through Central Bank Reserves of a Sovereign Currency Government.

In addition although it increased, although this particular program
20 increased the income of the poor; it has not pulled them out of poverty because this particular program restricts participation and the Employer of Last Resort wage is below the poverty line. However it does show a step in the right direction. The second case study is India where they have implemented the National Rural Employment Program this is
25 targeted towards labour intensive industries and the program is designed

to fit the specific needs of the Indian economy. With the cost of 1.3% of GDP it is a first step to a fully-fledged Employer of Last Resort Program and it also shows that Employer of Last Resort Programs are viable options for developing Countries. The third case study is in France
5 where they implemented Planned Professional Transition Contracts, which are based on the idea that unemployed people actively seeking employment should not be punished for trying to get a job and failing.

The costs here; it is a little bit high, the cost is 4% of GDP but that is still less than our current borrowing requirements, and the benefits
10 here are that it guarantees activity income, it includes a job training component and it is in the case of France their program is financed through Unemployment Insurance and we here in South Africa we also have Unemployment Insurance in place. While recommendations within the current paradigm of tax funding and deferred charges are limited to
15 Government NSFAS withdrawal payments as a type of graduate tax not guaranteeing employment, within the heterodox paradigm of the Employer of Last Resort Program, NSFAS could be used as funding pool for education linked to Employer of Last Resort Programs in South Africa. In conclusion social policy financing is heavily constrained by
20 orthodox economic thinking. South Africa is a Sovereign Currency Government operating in a modern monetary system. Given the rise and demand and cost of higher education as well as the rising unemployment rate it will be advisable for the South African Government to consider implementing an Employer of Last Resort Program to finance higher
25 education. Thank you, any questions.

JUDGE: In summary are you proposing in this scheme that the State should be the Employer of Last Resort?

MS PAHLE: Yes that is in summary what I am proposing yes. I believe that the State has the capability to act as Employer of Last Resort and
5 especially linked to higher education of course yes.

JUDGE: I see, well some of the things that you put on there reminded me of France in the 1850's when they employed people to dig holes and other people to fill them in.

MS PAHLE: Well the thing is we have people with so many different
10 capabilities and we have so many roads with potholes; we have so many things that need fixing, there are so many; I hear so many people who need day-care assistance, there are so many working woman who need someone to look after kids that are at home. I hear so many people who are saying; like the picture showed, where plumbers, electricians, but
15 private sector does not want to hire them, and Government has problems with Service Delivery, I think that the Government can engage in a program like this, but I would say it must be linked to a providing education for these, or training for such programs.

JUDGE: Can I, forgive me for my slowness; I found your presentation
20 very dense, which means one would have to take it and read it very, very carefully. But I have a little bit of difficulty in finding precisely how it ties up with the question that is before us. Perhaps you could just in a few sentences summarise how the two tie up.

MS PAHLE: Okay, how it ties into providing financing for free higher
25 education the idea here is trying to move away from saying, because the

argument always is, is it going to be taxed, or is it going to be, are we going to tax individuals to get more money to fund higher education, or are we going to lean on private sector and ask them to step in and take the reins; and I am trying to sort of sorry, I am trying to remove us from
5 that conventional discussion and open up the idea that actually we do not need to, we do not actually need to tax people because we operate in a modern monetary system where Government spends in a different way to which orthodox economics always teaches.

So because Government spends in that different way; if we spend
10 on education using Bank Reserves, using non-inflationary Bank Reserves and then guaranteeing employment to those same educated graduates maybe then we could start seeing different ways of approaching this problem, because I think it is a bit limiting if it is always going to be tax or; unemployment is high, people do not have jobs, the
15 tax base is so low, and then we have the problem of tax avoidance as well and avoiding repayments.

So maybe not putting so much pressure on consumers and then also on the other hand there is private sector which we could lean on in terms of Human Capital Contracts which I think are a very good idea;
20 however like I said previously the problem with just relying on Human Capital Contracts is that we are only going to have graduates in specific areas of the economy so we will only have graduates, we will only have lawyers, and we will only have Bankers maybe; and that sort of thing, so we will not have anyone funding the plumbers, and the road workers, the
25 people who have other skills which are valuable to the South African

Economy.

JUDGE: Are you suggesting then that the plumbers would be Government employed?

MS PAHLE: Yes, and contracted because I think; I do not think that
5 would be a problem because them private sector could hire them from
the Government, would that not be a good idea. I do not know, I think
so. I am taking this as a forum to....

JUDGE: Are you not leading to a grossly inflated Public Service?

MS PAHLE: Again I am going to remind you that when Government
10 spends, and this is Sovereign Currency Governments only, not
Governments in currency unions, so please do not think of a
Government that is in, something in the Euro zone; this would not work
for them; but for us who are Sovereign Currency Governments, the way
we spend, the way Government spending occurs today in the modern
15 monetary system it occurs usually by increasing Bank Reserves. And
Bank Reserves are non-inflationary. What is inflationary is usually your
currency, and maybe yes your Bank deposits depending on how that
money is spent; but if that money is spent on universities and; that is
more of an investment I would say. So again I am saying that Bank
20 Reserves are not inflationary.

ADV. K. PILLAY SC: May I just ask one question. I am interested in
your philosophical understanding of higher education as either a public
good or a private good, because it seems to me that seems to be the
basis for your recommendations; maybe you could just enlighten us on
25 that?

MS PAHLE: Yes, this is, I believe university is to be part of the social sector; because in an economy you have social sectors or public sector and you have private sector. So the social, the idea of universities being part of the social sector is that we have a diverse society and we have
5 problems such, intense problems like poverty, inequality, we still have; we have seen that we still have a few issues that emanate from the Apartheid Regime, still bubbling up, and the only way to erase these things and move forward is to start looking at, and start valuing education as something more than just a ticket into the private sector.

10 It should be seen; education should be viewed as something that generates graduates; well-functioning graduates in society; people who can function in any area and can contribute to society and can contribute to the economy in any area; given the opportunity to develop their capabilities in whatever area because you know we all want to; you know
15 I am an economist, I am a development economist but I am an economist and I appreciate; I do appreciate what private sector does in terms of the financial markets, I believe in International competitiveness, I do believe in those things; but I also believe that we cannot, that is not the only driver to economic success. There are other drivers, artists and
20 cultural heritage, there are so many things; a lot of people worry that our culture is dying out, and certain cultures are dying out. What we do not have is cultural historians, we do not have museums and African Art History, African Literature, these things are not spoken about because everybody is worrying about market returns and the deficit; which are
25 things we should be worried about, but I mean there is a whole other

side to South Africa, and education needs to encompass and it must be holistic and encompass all sides of what it means to be a citizen in South Africa. Thank you.

ADV. K. PILLAY SC: Thank you Zenzele. Chairperson I think Miss
5 Lekwane has a question?

ADV. M. LEKWANE: Zenzi because you are an economist maybe you can just clarify this for me. What, I do not know if you have thought about it, but what do you say to the argument that fees are increasing at a higher rate, interest rate than CPI and that is because the Education
10 Sector has a higher what cost, so they function on a high inflation rate than normal CPI.

MS PAHLE: Thank you that is actually a very nice question and it ties into my recommendation of Employer of Last Resort Program because the is the idea, the cost of education is high, text books, there are a lot of
15 programs that we use, especially at post graduate level, there are a lot of programs that we have to use that cost a lot of money. Data itself just to conduct research costs a lot of money, you are looking in the thousands of Rands, so the cost of education is high. The thing is, yes it is high, it is rising higher than the cost of inflation because if you are looking at
20 CPI you are looking at a basket of goods, and you are looking at bread, milk, those kind of things. And that is what is currently being used as our price anchor right; so the idea with the Employer of Resort Program is saying let us not use those goods and services as a price, let us not use bread and milk and the inflation basket as a price anchor, but rather use
25 labour which is tied to education, because it is through education that we

will generate labour. So that is the idea, to redefine or get a new price anchor because maybe the current price anchor does not reflect what is currently; or it is not a holistic enough measure to reflect the different costs and cost movements within the economy, is that?

5 ADV. K. PILLAY SC: That is fine.

MS PAHLE: Okay thank you, thank you so much.

JUDGE: I have received a message from the sound experts asking that the speakers speak not directly into the microphone like this, because that causes distorting and affects the quality of the recording. So can I
10 ask you to abide by that please, Mrs Pillay?

ADV. K. PILLAY SC: Thank you Chairperson, the second presentation in the set one of the hearings Chairperson will be from Wits University. I believe that the team from Wits is headed by the Vice Chancellor Professor Adam Habib.

15 Professor before you begin, just to emphasise that we really in set one of the hearings which is a set where we aim to hear from stakeholders as to all of the issues which they believe are pertinent to the central question of the feasibility of fee free higher education and training. The structure of the commission is such or the work of the
20 commission is such that in the ensuing sets that is set two to set eight of the hearings, we will then be going in depth into all of the issues which have been identified as key to answering the central question.

Over to you Professor thank you.

PROF. A. HABIB: Chairperson thank you very much, Advocate thank
25 you for explaining that. I just thought I would kick off with telling you very

quickly in a minute or two who the individuals in front of you are, and then effectively hand over to my colleague Shunepa Makwena who will effectively lead the presentation.

As you well know my name is Adam Habib, I am the bureaucrat
5 from Wits University. Phlinipa[?] on my left is a Senior Professor in our Witwatersrand Institute for Social Economic research and effectively she led a delegation for who spend the last few months effectively speaking to various members of the university community, students staff, professional staff, academic staff and effectively crafted the collective
10 university response to the issues of this deliberation. On my right is David Hornsby, he is the Chairperson of ASAWU which is effectively the union that represents the vast majority of academics on our campus. And my colleague has not joined us yet, she is lost somewhere in Pretoria I gather, is Cathy Albertyn who is a Senior Professor in law but
15 who also sits on our council, of the university. And effectively we spend four or five months crafting the position, the collective response if you like of Wits University around the issues that you deliberating upon.

So with that Chairperson I am going to hand over to my colleague, Shunepa she will lead the presentation. A copy of which is available and
20 we have submitted it, and then obviously if there is anything else that you would like then entire team would be happy to respond in that regard.

JUDGE: May I just enquire as to whether any member of your delegation heard what the ...[inaudible] students had to say this
25 morning?

PROF. A. HABIB: We came in about three minutes before the ending, so I just heard the last bit, although we are very well aware of the ...[inaudible] position ...[inaudible] as have my team. And we ...[inaudible] so I have a fair idea of what the views, but I did not hear the
5 full presentation.

JUDGE: Thank you.

MS MAKWENA: [Inaudible microphone not on]. Okay yes so as I was saying thank you very much for this opportunity and thank you for inviting us to these public hearings. And I just need to check whether or
10 not I will be able to check whether or not I will be able to project the presentation on, have you got it, two minutes.

Okay so what happened at Wits was that the Vice Chancellor basically commissioned an eight person panel which recorded the views expressed by students and academics and we also requested written
15 submissions. So we got everything from very lengthy several page long submissions to emails that were one or two sentences long. And we conducted about four sessions that were open for all members of the university to attend, and these were public meetings. And on top of that as I say we responded to emails and written submissions.

20 Now the summary of the report that we submitted to the commission, is basically that even though it is possible to reform the current system, for example through the increased infusion of more state funding, our report is based on the assumption that two surpass the current crisis we need a new, what we have called a hybrid model of
25 funding higher education. And hopefully by the end of my presentation

you will understand better what I mean by a hybrid model.

JUDGE: [Inaudible microphone not on].

MS MAKWENA: No we were only interested in long term solutions, because we basically realised that the short term solution is what we had
5 in 2016 which was to have zero percent fee increases. And that is a short term solution but we, our report is entirely based on the idea that we need a long term solution to the funding crisis.

So the model that we have called the hybrid model is basically multifaceted, it includes government, it includes the private sector, it
10 includes university revenues, and by university revenues we mean fees, donor funds and endowments and it would also include private, public private partnerships. And the current, the system, or the model that we have created could be seen as either complimenting the current system, or it could be enhanced through what some people have suggested are
15 financial instruments called special purpose entities. And again I will explain later on in my presentation.

Any possibility of the presentation coming up, okay so the first kind ambition that we had when we sat down to work out what our report should look like, was that we were going to give the commission a kind
20 of global perspective on what is happening with university intuition fees. So basically all over the world mostly in European countries and the United States, we were unable to find data on the African continent. Students have been protesting university intuition fees, and so you have, and this is the contrast we drew in our report.

25 Of a very elite school in New York called Cooper Union, which

since its inception in the 1850's has not charged fees. But in 2012 the board of trustees of the school announced that it had exhausted its endowments and had to start charging fees. So that is, you will see, slide number two please, the second slide. So the students at Cooper
5 Union unfold, they invaded their university's clock tower, number three, unfold a banner that said free education to all. So that is on the left hand side of the images, and this was in 3 December 2012. After many agitations by students, sit-ins, legal challenge, because as I say it was in charter of the school that the school was a free, was a free school that
10 anyone could attend, but it was an exclusive private school, to it was selective in who could attend. The university finally imposed fees, so that is one example as I say of an elite institution that had an endowment which had sustained it since the 1850's as a free education institution.

And then on the right hand side is obviously our own fees must
15 fall, movement. Which galvanise students across South Africa, but as I say they are talking about public institutions, and this has happened in the United Kingdom, it has happened in Germany etcetera, etcetera. So this is how we situated the fees must fall movement. And it had been our ambition really to give the commission a much broader perspective over
20 that, of what that means globally. Why is it, that everywhere in the world students are basically protesting either increased fees in public institutions or as in the case of Cooper Union. The institution or the use of fees basically to subvert endowments that the university already had.

And so in our reports, next slide please, in our reports we first
25 looked at government expenditure, because again here many of the

people who presented to us, I am intended to look at government expenditure as something that is elastic and that can be reallocated. So we have received a lot of proposals that basically suggested that government could re-spend the money that it is already spending, so
5 people would say things like well the government could take money that it spends on defence and put in higher education. Or it can take the money that it spends on MP's travel and expenses and put it in higher education.

Now if you look at the graft that we sort of presented which is
10 government revenue, you will see that in South Africa at least, the largest proportion of taxes comes from 20% of the population. So personal income tax, and value at the tax are basically the largest chunk of tax that the state receives. And only about 20% to 22% of the South African population actually pays taxes. So that would mean that if you
15 impose a higher tax or a new tax which I will talk about later, some people proposed what they called the graduate tax. If you impose such a tax, you would really be imposing that tax on 20% of the population which already pays the highest tax rate in South Africa.

JUDGE: [Inaudible microphone not on].

20 MS MAKWENA: It is 392 billion, yes. And so that is what we started off with, and then we did a little bit of comparative study which basically looked at other countries with similar income levels as South Africa. And from that perspective South Africa only spends 4,7% of its revenue, or 0,05% of its GDP on higher education. So that means that relatively
25 speaking we spending lower than other countries where the average

spending is about 1,59% of GDP on a higher education. And the UK for example spends 1.32% of GDP on higher education, and Germany spends 1.31% of its GDP on higher education.

Next slide please, the other possibility and I think this is the tail
5 end of the conversation that we heard is this idea that the state could
reallocate amongst its already current spending on things like health,
social protection, defence, economic affairs. But as you can see on the
chart there, post school education which is a small sliver of like purple,
or maroon colour like a dark red colour. It is 68,7 billion which is about
10 4,7% as I have said. And then on the other side is a graft that basically
shows you how much universities have increased or decreased their kind
of revenues from different sectors.

