

DATE: 22-08-2016

DAY 4

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

HELD AT: MBOMBELA STADIUM - NELSPRUIT

PARTIES PRESENT:

Commission

Evidence Leaders

Council on Higher Education

South African Students Congress

Tshwane University

University of Mpumalanga

**TRANSREC CC
P.O.BOX 17119, RANDHART
ALBERTON, 1457
Tel: 011 864-4061/ Fax: 086-503-5991
www.transrec.co.za**

SESSION 4 – 22-08-2016

JUDGE: Can we start Miss Pillay?

ADV. K. PILLAY SC: Yes we may Chairperson.

JUDGE: Thank you. Welcome everybody to this session in Nelspruit,
5 we apologise for the delay there seems to have been a breakdown in
communication which led us to believe that you were not ready and led
you to believe that we were not ready neither of which was true,
nevertheless we are here to start the hearings afresh with new views on
how higher education should be funded in South Africa and we welcome
10 those who have come to present and we look forward to a constructive
engagement with all the role players. We are prepared to listen to all
views, those which may be revolutionary and those which are
conservative because it is our task to work out which is the best line to
be followed and that is what we intend to do. So thank you for coming,
15 now those who are sitting at the back might like to sit a bit further
forward so that they can hear if they have difficulties but in the meantime
we will lead the first witnesses, Miss Pillay.

ADV. K. PILLAY SC: Thank you Chairperson. The first presentation no
this day 4 of set 1 is by the Council for Higher Education and the
20 presenters we have is Professor Narend Baijnath who is the CEO of the
CHE and we have got Dr Denise Webster who is the director of
monitoring and evaluation. Dr Baijnath over to you.

PROF. BAIJNATH: Thank you very much, we thank you Chairperson
and Commissioners for the opportunity to share our views on this very
25 important matter. I just want to correct that we are the Council on Higher

Education. Chairperson we start with a few key observations and premises which precede our presentation. And the first of these is that investing in our youth as a nation to develop their full potential has benefits for society in increased capacity, in better governed institutions, in more entrepreneurship and greater economic prosperity for all. So for us that is a vital recognition that we must invest in our youth in order to realise the full potential of our society.

The second point we make is that aspiration is by individuals to benefit from higher education, flow from the recognition that it is a ticket to a prosperous future, to realise and develop each and every individuals full potential and that is what higher education we believe is there for, it should therefore be funded adequately by the state and in our particular context of inequality and historical discrimination is vitally important that we provide opportunities for the poor and the marginalised in society. We also recognise that in as much as we have had more than two decades of democracy and associated with that development in our society that the legacies of inequality and discrimination, deprivation continue to weigh quite heavily across all sectors of our society and no less so than in higher education and this finds expression in the demand for fee free higher education.

What we have also witnessed is that there has been an exponential rise in the costs of higher education and that has made it unaffordable for many in our society, even members of the middle classes. We have witnessed that the decline in funding over time has placed increasing strain on the finances of many of our University's in

pushing them onto the brink of sustainability. The next point we want to make is that any funding, planning and growth decisions about the post school education and training sector must give attention to how access, support and funding will be provided especially to the poor and the
5 missing middle students right across the post school education and training sector.

Not just for those in higher education that is a very, very key qualification from our side, we also believe that it is debateable whether fee free higher education is the route to go. The rich and the affluent in
10 our very unequal society we believe should pay so that more public resources can be diverted to fund the poor optimally. Because the Council on Higher Education is a quality council for higher education and training there are some very important caveats from the side of the Council on Higher Education. So firstly as the quality council for higher
15 education we believe that any policy, planning or funding decisions which respond to the challenges of accessibility, affordability and funding for poor and missing middle students that lead to an erosion of the quality of provision will be highly undesirable.

The second point we want to make is that any decisions on
20 funding of University's, fees and fee adjustments which threaten the sustainability of our higher education institutions will inevitably lead to a decline in equality and are therefore also highly undesirable. And the third point is that the nett result of declining funding or diverted funding, if we take funding from other purposes in higher education and then
25 redirect these to solve the immediate political problems or crisis that are

on fees then their effect on the sustainability of University's and the impact on quality as well as the concomitant effect on the value and stature on higher education and qualifications will lead to diminishing returns for all and are therefore also highly undesirable.

5 We have had almost two decades of transformation in higher education and a central objective of transformation has been equitable access with success and quality of higher education so achieving access on its own without success is a hollow victory. Achieving access with success but without quality is also a hollow victory so for that reason it is
10 vitally important that we give balanced attention to all of these. Equitable and increased access remain central policy planning and funding imperatives in higher education and we want to emphasise that this should not come at the expense of quality.

 The third point we want to make in this regard is that on equal
15 patterns of access and affordability coupled with enabling conditions for success are at the centre of the immediate and future challenges. Barriers for the poor and less affluent are fundamentally about funding of fees, of living expenses and other costs of studies and we believe it is understandable that in the solutions that have been bandied around over
20 the past, better part of the last year that there is a resistance by students to accumulation of massive debt in benefiting from higher education.

 We think it is important to draw attention and remind ourselves of what the purposes of higher education are and we think that it is recognised even though it is contested that higher education is both a
25 public and private group. It accrues benefits to both the individual and

the broader society. For the individual it leads to greater opportunities and earning power and generally it is a pathway to a more prosperous and fulfilled life. For society it contributes to socio economic, cultural and other forms of development that society as a whole also benefits from. We find that generally there is a correlation between levels of investment in higher education and economic development.

So in our view state subsidisation of higher education is both desirable and necessary to promote development and then to hope its citizens realise their full potential. We make another important point that higher education is a sub system within a wider system of both school education and training and we should not lose sight of this and much of the public debate about higher education has not drawn attention to this so it is not focussed sufficiently on it and how we go forward in funding higher education must also be mindful of how it is a sub system within a broader system.

JUDGE: Now having had access to your presentation beforehand thank you, I do not find that you address the question of how the interrelationship between the various levels of education should be answered, you do not do you?

20 PROF. BAIJNATH: I am not clear what your question Chairperson.

JUDGE: Well you say here that there is a need for equitable funding across the system and that we are not dealing with higher education as it were in a vacuum but in relation to the other two but I do not find in your presentation that you actually tell us how this balance should be achieved.

PROF. BAIJNATH: Chairperson I can give you a brief response to that, we have in region of a million students in higher education and training currently, the aspiration is to grow the technical, vocational training and education sector of the or that sub system in the, if I may say PSET
5 sector to, how many million, it is to grow it exponentially over time by 2030 I think the target is ultimately 3 million. There is also the intention to grow the community college sector by over a million in the same period so these are the sub sectors of the post school education and training system. It is vitally important to have this balance between
10 higher education, technical and vocational education and training and the community college sector.

Just to give you a concrete example, if you talk to a trained and experienced engineer for that engineer to function optimally and to achieve or to fulfil his or her role, he will be dependent or she will be
15 dependent on a hundred technical staff so there is no point in skewing the system to produce only those high order skills that University's produce, it is vitally important to get a balanced system with the vast range of personal power that is required by the economy and the society that gives adequate and due attention to each of these and our argument
20 is that in as much as you have a requirement for funding of students, of the poor, the missing middle in higher education you equally have that in the Tvet sector as well as the community college sector. So the funding needs would be of probably a greater magnitude if you wish to grow the Tvet sector by a few million and you want to grow the higher education
25 and training sector up to 1.6 million.

JUDGE: When you speak about the funding needs are you embracing both the tuition fees and the infrastructure costs and the teaching needs?

PROF. BAIJNATH: We have to Chairperson because the higher education sector is infrastructurally is quite well developed and well
5 endowed but in the Tvet sector most of the investments still have to be made and certainly so in the community college sector as well that is where investments in infrastructure, staff capacity, ICT's all will need huge and of course student housing, all of these will require huge investments.

10 JUDGE: What do you consider is the greatest need for the Tvet sector?

PROF. BAIJNATH: It has to be, it is a combination of infrastructure and capacity.

JUDGE: Thank you.

PROF. BAIJNATH: Alright.

15 ADV. K. PILLAY SC: Professor Baijnath you also draw our attention to the fact that one cannot have a discussion about access to higher education without looking at the basic education system, I think the point you are mentioning, the bullet point 3 talking about early childhood development stage so maybe you can just talk us through that point.

20 PROF. BAIJNATH: Well some educational commentators and ...[indistinct] would argue that it is more important that we focus on right there because that is where you can start making the impact and ensure that at the exit level from the schooling system that the students who are prepared, well prepared and have the solid foundations to benefit from
25 and be successful in higher education needs to start there so if you do

not make a proportional investment from early childhood education all the way up then you are going to constantly have the problem of under prepared students coming into the higher education system, it will be a perpetual problem and later on we show you what the performance of the higher education system is and how wasteful it is for the huge resources that we put into it and how low the outputs are.

So that is one very powerful argument that there is no point in throwing huge resources into or more resources into a system that is not performing well it might be better to or equally important to invest at the early childhood education level and then all along to ensure that those emerge from the schooling system.

JUDGE: Well I know it is not your speciality necessarily, anything but higher education but do you feel that we are not putting enough money into early education?

PROF. BAIJNATH: I think that is one neglected area, I think basic education generally gets the lions share of resources for education, higher education gets a significant proportion but early childhood education gets very little.

JUDGE: Thank you.

COMMISSIONER KHUMALO: I wanted to ask the presenter if they can assist us with the acronyms in the presentation.

PROF. BAIJNATH: Alright which one in particular Commissioner?

JUDGE: HE is higher education.

COMMISSIONER ALLY: Perhaps we can be more specific, there is an

NEET, I have never come across it before, I think you coming to that particular paragraph in a moment.

PROF. BAIJNATH: Yes alright, I shall be mindful of that Commissioner thank you. If I may proceed Chairperson, right we also make the point
5 that in the PSET is the Post School Education and Training sector, that many of the poor in this sector are not in the radar in the public debates and these are the youth will fall out of the school system who are not, the need is not in education employment or training of any sort and their number as currently it is 3.2 million and that is a huge number and it
10 contributes to instability in our society. It contributes to unfulfilled aspirations of the youth and it will remain a constant problem should we not resolve it and that is why it is so important to provide educational opportunities for them in the community college sector which we need to grow on sufficient scale to met the needs of these 3 million plus
15 students.

We need to do the same for the Tvet sector, the Technical Vocational, Education and Training sector so that those who qualify for education opportunities there can access those opportunities and the order of need will be not only for infrastructure it will be for capacity,
20 those who will be teaching there, it will be for ICT's which will be quite costly. It will also be for housing for many of them because the students have to go to where the opportunities are.

COMMISSIONER ALLY: In the state of the issue of higher education Tvet's and community education and training institutions, why do you
25 think there is that problem that you get students going to higher

education rather than your vocational training institutions or your community education and training institutions, what is the reason for this big circle around your higher education institutions?

PROF. BAIJNATH: I think it is a combination of factors Commissioner,
5 firstly I think it is about prestige and the experience in our societies that those who benefit or graduate from higher education generally are more affluent, get better jobs and more easily employed, that is one factor. I think that we have a very elitist system so it is the elitism that the students aspire for the best because it raises their social standing and
10 general stature in society and I think that the third factor is that there are not sufficient opportunities in the other sectors and certainly not close enough to where students are.

So if you look at the current structure of higher education we have more than a third of our students are distanced learning students
15 which means that because of the way in which the geography or geographical positioning of our institutions is that there, huge concentrations of opportunities in the urban areas and our population is spread all over the country so if you want to access higher education opportunity, if you cannot afford going to a contact institution your next
20 option is to go to Unisa and Unisa has 400 000 students, that is, in fact it is more than a third it is closer to 40 percent of our students in public higher education at Unisa and also many of them dropping out and failing, not completing their degrees in time, so it is about also access to opportunities that will be a fourth factor.

25 Alright if I may proceed then and go to the next slide. Our higher

education institutions are under threat and consistent under funding over many years has led, has pushed University's to the brink and this has been exasperated by the zero percent fee increase in 2016 and we have hard evidence for that. If you look at this table it illuminates how state
5 funding or subsidy from the state for higher education has declined as a proportion of their income since 2000 from 49 percent in 2000 declining to around 38 percent in 2014 that has been a steady downward trend.

How have the University's made up for this, they have relied on higher than CPI, consumer price index, fees, fee increases. In 2000
10 student fees made up only 24 percent of University's income. By 2014 it had risen to 33 percent so greater and greater burden has been placed on the students for the costs of higher education. And in our unequal society of course that is just not fair nor is it sustainable and it is the backlash which has been a demand for fee free higher education. So
15 you think that another avenue for a University to raise its income is from ...[indistinct] income and that is from donor funding or earnings from its investments and so on.

You will see that that has remained quite static over that period, it shows that they have reached a saturation point in terms of raising
20 morning funds, the donor funding and investment come and that is very important in looking at what the implications are for the sustainability of our institutions so if we take the position that fees should not increase or there should be no fees, no fees or lower fees it is going to make a huge impact on the sustainability of institutions. It is not that institutions are
25 charging fees that when they are building up huge reserves those

reserves have been eroded and more and more institutions are having to contribute to funding the poor and supplementing the funds for bursaries and loans for their students.

ADV. K. PILLAY SC: Professor I am sorry to interrupt you can I just ask
5 you a question about the zero percent fee increase in 2016. You make the submission that it has had dire consequences for the financial status of institutions but in a scenario where the cost of zero percent increase is being borne by government obviously it would have no effect on institutions as such, it is a hypothetical?

10 PROF. BAIJNATH: I will ask my colleague who did the analysis to answer that question.

DR WEBSTOCK: Thank you Judge and Commissioners. The problem is really that, let us take an example, assume that you are expecting from a student a fee of R50 000-00 for example and then the next year
15 you needed a 10 percent increase on that to break even, you would be expecting R55 000-00 from that student, you did not get that you got the R50 000-00 and you got some compensation from government. The next year you are still at 2015 rates so if you do not get an increase again you would actually probably by then be needing another 10
20 percent on the 55 which would take you to 61 you are still getting 50 so it is a double whammy in a sense for the University's.

So our calculations when we have worked out what the impact is on institutions, they take into account already what the government has contributed towards that and also the University's themselves
25 contributed to that shortfall so it just compounds it, that is really the

point.

ADV. K. PILLAY SC: So if I understand what you are saying, you are saying that even if and let us assume there is a complete bailout from government to offset the impact of the zero percent increase, assuming
5 there is a bailout it would still have an ongoing effect on the sustainability in University's?

DR WEBSTOCK: Correct.

ADV. K. PILLAY SC: And just on the question of has there been a hundred percent bailout to offset the impact of the zero percent
10 increase?

DR WEBSTOCK: That is difficult to say, in 2016 it was in the order of 3 billion I think and that we have factored in but now we do not know, we know what the spending patterns of University's were in 2014, we do not know to what extent they curtailed them in 2015/16 but the projection
15 showed that it did not actually cover everything.

COMMISSIONER ALLY: Doctor just come back, again I had put it to ...[indistinct] that maybe we are dealing with the chicken and the egg. You have the situation where University's have always charged fees for students, my proposal or my suggestion has been if one starts from day
20 1 what is the cost to provide tuition for an average student doing, well let us say any student fro that matter because my fear is that we saying this how University's worked and have always worked and hence your issue of saying you paid 50 000 you are awaiting 50 000 it never came and so you go on you are expected in the next year 65 000 and so forth.
25 However is there, has the CAT done a study on what it actually costs to

provide education to students learning a profession?

DR WEBSTOCK: Commissioner that is very difficult to ascertain because we are not going back to a zero base budgeting system so the actual cost is very difficult to work out and it depends on the institution
5 and it depends on the field of study, it depends on how many staff you have employed, it depends on what level you have employed them at, it depends on what research equipment you need, how much of that is imported, all of those kinds of things, I think if one went back to zero base budgeting and worked out the actual cost it really differ from a
10 student in that program and a student in that program but I do think that University's try to do that but we cannot verify that those are the actual costs.

COMMISSIONER ALLY: And would that have to do with more in your range, would it affect quality of education at all because you have it
15 always thrown back at you, if you are not putting money into the system you are not going to get quality out of the system, can you just explain that correlation?

DR WEBSTOCK: Higher education is expensive, if you want to keep up with the latest knowledge developments, you need resources, you need
20 books, you need IT, you need research equipment, you need access to good teaching, you need to support students to get through, all of that is very expensive it doe not come cheap, to be able to get your students through the end in a way that you would want them to achieve the outcomes that they need you have to have all of those resources and I
25 do not think that we have all of those resources necessarily even now to

actually achieve that.

COMMISSIONER ALLY: Thank you.

COMMISSIONER KHUMALO: Just a follow up, just on the question of ...[indistinct] you saying even if there is a bailout the zero percent will still
5 have an impact even if the singular amount that is expected from a student is paid by government there will still be an impact, is it like different pockets, different purpose.

DR WEBSTOCK: Sorry I am just looking Commissioner for the numbers I had them here. We worked out according to the spending patterns and
10 the income and expenditure of the institutions in 2014 assuming that they are the same in the following years, they had the same bills to pay and we know that some of the bills have gone up, electricity, rates, research equipment, all of those kinds of things have gone up, let us assume that they are the same, even with the bailout the University's
15 collectively in 2016 were affected by an amount of 1.4 billion I think it is, that is what I am trying to check the figure.

And if that happened again there were already five institutions in deficit so now there were 16 University's in 2016 that were negatively affected according to our projections, they might not actually have, they
20 might have made cuts themselves but according to the projections that is 16. Then if it happens again then there is a further 10 that will get to an even worse position so that is what we are saying the effect of that is.

COMMISSIONER KHUMALO: So are we not bordering on maybe double dipping here, we get the bailout and then if there is an increment
25 the student still pays, is it more than in the instance?

DR. WEBSTOCK: Commissioner I do not think it is double dipping because they did not get the fee increase so instead of the fee increase they got something of the bailout so that they cannot be double dipping.

PROF. BAIJNATH: Okay if I may proceed then.

5 COMMISSIONER ALLY: Can I just ask you a question Professor, you tell us as the quality council for higher education you make recommendations on the fee increases is that correct, do you do it on a yearly basis, how often do you do that, your recommendations on fee increases?

10 PROF. BAIJNATH: We provide advise to the Minister of Higher Education and Training, either upon his request or at our own volition. In the case of 2017 or for 2017 and going forward the Minister requested us for advice on a regulatory framework for fees so we initiated that work and we thought that one of the first things we needed to do was to give
15 consideration to fee increases for 2017 because we did not think that the commissions work would be completed in time to pronounce on that and it was vitally important for the sustainability of the University's for us to resolve that issue so that the fee issue could be resolved and the sustainability of the University's be assured.

20 So we gave our advice to the Minister a few weeks ago and we proposed a CPI increase, a consumer price index related increase and the main motivation behind that was that we wanted to prevent a recurrence of the large scale student protests against fee increases that we experienced last year and we thought that in as much as some
25 institutions would be in a strained financial position but because of the

performance of the economy as a whole with zero percent growth projected for the coming financial year that it would be unjustifiable to approve an increase above CPI.

So our advice on the regulatory framework for fee increases will
5 be contingent somewhat on the outcomes of the work with the
commission because there is a relationship. If the commission
pronounces that there should be no fees at all and it would render our
work somewhat superfluous. If it comes to the conclusion that or any
other conclusion that includes fees then of course our work becomes
10 quite important about it is regulated going forward, so that we prevent
the exponential increase of fees and the increasing un-affordability of
higher education.

COMMISSIONER ALLY: The recommendations that you make to the
Minister do they carry any weight?

15 PROF. BAIJNATH: Well you should ask the Minister that.

COMMISSIONER ALLY: But I am asking if you say there should be a
fee increase of 6.1 percent or whatever.

PROF. BAIJNATH: 3 percent.

COMMISSIONER ALLY: Or 3 percent or 6.3 percent so if that is you
20 recommendation is it binding, your recommendation or it is just merely a
recommendation?

PROF. BAIJNATH: Go on.

DR WEBSTOCK: Commissioner as the law stands now the decision on
fees and fee increases is a council of the University prerogative so

councils look at the University and they will look at what is needed and they will say for this University I need a 2 percent or a whatever increase, the Minister does not have the power currently according to the law to actually make decisions about fee increases that is a council prerogative however because this is now a very difficult situation may of the University's are looking to the Minister to give some guidance and leadership on that and for them as University's to agree on what they should be doing because what happens is that you can exacerbate a problem where one University, although it has the power to do that, suddenly goes for a 23 percent increase, we have had that in the past which is very difficult then for others but it is actually legally their right to do so, it is in their gift to do so.

JUDGE: Well what you are saying is that in effect University's cannot ignore the fact that there is also a political aspect involved here.

15 PROF. BAIJNATH: Indeed Chairperson.

ADV. K. PILLAY SC: And just to round off the point maybe you can tell us, we know that there have been this proposed regulatory framework on fee increases, what the status of that proposal is around establishing some sort of regulatory framework.

20 PROF. BAIJNATH: The work on that is proceeding and as I have indicated it is contingent on the outcomes from the commissions work so there will be a point of conversions we believe early in the new year once we are clear about what the anticipated outcome options are the commission is considering we will make out advice public then or not
25 public actually we will communicate it to the Minister but it is too early at

this stage, so the research work will continue until the end of the year and we will begin to formulate different options early in the new year.

COMMISSIONER KHUMALO: Sorry Professor just one more question, just to go back to the zero percent, now we know that University's are
5 funded from three streams, government tuition and their own. Now you mentioned that to offset the zero percent institutions also contributed on a portion in addition to the state, now that portion they contribute where does that come from, is it from the third stream only or do they also then take from allocations made by government to offset that, the earmarked
10 funds or your whatever funding that they may.

PROF. BAIJNATH: That would differ from situation to situation but at most institutions there is an aggregated budget so they would look at the quantum of resources available to fund their operational and staffing costs and they may set a side given the, and also dependent on what the
15 quantum of need in their institution and looking at what the gap is between student financial aid that is provided through the various schemes whether they are bursary or financial aid schemes and if there is a shortfall they would provide that out of their operational budgets or their overall budget so it is not specifically investigation in income or
20 specifically earnings or whatever, it will be from the overall budget ja.

ADV. K. PILLAY SC: And just a last question professor, has the CHE done any research on how the zero percent increase impacts the student body, for example a zero percent increase does not affect NSFAS students at all which are the poorest students in the University because
25 obviously their tuition fees are covered by NSFAS, so have you done any

research on how a potential zero percent impact the student body and which students stand to benefit from a zero percent increase?

DR WEBSTOCK: Who stands to benefit it is the fee paying students who stand to benefit because as you point out the NSFAS loan is related
5 to the tuition fee so the loan is related to the tuition fee so that if that is higher then the loan needs to be higher to cover that fee, so in fact it is your fee paying students who would benefit most and the fee paying students are generally among your wealthier students obviously.

JUDGE: But as I understand you that is not correct that NSFAS students
10 are not affected, all students are surely affected because the quality is likely to reduce as a result of the nil fee increase.

DR WEBSTOCK: Sorry I was just talking in financial terms, everybody would be affected by quality decreases yes because you would not have enough funding to pay for the tuition and the support and ironically,
15 usually the, I cannot say usually but the easiest parts for a University to cut in terms of its budget are your contract staff because it is easier and it is your biggest part of your bill is your staff compensation and very often those people are providing student support so extra tutorials, academic development those kinds of things stand to be affected and
20 those are there precisely for the students who really need them so in that sense they would be affected.

JUDGE: Thank you.

PROF. BAIJNATH: Right if I may proceed Chairperson. We provide some raw indications of what the quantum of need for resources is in the
25 ...[indistinct] sector. The growth target by 2030 is to have 1.6 million

students in higher education and training, the commensurate need will be of a further, well aside from the immediate need of shortage of 216 000 beds ...[intervenes]

JUDGE: Does that mean student accommodation?

5 PROF. BAIJNATH: That is right.

JUDGE: Or is it just a term that you use whether students are accommodated or not, I am not quite sure whether it means new residences will have to be built accommodating 216 000 more beds.

PROF. BAIJNATH: It is residence accommodation Chairperson so it is
10 housing provided by the University's themselves and have to be funded and infrastructure development.

JUDGE: That of course has all the added effects of food as well because that goes with the accommodation?

PROF. BAIJNATH: That is not even factored in here that will be
15 additional costs that will have to be quantified and added.

JUDGE: Yes.

ADV. K. PILLAY SC: Professor Baijnath may I just ask you, the first circle the enrolment target of 1.6 million by 2013 is that an NDP target?

PROF. BAIJNATH: Yes it is in the white papers or in the post school.

20 ADV. K. PILLAY SC: The 2013 white papers?

PROF. BAIJNATH: Yes so it is an NDP target initially but it was translated into a policy goal in the PSET paper.

JUDGE: I am sorry I ID not hear your last words, in the what?

PROF. BAIJNATH: It was an NDP, National Development Plan goal that

was translated into a policy goal in the old school Education and Training white paper which is a policy aspiration from the Department of higher education and training.

JUDGE: Thank you.

5 ADV. K. PILLAY SC: And may I just ask one last question, in translating the NDP target into a Tvet target through the 2013 white paper was there a costing process that was conducted?

PROF. BAIJNATH: No it is underway at the moment with the assistance of Treasury but that is what we know about it so far, well Denise is
10 involved in it she can say more.

DR WEBSTOCK: Commissioner there is a process underway to take the policy, overall policy goals into an actual plan so the national plan is currently being developed for all three parts of the sector so that is where it is being costed.

15 PROF. BAIJNATH: So aside from that Chairperson there is currently there are 186 or not currently but in 2014 where we have audited figures for them there were 186 000 students funded by the National Student Financial Aid Scheme, the order of need is probably greater now and it will increase exponentially as the enrolments in higher education
20 increase and we find that already there is a very high dependence at some of the University's where there are students currently receiving financial aid are already over 50 percent of the student body, Walter Sisulu I think was 56 percent.

So one of the questions to contemplate is, can we take from the
25 rich given our inequalities in our society, can we take from the rich and

fund the poor and the less affluent and we have looked at various ways of doing this, one way is if we assume that 150 000 students come from very wealthy households where it is possible for them to cross subsidise across fund the less affluent and very poor so each household of that
5 250 000 students would have to pay an additional half a million in tax, we do not think that is sustainable, it is questionable rather whether that is sustainable.

Another point, another way of approaching it is to look at the more affluent in our society and those who are earning more than R750
10 000-00 per annum say well comes some have talked about wealth tax so for the more affluent we charge them more or you tax them more so that you could fund higher education. If we look at the cold facts already only 9.7 percent of tax payers are already accounting for 57.4 percent of tax revenue so we do not know how sustainable it will be to have an
15 increasing tax burden on a very small tax base so that presents a particular problem.

JUDGE: Well apart from the sustainability what would the income be from such a process, supposing you were to tax the 2.2 percent just for argument sake another 5 percent, what would you pull out as a result or
20 what would the benefit be?

PROF. BAIJNATH: I do not know if our analysis has gone as far as that.

JUDGE: Do you have any figures?

DR WEBSTOCK: I have not worked that one out but it certainly would not be enough.

25 JUDGE: It would not.

DR WEBSTOCK: No.

PROF. BAIJNATH: No, it would be so, the tax would be so prohibitive that it may lead to a flight of intellectual capital and drive people away, that is another consequence of and overburdening a small portion of
5 ...[intervenes]

JUDGE: Well clearly a balance must be struck between the negative and the positive effect but I was for the moment only interested in the quantum of what could be produced.

PROF. BAIJNATH: Indeed Chairperson. And the next question which
10 arises Chairperson is, if the system and all of the higher educational students were to be adequately funded or put differently if you had to have fee free higher education would everything be resolved, would all our problems go away and we believe not. There are currently significant systemic inefficiencies in higher education and these
15 constituted by a low throughput including that by National Student Financial Aid Scheme students ...[intervenes]

COMMISSIONER KHUMALO: Sorry to interrupt, just on the previous slide the enquiry is, if the system and all AGE students were to be adequately funded, what is adequately funded, is it from the three
20 streams or which funding are you referring to here?

PROF. BAIJNATH: Well any student.

COMMISSIONER KHUMALO: I am asking, adequately funded in this instance what are you referring to or does the next slide answer that?

DR WEBSTOCK: Commissioner it is a hypothetical question so we are
25 saying no matter where the money comes from let us assume that our

students are adequately funded and we found a solution to this problem would all our problems go away in higher education and that is what Professor is saying we do not think necessarily would be the case.

PROF. BAIJNATH: So in other words if all the poor and all the missing
5 middle students who are in need of financial support, so if all of their challenges and problems are resolved would it lead to positive outcomes for higher education and that is the case we are making here that there are systemic inefficiencies so even if you resolve that immediate problem what are the, how have you quantified now when you configure it, will it
10 resolve the problems and we may continue now to make the case why it will not because of the systemic inefficiencies in higher education and we have indicated that we have certain factors that affect this and the first being no throughput rates including those for NSFAS students, rising enrolments due to growth targets for higher education, a high academic
15 staff to student ratio and then a fourth factor which is very important is the poor loan recovery rate for the National Student Financial Aid Scheme.

And then we look at next in each in turn and what the low throughput is characterised by is inefficiency in the current way that our
20 higher education systems functions which as indicated in the quantum of subsidy that does not lead to the achievement of a qualification for students, that is a huge factor, we will illuminate that with some hard data in a minute. And what our co-ord studies of a number of years indicate is that those students entering for their three year bachelor's
25 degree of those students entering for a three year bachelor's degree less

than half would have achieved that qualification within the six years and that is a huge waste of public funding.