The first one being government funds, second one student fees,
third one private income. So if you compare and this is a twelve year
15 graft, in 2000 universities were getting 49% of their funding from the
state, but by 2012 they were getting 40% of their funding from the state,
in 2000 27% of the universities funding came from private income, by
2012 it was 29%, and then in terms of student fees 24% in 2000, and
31% in 2012. So that basically shows you that in statistical or countable
20 terms our student fees have been increasing over the sort of the twelve
year period. And also private income, and this is something that again
we will talk about, because it was one of the issues that was raised, one
of the proposals that was raised in our meetings.

Can I have the next slide please, so what we came to as the, our
25 proposal is what we have called this hybrid model. So we basically

argued that the ultimate objective of a revised funding model should be the meaningful widening of access to tertiary education especially for those students and families who cannot afford fees. And this is where I guess one of the main errors of contention actually is, is because from
5 the prospective of many of the people who presented at our meetings, nobody was arguing for a free for all public education system.

But as you will hear from the students specifically that is basically what they are demanding, that education should be free to anyone who wants it, and that is the basic position that they are taking. But many of
10 the people who presented to us, were proposing various ways of doing means testing, of doing evaluation of affordability on the part of families, but also of maybe not putting all the universities at the same level. Because one of the things that are obvious in South Africa, is that although all the universities are public, or the twenty two universities are
15 public universities, they are not all equal in their ability for example raise private funding. So not all universities in South Africa receive the same amounts of sponsorship and bursaries and philanthropic contributions from the private sector.

And so these are all the issues that we tried to account for in this
20 hybrid model, but as I quote in my presentation, Nico Cloete basically presented the idea of a trilemma of tradeoffs. So normally you think of tradeoffs as between two things, but in the case of university funding you really have three things that are competing. One is public and or government investment, the second one is enrolment and the third one is
25 private costs. And these again are things that I think we, have to be

dealt with simultaneously. We do not have the option of dealing with one thing at the expense of another. So we cannot deal with the question of how the government or how much the government or how much the government is funding universities without dealing with the question of whether or not universities are going to charge fees, but also whether or not universities are receiving money from the private sector or not.

So the differences in the proposals that we received tended to revolve around two distinct issues. The proposals that focused almost exclusively on the extension of revision of the current funding system of government subsidies plus NSFAS and National Student Financial Aid Scheme, plus university revenue in the form of fees. On the opposite end we had proposals that presented novel or innovative ways of creating new forms of funding that could supplement the current system. Thus even though there were differences in the assumptions and objectives of the proposals, most presented what as we have termed the hybrid model.

Next slide please. So from the first of our public meetings it became clear that fees were only a small portion of the larger dilemma of how to fund individual students from the beginning of their degree to the day of their completion. And I cannot emphasise this point enough, because again the word fees tends to be misleading, precisely because all the students that we heard from, when we would enquire further as to what they actually mean by fees, students would often mention things that actually had nothing with university education. So students would mention things like the cost of travelling from home to university, the cost

of learning how to use a computer.

Again something that many universities tend to assume students knows how to do. The cost of learning how to use a personal computer to type up your assignments, the cost of food, the cost of accommodation, the cost of, and many of these costs in many other countries are basically not included in the cost of education. So for example in Germany only about 10% of their student population lives in accommodation, in university accommodation. So universities in Germany are free, but they do not provide students with any accommodations. The students have to live at home or pay their own rent.

And so those are the kinds of tradeoffs and perceptions of what a university should actually cover. Students demand the university to provide public transportation, in many parts of the world the state provides good transportation and everyone uses public transport, or they cycle. And this is something that again in South Africa if you had to say to students, it would be slightly controversial, but if you go to any university in Germany, the universities are full of bicycles, the students cycle to university. They do not expect the university to provide them with the public transport, with the public transport system.

So that is what basically ...[intervenes].

ADV. K. PILLAY SC: [Inaudible microphone not on].

MS MAKWENA: This is why we saying that for ...[intervenes].

ADV. K. PILLAY SC: [Inaudible microphone not on].

MS MAKWENA: Yes that would be tuition fees, so the strict definition of

fees is just the cost that the student has to put down in order to be able to access here an annual entry into the university. But as, I have sort of broaden it out, when we asked the students themselves, okay so what do you mean when you say you could not do X or Y, then they would
5 mention many factors that actually had very little to do with fees.

So they would mention other barriers to access basic, so other barriers or things that prevented them from accessing the university as an institution. So as I say they would mention things like the cost of text books, the cost of transport from their homes to the universities, the cost
10 of accommodation, the cost of food, the cost of clothing etcetera, etcetera, the cost of transport. So all those things the students perceived as being part of the problem of why they cannot access fees. But if we talking purely in terms of a technical understanding we are talking about tuition which is the money that the student has to pay in
15 order to access a university education.

JUDGE: [Inaudible microphone not on].

MS MAKWENA: We actually made scope for the wider definition of fees, because we basically reached the point where it could, it did not make sense anymore to even talk about fees in the narrow sense, because the
20 people we were talking to were not talking about fees in the narrower sense.

And so as I say it became apparent in our conversations that no one was actually advocating, or at least the people who presented to us, for a free for all education. Which then raised the question well how do
25 you evaluate which students should access this free education if it

becomes available, because again just based on our studying of the numbers, at the moment in the size that they are, the South African Universities would not be able to cope if every single person who has a matriculation certificate suddenly showed up and wanted to study at
5 university.

So how would you select the students who get this free education? So we had various as I say proposals, means testing, some people suggested that we could look at how much the parents were paying for their high school education. So for those students who for
10 example went to elite private schools that would be the kind of base line of how much they would pay in fees. And then those students who obviously could not afford fees would then attend for free and this is where all the different models then would come up, or how do you make this public or free education possible.

15 So by far the most mentioned aspect of how would you reform the system is the NSFAS system. And as we quoted there, the system as it is today currently sponsor students in the range of R2 000,00 that is the minimum and we are talking about Wits figures here. The minimum is R2 000,00 and the maximum is R71 800,00. So the student who is
20 receiving the highest amount of money from NSFAS at Wits, currently receives R71 800,00.

So some proposals evaluated the idea of expanding higher education through increased taxation or graduate tax. And as we sort of asked many of the people who proposed this to us, is well how do you
25 ensure that the government, because this is based on the idea that the

state has a moral obligation to basically transfer the graduate tax directly to university. So how do you ensure that the state for example does not transfer only 25c to each rand of that graduate tax? How do you ensure that the state transfers every rand that it collects in the form of a graduate tax to the university? So that is the kind of, those are the kind of, those are the kinds of questions that we asked people, who proposed this increased taxation.

We also looked at the private sector and this is where again in South Africa the picture is a little bit ambiguous, because the private sector already gets benefits, tax breaks, they call Section 18A benefits that they get for giving money to universities. But we looked at again a different way of thinking about how such private funding could be changed.

So some people focused on just changing the Section 18A benefits and making the private sector basically, or giving them better incentives to give to universities. So for example instead of, or the private sector giving specific bursaries for specific professions so for examples, companies that are engineering companies giving to the engineering faculty. The private sector could be encourage to give lump sums to the whole higher education sector.

Again here this is about for many people equalising the universities across the board rather than simple sponsoring one university at a time. So people are talking about different ways of how to encourage the private sector, to give collectively to the higher education sector, based on the idea that they get the best graduates basically from

the higher education sector. And so they should be willing to fund the whole sector rather than in the narrow sense of funding bursaries and scholarships for specific universities.

Next slide please, so some of the propels that we received looked
5 sliding scales based on income, they looked at the socio economics status of families and students. And the banking system was also one of those targeted sectors that people gave us proposals on how to reform the banking system so that it becomes easier for students to get loans, because currently in South Africa a student needs a guarantor in order
10 for them to receive an education loan or a personal loan. So one of the proposals was that instead of the students parents or their family becoming the guarantors we could have the students future employers become, so if the student is going to likely work for the government or the student is studying for a degree in education for example, the state
15 could function as the guarantor. Now that is the basic system that they have in the United States for example, where the state is the guarantor of all student loans, so we got similar kinds of proposals for South Africa.

The last set of proposals and this is where it becomes for us more complicated because it is about going beyond the current system and
20 what South Africans are used to. The last set of proposals were basically based on the assumption that even if you reform the current system, there would still be thousands of students who would be unable to access higher education. And so we received about two or three proposals that suggested the use of what are called special entity,
25 special purpose entity or SPE's or private managed nationally based

asset management funds.

JUDGE: [Inaudible microphone not on].

MS MAKWENA: Because in our estimation from the figures that we have seen is that no matter how much money you could put into the current system, that amount of money would still not be enough to really
5 give every single student a free education. Because I think the estimate is something like 9 billion rands per year right for ...[intervenes].

JUDGE: [Inaudible microphone not on].

MMS MAKWENA: Well Adam Habib would like to respond.

10 PROF. A. HABIB: Chair the reason we say this, is that even in societies like Germany, not all students coming out of their schooling system automatically go to universities. Then effectively what is done, is people are pulled and then there are different avenues to of access to postsecondary, some of it can be vocational, some of it could be
15 technical education, some of it would be going into the working pool, others would be going into the university system etcetera.

So if you looking at, we take about 1,1 million people into Grade R and Grade 1. On average 50% do not complete their Grade 12, so effectively about 600 thousand, 700 thousand tend to write their
20 matriculation what is the equivalent of the matriculation exam. And at the moment 28% to 30% actually pass with the Bachelor they pass, which means they get above 50 that allows them to come into a university. Now effectively, so that is down to 200 thousand from effectively 1,1 million people. And one of the big tragedies of South
25 African higher education is not many come out of the system, there is

50% to 55% who do not complete.

So what you want to effectively ensure is that even if you get good performance at primary and secondary level, you never going to take all 1,1 million people into the university system, you need to create other kinds of options. And even places like Germany which have very good university systems, make sure that only one part of the student pool goes into universities, and then other parts go into other parts of the postsecondary system.

I think from a country point of view, it is important that we have a diversity of skills created from our student pool otherwise you will have too many people with kind theoretical skills and not enough of the kind applied of practical skills required to drive the economy and the society itself.

JUDGE: [Inaudible microphone not on].

PROF. A. HABIB: That is right, our ideal is not that every student should go to the university, however we do find that every student should have a future and an inclusive future. And an inclusive future should not simply be defined by access to university education.

MS MAKWENA: So another way of answering that again, is to just give you a sense of statistics, that even in the countries that spend the highest amount on higher education, the number of people who actual graduate from universities with a Bachelor's degree is less than 40%. The only country in the world that has 51% graduation rates is Canada, and that is the only country that we could find that has over 50% of it student body actually graduating with a Bachelors degree.

So the large percentage of students that actually go to university even in countries where the university sector is well funded actually do not graduate with the Bachelor degree.

JUDGE: [Inaudible microphone not on].

5 PROF. A. HABIB: We do not have immediate data around this, but there is a lot of information that I think is really dubious in the public ...[inaudible]. What we are very, very clear Chair, is that the higher your level of qualification, the greater your chances of getting a job in the society itself. Now I do know that there is a large amount of suggestions
10 that we have something called a graduate unemployment problem. All of the research shows that the problem is not as dramatic as people imagine it to be. Actually given the skill deficits that we have in our society as soon as you starting to have a graduate degree you get a job. It might not be the job you want, it might not be the job you perceive you
15 deserve, but the likelihood of you getting a job increases dramatically as you progress in the hierarchy and that applies to matrix, Grade 10, matrix, 1st degree, 2nd degree, 3rd degree and 4th degree.

And that is quite clear, and if you want some data, I am sure that the ...[inaudible], the Counsel for Higher Education, has more data that
20 would give you further detail in this regard.

JUDGE: [Inaudible microphone not on], the volume of your graduates by 10%. Supposing you increase the volume of your graduates by 10% because of your new funding system, what percentage of those graduates are going to find employment in the present South African
25 economy?

PROF. A. HABIB: It seems to me that there are two parts to that. Firstly
[Inaudible microphone not on]. What we do have is a situation where
many students, and in many professions we have a shortage of skills.
So the first question is what are they graduating in. And if we can figure
5 out and ensure that they are graduating in the very areas where there
are significant shortages in the South African economy, then we could be
creating a win-win scenario where people are kind of working towards,
enabling economic growth in the society.

The second issue is that effective, and this has work bearing in
10 mind, that when we looking at it, the issue of jobs has to be an issue that
simple cannot be resolved at the university level. We actually have to
have an expanding economy to be able to absorb, we can produce the
best graduates in the world, so long as the economy is not expanding,
there is not going to be an absorbing capacity, and that is something that
15 is really the issue of economic policy, the issue of technical policy, the
issues of skills sets and issues that involve other stake holders other
than the university itself.

JUDGE: Sorry that is one of the questions that I am concerned with,
supposing one formulates a policy here or a suggestion to the
20 government which is going to vastly broaden the accessibility to
university. How many disappointed graduates are we going to be left
with, because I understand that, that is the experience of other countries
such as Venezuela for example.

PROF. A. HABIB: So yes that is an example like Venezuela but I can
25 give you other examples in other parts of the world where actually the

problem is not as bad. So in South Korea there is an absorption of those capacities ...[intervenes].

JUDGE: [Inaudible microphone not on].

PROF. A. HABIB: That is right but so is Venezuela and the South African
5 economy, so I do think what we got to start doing is getting all parts of
our society working together. So we need economic policy, university
admissions policy, our educations and skills policy all talking to each
other, and that is it. If you asking Chair if we get and expand higher
education and our economy continues to perform as it is now, well then
10 we are in serious trouble and I think you absolutely right. We do need an
economy that is capable of absorbing the graduates and incapable of
creating a more inclusive future for all of our citizens.

JUDGE: Ja I am very much concerned about us being as it being as
were do-gooders exceeding to the students initial request, free education
15 for everybody. And then finding at the end, that we have a pool of
people who have no future, and the balance is what concerns me, and
how does one do that without the sort of government intervention that
you have postulated and what is the point of us making any
recommendation unless we know to what extend that government
20 intervention is likely and practical.

MS MAKWENA: I think that we have to make a difference between what
we call massification of higher education and then an intensification of
higher education. Because I think the massification is basically what has
led to this, the crisis that we, where we are, that over the last ten years
25 the numbers have simple been increasing. So if you speak to anybody

who teaches an undergraduate class at a South African University, people are teaching anywhere between 300 and 600 students in a lectured class. Now that is not sustainable.

And so what we are thinking about when we are thinking about the reform of the higher education system, is in some ways scaling down of that massification, because that massification is unaffordable at all different levels. Puts an enormous amount of stress on professors, puts an enormous amount of stress on university resources, because the university has to absorb the physical numbers of those students. But it also means that universities do not conduct other business that they are meant to be engaged in like research, and that is becoming increasingly important for universities in South Africa.

And so massification is very different from giving students a quality education which at some level would mean selection and so it would not really necessarily mean that you would have a mass number of students attending university. You would actually essentially have a select number of students of getting a free education. And from the students that we spoke to because we had a meeting with our SRC, they accepted that in principal that actually a free higher education would mean less, or fewer students attending university.

But as I say, that is what has happened over the last couple of years in South Africa is the massification of higher education which again depending on who you ask, has not really worked and has actually led to our current crisis, precisely because the students are not getting the attention that many of them think they deserve when they attend a

university. And you cannot give students individualised attention or need specific attention if you have several hundred students in your lecture class or in your seminar.