And then with sufficient developmental attention and support to assist more students to graduate we believe that this could be significantly reduced. Now this table gives you, illuminates for us what the impact is on the subsidy ...[intervenes]

COMMISSIONER KHUMALO: Sorry Professor, sorry to interrupt, are these students particular students, for example do we know is it students from previous disadvantaged backgrounds or is it colour based or is it just in general that the student?

PROF. BAIJNATH: It is students in general, in fact some coming from affluent backgrounds as well, it is not only poor students, not only black students, it is students right across the board ja.

COMMISSIONER KHUMALO: So the low throughputs are not necessarily linked to finance or the leg thereof it could be other factors that lead to it?

PROF. BAIJNATH: Yes indeed so how does it impact on the subsidy, this table illuminates for us so in the general bachelor degrees for example, so of the students that drop out or do not complete in the regulation time sorry or at all, the wastage is R371 million so let us say they take an extra year, so they remain in the system and they take an extra year, that wastage drops down to R266 million to achieve the same number of graduates emerging from the systems. If we have to increase the enrolments to achieve the same number, so we enrol more students but who keep dropping out or not completing then the wastage rises to more

than half a billion rand for that particular co-ord and this is very, very important because you can keep taking more and more students in who may desire to benefit from higher education but if they keep dropping out it is a huge wastage of already scarce resources and that is the issue that
5 we need to give consideration to.

So this aggregated general bachelor degrees, diplomas and professional bachelors degrees but the total loss is R1.116 billion and of course it reduces to R840 million if they stay and take an extra year but if we have to achieve the same outcomes with increased enrolments too
10 late, so it is like a shotgun approach, we allow more and more to come in so that you achieve the graduate outputs but the wastage of the subsidy will rise exponentially to R1.674 billion and that is a very, very significant figure we believe.

ADV. K. PILLAY SC: Now Professor has any research been done on
15 how it is that you address this low throughput, so in other words you have mentioned in 6.1 the last bullet point that you need sufficient developmental attention and support, I am just trying to understand what that means in real terms?

PROF. BAIJNATH: No we done a major study that Denise actually led
20 so she can illuminate that.

DR WEBSTOCK: Commission in 2013 we published a proposal for an extended curriculum and what that did, this is where some of this data comes from. What that did was to suggest that we need to have more time on task, more developmental work for our students in order to be
25 able to give them the best opportunities to actually graduate and so the

proposal was that actually it would work out cheaper in the long run if we added 120 extra credits to a degree, let us face facts people take longer but in those extra 120 credits you do developmental work at various points in the degree, not necessarily all at the beginning, but where there
5 are hurdles to overcome.

The cost per student goes down because you getting more through so that is really what this refers to, so we were looking at that across the system assuming that you did that for all degrees and diplomas, clearly they do not all need that because some have better
10 throughputs than others but that is what we were looking at because we really have to do something, it is really very difficult when you are taking in actually your top school leavers and you are only graduating half of those and if you think of that in black students, that is the top 10 percent of black students and you are graduating only 5 percent of those, we
15 cannot continue with that, we really need to do something to actually enable our students to get through and really it means addressing not only the funding issues because funding does play a role, people drop out for funding reasons, but also the academic under-preparedness reasons, we need to be able to address that too.

20 JUDGE: So fundamentally what you are saying is that if we were to decide that there should be fee free education for everybody we are simply throwing students into a broken system or into an inadequate system if we are not also able to recommend some way ...[break in recording] so many of those students who get the fee free education are
25 simply being, what is the word, force-fed perhaps in a certain sense into

something that is going to provide them with no ultimate solution because only a very few of them will come out with degrees?

DR WEBSTOCK: That is exactly the point, I would not have put it quite so boldly but it is the case that it is so pervasive across the system that it is a systemic problem, it is not about individual students it really is a system problem and we have to have a system label solution to that so it does not help to put more students into the system if they are not going to also get through the system and getting through the system means that we need to put in more energy and help and development and that is not cheap either so we would have to do that to.

JUDGE: Then it might be said that rather than providing fee free education for everyone one should attempt to fix the system first for those who are in it and are coming into it and when one has fixed the system then one can consider whether everybody should have fee free education. What should be done first, can you do them both at the same time?

DR WEBSTOCK: Firstly I think the problem is very complex, it is not just about fixing a higher education system, that is not going to happen overnight, it is also what we were talking about earlier that you have to look at the educational process right from early childhood development schools and so on so that you have sufficient preparedness to go into higher education in the first place so you have to be doing that too, there is no point in fixing at the end you have to fix all the way along. And it is the chicken and the egg thing, do you take away the funding constraint only but then you still have under preparedness issue or do you only

focus on the under preparedness but then students are going to be falling out because they have funding constraints, we have to do both.

JUDGE: Well you tell us what you think, should one start with putting the system right or should one make money available for everybody to go
5 into a system which is not right.

DR WEBSTOCK: I think that you have to look at the problem as a whole I do not think you can do one or the other, I think you have to have a completely holistic approach to it all.

JUDGE: But you cannot provide people with free education and say well
10 we will put them into a system which will be fixed sometime in the future, surely.

DR WEBSTOCK: No agreed.

JUDGE: And it is not going to be fixed overnight.

DR WEBSTOCK: No.

15 JUDGE: So you are inevitably going to put students into a system which will be fixed in the long term.

DR WEBSTOCK: Ja.

JUDGE: So a large number of these students that come in on a fee free basis will be disappointed.

20 PROF. BAIJNATH: Indeed Chairperson, I do not think the aspirations will be realised because you could very well get increasing numbers of students coming in once it is fee free to the extent that the resources available for the institutions are diluted further and we believe it will have a negative impact on quality and then ultimately may also very likely and

probably impact upon the skills and competencies that they have and graduate with and they will join the ranks of the unemployed or the unemployable, those can be probable consequences of opening the flood gates in that way.

5 ADV. K. PILLAY SC: Can I just ask, apart from the proposal for the extended curriculum, were the other proposals considered for how to assist with increasing throughput and do these have cost implications for the operational costs of higher institutions.

DR WEBSTOCK: In addition to an extended period curriculum you are
10 also looking at greater levels of foundation provision, there are programs that the department is running more money into those and into extended curricula, currently these covered only 15 percent of students but now that has gone up to 30 percent but the reality is that 80 percent of those need extra tuition in that sense, developmental tuition. Of course you
15 can, you would also at the same time need to address the way that academics are understanding student issues and the way they teach, that is another thing you would have to be doing. You would also obviously have to take away some of the funding constraints because we do have students who are hungry, who are not able to pay their
20 accommodation fees, they are worrying about all of those things. There are health issues, all of those you would also have to do to be able to provide a sufficiently enabling environment to get those students the best possible chance of passing.

PROF. BAIJNATH: If I may proceed Chairperson. The next issue we
25 want to bring your attention to is loan recoveries from the National

Student Financial Aid Scheme. Had everything worked out as anticipated at the inception of the National Student Financial Aid Scheme the intention was that you would have a cycle, the state would put resources into funding the poor that as they graduate and started
5 earning that they would begin to pay back the loans and you again end up in a virtuous cycle, so you have increasing resources available to fund the poor.

But if you look at this particular table it shows that in 2008 there was a massive shift in policy to the extent that the anticipated growth, we
10 got to 2008 where the loan recovery rate or quantum was R636 million and then there was a precipitous drop thereafter declining to R248 million in 2014 so had that policy shift not happened then by 2014 would have, we would have been getting back R1.711 billion.

JUDGE: Sorry what is this policy shift?

15 PROF. BAIJNATH: Well in 2008 a decision was taken that those students who graduated would not have to repay the loans, that was a shift essentially, the bursary to loan mix had changed so in other words graduating students had to pay back less from the loan that they had received that is essentially what it means.

20 JUDGE: Well fewer students had to pay back.

PROF. BAIJNATH: Yes and paying students had to pay back less ja.

COMMISSIONER KHUMALO: Just on that I am not sure, you are saying graduating students in terms of the policy do not have to pay or do they repay less?

25 PROF. BAIJNATH: It was a combination, so if, there were incentives

given to the students that if they graduated and have passed all their subjects they would, it was an incentive for them to finish in time so they got it as a bursary, got the loan, I am not sure whether it is the whole amount, only the third year students ja.

5 COMMISSIONER KHUMALO: Okay so if the impact is so dramatic with that is it not a shift from your earlier utterance that a lot of students are not graduating, so how much, what is the balance there if there is quite a few that would have such an impact that are graduating and then you also saying in the same breath that the impact would be the non
10 graduation.

PROF. BAIJNATH: Well as it is we do give you later on we will show you in two slides down what the two rates are, if you allow us to just come to that and then I will illuminate it for you but this is ...[intervenes]

JUDGE: At the present a non graduating student, one who falls out does
15 he have to repay his loan?

PROF. BAIJNATH: Well he cannot afford to pay it because they have not funds.

JUDGE: Well that is in practice but in theory does he have to repay his loan?

20 PROF. BAIJNATH: Not until he is employed.

JUDGE: Not until he is employed.

PROF. BAIJNATH: Ja.

JUDGE: So in fact those who do not graduate and those who do graduate are reaching the same result because none of them has to pay,

those who graduate get the benefit of the bursary conversion and those who do not graduate get the benefit of not having to pay because they did not graduate.

PROF. BAIJNATH: Indeed, so it is a ...[intervenes]

5 JUDGE: So who is paying?

PROF. BAIJNATH: Well the state is paying, the public purse, it is funded from the public purse.

JUDGE: Thank you.

PROF. BAIJNATH: The added problem is that the co-ord studies
10 illuminate that ...[inaudible] NSFAS, National Student Financial Aid
students are very low and the number of funded graduates in a position
to repay their debt has an impact on the replenishment of the amount
that can be dispersed. So the next table illuminates this, so students
finishing in regulation times, so if they register for a three year degree for
15 example and here is an illumination from 2006 to 2010 and the first
column illuminates what percentage of students funded by the National
Student Financial Aid Scheme finished in regulation time, 14 percent
2006, 16 percent 2007, 17 percent the following year, 5 percent in 2009,
7 percent in 2010 and then for those students who took an extra year,
20 say they took four years for a three year degree that only increased the
numbers to 13 percent for 14 and so on.

So in the second column then students taking a further two years
beyond the regulation time and that increased the numbers by 3 percent,
4 percent, on average about 4 percent. At the end of all of that so
25 students taking five years to complete a three year degree only 31

percent had finished in 2006, 33 percent in 2007, 27 percent in 2008, 17 percent 2009 and 26 percent in 2010 so that tells you that for the huge resources that are going into funding, providing funding for the poor students that this is a promise at the end of five years, it is even more
5 dismal at the level of, at the end of four years.

Well in regulation time, for 2010 it was 7 percent, only 7 percent of the students were funded, finished in regulation time 2010 and of course the numbers have declined quite precipitously in 2009/2010.

COMMISSIONER KHUMALO: Sorry professor sorry, what is the reason
10 for this, for NSFAS funded students particularly to be having an even poorer showing than your average student?

PROF. BAIJNATH: We do not know for a fact but the speculation is that the funding is not adequate to fund all of the costs because while the student loans can fund their fees and registration and tuition fees they do
15 not have enough for living expenses, that is one factor so it is a huge factor that impacts success because the needs that students have beyond just the tuition fees they need living expenses, they need entertainment, they need beer money, they need all kinds of things and that is to sustain a life at University, transport costs you know to go to
20 home and back and so on.

ADV. K. PILLAY SC: Professor Baijnath I am aware that you have got serious time constraints and we are very grateful to you for making your time available this morning, do you want to just highlight the key aspects of your presentation and then we will read and study the rest of it.

25 PROF. BAIJNATH: Ja, well I think the exchange has actually touched on

a lot of the issues that we would have illuminated in any event so if I am just quickly run through these slides, I think the important point is on this table that there is an exponential increase in, in fact the audited figures we have are for 1994 up to 2012, you see the upward trend, growth in
5 numbers of students and the growth in the number of academics is not being commensurate so you have got a widening gap between the need for the numbers of academics compared to the growing numbers of students.

We also see a tendency and this has been exacerbated by the
10 in-sourcing the last year of large numbers of service staff, the ratio of non academic staff compared to academic staff has been increasing so that ultimately will impact upon the quality of the educational experience and research outputs and so on. We estimate that the consequences of zero percent fee increase and this has been part of our submission to
15 the Minister which he has made public is that a further R5 billion will need to be found or diverted from other prejudices because the national Treasury has made it plain that there is no new money to be made available, they have not budgeted for zero percent fee increase for 2017 or no fee adjustment for 2017.

20 So it means that the cost of the is zero percent fee adjustment for 2017 would have to be from diverted funding and that means it impacts on all the departments generally in post school education and training and it must have a consequence ultimately and funds that might have been earmarked for example for the Tvet sector, for student
25 housing, for the community colleges those then get diverted to funding

zero percent fee adjustments in higher education and training. And then we also in how Denise has illuminated these that institutions will lose a further R800 million in revenue in addition to the R1.4 billion that has been aggregated as what they have lost in 2016.

5 And there is also another kind of impact that that University's have currently subsidised poor students in addition to the NSFAS provided loans, we do not know what the quantum of this is for the entire system but we believe it is quite substantial. So they will have less money as they have less discretionary resources on their budgets. And
10 then the other impact will be that NSFAS will also experience a shortage of some R400 million. Then in the last two slides we look at fee models which we believe the commission might need to consider and one of these is that in a fully state subsidised model that is fee free in other words, there are likely consequences.

15 We do not think we will resolve the wealth and equalities and the income gap and generally what happens, where this has happened before, like the Egyptian system is one example where you open the flood gates, the unit of resource per student declines, you cannot pay staff enough or the salaries do not keep pace and then all the staff in the
20 academic, teaching staff in particular begin to moonlight in the private higher education institutions and then declining quality in public higher education what the affluent and the rich do is they send their kids to private higher education institutions, that is a likely consequence.

 Another way of approaching the challenge is with income
25 contingent, an income contingent loan scheme so that all the students

who need it get a loan and then once they graduate they pay back based on their earnings, so if they are high income earners they pay a market related interest for example in repaying their loan. If they are low income earners they pay very modest amount or can even have the capital amount discounted. Another approach is to have a cap on fees to prevent the runaway costs of higher education especially for the poor and the missing middle but that will have a different kind of impact and we anticipate that those institutions currently with lower fees will keep increasing their fees until they reach the fee cap and those more, those institutions with already very high fees will be frozen at that level and with dire consequences for their ability to grow, their ability to maintain their infrastructure, pay their staff and so on, so there would be consequences for that.