JUDGE: Well I assume that the lower the standard of the student
5 coming through from the previous system or the lower system, high school system the more individual attention they require.

PROF. C. ALBERTYN: Ja can I just also add something, I think what at the centre of fees must fall, was the fact that academically deserving students could not access university for financial reasons. And I think
10 the core reason of this commission needs to be to remove that barrier. It is not about putting in tens of thousands more students into the system, it ensuring that the students that are in system are not disadvantage because they cannot afford to pay.

PROF. A. HABIB: [Inaudible microphone not on]. Return to the issue of
15 as an institution whether you have had introspection into quality education and what that means, and whether your lecturers are qualified to do the teaching as a teacher would teach. Now you would know that the experience is, that if you got a doctorate therefore you are a lecturer, does not necessarily mean you are able to impart that knowledge to
20 every student. And therefore the question as an institution whether you have had an introspection into your standards and meeting the standard of getting the output, throughput and so forth.

FEMALE SPEAKER: May, just another question before you respond, see we run out of time, just to back to the slide on the, the slide that is
25 on there, on the assumption that the judge was asking about earlier. So

does the SPE as you say it purports to cure the defect you are talking about that are impediment so to speak like you talk about massification and different other things, that make it impossible for this. So how do you, is this the suggestion of the institution that possible the last set of
5 proposals were based on that assumption?

PROF. A. HABIB: Let me respond to the first question and then my colleague will respond to the second around the proposals on intensification and how to address that. Over the last three years the university has gone through quite a significant introspection around both
10 the qualities required for teaching and the qualifications required for teaching. So for instance we make it now mandatory that any new lecturer coming into the system, will at some point go through a teaching and learning committee which have a series of inductions around teaching, teaching methodologies and enabling programmes around how
15 to teach. So the idea is we accept that effectively the fact that you have a PhD, does not guarantee you the right, or automatically give you the capacity to transmit those particular skills to students. So we do have a series of reflections around how what kind of teaching methodology required.

20 Secondly over the last eighteen months we have begun to innovate around IT and the use of technology in teaching. And effectively we have just in the last month launched three mooks which are courses, which are mass online courses that come out in that regard. And we beginning, to experiment with what we call blended learning,
25 using technology and face to face teaching and mechanisms that work.

So that is the second thing that we did.

The third is we begun to increase the qualifications of our lecturers, one of the big challenges in South African Universities, is there are not enough academic staff with PhD's. In many parts of the world
5 you cannot get a lecturer job without a PhD. It is a precondition, and we have now insisted in ensuring some of that. We have for instance in the last three years increased our pass rates by about a percent and a half, ...[inaudible] and that is quite significant, we are probable one of the highest in the country in terms ...[inaudible] although it is worth saying
10 that we take some of the best students in the country as a whole.

The final thing I want to say is, I do think that you need to think this through in a way that is disaggregated across the system. What the kinds of teaching methodologies and the kinds of teaching capacities required of lecturers in a university that is focussed largely on liberal arts
15 undergraduate programs. It is fundamentally different to what is required from a university that is research intensive and that has 35% of its students that are masters in PhD's.

You cannot think the teaching is the same for a 1st year student or the 4th year student or a PhD student or a Master student. Clearly you
20 require teaching capacities, clearly you require teaching methodologies, but the kinds of teaching methodologies but the kinds of teaching methodologies is very dependent on the quality of the student, on the seniority of the student, on whether it is postgraduate or undergraduate, on the kinds of vocational training, how we teaching for instance in the
25 medicines programme, is fundamentally different to how we teach in

software engineering, is fundamentally different in how you will teach in the philosophy programme.

So I do think that, that debate requires a deep deliberation and new ones, far greater new ones that then is evident if you like in the public discourse around quality teaching. I will let me colleague speak about the first issue.

MS MAKWENA: Yes Madam Chair thank you for giving me the opportunity to expand on what a special purpose entity is and what the implication would be. Basically there are two kinds that were proposed to us, one would be each university would have its own SPE, and what that would mean would be that, for example every year the university is legally bound to put a certain amount of money into a privately managed asset fund. And that amount of money quote on quote grows over a certain period of time.

Now those funds would be managed by a team let us say, consisting of representatives from the state, representatives from the universities and then representatives from other stake holders. So that is one option of what a special entity, sorry a special purpose entity would do. And then the second option is to have a collective SPE, one that would fund all universities and here this is where the private sector would play a greater role. So private sector companies would basically be encouraged to give money to the SPE rather than to give money directly to universities.

And this funding would basically, the people who propose to us, and we can show you the, like the models that people use, we did not

have the opportunity to present the models here. But the models would basically show that if say every university in South Africa were given about 2 to 5 million rands per year into the special purpose entity, it would make it possible for all students in South African Universities to attend for free, because this is, would be a kind of marked based, way of raising funds rather than basically depending on the vicissitudes of state funding or private sector funding.

So those were basically two kinds of SPE's that were proposed to us, and each one of them has got its own implications. But basically the general idea is that South African Universities need to start thinking about having endowments because this would be what SPE ends up being. An endowment rather than simple living from let us say hand to mouth, to use that expression. So it would be a set of funds that are basically made to ensure that the sector is sustainable well into the future rather than simply looking at the next five years or ten years.

An SPE matures over a period of about fifteen years to twenty years, and so this would be the kind of range of time that South African Universities would basically be funded by such a financial instrument.

FEMALE SPEAKER: [Inaudible microphone not on].

20 MS MAKWENA: Yes.

JUDGE: I have a question that is related to that in a certain sense, it relates to what Professor Albertyn had to say just now about the ideal of ensuring that academically deserving students are not deprived of education. What I would like to have frankly answered is this, and it may differ from university to university. And that is, are the universities

25

accepting students who are not academically, deserving?

PROF. A. HABIB: For the first one which is the massification one. At the moment we do have a problem in the South African higher education system, whether at Wits or anywhere else. At the moment we find that
5 55% of our students are not qualified. That effectively they start the degree they start the degree but they do not finish the degree. Now when you have effectively as I have said, 1,1 million starting in Grade R and 1, 50% do not complete, about 28% from those that write matrix, and then 55% do not complete, it is a hell of a waste of human talent. It
10 is broken dreams, and clearly it is something that we need to fix up.

Now if we can through this intensification model, play and ensure that we get better pass rates, that we invest better in people, that we have smaller classes, that we focus on tutorials, that we do the kinds of things that are meant to be done in our education. Then effectively if we
15 can increase the pass rate we will be producing the kinds of graduates we still require for a society that is growing without necessarily growing and dramatically increasing the numbers.

However I do think we going to have to do a couple of things, in addition to intensify. We are going to have to create more options
20 coming out of schooling. So everybody must not start of thinking that the only thing for a good future is the university, they must be having other options. Tvet colleges, vocational colleges, other possibilities, that show that if you do not go to a university, but if you go to a technical college you can still land up with the future that is inclusive for the society.
25 When somebody in the middle of Germany does not land up in university

at 18 years old, they do not believe their life is at an end. They can achieve an inclusive future and a successful future if they look at other options, and that is the thing that we need to start thinking through.

5 So yes to intensification, focussing on the universities, but then create other options for people coming out of the schooling system to say, there are other opportunities for you. Whether it is vocational training, whether it is Tvet colleges, whether it is other things, and that then creates then other opportunities. And I think that, that is absolutely important.

10 The second thing ...[intervenes].

FEMALE SPEAKER: Funding, do they need funding as well?

PROF. A. HABIB: So they do need funding, the issue is, the Minister of High Education has committed to growing the Tvet college sector. It is I think a strongly wise move to grow that sector, one of our big challenges
15 of growing the Tvet colleges is quality, we need to ensure that we get good quality Tvet colleges. Otherwise so long as there is no good quality Tvet colleges you not going to get people utilising that option. And so that is what I would suggest, and that is where I think we need to think through.

20 The second question, and I am going to come finally to finance. The second question that has been raised is, are we letting in students that are not academically qualified. Now I am going to answer this as Wits University ...[intervenes].

JUDGE: [Inaudible microphone not on].

25 PROF. A. HABIB: Academically deserving, so at the moment our, to get

into Wits University you effectively require a 36 point on some of our lowest degrees. The equivalent of that means that you looking at C category to access the university for our lowest degree. If you were looking at getting access to medicine for instance, last year our top
5 student who got in, into medicine did twelve subjects in matrix and got an aggregate of 98,5%. That is how competitive it has become.

Now the question Chair that you are asking that you are asking and I think that, that is a legitimate question. Is, is the quality of the passing something that we have to start asking questions on. Should be
10 saying all our students adequately qualified even if they have an A coming into the university system? And I think that there are questions there. Clearly our schooling system is not training people appropriately we need to fix that problem, and you can do whatever you want at the university system, if the schooling is not producing an academically
15 deserving pipeline we going to be having a serious problem there.

So the idea in part is going to start looking at how do we address the issue of the schooling system and fixing the schooling system, because you cannot fix that problem ...[intervenes].

JUDGE: [Inaudible microphone not on]. Passing one another, what I
20 have in mind is this, how many of the people come to university are academically deserving of university and as against those who should rather go to Tvet colleges, because as you yourself have suggested, we should try to increase the number in Tvet colleges if we can. Now where does the balance lie, are you accepting a large number students who
25 would be better equipped in Tvet colleges or are you not?

PROF. A. HABIB: Then the answer to that Chair, is at the moment if you looking at the university system, there are many students in the university system that would be more appropriately located in Tvet colleges. That is as a university system as a whole. And that is
5 probable true, but unless you develop appropriately quality driven Tvet colleges you never going to have them there. If you ask me our problem, I frankly do not believe we have enough students in the university system. At the moment look at student numbers, you have got effectively 1,1 million students in the university system up from about
10 420 thousand in 1994.

You have got between 3 and half and 4 million young people not in jobs, not in university, not in Tvet colleges and sitting at home. Now frankly I would say start making sure that those 4 million people are in Tvet colleges probable some groups from the universities would end up
15 there, and upscale the quality within the university system. But I do not think for instance in comparative terms and I think, Shunepa made this point in her earlier presentation, there is not any suggestion that the number of students we have in our university system, is too much in comparative terms when compared to the South Koreans, or the
20 Brazilians, or the Indians, or the Chinese.

Effectively we have about 17% or 18% that is something that should be required in a society that is meant to be building a kind of globalised economy, we probably do need to push it up a couple of percentage nudges in the coming years. But I think what you want to do
25 is first ensure that a fast majority of our students, who are sitting at

home, are given options in Tvet colleges and then we need to slowly build the higher education system.

I want to make one final point Chair, because I do think this goes to the heart of your deliberation. Effectively the challenge we confront in South Africa, is the challenge of our ambitions versus the resources that we have. And effectively what we have made, we have committed in our constitutions to say that from a social justice angle we are going to progressively increase the access to education in the society, the access to healthcare and the access to a decent livelihood.

And so effectively that is a constitutional obligation we started off with, what we have got to figure out is how, do we go there, over what time frame we go there, and how do we find the resourcing to enable us to go there over that timeframe. And then we have got to ask the question what are the tradeoffs required for us to achieve that. So we might say that actually we not in a position to immediately on day one deliver on free education for every deserving student.

But in the next ten years we are going to do this, and we going to do this with this kind of plan, and in the short terms we are going to look at certain financing mechanisms to enable that, knowing that it may inherit a debt. But in the medium term we are going to move away from that debt, to assist them not to be burden by that debt. The question that constantly I ask, between 2000 and 2008, this society had between 3% to 5% growth rates in the society, yet our investments in higher education per capita declined.

How is that allowed to happen when we had a constitution that

had mandated us to be progressively expanding the quality of education and the access to education? So the question we probably need to ask, is under what kind of growth rates, what kind of investments in higher education that we need to do. And we would be happy as Wits, I am
5 sure my colleagues at other universities would, I would be happy to pull together a group of economist, of the best brains to sit down with this commission should you deem it appropriate. To tell you what kinds of investments with what kinds of growth rates will achieve what kinds of outputs. And we would be happy to deploy that to this commission
10 should you want that kind of technical skills to be deployed here.

MS MAKWENA: Before my, could I just quickly ask, you asked a question but I am not sure how we can answer the question, because it seems to me, Judge here, you have asked us a technical question about how do we know whether a student is deserving of a university education
15 or not. Because that is a very delicate question precisely because again globally school finishing degrees or certificates are actually not a good way of evaluating whether a student qualifies for university or is deserving of university.

Precisely because the way that universities teach is completely
20 different to the way that schooling is done. And I think for many South African students and we can talk about this, but generally speaking in South Africa in the society in general, there is a lot of misperceptions about what universities actually do. And many students arrive at university expecting to be taught in the same way that they were taught
25 in school, and they fail basically to make that adjustment to between the

two different kinds of teaching.

And so it is very, very different to technically evaluate whether someone is kind of amenable to the kind of technical shift that is required from teaching in a classroom in which you are told what you should
5 know, to being taught in a university in which you are told to go out and explore. So many of our students get confused when we ask them to go to the library go and do their own research, go and access the resources that are available to the university.

And all those ways of thinking and shifting in thinking are very
10 difficult to evaluate when someone is 17 years old, to try and work out whether or not whether they are amenable to that kind of teaching. And I am not sure whether that is the question that you were asking.

JUDGE: [Inaudible microphone not on].

MS MAKWENA: Right, again I am just going to give you a global
15 perspective. Merely globally the same percentage of students drop out of school, so between 30% and 50% of students drop out of school, again globally and the same rate at university level. So again in South Africa we have the special case of financial exclusions where students drop out because they cannot finish university because of fees.

20 But if we talking purely in terms of academic ability, I think the ratios are the same all over the world, which suggest that the reasons for why students drop out of university are as varied as the students. That there is no way knowing in advance whether a student will drop out or not, but in terms of the proposals that we received. One of the proposals
25 that we received, actually suggested a system in which you would

basically weed out the students at 1st year level. So we had a proposal in which basically all students would pay their own fees at 1st year level. Those students who succeed above a certain level then get the free education.

5 So you basically test the students ability to access university education when they are already at university. You do not, you no longer rely on matriculation. So you only begin to give the students a free education from second year onwards. And so all along that system is basically open to all along, you take out the students who are not qualify,
10 or you charge them, so this was the alternative, that if the students for example fails a course or fails two courses. Then they start to get charged for accessing the university in order to, people call it free riding, in order to get rid of the free riders.

 And so this, the system, there are various ways that one can
15 contrive for getting rid of free riders in the system, but again many of them would lead to this kind of intensification of education, because then it would mean that you are constantly evaluating the students even as they progress through the university for their sort of suitability to be in the university. But we did receive many of those kinds of proposals, so
20 they are there fully explained in our report.

 But I think my colleague David wants to say something.

MR HORNSBY: Ja I just want to actually speak to the question of access that your raising Mr Chair. And it can also be turned around to a question of how we are supporting the students? If we look, if we take
25 the capabilities approach one could argue that actually every student can

be academically qualified if we have the right support mechanisms in place to unleash their capabilities and unleash their capacity for learning.

At the moment I think what we are trying to raise here is that one of the problems in terms of capabilities is the financial access issue. And
5 that we actually see a large number of students in Wits particular dropping out because they can no longer afford to be there. But then we also, I think you absolutely, you and your colleagues have raised a very important point, but how are we actually supporting the students academically better to unlock their capability so that they can get the
10 most out of university education and then graduate and contribute to society.

And that again does speak to another question or resources, whether we go the large classes route, whether we go the small classes you know with high intensive teaching models. All of these sorts of
15 models require financial resources in order to be successful. My own research background have actually been writing a bit on large class ...[inaudible], large class teaching environments. And you know we always hold up this ideal of small classes as being sort of being the best type of learning experience.

20 Well large classes can work too, but they require a heck of a lot more resources. They require tutorial support, they require lecturing staff, they require you know access to greater books, greater number of books, access to online technical and technological tools. So again it always sort of keeps coming back to this notion of how we actually
25 supporting our environment. And I think my colleagues and I would

agree that at this current moment, even in large class intensification, massification model, we do not have the sufficient resources to make that work effectively and to unlock those capabilities.

JUDGE: [Inaudible microphone not on], complete your presentation?

5 MS MAKWENA: [Inaudible microphone not on].

JUDGE: [Inaudible microphone not on]. Would like to ask you some questions before you close, Mrs Pillay?

ADV. K. PILLAY SC: Chair we have no questions from our side.

PROF. A. HABIB: Would you say one final issue around earlier on where
10 people suggested numbers, and I do want to underscore the importance that in certain disciplines we have a massive shortage of qualified graduates. So let me give you an example, in medicine at the moment we producing twelve hundred doctors, we can only take, so Wits take two hundred every year from matrix into its first year class. At the end at
15 the country as a whole we are producing twelve hundred doctors. For the size of our economy and our population we should be producing six and a half thousand doctors a year, we producing less than 25%.

And so there is a massive need to increase the amount of doctors we train, and the only way you are going to do that, is by having more
20 medical skills, you cannot effectively rely on Wits taking more or expanding its classes it is too intensive training programme. So just let us be clear that in certain areas, and in certain disciplines we need to still expand our university training even though we probably in other areas need to become more circumspect and focused and intensively
25 oriented. And that is the thing that we should bear in mind in the

collective set of deliberations that come out of this.

JUDGE: [Inaudible microphone not on]. As an example what are the constraints on increasing the number of medical skills, are they purely financial or are there other reasons?

5 PROF. A. HABIB: There are effectively three sets. In Wits case we will have this year 9 000 applications for people who are intending to do their MB CHB and we have 200 places. Effectively there is three problems for expanding, firstly we need massive infrastructure and so we need more medical schools. And we probably need more medical schools in other
10 universities and you know Wits got a system in building an assisting lab but we need to start building more medical schools.

Secondly we need more academics, we need the academics, you can have the infrastructure but if you do not have the professors training those medical, those individuals, those students, then we going to have
15 a problem. And so clearly we need to train more academics and we clearly need a better relationship with professionals who are in the private sector who can come and spend part of their time in the public sector training.

And the third thing you need is academic training hospitals. So
20 you can have the university school, the medical school, but unless you have you have the bedside where the experience happens, then you effectively need that. So those are the three immediate things. You also need better thinking around these issues. So often I argue we need our public hospitals managed better, we need a thoughtful engagement on
25 how we bring the private sector involved. We need better relationships

and we need better, if you like public institutions and different arms of government working much better than we have.

JUDGE: [Inaudible microphone not on]. There are an additional ten thousand students in South Africa who would like to do medicine and
5 that they should all now be given free education so that they can do medicine because you simple could not handle it.

PROF. A. HABIB: You are absolutely right it would be, it would not be a wise recommendation to make, however you could make a recommendation that does say the following. That this country is
10 producing too few doctors, that we need to start increasing that, actually you do need to increase the number of medical universities. And as a state we are recommending that the state start building more public medical schools together in partnership with the universities that do exist, the University of Cape Town and Wits can assist in that regard.

15 JUDGE: [Inaudible microphone not on].

PROF. A. HABIB: It is frankly it is one of the big priorities we have, at the moment if you go to rural areas in this country, Chairperson people cannot access a doctor. People are dying of the most basic illnesses because they do not have access to adequate healthcare. We should be
20 as country producing more doctors and we need a better management if you like, of our medical personal so that they are deployed across the country.

And frankly universities need to come to the party, government needs to make some recourses available to that. At the moment it is not
25 an issue of demand, we have got enough students in the pipeline, good

academically deserving students. I said to you Wits had 9 000 students, the top 3 000 of those could easily access medicine, if we had the space, if we had the recourses and it would be in the broader interest of this country to do so.

5 And I am using medicine as if you like one case, I could give you four or five ...[inaudible] chattered accountancy, software engineering, civil engineers, a whole range of disciplines that we desperately need, professionals in the society if we going to succeed as an economy and as a society.

10 JUDGE: [Inaudible microphone not on]. Which that is not our main focus, it should not be our main focus.

PROF. A. HABIB: Ja I am going to be very careful as you could imagine I have got three humanities and ...[inaudible]. I do think that one of the things that when we think that, we should not enter into a very simplistic
15 analysis that says humanity is not needed, all we need is engineers. If you look at any major societal problem we confront from the spread of HIV, AIDS to the issues on how to deal with climate change, if you do not have thoughtful social scientist in the conversation you cannot find a solution to those problems.

20 One of the fundamental issues that we found in the spread of Ebola in West Africa was that we could not figure out the social customs that were required to managed the spread. And so I do not want to get involved in the debate that says we do not need humanities. I do however want to say and I agree with you, that I do think we need to be
25 clear, that we do need more doctors and we do need more engineers,

and as humanities grounded specialist, we should not be denying that. We should say there is nothing wrong with saying we need more doctors and we need to train more and we need to focus some of our attention in that.

5 But I would not support a view that says that as a result we do not need the humanities as a set of disciplines because that I think could get us into trouble.

JUDGE: Your model, have you considered the possibility of free education for necessary professions if I might put it that way, some that
10 are more important than others?

PROF. A. HABIB: [Inaudible microphone not on], specified it precisely in that format. But I do think that there are already cases where arrangements have been made. So for instance if you look in the chartered accountancy profession, we have ...[inaudible] which has
15 mobilised resources and mentorship from a variety of accounting firms and works very close with universities to produce a new generation of black accountants.

We have for instance in mining engineering quite an enormous investment from mining houses in scholarship schemes to produce the
20 new generation mining engineers.

JUDGE: [Inaudible microphone not on].

PROF. A. HABIB: Medicine we actually do not have a similar programme and I do think, we do have some money and some resources deployed by provinces. So for instance many provinces will say we will fund
25 twenty or fifty students that will be focussed on getting medical degrees.

So we do have that, but not on the scale that is required. And I would imagine we could very thoughtfully as a country say instead of focusing this and making it a disparate of provincial base focus, we could say we could spend better money and we could get provinces create a
5 centralised front from that money and invest in the training of doctors and in others areas.

So I do think we could spend money better, I do thing by the way one of the things we have not thought about sufficiently is how to mobilise the kinds of moneys in the private sector, and the public sector
10 so we spend cleverly. Rather than spend too much, because everybody is following and chasing the same thing and in the process we do not fund cleverly. And I think that, for instance you thought through how to mobilise the BEE funds that are available in our society and redirect them towards the financing of high education. I think you would find an
15 enormous amount of resources.

I would give you another example. I am often stunned by, we have spend anything between five hundred billion and a trillion in the last twenty years on BEE deals, a portion of those BEE deals had been meant for social responsibility. Imagine if you set 10% of that must be
20 reserved for universities that would be a 100 billion. On a 5% return rate you would be getting 5 billion a year released that is 50% of the ...[inaudible] funds would be released for funding. If we just re-imagine some of our regulatory powers and we use it with the level of imagination we could put an enormous amount of resources in places like high
25 education without spending a single sent more.

But it does require political will and it does require imagination and it does require antagonising a whole series of BEE entrepreneurs who might not get access to those funds, but that it will go to public educations. Those are the kinds of things that I think we need to ask
5 hard questions on in these set of deliberations.

JUDGE: [Inaudible microphone not on], matters that crops up very frequently in all the representations we have, is the modus operandi of employing a loan system which is repayable through the tax department at a time when the graduate is financially able to make such payments.
10 Now I had sort of expected to hear that you had considered that in the construction of your model, but I did not hear anything to that extent. Did you consider it?

MS MAKWENA: [Inaudible microphone not on] generational difference. Because again if compare the proposals that we received from
15 academics, many of them were based on what they call the pay back model. And as I say in our full report we have examples of different kinds of pay back models. But again from the student perspective debt has sort of become something that is nasty and bad, so I think it is generational difference. So generation ago ...[intervenes].

20 JUDGE: [Inaudible microphone not on].

MS MAKWENA: Yes again this is something that we just reporting back to the commission, because for us it was also a surprise that an older generation is more than happy to construct a model that is based on the idea that the students will pay back in whatever form, so there were all
25 sorts of suggestions for example, sweat labour where students pay back

in labour rather than in cash. There were suggestions of how it is that payments could be graduated over time, so that they are not burden someone with student etcetera, etcetera.

But from the student perspective there was just an assumption
5 that the education should come debt free. Now again this is part of a global trend, in the sense that wherever you see these debates about student fees, the question of the burden of debt immediately comes up, because basically the students perceive that debt itself is a kind of handicap. That the debt, then handicaps them for the future, which is
10 why the fees for students created the notion of a black tax. The idea that if you are black in South Africa not only then do you have the burden of paying back this tax, but you also have the burden of fulfilling the expectations of your family, that they have because you have graduated from university. So you basically end up with two kinds of debts, the
15 financial debt that you owe to society for having educated you and then the debt that you owe to your family for having supported you through your university years.

And those two kinds of debts according to the students put such an enormous strain on them, that they much rather give up one and pay
20 attention to the other. And so the one that is the easiest for them to give up is the debt to society, but as I say I think it is a generational difference. And from our perspective there was no way of bridging that cap, because no matter how much we would question the students, over why it is that they simple do not want to pay back debt, they would come
25 up with the same answer. Is well I have, I already have debt, I have

debts to my family.

JUDGE: [Inaudible microphone not on].

MS MAKWENA: We have not, we did not select that, we presented both perspectives, so in our report, in our full report we have presented the
5 payback models. But we have also presented the possibility of a debt
free, so with every proposal that we have received we basically
presented the advantages and the disadvantages of each proposal. And
so we presented the advantages and disadvantages of a debt based
proposal.

10 PROF. A. HABIB: Chair I do want to say one thing about what you have
just said. It is true that debt is eternal, but it is also true that there are
different cultural experiences of that. So in Western Europe they do not
inherit the debt model, where you pay, what they rather would do is that
they would tax higher, they invest that extra tax in the system and then
15 students are not, and they are very, very inclusive development
consequences out of that.

It is also true that in the west, in the United States model, at 1,3
trillion, there is quite a bit of data that shows that the debt problem has
begun to ...[inaudible] the inequality divides in American society. And if
20 that is a challenge as it has been and the national development plan is
targeting us, committing us to bringing down levels of inequality, then we
do need to understand the consequences of that. I am not opposed to
debt, I just think how we do so is going to be very thought through rather
than just simple, the problem with this debate at the moment, is people
25 are either saying yes to debt or no to debt.

We going to need a more sophisticated nuanced response to how the issue plays out over what time frames, and what we might require in the next five years may be very different from what we look into the long terms future of the society around these issues.

5 JUDGE: Thank you, thank you to you Professor Habib and your colleagues for your thorough presentation.

PROF. A. HABIB: [Inaudible microphone not on].

JUDGE: Thank you. Ms Pillay, would you like to lead this or is it over to them?

10 ADV. K. PILLAY SC: No Chairperson, I believe that the department will conduct its own presentation.

JUDGE: Very well, go ahead at your leisure. Thank you.

MR QONDE: Thank you very much, Chairperson. My name is Gwebs Qonde, from the Department of Higher Education and Training. We are
15 here as per invitation to present to this commission. Thank you Chairperson. The presentation that we will follow is from the Department of Higher Education and Training, in respect to the mandate of the commission that was set up by the president.

On the first slide it is just indicating that this is about funding the
20 post-school education and training sector, and the feasibility thereof, of free higher education and training in the country. The second slide just depicts protests that took place last year. This is against the background of the demands that were presented to the department and government.

The "Fees must fall" began with a demand for no fee increases at

the most expensive universities, by students excluded from the National Students Financial Aid scheme, which I will be referring to as NSFAS. Mainly from middle class and the so-called missing middle. This escalated to a demand for free higher education for all. This further
5 escalated and included some other demands, for instance scrapping all student debt, handing outsourcing of workers to service universities, curriculum transformation at universities, availability of decent and affordable student accommodation for university students, ending rape culture on university campuses, amongst others.

10 The protests led to violence and destruction of property estimated at around R500 million between October 2015 and June 2016. Universities are under severe financial stress and sustainability is threatened thereof. The response to these protests and demands, the presidential task team on short-term funding solutions was established
15 by the president.

An agreement for no fee increase for 2016 was agreed at, after consultation with various stake holders. Then government would lead a process that would look at broader issues affecting the funding of higher education in the country. An amount of R16.2 billion was re-prioritised
20 into university baseline funding and NSFAS from across government for the MTF to fund unfunded poor students through NSFAS, and the effect of the 0 percent fee increase over three years, as a carry-through effect.

The presidential commission on higher education and training to look into the feasibility of making higher education and training fee-free
25 in South Africa was established. The minister also requested council on

higher education, which is CHE, to advise on a [indistinct] framework, with an immediate proposal on the increases for 2017.

Status quo, though, remains while issues are being dealt with, that is the payment of fees by students is still the characteristic feature of the funding model across our institutions and colleges in the country, as we speak. A need to find solutions to ensure affordable quality higher education for all was actually identified.

The context, just briefly. The issue of fee-free higher education, and training cannot be considered outside of the wider context of funding for the education system as a whole, and the post-school education and training system in particular. The Department of Basic Education provides for education through schooling, whilst the Department's [indistinct] is to provide education and training for anyone out of school who requires it, whether matriculated or not.

The PISET system must provide for school leaving youth who are entering the higher education and technical and vocational education and training sector, as well as out of school youth, who dropped out before grade 9, and adults as well who are in community education and training sector. Which is currently known mostly by everyone as adult education.

Now the post-school education and training system is constituted of 26 public universities, 50 public technical and vocational education and training colleges, with about 256 campuses around the country, 9 community education and training colleges, which encompass public adult learning centres in the country. Registered private colleges and

private higher education institutions. Skills levy institutions, that is 21 Sector education and training authorities know as SETA's, and the national skills fund.

Returative [?] bodies responsible for qualifications and quality assurance in the post-school system as well, which is council on higher education UMALUSI, South African Qualifications Authority, quality Counsel for Traits and Occupations.

The next slide, this is depicting the shape and size of the system. Currently the pyramid is looking quite wrong, we have to flip it around. We have got high number of student population at higher education level, and less at college level, by any account, as the pyramid is actually depicting. Now if we are to achieve the NDP targets and the targets on white paper on post-school education and training, we need to flip this pyramid around.

Now the quality counsels, they are playing a quality assurance role for the entire system, in colleges as well as institutions of higher learning, and the levy grant, its main purpose is to interface between the educational institutions, as well as work places. They facilitate that particular role.

Now one of the challenges here is that students who pass national senior certificate, who qualify to enter into universities, on about 30 percent, and 70 percent of them have to be catered elsewhere in the system, hence the critical importance of Tvet Colleges as well as Community Education and Training colleges. Of which the community education and training colleges are expected to absorb the bulk of it.