And yet another approach is fees on a sliding scale but that requires a broad enough tax base and we believe that it is not feasible for students among the poorer institutions. Then our concluding remarks Chairperson, we believe that key considerations for the commission and we have summarised some of the points that we have made earlier on that one of our solutions are proposed must take into account the combined goals of access with success, ultimately improving throughput and without sacrificing equality. So you cannot look at one factor in isolation then we have to look at all of these in an integrated way. Then the second very important point is that we must recognise that higher education is one component of a broader system of post school Education and Training and that we cannot view the needs because it

has received a lot of media and public attention but we focus only on higher education and not the needs of the rest of the sector because then we end up with a very skewed post school education and training sector with dire consequences for economic and social development in
5 our society.

And then associated with that is a need to balance the needs or the need for equity and fairness across the youth population in the technical vocational education and training centres as well, sorry institutions and the community colleges. The fourth point is that there
10 should be a review of the enrolment policy because to reach the number of 1.6 million in higher education and training by 2030 you will have all kinds of consequences, you will have all kinds of needs, the quantum of need has been illuminated in terms of student housing, in terms of expanded facilities and particularly in terms of more student financial aid.

15 And because of the pressing political challenge in higher education centre we must not neglect the rest of the sector, the post school education and training centre. We have illuminated in different fee models how we should factor in, who should pay and when, whether the students pay as they study or pay at the end having received a loan
20 and at what levels and with what interest rates, dependent on their income. And then our final point is that the estimate is, and this is the Department of Higher Education and Training estimate, is about 40 percent of the student population come from fairly affluent backgrounds and can afford to pay fees, so we see no principle basis on which the
25 already affluent and rich should get fee free higher education when the

need is so dire among the poor and the marginalised.

So we do not believe that that is the most sensible approach because the likely consequence will be that there will be fewer resources for the poor and the marginalised in society and the poor and the missing
5 middle in particular. We thank you Chairperson and Commissioners.

JUDGE: Thank you Professor, Miss Webster. We will take a five minute adjournment thank you.

HEARING ADJOURNS

HEARING RESUMES

ADV. K. PILLAY SC: Thank you Chairperson the next presentation is by
10 the South African Students Congress and the Presenters are Mr Thabo Moloja who is the President of SASCO and we have Mr Rando Majisa who is a National Working Committee Member of SASCO so over to you Mr Moloja.

JUDGE: Welcome to you, would you like to go ahead please?

15 MR MOLOJA: Thank you Chair and good afternoon to all the Commissioners, Chair, the Evidence Leaders, and all ladies and gentlemen in the house. I think we need to thank the Commissioners for giving us this opportunity to come and make our presentation into this Presidential Commission. I think it will be important for us before we
20 even go to the Commission to raise a number of concerns that we have had with the Commission.

We had an opportunity to meet with the Evidence Leaders who had to explain to us the painful story that the Commission will not report as it was scheduled to report this year; but rather they requested an
25 extension beyond that period that was given earlier on. I think all of us

we understand what led to the Commission to be established; and it cannot be business as usual when the Country was on standstill following us students of this Country marching to Parliament, marching in our various institutions, going to Luthuli and going to the Union Building.

5 So we are quite disappointed with the Commission that it could not do its work on the given period and that by implication has other implications beyond the work of the Commission. I am sure the Council of Higher Education has indicated some of the conversations that they are having about fee adjustments, which we have rejected and said
10 there will not be any fees until such time that think, until such time that the Commission pronounces on the question of free education that is mandated to deal with. But also I think we need to indicate that we are also having a serious discomfort with the scope of the Commission which we believe is quite limited.

15 When we took to the streets in 2015 we demanded a lot of things, we demanded transformation, we demanded decolonisation of the system, we demanded structural changes, and it will require a very, a way in which we do away with the normal ways in which we do things. We need to move with speed in terms of meeting the student demands.
20 There are a lot of issues, workers issues that are not resolved in the sector, the tepid issues that are another fees, they must all come, is coming.

 And we need to be pro-active in terms of how we resolve some of the challenges facing the sector and society in general. We believe
25 that the State has spent money, resources, in commissioning task teams

and committees, we believe Higher Education and Training which is a Department responsible for this work, has undertaken a study that said free education is feasible in this Country at least for the poor.

So for us it does not make sense really why must the President
5 establish another Commission to investigate the feasibility when the Department entrusted with the responsibility to deal with this question has a report that said this is feasible, and I am sure the Department has shared the same information with you. We were hoping that the Commission will deal with issues that relates to how do we implement
10 the feasibility of that free education. And that is our expectation as we interacted with various student formations. But we are here because we believe unlike others who are comfortable to send emails of their presentations; who are comfortable to sit in Sandton Board Rooms and raise their issues sharply but they are not comfortable to come here in
15 the Public discourse where they will be tested and the arguments tested, and run away.

We will not be like them, we will come here because we believe the striking for free education will be war in the street, it will be war in the Board Room and it will be all in the cause because from time to time
20 when we protest and carry our battles we are subjected to harassment and arrest. Like it is happening now in the University of Walter Sisulu in the Eastern Cape. So we will be hear and present our case. We will go to our presentation, our presentation will be shared between myself and my colleague here Rando Majisa.

25 I will deal with the introduction part and hand it to him to deal

with; the basis of our action as well as the points that you want to put to the Commission that commodification of Higher Education is not in the interest of Higher Education itself but works against it. I will come back and forward and say what are the options that we believe that they will assist us in arriving at the implementation of free education as we believe like I said that our pre-occupation in coming here really is to deal with how do we believe that free education will be implemented for the working class and poor of this Country. SASCO believes that free education debate has been revisited; not as an academic exercise or just some intellectual exercise but to provide a way forward for the future. Following the fees must follow a campaign, the debate temper has been rising and it has been brought into its rightful place, beyond it being an academic exercise between students and Institutional Managers in our Colleges and Universities.

The leadership of the movement the Government leaders, Media, Business, and our parents have been forced to put the agenda on the table by the student's activists of 2015. To deliberate on rising and unaffordable fees in our institutions. Deliberate about lack of transformation in our institutions from language policies, student activities, curricular and institutional cultures. For more than 92 years of student struggles in South Africa and 25 years of SASCO great perspective on this question have been developed over time.

Submissions made to various Ministerial Committees, Task Teams, debates held at various forums, 2016 must be there about action and less about theorise and solutions for we believe that has been done

sufficiently. We must secure the political action over the implementation of free education for the children of the working class and poor. The motive force of the next democratic revolution in South Africa. As we celebrate 40 years of Student uprising in Soweto we shall be that generation that delivered free quality, accessible, and relevant education for these and the generation after us. We must be that generation that liberated our parent from exploitation of labour broker and slavery in our institutions and beyond. We are that generation which should dismantle colonial and apartheid philosophy if institutional culture and symbols, replace them with the liberation heroines and heroes in our democratic order. We are going to be that generation that promotes unity, social cohesion and diversity in our institutional society. We will be that generation that advanced and achieved free economy in our lifetime. I will hand over to Majisa.

15 MR MAJISA: Thank you Chair, thank you President. I am Rondo Majisa I am a National Working Committee Member of the SASCO. We took the action and the demand for free quality education, at least in the immediate for the poor, premised on some of the documents that have been guiding this Country. Amongst those, and chief amongst them is the Freedom Charter Document of the People which when it was being crafted stated that the doors of learning and culture shall be opened. Further went on to say that education shall be free, compulsory, universal, and equal for all children.

Higher Education and Training shall be open to all by means of State allowance and Scholarship, awarded on the basis of merit. We

found this a very important aspect and a very important document because of the spirit within which that document was crafted by those who had converged to craft it; and they did identify the provision of free education as one of the apex goals that would have to be looked into if

5 we had to transform society. We further used the South African Constitution which provides on Section 29 that everyone has the right to a basic education including adult education and to further education which the State through reasonable measures must make progressively available. Now we strongly believe that indeed the Constitution of the

10 Country is merely a guiding document given life, there is a spine which is given flesh by policies that the Government of the day would need to develop. Now we believe that from the preamble of the Constitution what is envisioned by the Constitution of South Africa and the fact that from as early as 1995 when discussions, before the adoption of the

15 Constitution and the successive years those who were part of the process of the Constitutional drafting understood that there was a need of provision of free education because they understood the character of our history and the character of our past.

So when the Constitution affords and accorded that status to the

20 provision of education, it is not a factor that could be overlooked, we do appreciate that it says within the reasonable means of the State, and that reasonable means we think in this instance, to at least demand free education for the poor is reasonable. We noted again that the ANC who prepared National Congress [interjected]

25 ADVOCATE: Sorry when you say free education for the poor have you

defined in your organisation what you mean by poor, because there is a lot of definitions that are flying around out there saying who is poor and who is rich, and who is missing middle; have you as an organisation defined for yourselves what we should regard as poor.

5 MR MAJISA: Thank you Advocate. One of the things that we did was to firstly reject the 2012 definition of what the poor is. We have not found an exhaustive definition by we have said the 2012 definition could not serve as the basis of what is the poor; but with your permission Chair can I allow the President to expand on that.

10 MR MOLOJA: Thank you through you Chair; our basis for the poor has always been simple. According to NSFAS current definition anyone who qualifies for NSFAS is classified as poor. So anyone who earns R120 000 which has not changed unfortunately from 1999; and we said that must change, you must ensure, classify the people who are poor as
15 those who have an income, their parents have an income of R150 000. And the missing middle must be those whose parents' income is R600 000 because we are not going to allow academics to define who is the missing middle and the Council for Higher Education defines who is the missing middle.

20 This is our view, that the poor must be those who are earning, who have an income of R150 000 and the missing middle must be the one of R600 000. That is our definition that has been given.

ADVOCATE: Thank you.

ADV. K. PILLAY SC: Just to come back to that question; as I recall
25 SALS recommended that we adopt R180 000 as the cut off?

MR MOLOJA: That is the position of SALS with SASCO.

ADV. K. PILLAY SC: So you do not agree with SALS submissions on R180 000?

MR MOLOJA: We do not have something differ but we have our own
5 definitions. It does not necessarily say we do not, we are prepared to be persuaded by other formations. I know for example there are people who are saying the R600 00 could be more, but as I say we are prepared to be persuaded but we will cover the definition when it comes to presentations of this nature.

10 JUDGE: Do you know how long the NSFAS limit has been R120 000?

MR MOLOJA: Since 1999 when it was formed, it has not changed, the NSFAS limitations have not changed since it has been established as NSFAS.

JUDGE: Well R180 000 sounds reasonable in the circumstances.

15 MR MOLOJA: It could sound reasonable yes.

ADV. K. PILLAY SC: And does SASCO therefore accept the principle that those who can afford to pay for higher education should be required to pay?

MR MOLOJA: Most definitely because we believe that they are
20 contending the priorities and therefore at this stage to actually utilise money that could be utilised to sponsor more people who are coming from the bracket of the poor and be used to sponsor people who could actually afford, it might lead to unintended consequences. So at this stage most definitely the end goal eventually will be the provision of free

education for all. But at this stage we are with the contending priorities and the growing number of the people who fall within the net category; it will require of us to say those who can afford must definitely pay.

ADV. K. PILLAY SC: And can I just compare that submission to your
5 position on zero percent increase because we have just heard the CHE say that zero percent increase is more likely to favour wealthier students because they are the fee paying students whereas the poor students were covered by, NSFAS will not be affected by zero percent, just your submission on that?.

10 MR MOLOJA: I think the Council of Higher Education must assist us by having deregulations in this Country until such time that we will continue to have these discussion that are not guided, so they must assist us in advising the Minister to have free regulations. We know for example we are people who are concerned that business have benefited out of a
15 zero percent increase of 2016. There are companies that contend to be guilty of not providing, playing their part in terms of funding Higher Education in this Country and their beneficiaries, there are students who come from Europe, from America, who have benefited whom the Institutions they normally charge them more.

20 And those students ought not to benefit out of our own struggles because in the end they will go back home and say there is discount. So we are saying corporate must contend to pay their share in terms of funding Higher Education in the Country.

ADV. K. PILLAY SC: But does this then mean that the zero percent
25 increase is zero percent for poor students or is it zero percent for

everybody?

MR MOLOJA: I do not know if you have been following us in our, even in our Pure A Statement we said zero percent must be zero percent for those who must pay fees and we have said it here now that the
5 daughter, the children of President Jacob Zuma, Minister Blade Zimande must pay fees because apparent they earn enough to can pay, their parents are not poor, they are not working class, they are not missing middle, so they must pay fees. But that is what we said, we are not going to come into a discussion about fee increases in the Commission,
10 we are coming into a discussion about free education and I think that must be captured correctly.

COMMISSIONER KHUMALO: I was just saying President on that, in us trying to establish the feasibility of that we would like to get a better clearance on poor; in this context, in who must pay and who must not; so
15 do we define it as the figures as you were suggesting earlier or do we need, is this Commission to also have it, probative definition of who must pay and who must not? So that we must know what is feasible.

MR MOLOJA: I think we have given our position on that, that the missing middle and the poor are defined in this particular format and we
20 said we are even prepared to support the stances of SAU's if we are persuaded, but we must not be cornered into discussion about fee adjustment, we said we are rejecting any fee adjustment unless such time that there is an introduction of free education report by this Commission. We will not enter into debates about fees, we will enter
25 into debates about free education?

ADV. K. PILLAY SC: But you do accept Mr Moloja that based on the submissions we have had before us, that a zero percent increase does effect the financial capacity of institutions and therefore is relevant to our scope of work.

5 MR MOLOJA: Can I get the questions again?

ADV. K. PILLAY SC: I am saying you do accept that the zero percent increase does affect the financial capacity of institutions and therefore is relevant to our scope of work?

MR MOLOJA: It will definitely affect that part and will become relevant
10 but we do not want to be forced into a discussion that we are not here for.

COMMISSIONER KHUMALO: So if maybe given the information that has come out, can you maybe at a later stage come and address us on that; what would be your submissions on that?

15 MR MOLOJA: We could but that is not what we have prepared to be here for, thus far.

COMMISSIONER KHUMALO: So not today.

MR MOLOJA: Yes when the Minister convened us about fees adjustment we told him we do not meet with you to discuss fees
20 adjustment, we meet with you to discuss a serious of solutions and your position, because the Minister has established that there is a feasibility of free education for the poor in this Country.

MR MAJISA: The Ministerial view also on free education and then NSFAS review noted that free education for the poor in principle can be

considered to be materially significant additional step in Governments ongoing efforts to both address some of the legacies of the past and given the scope and quality of democratic life in the South African Society. It carries therefore the potential to lift members of communities out of poverty, unemployment, by simultaneously increasing access to an improving the quality of outcomes in Higher Education. Free education for the poor can directly assist in tackling the problem of growing numbers of youth who are not in education employment and training and reducing the high levels of dropouts from Universities. Thus printing the Higher Education System as a whole. Now our understanding of this findings of that working team these findings suggest to us if education is made an apex priority there would be a need for re-prioritisation by all stakeholders, Government and Business and the provision of free quality education for the poor it would, if it diminishes for example the number of people that are in the net bracket or the number of, it would also increase the participation rate of youth, thereby increasing employment rates; uplifting the lives of our people from poverty and reducing crime and all those things, therefore there ought to be an appreciation that if we are to focus on provision of free quality higher education, we would be able to try and address some of the challenges that confront the South African Society.

This view by the way was also supported by the Committee that was put on to deal with the review of NSFAS. We will with your permission Chair move onto the what we view as the negative effects of Commodification of Higher Education; as we believe in its current form it

is treated as a commodity but not a social goal which I think President last year the Higher Education Summit had agreed that higher education is a common good.

Free accessible education is a means for social development,
5 personal empowerment and the advancements of well-being. It is also economic development necessary for the economic development of nations provides for teaching learning research, communicating engagement which leads to production and reproduction of knowledge and the cultural capital of this Country. It is for this basis therefore that
10 commodification of education must be a matter that we view as, should be criminalised actually, steals to the true and correct purpose of the very existence of institutions of [indistinct] and undermines therefore what we believe should be our right. Commodifying, our aversion is market orientated provital, it has a negative effect that education is
15 treated as a tradable product in the market, governed my market rules of demand and supply.

With our institutions suppliers of students as clients and consumers and capital for the labour market and thus we are exposed to consumerism. We are treated as institutions of higher learning as
20 clients, you will find a situation where even Councils go about their business as if they are Boards and CEO's and Vice Chancellors becomes CEO's. We need to move from that type of thinking and have an appreciation of.

JUDGE: I am sorry I am trying to understand what the scope of this is.
25 I am trying to understand what you mean by the commodification of

education. So can I take an example if you have to take one example, Monash University which provides a private university training, university education. Is that a commodification of education that there is that independently regulated education facility through private means, is that
5 what you regard as commodification?

MR MAJISA: Commodification of the highest order Chairperson.

ADV. K. PILLAY SC: And just to take that scenario further if you have an institution which when it formulates its tuition fees does so with a view to just to breaking even; so in other words there is no profit made by the
10 institution, is that commodification?

MR MAJISA: No that one is not, and I will even raise it in the slides; one of the points that we are raising that we want serious regulation of private providers that they must not be in the business of selling education and profiting outside it, it must be done in the interest of
15 providing skills and education and empowering the people.

JUDGE: I am afraid I do not understand, if you have a public education system as we do, what is the objection to people running private enterprises for those who can afford it? And of course providing bursaries to people who cannot afford it; what is the objection to that?

MR MAJISA: The objection is the provision of education must not be
20 about the principles of the market; profit maximisation; because if that is the case then, it will lose its intended purpose in our view, and that is why we are saying in the slides we indicate, we say the State must play a particular role, we have seen for example a lot of private colleges in
25 our Country; because of the sole purpose of driven by profit motives

instead of providing the qualifications they result into a lot of scrupulous activities.

They are however a number of NGO, in particular Churches, that have, they are part of the College Education System but their intention is not really to maximise profit out of such skills. We believe that it is our argument and if the Commission is not convinced by that, it must allow us to at least present it.

COMMISSIONER KHUMALO: Yes in fact my next point was going to say you have listed in your presentation, well if you consider that you have read it before, the negative effects of this commodification I think what is not coming through is what is commodification in this context of our scope and are there any possible ideas that you have to deal with this or a system that has been discussed that you can bring to us as a submission, that ideally in, according to the submission this is how a University should be run, so that you guys can maybe appraise us with that in this Commission.

MR MAJISA: Thank you, if we begin to ban profit making especially in the context of public institutions, we will change the whole outlook of public higher education, public institutions. How we believe institutions of higher learning should be run, we believe institutions of higher learning should be run as public goods at the service of the people. Therefore if we eliminate the element that Institutions each year would want to be inspired by institutional autonomy which is untained, would be inspired continuously increased fees, they would be inspired to continuously exclude the people who should be in the system on the

basis of fees.

So to ask that is what is a, has led it to be a commodity no longer serving the purpose for which it was intended. We believe in the spirit of the act of a creation of a single coordinated education system, the spirit of Section 29 so if you continuously put money as a barrier to access and success that is what we think has led us to characterise the current state of higher education in South Africa as a commodity.

JUDGE: So you say then there should be no private enterprise in higher education?

10 MR MAJISA: That is, well in most of the core we have separate things, we, there are things that we call core services of the institution; those should be in-sourced and internalised, but there are people that would want to conduct business institutions, but not businesses conducted by the institutions themselves. But questions of security, questions of provisions of meals, provisions of books, we believe those should be internalised and be; we must have an exhaustive list of what are the core services of the institutions and those should not be commodified.

15 ADV. K. PILLAY SC: But we know for example that in terms of the three income streams of Universities we know that there is third stream income; where university will undertake what appears to be profit driven activity in order to assist in its own financing. In other words, and the purpose of which is either to build reserves or to offset reduced Government funding. How does that relate to commodification?

20 MR MAJISA: That is exactly our problem because most of the time when capital invest it also comes with pre-conditions which leads to

actually exclusionary system. So that is actually part of the three streams, the third stream the problematic element about the third stream which is your donors and everybody; that most of the time they usually come with conditions; they usually impose certain cultures that must be maintained and it becomes problematic if the relationship is like that.

ADV. K. PILLAY SC: So absent conditions attached to third stream funding you do not have a problem with; with third stream funding that is without conditions?

MR MAJISA: Yes because the private sector must also play its role, they must appreciate that provision of education is a shared responsibility both by the Government and the Private Sector.

COMMISSIONER KHUMALO: Sorry just for clarity sake; the, so there is no problem with profit making in the second stream, in the tuition fee stream or is there?

MR MAJISA: There is a very huge problem.

COMMISSIONER KHUMALO: With profit, the institutions make a profit at that level, in that stream.

MR MAJISA: Institutions should never be profit driven because they tend to lose focus.

COMMISSIONER KHUMALO: I am asking a different question, is profit made at that stream, also if we just look at the different streams for example, so let us say second stream and the third stream; so we know you have a problem with the profit that is made at the third stream, as you just explained; so what I am asking is, is there a profit also made at the second stream or is it just that the fees are inflated but not

necessarily making profit, or is it just to break even as a...

MR MAJISA: No I think the issue is that profit if it is made can only be made at the third stream not first and second. But the issue is that profit making must not come with conditions that says build a bigger business
5 school, shut down the language department because it is not financially viable. And now we have a situation where we cannot be taught in our mother tongue languages but people can be taught in Afrikaans because there has been a deliberate attempt to disinvest in African languages, to disinvest in language departments as long the African language is but
10 Afrikaans.

COMMISSIONER KHUMALO: Yes so the profit we are talking about is third stream.

MR MAJISA: Yes. So if it does not come with conditions, it does not compromise the traditional [indistinct] it is okay, but if it comes with
15 conditions it must not happen.

COMMISSIONER ALLY: Just to get clarity on the whole; lest we all get confused, the commodification that you are talking about is commodification whether in public or private you are against? Is that your submission? Commodification of education is negative whether in
20 private or public.

MR MAJISA: Yes. Yes very, very, because it is exclusionary in nature. We have a problem also with the obsession of value for money in higher education because how we view it now it is that the quality of education that you receive is on the basis of the money that you pay. We have in
25 South Africa created sort of a two stream type of higher education,

wherein the University of Pretoria will have properly qualified human intellectual capital, it will have proper infrastructure, it will have all those things, and thereby differentiating, which even gives us problems even now, defining what is the missing middle because what could be a
5 missing middle it will just [indistinct] a University, might not be the missing middle at Wits because an LLB at Wits could cost R54 000 and at Walter Sisulu cost R22 000 you find that my mother and his mother are both teachers, he goes to Walter Sisulu, I go to Wits, they more or less have the same resources; so the value for money and the
10 unintended creation of a two stream higher education is also the problem that we have had in higher education. Deregulation of higher education and cost provision, commodification also equates knowledge, production, scientific enquiries, and there can be [indistinct] by cost of provision and cube of qualification and value of job security, and this is
15 what we have seen that a qualification from the University of Pretoria makes their graduate to be more employable, they present an advantage than their counterpart from the University of Venda whereas they have studied the same; whereas they have studied the same qualification.

So that is part of the problem that it also now presents a result in
20 terms of the employment patterns of our students.

ADV. K. PILLAY SC: But is there not an incidence of the market and how do we control that, how the market views one graduate visa vie another graduate?

MR MAJISA: That is exactly the problem with the markets because they
25 put a price tag on our qualifications and that in essence is part of the

hindrances towards total transformation and the creation of a single coordinated higher education as envisaged by the 1997 Act. We must not allow the markets to dictate how our higher education should be, what we must be obsessed with is that as we try to consolidate, after this
5 move towards the standardisation of higher education, in terms of access and in terms of point score and in terms of a monetary bearers certificate. And perhaps at this is actually systematic racism because if you look at the history you will tell these are former Afrikaner, that is the former Bantustan, and that is the reason if you come from a Bantustan
10 does not have the resources, the infrastructure, the capacity and so forth and so on. So even the programme offerings, so you know there will not be an, it is only now that these Universities are starting to offer Accounting; Medical Degrees and so forth and so on; but that is a systematic reason that you are judged by the name of the institution
15 where you come from instead of what you have studied. Even if you have done the same course, but because you come from a historically white or black institution then it is established that the one's degree is more value for money than the rest.

JUDGE: Is it not inevitable that the urban institution will always be
20 ahead of the rural institution, of the one that is in the outlying areas; that is an inevitable consequence.

MR MAJISA: I believe Rhodes University is not necessarily an urban institution, but seemed better than a TUT, that is in a Metropolitan area, so it is history of our, legacy of our past and how we have not been able
25 to change it because of some of these rank institutions because now

Wits is classified to be number one in Africa, then value for money when you go to Wits has these implications as opposed to taking your learner or student to another institution.

It is more or less the same if we were to read into the walk out of
5 institutions during the Minister's Meeting in January earlier this year. That particular institutions walked out because a solution presented by Government was only going to support historically black institutions as majority of the students are on NSFAS when the others is the missing middle. So it demonstrates inequality of provision and other unexplained
10 scenarios in our system. That is why we say these are some of the negativities of commodification because once you have got historically White it means mine. But historically Black less, cheaper.

ADV. K. PILLAY SC: I just want to thank you for highlighting that point because I think it is an extremely important point for us to take on board,
15 how our skewed past has a reflection now on the three different income streams of the various institutions if you offset one against the other, and we are completely on board with that point. The issue though that we are trying to address is how do we control the perception about the different institutions?

20 MR MAJISA: Thanks, I think most definitely if we have got an appreciation that it is not an accident or if it is by deliberate design of the then system; but how we address it we need a collective effort to invest in Walter Sisulu. I am from the Eastern Cape originally but I am studying in Gauteng. If we had made an investment in Walter Sisulu, improve
25 Walter Sisulu, improve their infrastructure what we would achieve with

that is that also around Walter Sisulu we would create many economies there, there will be no need for me to migrate to Gauteng to actually get an education, because I can go to Walter Sisulu I can get an education, you can improve actually even the communities surrounding that, so we
5 need that appreciation that it is as a deliberate creation of the Apartheid past.

COMMISSIONER KHUMALO: Sorry have you given similar thought to Tvet's for example? And the type of perception that is created; I do not know by who, by the market or by, as to why should a student prefer to
10 go to a University instead of say there is a College next to you, why can you not go to that College and insist on going to University.

MR MAJISA: It is not a perception on Tvet's we are dealing with the realities; I think there was a question earlier on asked to Professor from the CHE to say whether must we fix the system first before we put more
15 students, and the Minister always says it is impractical you must fix the aeroplane when its on flight because it is a crisis that we are dealing with here; we are dealing with a 3.4 young people who are not at school, who are not at work. But in a situation where post democratic Tvet's were neglected, the only focus that started to go to Tvet's happened in 2009
20 following the separation of higher education and basic education.

And only then there was this concern about the Tvet's but there has been dilapidating infrastructure, there is a lot of confusion about assessments in the Tvet's and so forth and so on, but there was also a lack of articulation because a Student goes to a Tvet, finished a three
25 year diploma and he is rejected in the University because they still

require them to have a matric to say you are qualified to be in a University without taking into account the fact that you have spent two or three years of your life doing a diploma, so there is a number of challenges that are there.

5 Of course we know that there is progress in relation to how the Tvet is being linked with SITAS as well as the Private Sector in terms of giving the Work Integrated Learning exposure. But it is not enough yet, a lot of Tvet's still have crisis's, worried about management, worried about academic programmes, worried about, that is why I was saying
10 initially if the Fees Commission will not look into the Tvet area you realise that you are dealing with the Universities that are better off than Colleges, Colleges are more disadvantages than Universities.

COMMISSIONER KHUMALO: So you agree with CHE that the problem is also systematic, system wide problem, it is not just about putting in
15 money and expanding the system? It is about also fixing it at various levels?

MR MAJISA: Broadly in the sector yes, that is why I said that when we only going to deal with the fees only, and not deal with a number of other issues; we will definitely have that, one of the challenges why we have
20 for an argument on our side, why we have our parents who a cleaner creates a cleaner of its own offspring, a Doctor a Professor creates a Professor it is because they system as it is in higher education, if you are a cleaner you do not have the same bursary benefits like a Professor who can get bursaries and incentives to bring their kids in the same
25 Universities where they lecture on.

Some of those things that we need to be dealing with comprehensively over and above the fact that we are deliberating about free education and its feasibility. And just an addition, that lack of articulation we also need, there is a lack of articulation between the

5 basic education and higher education; the perceptions surrounding Tvet's we failed actually to create Tvet as envisaged by the 2010 Paper as Institutions of first choice for students because also our basic education stream is so much academic oriented such that all of us want to fly into that space of Universities. Then if there are limitations either

10 due to resource or due to the exclusionary point system then we would consider a Tvet as an Institution of second choice. And that we need to change. How do we go back to basic education and find that if we have a vocational training for people to actually want to prefer to go to a Tvet upon completion of high school. Another factor that we wanted to raise

15 that commodification downgrades education as a lifelong learning process. It recuses the education to be a short term activity instead of lifelong learning process. It limits the role of a student to a worker as an end product; and not a contributor to go to work and contribute to society.

20 And we believe this is what is the problem, if Thabo here comes from a family of three, immediately he completes his degree, Black Taxes are awaiting him. Even if he wants to further his studies at home they call him back and tell him that you must come back and provide for us, and there are no provisions made by Government and others. At

25 least for additional funding to be available for him to have an

appreciation that education is a lifelong process, we must start to actually generate more knowledge and to be self-sustainable; not to view actual education as a tool to get a job, because it appears that we are only starting to get jobs because of the bracket that is the. So you
5 actually amass that little money that you have, you complete your three year qualification and then what you want to do next is to get a job; which we believe it is not the end product.