The estimate at the present moment is plus or minus 18 million citizens who are not catered in the system by any measure. Going further the achievements of the PISSET system, university enrolments increased from 837709 in 2010, to 969154 students in 2014. Our
5 institutions are largely transformed because the student population by 2014 at universities is constituted of 72 percent African, 16 percent white, 6 percent coloured and 5 percent Indian, compared to 62 percent African, 25 percent white, 6 percent coloured and 7 percent Indian in 2003.

10 We have established three new universities, Sol Plaatjie University in the Northern Cape, in Kimberley. University of Mpumalanga, which is in Mbombela and Sefako Makgatho Health Sciences University. Good academic reputation of our institutions in the country has attracted over 70000 foreign students who are studying here
15 currently. We have also embarked on the first phase of the development of new generation of academics in the country. Because one of the challenges of the system is that we are faced with an aging cohort of the academia. The average age of an academic at the present moment is around 58 years, which is posing a serious threat to the system. We
20 need to move with speed in order to replenish that aging cohort.

The function of Tvet Colleges and adult education and training has been transferred to the department and we assumed responsibility on 1 April 2015.

MALE SPEAKER: ...[inaudible].

25 MR QONDE: It is correct, thank you. Tvet enrolments increased from

345566 in 2010 to just around 710535 in 2015 ...[intervenes]

FEMALE SPEAKER: ...[inaudible] that you referred to previously, is that the current situation now?

MR QONDE: It is the current situation.

5 FEMALE SPEAKER: Are you able to appraise us later maybe of the succession planning in terms of the youth?

MR QONDE: We can make that submission, but it is also included in the narrative that we submitted, but we can provide more information in respect to that. That is why we have embarked on a program of the
10 development of new generation of academics, which we have started already. Thank you.

The new Tvet College campuses continuing with the achievements. One is complete, two at 60 percent completion, nine out for tender. We have established now nine community education and
15 training colleges, incorporating 3276 learning centres. Since inception NSFAS awarded an amount of about R50 billion to about 1.5 million students.

NSFAS bursary funding at the Tvet colleges has increased from R318 million in 2010 to R2.3 billion in 2016, and loan funding at
20 universities has increased from R2.2 billion in 2010 to R6.4 billion in 2016. NSF scares and critical skills bursary funding at universities has increased from R65.5 million in 2009/10 financial year to about R866.3 million in 2016. National research foundation scholarships for the post-graduate student funding program that is scares skills development fund,
25 has increased from R85.1 million in 2009/10, to R254.3 million in 2016.

The targets of the system as reflected in the NDP and white paper on post-school education and training. In respect to university education we are looking at increasing participation rate by 70 percent. That is enrolments from 950000 to 1.62 million by 2013. Improved academic
5 qualifications 75 percent with PHD's. In 2010 it was around 34 percent and 2014 43 percent. The reason why 2015's figures is not included is because they are not audited as yet in our institutions.

We look at increasing throughput to, just above 75 percent. The current undergraduate throughput in the country is plus or minus 52
10 percent after seven years in the system. We are looking at increasing masters in pasty[?] students to more than 25 of enrolments. Currently it is around 16 percent. We want to produce 100 PHD's per million per annum. At the present moment, that is 5000 per annum, whilst at the present moment it is only 2200 per annum.

15 We are also looking at expanding infrastructure, especially student accommodation, expand distance education as well. Full funding of all NSFAS qualifiers, those who are poor, and loans for others. Funding and research capacity development for young female and black
20 researchers. We need to escalate that as well. In respect to college education training, technical and vocational education and training are projected to increase enrolment to 2.5 million, according to NDP targets. Community education and training, increase enrolment to at least one million. Private colleges, increase enrolments to 500000 and skills development 30000 artisans produced per annum.

25 Now in respect to piste growth and sustainability thereof, the NDP

targets focus on substantial growth in the Tvet sector, more than 200 percent increase in enrolments, and CET sector, more than 250 percent increase and more modest, but still significant growth in the higher education sector, approximately 60 percent increase in enrolments. All
5 this is expected to happen within a constrained physical environment, with very sluggish economic growth.

It is clear that it will not be possible without substantial injection of funding and development of capacity in the system. Current funding for the public PASET system is not keeping up with growth, system quality,
10 and sustainability, is seriously threatened. Solutions include better funding for institutions and students, slower growth, improving teaching and learning and student success.

This slide is just showing the nature of challenges that are confronting us in the post-school education and training system. The
15 question of funding at universities, Tvet as well as CET Colleges, both OPEX as well as KPEX, student financial aid, the size and shape, success students in terms of throughput rates, the staffing capacity, is the point I raised earlier on, we are having end-gap, that is new generation of academics development program at the present moment,
20 and we are working at improving Tvet lecturer qualifications through development programs in our institutions and other interventions.

So the question of research as well, we need to be more research intensive in order to improve our economy and innovation thereof, and the question of governance and management, in terms of efficiencies
25 and effectiveness needs to improve quite tremendously. This properly

done would actually yield the quality and value for money that we should not forsake.

On the fair, free higher education and training. Fair free higher education and training, that is including higher education and Tvet should not be divorced from other parts of the education system, including the provision of CET, which is Community Education and Training. Basic education and pre-school or early childhood education. Any decision to remove fees from university students, as demanded by students, must be located within the context of the need to fund universities adequately, to provide quality higher education and research, expand, improve the quality of and adequately fund Tvet colleges and financially support Tvet students.

Develop and expand CET colleges and financially support CET students as well. Fund practical workplace based learning for university students, Tvet college students as well as CET students. Provide universal quality basic education and early childhood development more generally amongst other things.

The right to education. The Department derives its mandate from Section 29 of the Supreme Law of the Republic, that is the Constitution, which says everyone has the right A) to a basic education, including adult basic education, and further education, which the state, through reasonable measures, must make progressively available and accessible. B) Everyone has the right to receive education in the official language, or languages of their choice in public educational institutions, where that education is reasonably practical.

In order to ensure effective access to an implementation of this right the state must consider all reasonable educational alternatives, including single medium institutions, taking into account equity, practicality and the need to redress the results of past-racial
5 discriminatory laws and practices.

Section 29[1] of the Constitution is a reflection of the content of the freedom charter, which asserted, education shall be free, compulsory and universal for all children. Higher education and technical training shall be open to all by means of allowances and scholarships awarded
10 on the basis of merit.

A key issue is how the constitutional right to further education, which the state through reasonable measures must make progressively available and accessible has been interpreted. The Department and Government generally raised the constitution and the Freedom Charter
15 as well to clearly articulate that basic education, including adult basic education, is a fundamental right and must be provided to all who need it.

While further education, which can be interpreted as consisting of higher education, that is university education and Tvet education is a
20 secondary right that must be made available and accessible to those who merit it.

Also to make further education available is interpreted to mean that the system must grow to provide sufficient spaces for study. Make it accessible means it should be affordable. An individual should not be
25 denied access on the basis of financial need. Access is not simply about

financial access. It includes epistemological access to effective academic study as well, we believe.

To ensure this right government has increased spaces at universities and Tvet colleges, establishing three new universities and
5 planning the development of 12 new Tvet campuses across the country. Provided funding to support poor students at universities and Tvet colleges through NSFAS. Provided significant investment in foundation provisioning, and a range of related initiatives at universities, with the aim of improving the success rates of all students, and to
10 address the well documented articulation gap between school and higher education.

This slide is actually putting hard figures, with a view of demonstrating that our funding favours university education than other sectors. For instance, for 2015/16 the money that we transferred to
15 institutions through university subsidy stands at around R26 billion plus, but if you look at Tvet colleges it is around R6 billion plus, and if you look at community education and training it is around R1 billion plus. So the direct charges are moneys that are from levy grants for skills training and development. Which are mainly there to facilitate interface between
20 education and the world of work. So this funding is depicting a picture that requires to be changed, where we are looking at having more student population at college level than at university level.

Continuing on PASET funding. The majority of the funding in the system is allocated to higher education transfers. Substantial funds
25 available from the skills levy collected via the taxation system, as I

indicated earlier on. Institutions such as the CHE and SAKWA are funded through other operational activities. Skills levy funds distributed through SETA's, that is they get 80 percent of what has been collected and the national skills fund gets 20 percent. The SETA funding is distributed across prescribed functions. SETA administration, quality assurance, the mandatory grant, which has to go to employers who need training, or who need to undertake training, discretionally grant with support provision and students in workplace learning.

The national skills fund supports the development of skills for the country, more generally through undergraduate scars skills bursaries, administered through NSFAS where about 13000 students in 2014/15 financial year, post-graduate bursaries administered by the National Research Foundation, 2000 ... [intervenens]

FEMALE SPEAKER: ...[inaudible] those scars skills, is there a criteria of identifying that? We are just concerned with the number?

MR QONDE: There is a criteria that we have gone through to identify the scars and critical skills in the country, that we need to priorities in supporting by every amount of money that we are able to get. Thank you.

JUDGE: ...[inaudible].

MR QONDE: It would be medicine, engineering, architecture, geologists, [indistinct] engineers, you name various fields of engineering.

FEMALE SPEAKER: ...[inaudible].

MR QONDE: No, we work across all government departments, provinces, municipalities and research institutions, and our institutions,

everybody. We go through that exercise to arrive at that determination as to what is constituting a scarce skill in the country. It is an elaborate process. So we are having a list of all of them, those that are designated as critical skills, through that elaborate skills, and it is also gazetted.

5 Thank you.

The NSF supports the development of skills for the country, more generally through these interventions, and also it supports infrastructure development, targeting professions and occupations in high demand at universities and Tvet sector infrastructure through support for the
10 establishment of new Tvet college campuses.

Although skills levy funding is an important part of the system it cannot compensate for a lack of adequate funding for Piset institutions or financial aid for poor and working-class students.

Now funding on higher education institutions and students
15 continuing. The white paper 3, which is a program for the transformation of higher education, and the promulgation of the Higher Education Act 101 of 1997, is the basis for the development of the post-apartheid higher education sector and funding model thereof.

White paper 3 recognised higher education as both a public and
20 private good[?]. Investment in higher education is important for economic development of the country, but knowledge and skills acquired from achieving a university qualification result in significant lifetime private benefits for successful students. The white paper 3 principle is that calls for higher education should be shared between public and
25 private beneficiaries, but finances should not prohibit students from

accessing higher education. This is what we normally refer to as cost sharing module.

So the cost sharing mechanism also exists in the public basic education sector, because at times there is a tendency of thinking that basic education is free for all and that is not the case. Fee paying and fee-free for poor student public schools currently exist in the country. So the funding framework is performance based and is used to transparently allocate subsidy funding to public institutions in our case.

Still funding. The next slide please. Thank you. This is basically where our money goes. If you look at the left, it is a block, "grant". This is money when transferred to institutions is under the control of counsels of respective institutions. They make a determination of using it in respect to teaching input grant, teaching output grant, research output grant as well as institutional factors, which we would have to look as to whether the institution is historically disadvantaged, or it is advantaged and compensate for whatever anomaly that may be there in the system.

Also we are transferring earmark grants to institutions in order to steer transformation towards equity and ensuring that the imbalances are mitigated and addressed within the system. So these grants, they are accompanied by stringent conditions that are attached to them for the utilisation of institutions.

For instance NSFAS, you cannot take it and go and build infrastructure for this money. It has to fund poor students. That is what we mean by conditions. Teaching development, foundation phase provisioning, veterinary sciences grant, infrastructure and efficiency

grant, research development grant, historically disadvantaged institution grant, as well as clinical training grant. These are the forms of grants that get transferred to our institutions. Still funding continuing. Here what we are trying to demonstrate is that university funding by
5 government declined over the past 14 years in percentage terms.

The part, it is blue? Alright. Yes the blue part it indicates in 2000 the funding by government was quite substantially, in percentage terms, but as the time went by there was a decline, if you can see, but we will elaborate on this in the next slide, which would demonstrate that funding
10 has increased in the system. But what it can buy, it has come down. So nominal in real terms, are the terms that are the characteristic feature that describe this situation quite very well.

So the block grant allocation to universities increased by 139.7 percent between 2004/5 financial year and 2015/16 in nominal terms.

15 JUDGE: DG, can I just ask you, apart from donations what form does third-stream income take?

FEMALE SPEAKER: ...[inaudible].

MR QONDE: it would be research by institutions, researching for certain companies or organisations, they get money. They would be offering
20 other programs, other than the traditional established program at the request of an organisation or a company or a community, and those are the moneys that get into the coffers of the institutions, which we refer to them as third-stream income. Donor funding as well. It is a whole range of other activities through which the institutions can generate money on
25 their own.

JUDGE: Thank you.

MR QONDE: Thank you.

FEMALE SPEAKER: ...[inaudible].

MR QONDE: I did not get the question properly?

5 FEMALE SPEAKER: I am saying ...[inaudible].

MR QONDE: Yes, they do borrow, but there are terms and processes arriving at that. It is not an open season that they can go and borrow. So at a certain level it must get the approval, you know, of the minister.

FEMALE SPEAKER: ...[inaudible] in the ...[inaudible] and in the decline
10 there are borrowings that no longer happen or they potentially ...[inaudible].

MR QONDE: ...[inaudible], it is just money from government, ja. Now on the second bullet there, higher expenditure within universities, due to increases in staff expenditure, utilities, rates and taxes, electricity and
15 etcetera. However, the eroding effect of inflation meant that ...[intervenes]

JUDGE: ...[inaudible] just to satisfy my own, to satisfy my own interest. At some stage when I was coming into this commission a respected university academic said to me that one of the problems within
20 universities was that the expenditure on administration staff had increased many-fold by comparison with the expenditure on academic staff over the last five years. Is that true?

MR QONDE: There are institutions that are having that challenge.

JUDGE: Why is it a challenge? Why is it happening, that is what I am

interested in?

MR QONDE: These are funds that are managed by institutions. Because when staffing course escalate, it is either you are employing more than you should be employing, or your compensation of employees
5 is not strictly balanced and the ...[intervenes]

JUDGE: Well the suggestion was put to me that administration staff were being brought in to fill posts which were unnecessary and were just being created for the sake of creating jobs.

MR QONDE: It varies by institution in respect, what are the prioritisation
10 that that institution would think it would enable it to discharge its responsibilities insofar as teaching and learning is concerned and some institutions were affected by mergers that we are also trying to address at the present moment. Because at the time of merger you will find that some institutions that were to merge increased the staffing course
15 ...[intervenes]

JUDGE: Well is it fair to say that administration staff have become top-heavy ...[inaudible].

MR QONDE: In some instances yes, but it is not across the board. There are exceptions in respect to how it finds itself in the system.

20 FEMALE SPEAKER: ...[inaudible] take you back DG, just that I did not want to disturb you at the time. On the previous slide, there is something about the Skills Levy Fund, just another back slide.

MR QONDE: ...[inaudible] Skills development Fund are moneys that are collected for sector education and training authorities, of which 80
25 percent for them would remain with that respective sector education and

training authority, then 20 percent of it will go to national skills fund and
...[intervenes]

FEMALE SPEAKER: So in other words the ...[inaudible].

MR QONDE: No, what we are saying, though they are an income
5 themselves for the system, but the sole purpose is to facilitate interface
between education and the world of work. You will find learnerships,
apprenticeships and other related programs like that.

FEMALE SPEAKER: ...[inaudible].

MR QONDE: The point is that it is not its main focus, and it is not even
10 sufficient, even if it were to do that. That is the point we are making.

FEMALE SPEAKER: ...[inaudible].

MR QONDE: It can be worked around yes, there are quite a number of
initiatives. For instance, funding towards a masters programs, PHD's
and also funding on scarce skills areas in the training of engineers,
15 medical doctors, veterinarian sciences. But the point is, it is limited
itself, it is not sufficient, because it has its own responsibilities as well.

FEMALE SPEAKER: But now ...[inaudible].

MR QONDE: it is the money which is derived from the Skills
Development Act, and its purpose is to facilitate training at the
20 workplace. That is the main purpose. But because of the pressures in
the system it comes in to mitigate some of the critical areas. Thanks.

Ja, on the third bullet, however the eroding effect of inflation
meant that this translated into an increase of only 29.8 percent in real
terms. The effect of inflation at CPI and substantial student growth in

universities over the last eleven years actually resulted in a nett degrees
in the per capita full-time equivalent student allocation of about 3.4
percent over the eleven years under consideration. If higher inflation,
that is CPI plus 2, then the 139.7 percent nominal increases in the block
5 grant from 2004/5 to 2015/16, would translate into just about 5.6 percent
in real terms and a nett degrees in the per capita FTE student allocation
of about 21.4 percent over the eleven year period. That is which is
under consideration.

Now growth in student numbers without matching growth in
10 subsidy funding has resulted in general under-funding of higher
education, putting pressure on institutions to raise funds through fees
and third-stream income. The nett result is that university fees have
become increasingly unaffordable to the working and lower-middle class
families. To ensure sustainability of higher education and affordable fees
15 block grant funding must increase to at least 50 percent ...[intervenes]

FEMALE SPEAKER: ...[inaudible].

MR QONDE: Yes, at least by 50 percent. Now ...[intervenes]

FEMALE SPEAKER: ...[inaudible] you are saying putting pressure on
institutions to raise funds through fees. There was an enquiry earlier of
20 what do you consider to be “fees”, does it include the accommodation
and all the associated expenses of education? Or is it just tuition?
...[inaudible] expenses, not just fees?

MR QONDE: In this respect it is all expenses.

FEMALE SPEAKER: Okay.

25 MR QONDE: ...[inaudible].

JUDGE: DG, can you just talk through the mic please.

MR QONDE: Sorry, thank you.

JUDGE: DG, would you quantify that 50 percent? How many billions are we talking about?

5 MR QONDE: We are going to elaborate in terms of rands and cents as we go further down.

JUDGE: Oh I see, alright.

MR QONDE: Ja, we have put those figures, we will talk to them.

JUDGE: Thank you.

10 MR QONDE: Thank you. Reliance of universities for fees for their income. Now if you look at this slide. This is depicting a percentage of income from tuition fees. So if you look at Walter Sisulu, it means its budget, its income at that university, 40 percent of it is derived from the fees and it is quite a lot, and it varies by institution.

15 We have undertaken a study of the impact in respect to each and every institution in the country, and those figures are actually depicting what portion of tuition fees that are constituting the budget or the income of an institution individually. ...[inaudible] is 40 percent, Sol Plaatjie university is still small, it is a baby, it is 10 percent ...[intervenes]

20 FEMALE SPEAKER: ...[inaudible].

MR QONDE: Ja, the tuition fees, it includes NSFAS for those who are benefiting from NSFAS.

FEMALE SPEAKER: ...[inaudible] for example at Sol Plaatjie ...[inaudible]?

MR QONDE: They are having low figures at the present moment. They have just started at the present moment.

FEMALE SPEAKER: ...[inaudible].

MR QONDE: Ja.

5 FEMALE SPEAKER: ...[inaudible].

MR QONDE: And there are other forms of funding, as we are setting them up. Their operations are not strictly like all established institutions.

FEMALE SPEAKER: Okay so they are not ...[inaudible].

MR QONDE: No, they are not a good example. That is why I am still, I
10 am saying, they are still a baby in the ...[inaudible].

FEMALE SPEAKER: ...[inaudible].

MR QONDE: If the situation is not arrested in ten years' time their situation would be like just other institutions. Now the universities that are under financial stress, expenditure increased by 20.8 percent, and
15 personal costs increased by 17.1 percent between 2012 and 2014. Personnel costs constitute 53 percent of total expenditure in 2014.

Greatest cost driver is staffing. Although expenditure on staff increased staff student ratios worsened. That is staff growth have not kept pace with student growth, as another challenge ...[intervenes]

20 FEMALE SPEAKER: ...[inaudible].

MR QONDE: Correct.

FEMALE SPEAKER: ...[inaudible] between academic and ...[inaudible].

MR QONDE: Ja, we have that data., ja. The greatest cost driver is staffing, although expenditure on staffing increased, staff/student ratios

worsened. I think it is an important point, really to emphasise. Also growth in the proportion of temporal to permanent staff is quite troubling.

The ministerial committee on university funding recommended that all universities should build reserves for the planned future replacement
5 of equipment and renewal of infrastructure, and the costs are estimated at around R25 billion in deferred maintenance in the system ...[intervenes]

FEMALE SPEAKER: ...[inaudible] or contract staff ...[inaudible].

MR QONDE: We are talking about all staff in the institutions, and of
10 course, each category would have its own slight different impact.

FEMALE SPEAKER: ...[inaudible].

MR QONDE: Ja, no, we can provide that detailed information. Thank you. Five universities incurred operating deficits in 2014. Seven universities incurred operating deficits on their counsel controlled funds
15 in 2014 as well. Four of these universities for a second year running and one for a third year. Financial situation is worsening. The system is under financial stress, even before the “fees must fall” campaign.

The effect of the zero percent increase and the demand for in-sourcing of workers at universities still to be quantified. Financial
20 sustainability of the sector as a whole is at high risk, and is exacerbated by significant student debt at the present moment.

JUDGE: ...[inaudible] we were asked this morning by the Union of South African Students to tell them where the money was going to come from for next year and how it would be quantified and we naturally were not in
25 a position to say so. I take it that all these things are being considered

at the present time within the ranks of the public service.

MR QONDE: ...[inaudible]. Ja, we are talking on the basis of the need. Surely money has to come from somewhere, but from where, I think that is the challenge that we are trying to address.

5 JUDGE: Yes, but what we said to the students was, that they are not going to get a report from us in time for next year, and that it is, that government will in due course make the arrangement that it sees fit, and I take it that it ...[intervenes]

MR QONDE: You are correct Chair ...[intervenes]

10 JUDGE: That is in the pipeline?

MR QONDE: You are correct, Chair, that will have to be managed through other processes.

FEMALE SPEAKER: Just the last one, on the previous slide, DG, about the in-sourcing of workers, is there a plan to assist with that? What
15 would be the recommendation?

MR QONDE: No, what we are saying is that that cost has not been quantified as yet. So there is still work which is being undertaken as to how much will it be costing the system when that happens.

FEMALE SPEAKER: Maybe - what we are trying to find out is, is there
20 a permanent solution the in-sourcing of workers? If not, are there any considerations of any other way of dealing with this request from the students?

MR QONDE: It is a demand at the present moment.

FEMALE SPEAKER: ...[inaudible] request?

MR QONDE: That the services should be in-sourced, and that then if it translates into implementation it has to be quantified in terms of rands and cents, how much will it be costing the system, per institution and I suppose it will be taken from there ...[intervenes]

5 JUDGE: Has that quantification not yet been carried out?

MR QONDE: The institutions are working on this matter and we will be getting a report quite soon from them as to what the impact would be and how much the need would be.

JUDGE: Thank you.

10 FEMALE SPEAKER: And in seeking the quantification, are you also looking at any other alternative there to yield the same result as the benefit that is sought?

MR QONDE: The point we are trying to make is that this is amongst other things that the commission should look at, because that is going to be a cost as well. It is not going just to be student fees, or subsidies, but the question of in-sourcing is a matter that would have to be looked at, and the provision would have to be made for it, because there are costs attached to it. So the commission would have to look at that and advise accordingly.

20 FEMALE SPEAKER: ...[inaudible] to the commission regarding that? As a department?

MR QONDE: At the moment the institutions are working on the matter in terms of making a determination. What is in-sourceable or not in-sourceable. That is to what extent should in-sourcing happen, and at what cost per institution would that be. That is the exercise that

25

institutions are working on at the present moment.

JUDGE: But that will be an input into this commission at the later stage when the figures are available?

MR QONDE: I suppose, yes.

5 JUDGE: Yes, because it must inevitably affect the question of feasibility?

MR QONDE: It will certainly.

JUDGE: Yes.

MR QONDE: Because somebody must pay for it.

10 JUDGE: Yes, correct.

MR QONDE: Thank you. On student debt, that is the next slide. Gross student debt expressed as a percentage of tuition fees measures the risks associated with non-payment of student fees. Student debt before provision for doubtful debt was 27.8 percent of income from tuition fees
15 in 2014, increasing from R3.617 billion in 2012, to R5.451 billion in 2014. That is an increase of about 50.7 percent.

It is important to note that this does to include loans to poor students from NSFAS. Now 13 universities ...[intervenes]

JUDGE: No, I am sorry, I do not understand that. What does that mean?
20 How can you quantify student debt as a provision for doubtful debt but exclude something called "loans to poor students"?

MR QONDE: It is debt for students who are not qualifying for NSFAS, and that is the debt to universities. So the students who are qualifying for NSFAS, it is a NSFAS matter that NSFAS is dealing with. That is why

we are separating the two.

JUDGE: Alright.

MR QONDE: Thank you. 13 universities, 13 university's gross student debt as a percentage of tuition fees is above the sector average of 27.8 percent. For instance University of Forte(?) is about 54.7 percent. 5 UKZN 47.4 percent, University of Limpopo is about 76.5 percent, UWC is about 51 percent, Uni Zulu is about 43 percent, Walter Sisulu about 64.3 percent, Univan about 42.3 percent, CPUT 33.9 percent, CUT 96 percent, DUT 70.5 percent, TUT 30.5 percent, MUT 85.9 percent, VUT 10 102.8 percent.

JUDGE: I am sorry, I do not quite follow that either. Does that mean that the gross student debt, taking into account the amount that is recoverable from NSFAS, or is NSFAS paying directly to the students?

MR QONDE: No, a student debt in respect to the percentage of tuition 15 fees, that each student should actually be paying has skyrocketed ...[intervenes]

JUDGE: But how does NSFAS feature in all of that?

MR QONDE: No, NSFAS is not featuring in here.

JUDGE: Well does NSFAS not represent backup for the students who 20 owe money?

MR QONDE: No, NSFAS fund students on the basis of what it has allocated to individual students.

JUDGE: So do they not become debtors to the university?

MR QONDE: No, NSFAS pay the fees for students who are funded

through NSFAS.

JUDGE: So how can you have 102.8 percent at VUT, without, and then you still have NSFAS funding a whole lot of students. I do not understand that?

5 MR QONDE: No, what normally happens in the institutions is that a student would carry a debt from previous year, then you would be allowed to register. You carry that debt.

JUDGE: Yes.

MR QONDE: The other year you did not finish, you carry that debt. It
10 keeps on piling up, piling up, year on year.

JUDGE: Yes?

MR QONDE: That is what is exacerbating the situation basically.

JUDGE: How does the ...[intervenes]

MR QONDE: So the ability of the institutions to recover that money is
15 the one which is ...[intervenes]

JUDGE: How does that exceed a 100 percent?

MR QONDE: We are counting it as a percentage of tuition fees.

JUDGE: So this is including interest then?

MR QONDE: No, it is not including interest.

20 JUDGE: Then how can it be more than 100 percent?

FEMALE SPEAKER (2): Perhaps I can explain. Say a university is expecting to get R10 million in for fees, but the debt that your students actually owe is R10.2 million, then the amount of student debt, as a percentage of the fee they are expecting to get in is going to be 102

percent. So if you - what we are doing here is measuring what the actual student debt is in terms of the annual fee that the institution ought to be getting in.

JUDGE: So were you measuring an accumulated debt against an
5 annual fee?

FEMALE SPEAKER (2): Yes, against an annual fee. And NSFAS is not involved, because NSFAS pays the student, that poor student's fees get paid, and then the students owes NSFAS. So that is not involved in this at all.

10 MR QONDE: Thank you Chair. Now provisions then deemed to irrecoverable increased from R2.117 billion in 2012, to R2.982 billion in 2014. That is about 40.7 percent increase. Debtors provisions at individual universities range from 2.7 percent to 71.7 percent of the student fee, receivable balance in 2014. These are highest at
15 universities of technologies in the main.

The next student debt, after ...[inaudible] accounts for R2.470 billion, that is at 12.6 percent, in 2013 it was at R2.459 billion, which is about 13.8 percent. It is likely that in 2016 student debt will increase. Universities are reporting that anecdotally that in the week of "fees must
20 fall" campaign it is harder to recover fee payments from students, including from wealthy students. Three universities have requested approval for overdraft, as they are experiencing shortfalls. But we are not giving names of those institutions. But it is important to note that the effect of non-recovery of debt by institutions is having a serious impact in
25 the operations of the institutions, including in respect to teaching and

learning.

JUDGE: ...[inaudible] Mr Qonde, are you satisfied as a department that adequate steps are taken to try to recover the debts? Or do you regard these debts as non-recoverable?

5 MR QONDE: No, we are concerned that institutions are not able to recover debt. Because that is having a destabiling ...[intervenes]

JUDGE: Are you satisfied that they are taking steps, reasonable steps to recover the debt?

MR QONDE: The institutions are taking reasonable steps to recover,
10 under the circumstances. Yes, Chair.

FEMALE SPEAKER: ...[inaudible] the question of the judge is, have you found, have you come to a conclusion that you are unable to recover those debts? Is it your final utterance now that you are unable to recover these debts?

15 MR QONDE: ...[inaudible] institutions that are working on recovering debts, and in our view ...[intervenes]

FEMALE SPEAKER: So this not ...[inaudible]?

MR QONDE: ...[inaudible] institutions are working, but the status quo at the present moment, they are finding it difficult to recover. But they are
20 still working on their processes, their policy ...[intervenes]

FEMALE SPEAKER: ...[inaudible] you know, it is either that is in the slide as it is, or it is a potential problem that institutions can work on. Just that I do not want it to impact on the submissions as it is if it is not.

MR QONDE: I do not think it is a performance issue, Commissioner, as

such, but it is a matter that institutions have an obligation to address based on the agreement that they would have with individual students when those amounts are owed to institutions. We have been assured that institutions are doing everything they can to ensure that there is compliance in honouring the payment of the outstanding debts by individual students.

JUDGE: What is the attitude of the department to the demand of the students that arrear debt be written off?

MR QONDE: Pardon Chair?

10 JUDGE: What is the attitude of the department to the demand of the students that arrear debt be written off?

MR QONDE: No, on that matter it rests between an institution and the respective students. So it is not a matter that we are able to adjudicate over, because institutions are governed by counsels, and managed by management based on the institutional statutes. Ours is to play an oversight and assistance where needed.

JUDGE: Alright. So for example, just for example, WITS considered that it had enough finances available to write off the student debt, or a portion of it, that is not something that would concern the department?

20 MR QONDE: No, that matter resides squarely with the counsel of the institution to make that pronouncement. Thank you.

On this slide the current approach to student fees is in terms of the cost sharing module, as expressed in white paper 3. Currently university students do not pay fees - do pay fees, pardon. Currently university students do pay fees, and student fees income in 2014 made

up 32.9 percent of the university systems income. There is a deferring reliance on fee income of variance universities across the system.

University fees in South African universities do vary across the system, with some university fees being substantially higher than others.