COMMISSIONER KHUMALO. So are you advocating for free education also at post-graduate level?

10 MR MAJISA: We would need to increase participation rates of the historical marginalised in the post-graduate level.

ADV PILLAY: But is that free education for the poor at post-graduate level?

MR MAJISA: Well consistent with our free education for the poor, and
15 the poor includes the missing middle in our definition until post-graduate level.

COMMISSIONER KHUMALO: Just to check, further education in your submission would include?

MR MAJISA: Further education in our submission includes both Tvet's;
20 for us higher education, from Tvet's to Higher Education in our submission.

COMMISSIONER KHUMALO: Up to whatever level, or does it stop at some point, I am trying to follow up on the submission of post-graduate Black Tax, non-continuance, and we are saying if you say further
25 education to what level, is one degree sufficient or do you need another

one, post-grad.

MR MAJISA: Look I think the position must be free education until your first under-graduate degree.

ADV. K. PILLAY SC: So no free post-grad education?

5 MR MAJISA: No [indistinct], no free post-graduate.

COMMISSIONER KHUMALO: Once you have maybe discussed that will you give us your proper submission on how further is further. Is it to a point where a person is self-sustaining or is it just one degree? Just maybe you guys must have a position on that.

10 MR MAJISA: We will need to deliberate with regard to that.

COMMISSIONER KHUMALO: And maybe in your submission also because I am just picking up on your point where you say, where you talk about the Black Tax, to say even if you want to advance yourself you cannot because you have other responsibilities. So could you imagine a
15 situation whereby in post-graduate level then you could have a loan type of scenario as you do now with NSFAS where you have to pay back, so you might want to maybe think about the various options to allow further access to post-graduate, especially for the poor?

MR MAJISA: Yes let us consult it, our position and then get back to you
20 on that one.

ADV. K. PILLAY SC: And if you can do that in regard to the P-Sect sector as a whole, so in other words coming back to the question Commissioner Khumalo asked about further education, how do you understand that in the context of the P-Sect sectors?

MR MAJISA: That is when it becomes difficult to kind of respond to a question like that; I will give you a typical example, even in Universities comprehensive visa vie Traditional Universities, they offer different degrees. There are three and four year degrees, like, that is why I am
5 saying it is not an easy answer that you can just give on the spot.

COMMISSIONER KHUMALO: Just before you continue; just on the de-commodifying I do not know if you guys have put on any thoughts on a possible vehicle that would like, some kind of vehicle if you guys are proposing that it must be done, how it should be done, that part of it, so
10 maybe when you are having your discussions about what we have raised you can also present to us those possibilities.

MR MAJISA: Alright thanks, as I draw towards my conclusion; commodification of higher education has also compromised the Institution of Academic Freedom Institutions. Our institutions bow down
15 to pressure of Investors, I think we have made that point; that Investors would dictate programs, sport and cultural activities and all of those. We have made that, but also we wanted to reject, there was something as well as we were listening in the conversation earlier on; we want to reject the notion that seeks to suggest that provision of free education for the
20 poor will actually lower standards.

We believe that is one of the most liberal arguments that we come across and;

ADV. K. PILLAY SC: I do not want to interrupt you, but just to correct you, I think the debate was in the context of fee free education, not for
25 the poor but for everybody, that you look at that compromising quality.

MR MAJISA: Even if that was the case there is this perception that if you uplift the lives of the previously marginalised you lower standards, that is....

COMMISSIONER ALLY: No that is not the point at all, the point is if you
5 cannot afford it; if you cannot afford to provide fee free education then the result is going to be that standards will be reduced. It has nothing to do with whether it is poor, rich or anybody else, if the money is not there everybody is going to cut back on the nature of the services that are provided, the educational services, and so there will be fewer lecturers,
10 fewer classrooms, bigger classes of students, and not such careful attention to detail; things will be done more superficially because the money will not be available for in-detail consideration. And so there will be gradual reduction in the standard of education because there is less money available; I think that is the complaint. It has nothing to do with
15 whether they are poor or rich.

MR MAJISA: I think that is in South African literature, that is unscientific; because State contribution to higher education has been declining; third stream income has been declining and the standard been reducing, we doubt. That is why we say it is unscientific because for the
20 past few years State contribution into higher education has been going down as well as the third income stream and there is no one who has been saying to us because of that quality has been declining.

COMMISSIONER ALLY: Well we do know that the ratio of students to academics has increased. In other words the ratio of students to
25 academic staff has increased, so more students are being taught by less

academic staff.

MR MAJISA: Correctly, the Universities and Colleges they are not like a high school, I do not think we need a smaller ratio because the partaking of higher learning is different from basic education and that is why there is support system beyond the class in itself where students interact with their tutors and interact with the ESSA, interact with all forms of other creations. But the reality is and that is why I am saying there is no one that says in the past 10 years or past 5 years because of Government declining support standards have been going down. There is no one telling us that, it comes as an argument when we have to speak about free education.

COMMISSIONER ALLY: You did hear if there is a nil percent increase then the Universities may be inclined to cut back on support. That is to say the special education for people who need to be given that as a sort of gap year that sort of thing tutorials, people that are in-sourced to assist that the Universities may cut back on this sort of thing. And therefore the standard of the education will be less intensive and probably will not be as satisfactory; it will reduce. Is that not realistic?

MR MAJISA: I am not convinced about that debate, I do not think Universities will come here and say otherwise, I am not convinced, because I am saying there is a case in point here; and all of know one of the reasons we have been having these issues of fees and back and forth is because Government funding even in continental terms and global terms is not meeting the 1% GDP contribution that it ought to be at. It has been declining at that, for example the numbers they even tell

you they are there, it has been declining but my argument is that there has not been an argument, before the fees there must for campaign that this has compromised quality. It has not, instead we can tell you that 40% of first-years drop out because of lack of funding mostly and not
5 because of.

JUDGE: Why should NSFAS students drop out when they get funding?

MR MAJISA: No they are not getting, if you check Chair even part of the intervention that came last year came with historic debt, about some R2.7 billion of it to fund people, and NSFAS has always done two things;
10 NSFAS funds to a maximum cap, so the current maximum cap is R64 000 or R67 000 something like that, but you find at Wits accommodation, tuition, books, and what is R100 000. So that maximum cap means already you are having a shortfall that you owe the institution. So as you come the following year you have two choices, either go and
15 beg your case to the Institutions and win through an appeal and then they put it to the system then you can always recur that debt into the other years, but other Universities they will remove you and say you owe us; until you settle this you cannot come back, and they know that you have any sort of beneficiaries, by virtue of you being in innocence, they
20 say you must met two criteria's, academically deserving and financial needy.

So if you are financially needy you are not supposed to have any cap, but it happens because like [indistinct] saying that some institutions for the same program they charge differently because of they are leading
25 institutions, but if you go to a TUT your levy too, afford the fees with

them even below the maximum cap because of the fees of that institution. So NSFAS beneficiaries they visited a number of other challenges in the sector, some they get all their money that they require, but remember the cost of you being in a campus goes beyond tuition,
5 accommodation and even catering.

There could be other cost pressures associated with you being a student at that institution and you are unable to afford them; and therefore you end up being excluded. For some of course it will be academic related matters which is a small percentage. The majority of
10 NSFAS students have always been those who are fully covered by the scheme itself.

ADV. K. PILLAY SC: And just as a matter of interest the students who are not 100% covered by NSFAS even though they meet the requirements of NSFAS how do they cover, what do they have to do in
15 order to make up that shortfall?

MR MAJISA: There are various options in the system, other institutions they cover the gap themselves with their own money and some like I said the institution allows them to roll over the debt until they conclude their academic years, then they negotiate some payback arrangement.
20 And it depends with institution to institution and student by student, because some students will be able to get the uncle to pay the balance. Sometimes you are on NSFAS, the following year because you also realise in the presentation, you are on NSFAS the following year you are on [indistinct] for example, so you are able to move around between this
25 Government sponsored bursaries; where other students are forced to

even have multiple sponsors, you can have NSFAS plus the Municipality Bursary, so a Municipality Bursary gives you a cap of R40 000 and NSFAS gives you a cap of R60 000 so you are able to pay the two.

5 So there is a lot of really, a number of ways in which some of these things; but there are some institutions that fund that portion, the gap.

ADV. K. PILLAY SC: Can I just ask the question; if you read the CHE's submission one of the points that they make is that because there is increasing bad debts at the Universities and this seems to be something
10 which was introduced with the fees must fall campaign but there is increasing bad debts at the Universities. This has hampered a University's ability to subsidise post students who are on the NSFAS scheme. Do you have a comment on that?

MR MAJISA: The increase of bad debts of one category, called the
15 missing middle because another bad debt that has been there in the system is the R2 billion something of NSFAS; so there is a bit of dishonesty. Unless if they can tell us how much the missing middle own in the Sector, because all the time we always know about the NSFAS category; but we never get to find out how much is the bill of the missing
20 middle in the whole sector.

Of course we have said that no one must explain the missing middle until the issue is resolved, because remember beyond this Commission there is a Task Team dealing with the missing middle question and how it must be resolved. Of course one of the demands
25 that we will make later on, not to the Commission but broadly; is how do

we deal with that relief of the missing middle, because they have not resolved their issues decisively.

And we know that there is another Committee dealing with the issues separately outside this work, and part of it is they must consider
5 and do, is what is the extent of the debt of the missing million but beyond that how do we ensure that they get the same support because they should have been in support of NSFAS category, but we appreciate that the rules of NSFAS do not allow them to be included as they stand.

ADV. K. PILLAY SC: But one of the submissions that we have heard
10 from the CHE and from actual institutions is that one of the legacies of the fees must fall movement is that students who are able to pay are no longer willing to pay tuition fees.

MR MAJISA: Excuse me, the legacy of fees must fall is that students that were; look there was a clear stance that there is not going to be fee
15 increment, not that there is not going to be fees that are being paid; but there was a clear indication that; and I understand people come from [indistinct] and say they must pay; they actually know that they are in need of a support, and you establish a committee who must resolve their issues, it does not come and resolve and give a report, it is similar if I am
20 going to say students who are in the poor but they have come up NSFAS for whatever reason they must pay an increase, so it is some of, there are committees, there should be committees, search your work, [indistinct] with the presiding committee and this work; so all of this work must report we even go to any other discussion about any other thing for
25 the next financial year, but until such time because only then we can

know who is supposed to be paid and what they are supposed to be paying.

So our submission therefore is that cost financially and until [indistinct] of higher education providers undermine Government's ability to achieve not only transformation goals but other social objectives and priorities; for now I will pose there and hand over to President.

MR MOLOJA: We present the following options to be considered; we believe that part of funding this free quality education for the working class and poor in the Country can be managed, and this is by investing Government Employees Pension Fund, the PIC managed a number of, a lot of billions and part of them they are engaged in funding shady BEE deals, we believe that R10 billion can be invested in funding children of the same people of the missing middle, because this is their parents' money in the scheme. An example that was established is that R10.5 billion has been invested into SA Home Loans for Government employees and the public. And there is one module that we believe that Government must look into in terms of funding higher education. Another option is investing unclaimed pension money, that is the Registrar of Pension Fund has about R20 billions of unclaimed pensions.

We know this is Pension money that must still go to the people, but as it stands this money idles in the coffers of the Treasury and is not doing much in that. We believe this saving can be directed or channelled to NSFAS or directly to Universities as part of the funding modules to usher free education for the poor. We believe that higher, regulate private providers of higher education, I think we exhausted this point

earlier on which is said that particularly those which are for profit. We believe that it is in any way beneficial to students or society for organisations to profit from education.

The most obvious start would be to ensure that they are not
5 entitled to any public funding, tightly regulated around cause, quality, and student experience, so that the margins become too low for anyone looking at a quick profit. Leaving only those who are committed to provide high quality education. Another option is to the direct private business contribution to higher education. We are serious about an
10 increased business investment in higher education. Another option is to the direct private business contribution to higher education. We are serious about an increased business investment in higher education; and this does not necessarily mean that it will come from rising tax, we believe that business must invest directly into our education as part of
15 their corporate social responsibility and can be incentivised by given them, if they do so, by BE points or remove them if they are not playing ball. A long way in making business play their fair share towards generating the skilled workforce that they tap into, rather than to continue to free-ride as is the case now.

20 Increase work tax as well as skill levy. There are various ways in which the Government could raise this money, increasing inheritance tax for example; this will affect only most of the richest estates. Large amounts of revenue could be generated just by cutting down on tax avoidance schemes that the wealthy individuals used to get out of
25 playing their part. We believe even the modest 1% increase on the skill

levy re-enforce for higher education could do us wonders. Another controversial yet recommendation that we put is the creation of a compulsory education fund for all earning people and donations.

One, a couple approached to replacing fees with public investment would be to fund a University through an independent public entity, accounting directly to the President instead of NSFAS which contributions can be made by Government, businesses and individuals. All working individuals should make a compulsory R20 for example contribution into Higher Education Fund to raise initial resources with about R13.6 million who are working and if 1% were to contribute R20 per person that could result into about R260 million per annum, equal to the VAT tax collected annually by SARS. Another issue is to re-prioritise the current budget. I think the State must do away, we agree that the State must do away with Government luxuries. Ministerial and Mayoral Body Guards, expensive cars and houses, when they can afford to buy their own. Private airlines and Hotel accommodation reduce, increase on public service salaries and bonuses, reduce Vice Chancellor salaries and their bonuses; State owned enterprise executive and bloated Cabinet and Councils of various Municipalities.

In conclusion this paper intends to put practical measures in implementing our.....

HEARING ADJOURNS

HEARING RESUMES

ADV. K. PILLAY SC: Thank you Chairperson, the third presentation is from Tshwane University of Technology. The presenters are Professor van Staden, who is the Vice Chancellor of TUT, and Mr Theo Madere,

who is the Depute CFO.

JUDGE: Begin at your leisure please?

PROF. VAN STADEN: Good afternoon honourable judge and colleagues. It is indeed a privilege for TUT to make a presentation here
5 today. I will make a few concluding remarks, if we can just go to the next slide please. Basically our presentation outline is about TUT in context, our national footprint, student enrolments, success rate, graduation rate and in particular our financial position at TUT, the NSFAS funding model we are using and TUT's financial challenges and then ultimately a few
10 recommendations to the commission.

The next slide please. TUT is a merged institution of three former technicons. Technicon Pretoria, which was a historically advantaged university, and Technicon Northwest, historically disadvantaged and Technicon Northern Gauteng, historically disadvantaged institution. It is
15 very important to have that background, because we are not really labelled as an advantaged institution.

Next slide. TUT is currently the biggest residential university in South Africa. We have just now enrolled 60 thousand students. First-year enrolment of 15 thousand students, which is more students than the
20 entire number of many other universities. We are active in five provinces. We are in the Pretoria West, Pretoria CBD, we are quite scattered, we are in Soshanguve South, and North campuses, where there is about 15 thousand students, that is also the size of some of the other universities. We have a campus in Garankuwa, one in Polokwane,
25 Emalahleni and one here in Bombela, and then we have [indistinct]

distance education service points. One in Cape Town, in Durban where we physically have buildings and libraries, where we are offering highly specialised programs in forensic policing.

Very briefly, we have got seven faculties, and when you look at
5 TUT we are basically offering almost any program you can think of, right from the diploma level to the doctorate level. Next slide. Undergraduate students last year we had about 56 thousand and four thousand post-graduate students, that is on the masters and doctorate level, and this year we, actually this is the current enrolment, 2015, 60 thousand, and
10 more important in terms of our student enrolment plan, our contract with the D-head we need to increase our numbers by 2019 to 63 thousand students.

Here, just for interest's sake, you can see that the university, the numbers per faculty, 2015, and of key importance is the fact that we
15 have the biggest faculty of engineering in South Africa, offering about all the disciplines in engineering, a number close to 10 thousand students in engineering. Also our ICT faculty that is based in Soshanguve - I am just focussing on the scarce skills of the country, and then obviously science 7500 students, that was the number of last year, just to give the context
20 of our university.

Those are the annual success rate for undergraduate students. The target for the country, for the university sector is 80 percent, TUT is sitting at 75.3 percent last year, which means that we are under performing in terms of our undergraduate success rates. Graduation
25 rate of the university, and there you can see an X-position per faculty

and the average for TUT is 22.5 percent, and the target for graduation rate for university in South Africa is 25 percent.

COMMISSIONER KHUMALO: Sorry Prof, you said there is a national requirement, or some requirement of 80 percent and you are under performing by 5 percent. Who makes that or gives that percentage or requirement?

PROF. VAN STADEN: The Department of Higher Education, through the minister have targets and benchmarks for the university system. So an 80 percent success rate is for under graduate and then like your graduation rates is 25 percent. What the success rate means, it is on a year to year basis the number of subjects students are passing. So we are under performing as far as that is concerned.

COMMISSIONER KHUMALO: Thank you.

JUDGE: Just before you proceed, just give me some sort of idea of how you differ from the University of the Witwatersrand, for example? Where, what is the difference between you, given that you have all these faculties? Should there be any difference?

PROF. VAN STADEN: Well let me - if I am allowed, I recently had a conversation, because we have USAF, this body of university vice chancellors where we engage nationally. I had a conversation with Dr Max Price, the vice chancellor of UCT. The huge difference is, I think they are sitting with a total number of students of about, let us say 25 thousand students, as opposed to as active in five provinces, but mainly in three main campuses in three provinces, they are sitting with a staff/student ratio of 1 to 10, and a graduate, a success rate I have not

checked, but it is well over 80 percent and graduation rates far over the -

Now when you have that staff/student ratio of 1 to 10, and you have TUT with a staff/student ratio of about 1 to 60 on average, not per faculty, and you further would compare where our students are coming
5 from. Our students are coming from the poorest of the poor across the country, as the biggest contact university. Our students are coming right away, because are national as it is from Kyalitsha to Musina to Mahwelereng, name it, we are here in this, in Bombela, we have got a campus here.

10 The first-time entry students, bulk of our parents are unemployed, they are child headed families, you know, grandparent headed. So our situation, by comparing ourselves with UCT or WITS or UP would be definitely comparing apples with bananas. Many of our students, and the key point here is, first-time entering into varsities, it is a starting point
15 for families to get into university system. So there is no way that you can compare ourselves.

We are also a new generation university, as opposed to other universities which are 100 years old with some substantive reserves, substantive endowments. As a new generation university our resources
20 are limited and we, we actually focus on assisting the poorest of the poor to get access into higher education, into programs that really make a difference for the country, like engineering. There is 10 thousand students in engineering.

Over 90 percent of our students are coming from black destitute
25 families. 90 percent. So TUT is, in essence when you look at

staff/students, even the staff ratio in terms of reflecting the demographics for what it is important is reflecting an African dominated male staff component at the university.

JUDGE: Is this because of your location, or because of some fraction
5 that your university has? Or what leads to this demographic balance?

PROF. VAN STADEN: Well the demographic balance, if you look at the institutions, erstwhile institutions, the three former technicons, two of them being from townships, Garankuwa and Soshanguve South and North, basically the staff comprised of black South Africans and then the
10 third merger partner being Technicon Pretoria, which was dominantly a white institution. Hence the bulk of our staff members are really reflecting the demographics, except for female, I think we are found wanting in that area, to appointing black females.

JUDGE: Now what can you offer that WITS does not, or what does
15 WITS offer that you do not?

PROF. VAN STADEN: Let me give you a good, an example, we are not in competition with WITS or with UP. Now let me give you an example, and a very good example would be engineering. Probably, it is in a way my background. Our country is in need of people in engineering
20 profession. At WITS University, like it is somewhat traditional, so-called classified traditional universities, they do train professional engineers, with a four-year BSC engineering degree or a BENCH(?). As opposed to TUT, and this is not at a lower level of less significant, we are training, not artisans, artisans are the work of the colleges, we are training
25 technicians with a three-year diploma, you get a qualification at the

Engineering Council of South Africa as a technician, mechanical, civil, electrical and so on.

After the completion of your fourth year, which is your BTech degree, also accredited by the engineering council you become a
5 technologist. Then obviously your technical colleges are dealing with artisans, where there is a dire need. Now this is what we call the value chain in engineering. When you go into commerce and industry you actually need more technician and technologists and artisans than professional engineers. There are certain ratios.

10 So we are not doing less important work or inferior work, we are catering for something different to grow the economy of the country. That is why you should have more students enrolled at the university of technology, let us say in the case of engineering, as an example, as opposed to traditional, I want to argue. I can go into other examples. All
15 our programs, we do not have general formative programs, we have on offer career oriented programs.

All our programs are leading to a career. In other words, there is no exit point in a general way. There is something in the labour market. Hence some of our students before they qualify spend a year in work-
20 integrated learning at a company and so on. So there is a vast difference. However, at the research side we are as strong as many other traditional universities. Our research output is the highest amongst universities of technology. Our research outputs are higher than some of the traditional universities. We have more [indistinct] chairs than the
25 Free State Universities for instance. The chairs that NRF is.

So as far as research is concerned we are really also excelling in the area of research, because we offer up to the doctorate levels. In other words, at TUT you can obtain a doctorate in engineering in the technology side, complimenting the professional side.

5 JUDGE: Do you give degrees at all?

PROF. VAN STADEN: Yes, we are giving. Bulk of - ja, let me explain our qualification structure. Normally you enter the university of technology for a three-year national diploma. On completion of that there is an exit point. You can either continue or you exit. Then the next
10 year you do a BTech degree, that is the Bachelorise degree, full-blown accredited. That is the fourth year.

After the fourth year you continue with your master's degree and with your doctorate, now PHD. There is a new qualification framework, HUQSF, which allows articulation between UOTs, comprehensive and
15 traditional universities. So you can change stream, at TUT, if you obtained a diploma there is a way to do some traditional work and you go, you can then continue with your studies. This is a very progressive move by government so that there are articulation possibilities. So you are not stuck if you are in one stream, so to speak.

20 So we have full-blown, we offer doctorates and in the new dispensation we offer PHDs.

JUDGE: What do you do, for example, in the arts faculty? Does one get a BA at the end of it, or is it something else?

PROF. VAN STADEN: No, with us you get the three-year diploma, you
25 are getting your Bachelorise degree in technology, in a field. In field of

the new *nomen clatio*(?) there are areas where you can obtain the same, the same *nomen clatio* as elsewhere.

We, for instance, after a B-pharm. This is now pharmacists. That qualification, there is no, it is only professional accredited B-pharm. It is
5 the same B-pharm you find at North West University or at Stellenbosch. There we do not have diploma programs. Teacher education is the same, in humanities. We have a big faculty. So the programs on offer with TUT in the education field is BEd, BEd honours, MEd, same is UP, UCT. There is no differentiation there.

10 Certain professions have differentiation, like engineering and health sciences and so on. Other professions, there is not a technician that teach, a technician teacher. You are a BEd qualified teacher. Then we are the only university of technology having a business school and we are offering full-blown MBA programs like at any other university, with
15 no distinction in its status.

JUDGE: Thank you very much indeed.

ADV. K. PILLAY SC: Just to come back to the slide. You were explaining the [indistinct] lowered percentages in terms of student success. You have attributed that to the fact that your student body is
20 largely comprised of disadvantaged people, and you compare that to the position of UCT. Can you just explain a bit more why it is that you say that previously disadvantage leads to lower success rates?

PROF. VAN STADEN: Well that is, it is - I have spent many years in universities, 38, not only here. Your staff/student ratio in any teaching
25 and learning situation has a huge impact. But before we go to the

staff/student ratio, you still need to determine where your students are coming from. Our students are coming from the rural areas, like, you know, let us use this area, or Polokwane. They are basically coming from schools where, when they finish school they have a backlog in
5 terms of their academic background.

I think you can, that evidence is there about the quality of education you get in deep rural areas. So when they arrive at us we have what we call an APS, an Admission Point Score. So what we are doing is, obviously not lowering standards, we have all sorts of
10 foundation programs to breach the gap.

So our students are coming from a disadvantaged academic background, and I think that explains itself where they come from, as oppose to WITS or UCT in general, where UCT almost straight A's from rich families, in general. There are poor students at UCT and WITS, but
15 our students are coming, that is why we call it the people's university, from poor background, financially, but also academically, you know - let me rather rephrase say, they are academic deserving but financially disadvantaged.

JUDGE: Yes, they would be coming from families of lesser culture
20 capital as well?

PROF. VAN STADEN: Yes, and often it is the first time student in a family that would enrol at the university. There is nobody else to mentor or - you know, it is the first time into the university. The adjustment from Mahwelereng or whatever, or Bushbuck Ridge into university
25 environment, that jump from school and then you are not from Boys

High, you are from Mahwelereng High, into a university environment is a huge jump to make, so to speak in lay person's term.

It is a new world that unfold in the university environment, and then with that in mind and then also the staff/student ratios, you know, 5 that ratio is not very favourable. If you in general sit with about 1 to 60 as opposed - I am saying in general, engineering it might be lower, but in other humanity subjects it might be higher, but in general 1 to 60.

JUDGE: Are these ratios there because of the nature of the university, or because of financial constraints?

10 PROF. VAN STADEN: Well with us currently it is a mixed bag. There are some faculties where the ratio might be even 1 to 80, and in engineering it might be on average 1 to 25. It is, in our case, it is most definitely a lack of resources, I would say.

JUDGE: Thank you. Would you like to proceed, Please.

15 PROF. VAN STADEN: Thanks. If we can just move on please? This is the graduation rate for post-graduate students and when we speak post-graduate students, we speak about students enrolled for master and doctorate programs. It is sitting, last year at 16.3 percent. Can I just mention something else. At our first-year level, or when we open up 20 enrolments for the university there is more than 100 thousand students that approach TUT to enrol for 15 thousand places and one would say there is about 50 thousand that would qualify for enrolment whom we are with quite dissatisfaction sent home, knowing that there is nothing where they are coming from. I just want to put that also into context. This is 25 the demand that you have for, at our university for education.

Okay, we will go to our financial situation, because we think is, we are looking through the lenses of TUT when we want to make recommendations, we are just ... [intervenes]

COMMISSIONER ALLY: Can I just disturb you before you proceed to the next one. Just on these rates, are these percentages 22.5 of the 100 percent, is that, is there a reason for this?

COMMISSIONER KHUMALO: Which slide?

COMMISSIONER ALLY: The graduation rates.

PROF. VAN STADEN: Madam ja, the graduation rates there, the graduation rates, this is for post-graduate students. Now we have about 4000 post-graduate students. So 16.3 percent of the 4000 is the ones that graduated.

COMMISSIONER ALLY: Okay, is that your high?

PROF. VAN STADEN: That is very - that is below the benchmark of 25 percent.

JUDGE: But why is that so, when they got as far as post-graduation?

PROF. VAN STADEN: Well there are other factors that are playing a role like, there is a huge difference in under graduate studies than post-graduate studies. At under graduate studies you basically have your subjects, the norm, all of us who graduated, you are basically doing your, a number of subjects over a period and then you graduate. The post-graduate ... [intervenes]

COMMISSIONER ALLY: Just on that, Prof, if maybe we cover both, the graduate, not the post only, even on the graduate rate, we have got 22.5,

which is still below the 25. So we are just trying to get a submission on why are you unable to reach that 25 percent at least?

PROF. VAN STADEN: Well what we are doing is - thanks, that is a very-very good question. We have a number of units, when we enrol
5 students, in all cases we do what we do, potential test and we identify students at risk. So we simply know that our students - the fact that our students have a poor academic background does not mean that we leave them now, we have all sorts of intervention ... [intervenes]

COMMISSIONER ALLY: Sorry, just on that, poor academic background,
10 would be your basic education?

PROF. VAN STADEN: No - ja, I would say high school education in this particular case, the secondary school phase. You often find schools where students are passing without a maths teacher in the class and other conditions at some of the rural schools.

15 So when you look at under graduate level, we are still doing well because we are investing in assisting our students with reading, writing and arithmetic. There are language laboratories. So we are investing a lot of money in assisting our students to improve their success rates through interventions.

20 We have a unit, for instance, where we have psychologist, educationalists, looking at the socio challenge of students, be it inter-personal, be it financial. So we have a multi-disciplinary teams looking, and that unit, to finance that unit, the salary budget of that unit is about R50 million per annum, which other universities probably do not have to
25 invest in. We can simply not just leave our kids to make-ends-meet.

You need to take them through the initial phase, in particular when they are in the first year, we are very vulnerable there.

Now what is the difference between under graduate success rate, where we are doing fairly well, we are moving towards the target. Post-graduate is a different so-called kettle of fish. What do I mean by that? For the first time you need to conduct a research now. It is about research methodology. You need to be introduced into research methodology.

So for the first time you are now conducting research, you need to write down, you need to conceptualise your field of specialisation, where you have passion. So now is the first time that you are writing your thesis or your desecration(?) and often there is a taught masters with one or two subjects, but a mini desecration. So the whole movement from a B-degree into a master's degree, that is also, requires an adjustment of, you know, the skill to formulate and to define and to write about your problem statement, and then that is one thing.

The other thing is, we also have a shortage of very well qualified supervisors. We have all sort of models how we attract supervisors. So the staff/student ratio at master's degree, I would think can also improve by appointing more supervisors, but which is costly on the other hand.

JUDGE: It is does suggest that you are letting a lot of people through to post-graduate study who perhaps should not be there.