5 The “fees must fall” campaign highlighted the cost of university education, saying that it was unaffordable and very expensive for individuals and their families, mainly in certain universities. So the constitutional principles, such as that fees need to be affordable and that academically deserving Financially needy students should not be denied
10 access on the basis of their inability to pay.

Tuition fee levels differentiated across the system. So this slide is showing the distribution of tuition fees per institution as of 2015. On our extreme left, if you look at UCT, it means tuition fees are just above R50 000.00 and the vary according to institution, and the lowest would
15 be Unisa, there, and this does not include other associated fees, of which I will explain in the next slide. So with respect to full cost of study. So here in this slide you include associated costs, that is student accommodation, food, and other related cost that an institution may charge, and it takes for instance, fee payments, all included, just above
20 R100 000.00 at UCT, just little above, and the institutions would vary according to peculiar circumstances that are existing in each. Again, the lowest would be Unisa. Maybe it is because Unisa in the main is not a contact institution.

JUDGE: ...[inaudible].

25 MR QONDE: There is we are working on that at the present moment.

JUDGE: ...[inaudible].

MR QONDE: Not entirely. We do not believe we would solve it entirely.

FEMALE SPEAKER: I just wanted before ...[inaudible], just to check as well if those costs, have they been revised in that they can be reduced?

5 Are they as they are tried and tested?

MR QONDE: They are as they are, at the present moment.

FEMALE SPEAKER: ...[inaudible] to see where they can be cut off to make them more manageable and feasible?

MR QONDE: I suppose you can cut, but fill the gap, how the gap is
10 going to be filled and by who, that becomes the question.

FEMALE SPEAKER (2): Just in terms of the question of Unisa. There is a, the NDP does indicate that we should look at the expansion of distance education, but we are also concerned about the quality and the throughput and the expense of distance education. Our throughput
15 shows that a student, from the 2005 cohort, 14 percent of students completed their qualification over a ten year period, compared to 65 percent in contact institutions over a seven year period, and the work that national treasury has done shows that the actual cost to produce one student out of distance education now is, I think almost four times
20 the cost as producing a student out of contact. So we have to consider expansion very carefully and we have to deal with the ...[inaudible] first before we can think of utilising that as the answer to the question.

JUDGE: ...[inaudible].

MR QONDE: Ja, the status quo remains. We are still on providing

student financial aid. Now the question is, how do financially needy students get supported into higher education? Government through NSFAS, has provided increasing support for poor university students to access higher education, though not adequate. NSFAS is already
5 implementing fee-free higher education for the poor, largely.

Firstly a student entering university is provided with an upfront fee through an interest free loan, while they are studying. The interest kicks in one year after they have successfully completed their studies. The interest calculated is significantly below the commercial lending rate.
10 In addition 60 percent of the loan is converted into a bursary for students completing in minimum time.

If the student never benefits from the goods of university education, they never find productive employment and remain poor, they never pay back their loan and in effect receive their entire university
15 education free. Thus, poor students are supported upfront with a direct course of study. They accrue no interest on their loan while studying. That is a significant portion of their loan is converted to a bursary. If they do succeed and move their personal economic position out of poverty they pay back part of their university costs, potentially, only about 40
20 percent of the direct costs, when they are no longer poor.

Those who remain poor and do not reap the private benefits of higher education receive their higher education free. In 2015
...[intervenes]

JUDGE: ...[inaudible] are you satisfied that the recovery rate on
25 students who become successfully employed is a business-like result,

presents a business-like result?

MR QONDE: No, we are not satisfied about the recovery rate, that is why NSFAS ...[intervenes]

JUDGE: Why, why is it not effective?

5 MR QONDE: I think it is in respect to the administrative processes of NSFAS, of which now they are addressing that with the help of South African Revenue Services, and the national treasury, so that the students who benefited from NSFAS, and who are employed elsewhere are easy to track and it is easy to recover the moneys. They are working on that
10 at the present moment, and I think that work is nearing finality at the present moment.

JUDGE: Alright, no doubt we will hear from them in due course. Thank you.

MR QONDE: Thank you Chair. In 2015/16 earmarked NSFAS grant for
15 university student loans covered about 16 percent of undergraduate enrolled students in universities. All NSFAS managed funds, including funds provided by the NSF through the Department of Basic Education Funza Lushaka program, SETA funds and others, supported a total of about 23 percent of undergraduate enrolments in the country.

20 Government responded to the recommendations of the presidential task team report by reprioritising funding into the NSFAS baseline to support continuing and new NSFAS qualifying students in higher education. Calculations shows that if the loan scheme was extended to include 25.5 percent of the undergraduate university student
25 enrolments at full cost of study, then an additional amount of about R29

billion would be required over the 2016/17, to 2018/19 medium term expenditure framework period.

This would cover most poor students at universities. That is those students whose family income is below R120 000.00 per annum.

5 However, the financial needy include ...[intervenes]

JUDGE: ...[inaudible] that mean that the people with the incomes under R120 000.00 per annum represent a quarter of the undergraduate university student enrolments? Is that what it is saying?

MR QONDE: No that is the ...[inaudible].

10 JUDGE: So a quarter of the poor, by that standard?

MR QONDE: ...[inaudible].

JUDGE: Yes, I see. Yes, thank you.

FEMALE SPEAKER: On those SETA funds, how far can we stretch those if - in the 23 percent?

15 MR QONDE: We have already stretched them to that 23 percent. Because from the base line we are able to cover only around 16 percent. So including other pockets of funds from other government departments, SETA money, national Skills Fund, it goes up to 23.5 percent. We have done that already.

20 FEMALE SPEAKER: ...[inaudible] as a possible feasibility?

MR QONDE: That matter can be answered by treasury itself, because we do not generate income. We use income that has been allocated to us as a department. Of course we put requests in respect ...[intervenes]

FEMALE SPEAKER: ...[inaudible].

MR QONDE: Ja, but thus far the ...[inaudible] is struggling to meet all the needs it is confronted with. So that is the situation currently.

JUDGE: You know, we now know that it would cost, on your figures R29 billion to fund the balance of the poor, as it were. If you add in the
5 missing middle, what would the additional cost be?

MR QONDE: There is some work that we are doing through the task team in respect to that. But I suppose we are talking of ...[intervenes]

JUDGE: Is it possible to estimate at this stage?

MR QONDE: You would be talking of more than R100 billion, I guess
10 ...[intervenes]

JUDGE: More than R100 billion?

MR QONDE: If you are to include them. It would be quite a fortune.

JUDGE: I find it difficult to understand that the missing middle should be far, three times exceed the amount of the poor.

15 MR QONDE: We are talking about the full cost of studying in respect to funding.

JUDGE: Yes?

MR QONDE: Which is not a small amount. But these are still rough calculations. So we can work out, in real terms, how much would it be
20 actually required to carry ...[intervenes]

JUDGE: Yes, well I must just tell you ...[intervenes]

MR QONDE: I think that is the work that the task team is doing at the present moment.

JUDGE: I am sure the commission would like to know in due course,

when it is ready, what it would cost to include the missing middle.

MR QONDE: We would welcome that, Chair, because it is also our intention. I do not know whether the commission would consider that the task team to come and present on the missing middle specifically, so that
5 we can be able to identify the nature of the problem that category of students is confronted with.

JUDGE: Okay.

MR QONDE: Ja. Government respondent to the recommendations of the presidential task team report, by reprioritising funding into the
10 NSFAS baseline to support the continuing students. Calculations as they - no we have dealt with that. However, the financial needy include students from the so-called missing middle. That is the question that we are talking about presently. Who also require support to access university education.

15 Some questions we need to ask and find answers to. Is it desirable to provide free education, free higher education for all university students. If so, would this be tuition only, or also include living expenses? Will this only be for undergraduate students, or would also be demanded at the post-graduate level as well?

20 If it was provided, what would the consequences be for the system as a whole and the disadvantaged in particular? Some consequences of agreeing to the demand and changing the funding for higher education, however the funding is found, would be those who can afford to pay would be further advantaged in accessing higher education
25 freely.

To keep quality in the system, with limited physical resources would mean to curtail growth, with the consequence that in a competitive system previously disadvantaged students would be denied access. That is the economically advantaged will also be the educationally
5 advantaged. We are posing questions here, Chair. Current funding for scholarships into higher education from private and other donors would decrease substantially and government would have to carry the cost of all investments into the system.

Expensive post-graduate education, critical for the growth of
10 research and innovation through higher education, and for sustaining the staffing of universities and other PASET institutions would require substantial additional funding.

JUDGE: Is it not so that ...[inaudible] if your third-party funding was no longer required, because the government was funding the higher
15 education, then there would be far more room for taxing corporates and third parties, because they would no longer be laying out those funds and they could provide them for a useful purpose?

MR QONDE: That one we would leave to the commission. Ours is to present the nature of the challenges that are confronting the system. As
20 to where should we be getting moneys, in what form, I think we would be better advised by the commission.

JUDGE: ...[inaudible].

FEMALE SPEAKER: ...[inaudible] DG, it just that, when you say donor funding will degrees if it is allowed, it means there is some information
25 that we are not getting. What would cause the increase, or has the

donors indicated that they will increase? Or what happens to the third-stream income that you are talking about? On the previous slides. I do not know if I did not get the right ...[inaudible].

MR QONDE: ...[inaudible] that we are painting, taking into consideration
5 what is confronting the system at the present moment. For instance, currently students from wealthy families, they are not willing to pay fees, though payment of fees is just nothing from the family income. So the ...[intervenes]

FEMALE SPEAKER: ...[inaudible] is this according to a means test of
10 what is wealthy, what is not? Or is it a bear refusal? If it is, how are you guys dealing with them?

MR QONDE: It is according to the feedback we are getting from the institutions, when we are tracking the extent to which are they able to recover the fees from the debtors in institutions, and what are the
15 patterns in there. So the feedback that we are getting is that the student body generally, including from wealthy families, are not coming upfront to honour payment of fees as it should. So there is still some work which is being done to get to ...[intervenes]

FEMALE SPEAKER: ...[inaudible] substantiating them, so that we can
20 take them as a submission that over and above that, this is the problem we are facing. People are refusing to pay for what they can afford. You know what I am saying? Then we can consider that as well.

MR QONDE: We are talking about the books of institutions, as they currently stand, and them having identified the factors for them to have
25 undesirable bank balances. So one of the factors they are bringing to

our attention is this one. Its veracity and extent is something that has to be examined, and I think the commission would be provided with that information before it finishes its work, because we have to measure the extent and the impact that has in the operations of the institutions.

5 FEMALE SPEAKER: ...[inaudible] you now saying as every institution has got a legal department and collection of fees is part of that. So if you can see that as well, to see if there is an attempt that has been made to collect those fees. Thanks.

MR QONDE: No thank you, Commissioner. I think institutions are doing
10 a lot into ensuring that they collect what is due to them, and dealing with challenges thereof, and they will continue doing that, because it is in the interest of the institutions themselves for that to happen. We need to ensure the constitutional promise that higher education is both available and accessible.

15 It is necessary to find solutions to the funding challenges identified for the private sector to become actively involved as well. Government should consider improving baseline funding to the university system to ensure continued growth. Universities must become more efficient in utilising the funding in the system, including finding
20 mechanisms to improve collaborations and sharing resources across the system. Improve internal efficiencies in their operations, improve as well student success and ensure less wastage in the system.

Improve private sector investment is also desirable, and we have to work on that in terms of students, research and innovation, including
25 community engagement.

However, all of this will not be sufficient, unless a solution is found to financially support all students who need it, and university fees are not increased at unreasonable rates annually. Hence the ministerial task team for funding poor and missing middle students and the CHE
5 task team for developing a retroactive framework for fees in higher education has been instituted to date.

JUDGE: ...[inaudible] not suggesting that there has been an unreasonable increase in fees, are you? Or has there been an unreasonable increase in fees?

10 MR QONDE: We have not arrived to that scientific determination. But through observation fees in some institutions are a bit high, and it is a matter that we have been engaging with the institutions and we set a process, together with [indistinct] to determine as to what are the cost drivers in the operations of our institutions across.

15 JUDGE: ...[inaudible].

MR QONDE: No, we have not made that determination as yet. Thank you. Now the funding of technical and vocational education and training colleges, and Tvet students. While it is university students who have brought the issues to ahead, supporting Tvet colleges and Tvet students
20 is equally, if not more important. This is a sector that is not getting the support it should.

The system is current steered towards university education and will not self-correct. A massive focus on Tvet is required to develop the system, change perceptions in culture and make Tvet colleges attractive
25 institutions of choice, as envisaged in the white paper on post-school

education and training. According to policy government should fund 80 percent of the needs of the system, that is for ministerially approved programs. With 20 percent provided through student fees.

However, currently, government subsidies only about 54 percent
5 of the cost of currently enrolled students. So there is a gap of about 26 percent that the colleges should juggle around themselves in getting funding. Currently students who are financially needy and academically capable may receive bursaries to cover such fees through NSFAS. Therefore Tvet students who qualify for NSFAS funding are already
10 receiving a free higher education.

The funding norms for Tvet colleges cover three categories. It is personnel, operational costs and capital replacement. Personnel is allocated at 63 percent of the full program cost. Operational cost at 27 percent and capital replacement at 10 percent. Other college funding
15 needs such as new infrastructure or expansion have to be funded, either through conditional grants from national treasury and/or other sources of funding. Currently there is no additional infrastructure grant from national treasury, and the expansion of the new Tvet campuses is being funded through national skills fund.

20 Enrolments have increased from 345000 students in 2010 to about 709535 in 2015. In terms of the fully costed funding norms the number of headcount enrolments funded in the ministerial approved program is approximately 429638, as compared to the approximately 664748 enrolments in the system, indicating the level of under-funding,
25 or over enrolment in Tvet colleges.

JUDGE: ...[inaudible] does that mean that two thirds of the headcount enrolments are funded in ministerial approved programs?

MR QONDE: Others are funded through occupational programs, that are funded through SETA's and national Skills fund. So then others are
5 funded from baseline, those ministerially approved programs, they are funded from baseline.

JUDGE: What percentage of Tvet students actually pay fees in the end result?

MR QONDE: The students who are funded at NSFAS, through NSFAS
10 at the present moment in Tvet colleges is about 200000, so which is about 33 percent of the student population. They are funded through NSFAS.

JUDGE: Yes, so 67 percent is not?

MR QONDE: Yes.

15 JUDGE: And are those self-funding?

MR QONDE: They are self-funding, correct.

JUDGE: Now if you were to provide a 100 percent free education for Tvet students, what would that cost in present terms, not allowing for any increase in the numbers at the moment?

20 MR QONDE: We can work out that figures and come back to me.

JUDGE: ...[inaudible].

MR QONDE: Ja, it will be coming on the next slide.

JUDGE: Alright, thank you.

MR QONDE: Now the lack of funding has placed pressure on the

personnel budgets of the colleges, drastically affecting the goods and services budgets of colleges, intended to cater for the college operations, student text books, protective clothing and other related teaching and learning material, thereby undermining the quality of
5 provision.

NSFAS bursaries amount to R2.3 billion in 2015 have been allocated to poor students to fund tuition fees of about 229000 beneficiaries, as well as to provide accommodation and/or travel allowances to needy students staying within a 10 kilometre radius from a
10 Tvet college campus. Colleges are expected to recover fees from students that do not qualify for NSFAS bursaries. However, due to the no-fee increase in universities colleges are finding it difficult to recoup these funds as well.

While significant NSFAS funding is available there simply is
15 insufficient funding to support all poor students, leading to unrest in some colleges. There is also pressure on the examination system, which is under-funded as well. It is resource intensive to provide good quality and a highly responsive vocational education to young people.

A poorly resource Tvet system, often it is to disjuncture with the
20 labour market. A costing exercise has been performed to quantify the additional funds that are required to achieve the white paper and NDP targets for ministerially approved programs.

The costing exercise took into account the current funding baseline for the Tvet college system. For both the 80 percent program
25 funding by the state, and the 20 percent funding to cover student fees.

The costing has been developed to cover the following two scenario's. Funding of the system linked to NDP and white paper targets for 2013. Maintaining the 2015/16 reported enrolment of about 709535 over the MTF period.

5 Now in this light, what we are showing here, if we were to reach the NDP targets how much would be needed to cover the costs of these colleges. The total shortfall at my extreme right, which is in bold, is R41 626 000 544.00. Now if we stick to NDP targets we would need R41 billion plus to cover the growth in the system. Now further down is
10 just a breakdown of that amount of money ...[intervenes]

FEMALE SPEAKER: So according to your earlier figure ...[inaudible] you said, so you are saying it is plus the 41. On the feasibility issue, you are saying when you estimated the feasibility the cost would be about 90. So you are saying the 41 is over and above that, or it is 90 minus
15 41?

MR QONDE: What I am saying ...[inaudible].

JUDGE: ...[inaudible] your R100 billion was referring to higher education, the R41 billion is referring to Tvet education?

MR QONDE: Tvet, yes. So further down is just a breakdown of what
20 constituted that amount of money. Now if you turn to the next slide. I have indicated earlier on that we are supposed to be funding at 80 percent in respect to ministerially approved programs, but that is not happening, we are funding only at about 54 percent of those ministerial approved programs. Therefore the current shortfall in respect to
25 students that are in the system at the present moment, for 2016/17 we

need R10 billion plus. 2017/18 we need R11 billion plus. 2018/19 we need R13 billion plus, which amounts to around R36 billion plus, and these are the students that are there in the system at the present moment. So this is just a breakdown as you move further down.

5 So this is depicting a picture that Tvet college sector is seriously under-funded, even more than the university sector. So when you look at the university sector alone you may think it is seriously under funded. But when you look at it in comparison with other sectors in the system you would find that in actual fact it is a better funded sector in the
10 scheme of things at the present moment.

FEMALE SPEAKER: ...[inaudible] do these figures on the request for ...[inaudible] education find their way to where it is allocated?

MR QONDE: ...[inaudible] budget has not been made available for these amounts as they are needed, but the system is growing, funding is
15 stagnating.

FEMALE SPEAKER: ...[inaudible].

MR QONDE: There are a lot more things that we are doing, trying to compensate as well from levy grant, colleges partnering with companies, communities, NGOs, there are a lot of other things that we are doing to
20 hold the fort, but it is not sustainable.

 Ja, funding is continuing. In the context of the demand for free higher education and training, and the interpretation of the constitution, any additional funding for the university education must not be considered without ensuring that Tvet system is adequately funded, and
25 that poor students are adequately supported who are in the system.

Student who fall outside NSFAS means test, but within the so-called missing middle, should also be supported through loans.

The imperative to expand the system while growing its quality and supporting the development of staff and student's success must not
5 be neglected in the wake of forceful demands from the most privileged of South Africa's youth, that is its university students ...[intervenes]

JUDGE: Director General, what is the missing middle represent in relation to Tvet colleges as compared to universities? I realise that the concept of the missing middle is that particular portion of the population
10 which has an income, but does not have enough money to send students to university. How does that work out in relation to Tvet colleges?

MR QONDE: It is the students who fall outside the gap of R120 000.00 income.

MALE SPEAKER: ...[inaudible] the Chairperson is asking in relation
15 only, and differentiation between you know, higher education and Tvet. How does the missing middle find itself in terms of percentages with regards to Tvet's, as opposed to higher education.

JUDGE: One assumes that Tvet is a cheaper form of education and that the missing middle is, while not totally able to pay, more easily able to
20 pay for Tvet education than for universities, is that correct?

MR QONDE: Not in all instances, Chair.

JUDGE: No, I did not say that.

MR QONDE: Some programs in the Tvet college space are quite expensive, artisan training, training of technicians, electricians, motor

mechanics, it could only apply in respect to softer programs, that do not require intensive capital goods ...[intervenes]

JUDGE: Are you suggesting there is no real reason to differentiate between the missing middle in relation to universities and to Tvet?

5 MR QONDE: This is the study that we are undertaking at the present moment, so to qualify it scientifically as to what it actually means in respect to university as well as Tvet colleges.

JUDGE: Do you know whether the missing middle attends Tvet colleges, or sends its families to Tvet colleges, whereas they do not send
10 them to university? Is there any evidence of that?

MR QONDE: What is happening in the system is that, it is only about 30 percent of students who complete national senior certificate get accommodated at university level. Then 70 percent of those students have to be catered elsewhere in the system, and in the main it is in the
15 Tvet colleges. To some extent agricultural colleges, nursing colleges, as well as community education and training colleges. That is why the point we are arguing that the pyramid picture of the provision, of post-school education and training at the present moment, needs to be changed. Such that it is only a small portion of student population at university
20 level, and you have the bulk, the majority at college level, of which the Tvet colleges are the ones who have to absorb a larger portion of that student population and out of school youth.

JUDGE: Alright. You mentioned nursing colleges. Do students pay for training at nursing colleges? Or is it all in-house?

25 MR QONDE: In nursing colleges they pay for themselves, because

NSFAS is not awarded to student at nursing colleges.

JUDGE: But as a student nurse do you have to pay fees?

MR QONDE: I am not sure whether they pay fees or not.

JUDGE: Thank you.

5 MR QONDE: They are falling under the Department of Health. Thanks
Chair.

Now turning to funding now, to community education and training colleges, and CET students as well. The CET sector is the most chronically underdeveloped and under-funded of all South African
10 education sectors. Nine CET colleges have recently been established, which incorporate approximately 3200 community learning centres, previously known as public adult learning centres, from across the provinces.

The current funding module or modules have been inherited from
15 the different provincial education department, which were different across all provinces. A task-team is currently working on developing a single module for funding the CET sector. The CET sector must cater for adults and out of school youth, including the young people who are not in education, employment or training. That is the need.

20 The 2015 general household survey in the report published in June 2016 shows that there are about 18.857 million South Africans who are 20 years of age and older, who could benefit from the expansion and quality provision of community education and training programs. The [indistinct] of the figure of 18.857 million are disaggregated below. That
25 is 1.711 million, which is about 9 percent, have no formal schooling at all.

3.478 million, about 18.4 percent have some primary Schooling. 1.6 million, which is about 8.4 percent, have completed primary Schooling. 12.079 million, which is about 64 percent, who have some secondary education, but did not obtain a grade 12 equivalent qualification, such as
5 the senior certificate, or national senior certificate, vocational, as a qualification, and NQF level 4 are still have to be catered according to these statistics as they have been released by the STATS SA.

JUDGE: Director General, how much longer do you expect to be this afternoon?

10 MR QONDE: I think in the next ten minutes we will be finished.

JUDGE: Well I am told that the recording systems needs two minutes to adjust itself. So we will adjourn for five minutes.

MR QONDE: Alright Chair.

HEARING ADJOURNS

HEARING RESUMES

15 JUDGE: Thank you, you may continue.

MR QONDE: Thank you, that is slide 42, 47 ja slide 47, ja 18 million potential learners should be served by the community college system in the country. The national policy on community education and training college is called for pilots to establish effective models for CET college
20 system especially for the management and governance model, the nature of programs that will be offered there, student support systems, staffing and employment of personnel in the college and how colleges should be funded.

It is envisaged that the pilot process will provide lessons in the

scaling up the establishment of community colleges in district municipalities. The budget required to pilot the CET college system over the 2017/18 MTF period is about R400 million. In terms of the NDP enrolments in CET colleges are targeted to reach one million by 2013.

5 Funding requirements to enable this include paying attention to the unfunded current enrolment, the quality of provision as well as projected enrolment costs to meet the MTF enrolment target of 398 439 in 2019.

JUDGE: DG if I might interrupt you, what do the CET colleges produce, what sort of professions, trades and so on, can you give me some idea?

10 MR QONDE: No at the present moment these are mainly adult learning centres that were under the Department of Basic Education.

JUDGE: What does that mean?

MR QONDE: So what in the main were teaching is mainly, they were mainly focussing at literacy.

15 JUDGE: Literacy.

MR QONDE: Yes literacy.

JUDGE: Okay.

MR QONDE: To train adults how to read, to write but the investigation that we undertook in respect to the notion of the community college is
20 that over and above training adults to be literate and be able to count it would be important for them to be trained as well to acquire a form of a scale or the other. If for instance in a particular community a group of women want to get training in baking, in sewing, a community education and training college should be able to offer that scheme.

JUDGE: Okay no I get your point, is that actually happening or is this a wish list?

MR QONDE: Not in a large scale, there are pockets of piloting those, we are developing programs because we have just taken this decision.

5 JUDGE: I see.

MR QONDE: After an investigation that is where we are actually going at the present moment, it is not massive it is only isolated programs.

JUDGE: Who runs these colleges at the moment, are they under the head of principles or are they local community workers or what?

10 MR QONDE: No at the present moment we have established pilots in each and every province that is why there are nine, so that would be in respect to determining what form of governance these colleges should have, what kind of programs that should be offered in each.

JUDGE: So these are very ...[intervenes]

15 MR QONDE: Elementary level.

JUDGE: Almost in the womb so to say at this stage?

MR QONDE: Ja they are still very much at initial stages of development.

JUDGE: Alright.

MALE SPEAKER: DG sorry to stop your presentation, my understanding
20 of CET is that they fall under different department and most of those adult education centres would be under basic education, are you saying that all adult education learning centres fall under higher education and that you are the ones that fund them also?

MR QONDE: Thank you, they used to fall under the department of basic

education until the President made a proclamation in July 2009 when he was establishing the Department of Higher Education and Training which is constituted of University's, Tvet colleges, sector education and training authorities, adult education and training as well as human resource development counselling which is chaired by the deputy President, then at that point we had to work in the process of changing legislation and working towards shifting that function to the Department of Higher Education and Training and that took effect in totality as from 1 April 2015 so currently they are under the Department of Higher Education and Training.

It is envisaged that the pilot process will provide lessons in the scaling up, the establishment of community colleges in district municipalities, the budget required is around R400 million to undertake this task and the NDP has set R1 billion as a target by 2013. Now funding requirements to enable this include paying attention to the unfunded current enrolment, the quality of provision as well as protected enrolment cost to meet the MTF enrolment target of 398 439 in 2019. The main objective is to effectively respond to the educational needs of those who never completed or attended school.

It is estimated that over the 2017/2018 MTF period the budget requirements for the expansion of enrolment as well as improving the quality of provision in community colleges is around R38 billion, it is an estimation. The city sector also needs to offer the second chance provision for adults and youth, youth who do not hold a senior certificate through newly developed senior certificate for adults, the rollout of this

requires a further R1.3 billion. Adequately funding the city sector
...[intervenes]

JUDGE: Why is this thought necessary that people should get a second
chance in life like this at a cost of R1.3 billion?

5 MR QONDE: It is necessary because everybody would like to have a
skill that could be employed productively in the economy so the training
beyond just knowing how to write your name or count from 1 to 10.

JUDGE: No I am just looking at the priorities of the thing, if you have got
1.3 million available surely you spend it on something that is going to be
10 more productive than this.

MR QONDE: No this is the budget that has been spent in teaching
especially for the purposes of literacy and numeracy.

JUDGE: Alright.

MR QONDE: But with the intervention of the notion of CET we are
15 saying we need to expand the scope of training, literacy, numeracy but
also a scheme, thank you Chair, adequately funding the city sector at
this moment in time to meet the constitutional obligation to provide adult
basic education as a fundamental right will require approximately 40
billion additional funding over the MTF, we are talking big monies here
20 Chair. Considerations for enabling a financial sustainable and quality
PISET system. The question of whether it is feasible to provide free
higher education defined as higher education and Tvet is as much a
political question as it is a technical one.

It cannot be answered by technical contemplations alone and
25 must be considered within the proper context of the funding of higher

education generally and of post school education and training specifically in relation to the policy expectations set out for the country and the realistic economic growth and physical context. Through public protest University students have drawn attention to a critical issue facing the country that is how to provide affordable and quality post school education to South Africans. They have raised issues about what constitutes quality and what constitutes affordability and they have forced a confrontation with the very real context of limited student funding increasingly unaffordable student fees in University's and the erosion of real funding for PASET institutions despite the massive expectations of growth.

Any funding considerations relating to University education cannot be isolated from those of the whole education system no matter Head Office loudly perhaps University students demand that they be further privileged but it cannot be at the expense of the other sections that need to provide education and training for millions of our youth. As a country we have to balance the importance of a strong University sector with a serious need for growth in other parts of the education system and therefore funding free higher education should not be contemplated outside considerations for adequately funding institutions including Tvet, CET, basic education schools and early childhood development.

The submission shows that the funding of the higher education and Tvet system has not kept pace with student growth and this has put the financial health and sustainability of the University system at risk and

in the case of University education, pushed fees to levels unaffordable to many. The greater amount of data provided in respect of the University system should not crowd out the important points being made about the funding of PASET in the overall. The approach of the department has not
5 been to point to a departmental position on the feasibility of free education but rather to provide the necessary contextual information that will allow the commission to openly explore a range of options.

Student fee arrangements should not be delict from the overall funding of the higher education system and University funding cannot be
10 delict from the funding necessary for supporting a viable PASET system. National policy as outlined in the NDP envisages a significant role for the PASET sector in the economic, social and political development of South Africa. Its sub sector has its own role to play and University's have a key role to play in the development of the other parts of the system. The
15 demand for various forms of the said education far outstrip the availability of places and funding to study at all levels, addressing this has been identified a national priority however the goals of the sector cannot be met without greater investment into the system.

Hard choices will also need to be made about where and how to
20 prioritise funding. As a system it is also necessary for investment from the private sector, government we believe cannot be expected to provide everything free of charge, thank you Chair that is our submission to the commission.

JUDGE: Thank you for a very comprehensive submission.

25 FEMALE SPEAKER: I just anted to ask one last question from DG

before he gets off, like on the submission the department is not going to make a submission on the question of whether it is feasible to provide free higher education not directly?

JUDGE: ...[inaudible]

5 MR QONDE: Our task is to demonstrate the need of the system of which I believe we have done then everything else we will leave to the commission as to how that need could be realised.

JUDGE: ...[inaudible]

ADV. K. PILLAY SC: That is so Chair, not only set 8 but indeed from set
10 2 onwards there are many, many issues which have cropped up in the course of the presentation which we will then take up further with the department, none at this stage Chair.

JUDGE: ...[inaudible]

ADV. K. PILLAY SC That is correct Chair we adjourn thanks.

15 **END OF SET 1**

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DAY 1

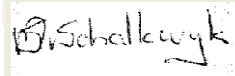
COMMISSION OF INQUIRY

HIGHER EDUCATION AND TRAINING

<u>CASE NO:</u>	Inquiry
<u>RECORDED AT</u>	Pretoria
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This is to certify that the following problems were experienced with the above matter:

1. This is a verbatim transcript.
2. Due to the fact that this is a true reflection of the record, and it is transcribed as heard, grammatical errors may occur because of the way role players speak throughout.
3. Where names, places, esoteric terms etc are unknown they are spelt phonetically.



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