PROF. VAN STADEN: Well ja, that is a very difficult one, because our students, look where they are coming from to deny them access to post-graduate studies, it would be, in my view, my reserved view, it would be

almost unethical, because they all aspire to complete master and doctoral programs.

JUDGE: Ja, but we all aspire to perform well, to play for the national team, but very few of us get there. But here one person in six actually
5 get through his post-graduate studies?

PROF. VAN STADEN: Well I will not be defensive, but I think it would be very important to compare our post-graduate success rate with other universities, and I want to make a sweeping statement, it is not very good at other universities as well.

10 JUDGE: Okay.

PROF. VAN STADEN: Probably at the big five, I call them big five, probably there. But you go to other universities, on post-graduate success rates are also not very-very good.

JUDGE: Alright, thank you.

15 COMMISSIONER ALLY: And how much of this is informed by targets set by government as to how many post graduates you must have by a certain time?

PROF. VAN STADEN: Well our student enrolment plan like all universities is a contract between the university and the minister of
20 higher education and training, in terms of your numbers and level you enrol. So it is a contract on his turn the minister of higher education has a contract with the president of the country and in terms of the national development plan ultimately to have your 1.6 million students. So it is all agreements, the targets are set also by the state.

COMMISSIONER ALLY: Sorry, just on the targets, what is the counsel's role with that?

PROF. VAN STADEN: Pardon Madam?

COMMISSIONER ALLY: In the role of the counsel with targets, is it ...

5 [intervenens]

PROF. VAN STADEN: The university counsel?

COMMISSIONER ALLY: Ja.

PROF. VAN STADEN: Well the role of the counsel, obviously they approve or make a recommendation, or approve at university level the
10 student enrolment plan agreement to the minister. But their role is a governance and oversight role. Ours are the management role, running the university on a day to day basis.

COMMISSIONER ALLY: Now just that in earlier, there was an earlier presentation that said the adjustment of fees and then the political nature
15 of it is the role of the counsel. So I would like to see if even the allocation goes there.

PROF. VAN STADEN: Okay, ja, as far as ... [intervenens]

COMMISSIONER ALLY: [Inaudible] to help me?

FEMALE SPEAKER: Sorry, I just think you, you are asking counsel, and
20 you are referring to university counsel and you are referring to the counsel on higher education.

COMMISSIONER ALLY: Educate me on that? What was the earlier submission?

PROF. VAN STADEN: Ja, the CHE is the counsel on higher education, it

is advising the minister. But each university has its own university counsel. So the CHE is not advising institutions, it is advising the state or the minister, whilst our own counsel ... [intervenes]

COMMISSIONER ALLY: I was referring to your own, to your own
5 counsel.

PROF. VAN STADEN: Ja, our own counsel in terms of our status and the Higher Education Act have certain functions. They ultimately approve the student enrolment plan, and they ultimately also approve if there is a student fee increase, is the role of counsel. Management is
10 making recommendations to our counsel.

Then we can go quickly to our funding resources, it will be funding sources. There is just a breakdown of it, when you look at the TUT in the 2016 column, you will see that our income comprised of 49 percent of government subsidy, student fees, a massive amount of 42 percent,
15 and 9 percent other income. So what this is telling you, that we are largely dependent on student fee income. Because the government subsidy is dwindling annually. If you look that CPI is about 6.3 percent and the annual grants from government, the increase, is around 5 percent. So this gap is increasing annually.

20 Ja, let me just look at the other slides, just to give you an indication of the importance of student fees ... [intervenes]

JUDGE: I am sorry, does student fees include NSFAS?

PROF. VAN STADEN: Theo?

MR MADERE: It does, but the NSFAS funds, the NSFAS funds that we
25 get offset the amount of funds that the students owe us. So it is included

in there, but from a capital point of view it helps us in the sense that we do not need to go after the students for that money.

JUDGE: Yes, I understand. But when you say you get 40 - 42 percent of your income is from student fees, that includes your income from
5 [inaudible] payments?

MR MADERE: NSFAS, yes, indeed.

JUDGE: Thank you.

PROF. VAN STADEN: This slide is a typical, also guidelines from the state or the D-head. Now when you look at this you can see the
10 challenges of TUT. The benchmark for personnel costs is between 55 and 62.5 percent. Our university, the expenditure there is 77.29 percent. Now when you go down the line you will see the impact of the other categories, to the point where this university for the first time in its history this year had a deficit budget of R62 million.

15 What we also learned after the "fees must fall" last year in union buildings, this year our students are very-very reluctant to pay their fees, even those who can afford it. We have debt collection after last year, the trend is, and Mr Madere can attest to it, our students are, and I hear this from other vice counsellors, the bulk students have decided for some or
20 other reason they are not paying, and I will show you the slide ...
[intervenes]

JUDGE: Not paying anything?

PROF. VAN STADEN: Anything, not paying anything. They might pay the registration fee to get access, so once you are in the system you are
25 in. We are educators, we do not chase students away. You are sitting

with thousands of students in the system.

Now here you can see, if there is a zero-fee increase, if you look at the top line, what the implication for the biggest contact university would be, next year it would be R149 million, and then all the way
5 through to 2021, over R500 million deficit. There is the 6 percent scenario as well as the 8 percent scenario. So when you look at all of this, there is only one way for TUT and that is commercial and financial bankruptcy. We will not in any case sustain our business. It is also not permitted by the reporting regulations to go down that line, because that
10 is reckless trading. So those are the scenarios for TUT if we go down that road.

This slide is looking at our student debt report, and like I said in our - if you look at this year, for instance, the top row there, 31 December last year we had bad debt written off to an amount of R77
15 million. Now R77 million is not a cumulative figure. If you look at the other figures down there is what we have written off previous years.

Now the question is, when do you write off? We only start writing off debt once a student is no longer in our system. Then we hand them normally over to debt collectors. When you look at the outstanding
20 tuition fees for last year, it was almost R500 million outstanding tuition fees. This is a moving target ... [intervenes]

JUDGE: Well I was going to ask you, is this not indicative of a larger amount in the coming year?

PROF. VAN STADEN: Ja, ja. And also the, like I said, the reluctance to,
25 even those who can pay.

JUDGE: Well that is what I meant.

PROF. VAN STADEN: Ja, ja, judge.

JUDGE: So you are likely to have more than the 35 percent in this coming year as outstanding?

- 5 PROF. VAN STADEN: Yes, your honourable. You can go to the other slide Theo. Those are just another graph looking at tuition fees, the outstanding fees, the red and the bad written, the bad debt written off over a period, just to give you an idea about that.

Next slide. This is typically what we receive from NSFAS. You
10 can see that we received this year R474 million for NSFAS. This is what was allocated to us. There is the D-head general band, R370 million and then final year, the R103 million. We can basically with that money, and I think at this point we need to mention, that R474 million, if we want to pay full costs of students we can only assist 13 thousand students for the
15 university. Only 13 thousand.

Can we go to the next slide. Now if you look at our fee structure, you will see that the tuition fees as levied on the student account, there is a R6 000.00 allowance for meals, and full accommodation R20 000.00 and R1 500.00 allowance for books. Full allocation is about 4000.

- 20 JUDGE: Sorry, is this an annual amount?

PROF. VAN STADEN: A manual(?) amount, yes. Within the TUT funding model, the average of our annual allocation per student is R30 500.00 per student, given the 474. If we go - this is the TUT funding model.

If you go the new route, or according to the proposed new

regulations with the full cost per student, that would cost us R64 000.00, as opposed to our R36 000.00, and then you see we can only support 7400 student of 60 thousand students. I am not saying all our students qualify for NSFAS. But I just want to indicate the scale here.

5 The next slide. Ja, this is just a further exposition of the full cost funding model, as opposed to the TUT funding model. Now this is a very disturbing slide. A very disturbing slide for us as a university. There was the so-called circular 6 from NSFAS and the ministry, where we were on no certain terms required to enrol all students that qualify for NSFAS and
10 academic deserving in line with our student enrolment plan and currently we have written a number of letters to NSFAS and they still us about R400 million. Am I right? R400 million.

Now the risk that we have taken - and that was an instruction, I have got that circular here, and it is already August and our cash flow is
15 not looking well. So the R400 million, when we enrolled them with this undertaking we out of pocket used about R50 million to assist our students with books and meals, okay. I just want to mention this slide. I am not complaining here, and all universities are in the same boat in terms of circular 6. We still hope that the money will come forward.

20 This is the NSFAS circular 6 implications. Let us not go into it. I am not blaming anybody, but it is putting a poor institution like us under severe pressure ... [intervenes]

JUDGE: I am sorry, you must surely have had contact with NSFAS to find out why you have not been paid?

25 PROF. VAN STADEN: Well I do not want to wash the linen here. We

have written letters to the CEO of NSFAS, we have written letters to the Director General, Mr Gwebs Nxonde. Not only us, many of the universities written letters. Let me not go there now, but that money is outstanding.

5 JUDGE: No well, we have had other complaints as well.

PROF. VAN STADEN: It is the same thing.

JUDGE: As far as I am concerned you can wash any linen that you want to. We would like to know why these things are not happening.

PROF. VAN STADEN: Alright, then let us wash the linen then. We have
10 had a meeting with NSFAS. Mr Madere, you have attended that, basically what was the answer? I have not attended that meeting, but I have written to them.

MR MADERE: Okay, it appears that the ministry, they are struggling to find this money to fund the circular 6 implications. There was
15 communications that went out to all the institutions and it is said we can take on the students, the extra students, the first-year students especially, and it appears now that it is not that easy to find this funding, and hopefully it will be done.

JUDGE: You mean the undertakings or the instructions were given
20 without the funding?

MR MADERE: I believe it was given at the time when the funding was not identified. That is why there is a struggle now to fund the implications.

PROF. VAN STADEN: I just further want to give context to this. Our own

funding module, which is not covering everything, is leading to a shortfall of 400. If we would have applied the FSC, the shortfall would have been a billion rand on our budget. I just want to indicate that as well. We, in good faith, enrolled those students in line with our student enrolment
5 plan and out of pocket, and not as a rich institution, used R50 million to assist students, because students cannot be hungry when they are in class or without text books, we had to fund it.

Next slide. TUT financial challenges. Ag, what I said earlier, there is a reduction in a distributable subsidy over years. We know the
10 teaching input value decreases every year and the subsidy from D-head increases, like I said earlier, about five percent per annum, which is belong CPI and HEPI. Now HEPI is the Higher Education Price Index. As a university specialising, for instance in science, engineering and technology, we import our equipment, we buy them with dollars, there is
15 inflation. So if we want to be state of the art, cutting edge in engineering, science and technology we cannot work with CPI, during to the rand/dollar exchange and other things. We need to work with what they call HEPI.

The “fees must fall” campaign did not work well for us. For
20 whoever is interested, I knew last year after the union buildings that we will never see, in my view, after engagement with our students, will never see a fee increase again. For me it was the end, and that is why students - maybe it was an expectation ... [intervenes]

COMMISSIONER ALLY: Prof can you - sorry.

25 JUDGE: Yes, please go on?

COMMISSIONER ALLY: Prof, can you just explain that to us, how it is, what was the run-up to the engagement with the students and how it is that TUT featured in that engagement?

PROF. VAN STADEN: Well TUT, probably for those who are following
5 the news, we are one of those universities, even at the Union Buildings last year, our students led that whole protest. If you went to the streets, I personally afterwards went to the streets and I found some of my student leaders in the forefront. Other universities are from time to time, see our students as very progressive so - because probably the background,
10 they have been poor, and academically deserving, it is not very difficult to excite them, you know, to take the lead.

For now I am burning the midnight oil, sitting with [indistinct] and my students and they are currently not disturbing us, they are elsewhere busy, but there is ongoing engagement with student leadership. Bad
15 debt increasing, ... [intervenes]

COMMISSIONER ALLY: Prof, I am sorry to interrupt you, I am more looking at the question of your institution's autonomy, and how that featured in the engagement leading up to - sorry, and what happened with the engagement with the students and the agreement that came
20 about as a result of that?

PROF. VAN STADEN: The agreement with the president. Well, as a collective we have been HISA at the time, there was a new change in name recently. We, as a state university, I think we are finding ourselves with this autonomy, academic freedom embedded in a number of acts.
25 But as a state university, when you look at our income, my question is,

how do you break ranks with government, the state? It is not possible for me to break ranks with the state.

That is why I carefully address the issue of NSFAS circular 6. I am not blaming Dr Nzimande or any person. All I am saying is, I am
5 putting a reality on the table because we must pay salaries, we must pay our corporate accounts, electricity and all of that. So somewhere - I have to mention it here, but I am not blaming. So for us, maybe, not all of us are politicians. I speak lately like one, but the point is, you cannot break ranks with, as a state university, well this is my view.

10 So as a collective before president ... [intervenes]

JUDGE: So you are like a man who is receiving a blood transfusion but cannot afford it?

PROF. VAN STADEN: It might be like that, yes, honourable judge. So as a collective HISA of 26 vice chancellors. This is also, I must say, a
15 very-very complicated situation where, I do not want to speak out of the house there, we are not really speaking with one voice. In the media, about 17 to 18 universities can collapse if we do not manage this well. There are some universities, I know the names because I speak to the other vice chancellors, we are good buddies by now, I know that some of
20 them are dependent on certain money, like NSFAS money, to pay salaries. But I do not want to give you the names.

Before I have worked at TUT I was administrator at Walter Sisulu University for two and a half years. It is the same. There are [inaudible]
you have got universities that simply cannot survive without this. So in
25 the group like that you will find your Ups, your WITS, your UCTs and so

on and so on, with deep pockets and endowments. So when we have a conversation it is like north and south pole. This continuing.

You see TUT is not really in deep trouble already like others, because our reserves is of such a nature that we can for a month or
5 three sustain. But there are some universities that I know which will not be able to continue another month, or two months, because of a lack of resources. So in that collective it is a very, of vice chancellors, it is a very sensitive debate. But I spoke my mind when we met the minister, Nzimande recently, about TUT. Because I am not there representing
10 Free State University.

Because I mentioned to the minister, when I leave St George's hotel, I am going back to my reality. My reality is poor. My reality is not students from Cape Town. So I am less interested to hear what is happening at UCT and UP. I am interested to hear what is happening at
15 TUT and I am very interested to hear what is happening in Limpopo and Walter Sisulu and Fort Hare. Because we are in, basically. So that conversation is very complex. I respect where others are coming from with their context, but it is a conversation of serious differences. It is not even possible to find one another. I will have to be honest, I had a fall-
20 out with Dr Max Price on how we see things, but it is not to discuss here. But we cannot agree on things.

Our university, I also want to say, is highly politicized. When you look at how we run our business, the students of today in a place like TUT over years our - if you look at many of the political leaders studied
25 at TUT, I can give you a number of names, of very senior people that

studied at TUT.

Next slide. Okay, this is very damning slides. Our personnel slides consume 78 percent of our distributable income. What this means is, as we move along there will hardly be any money left for maintenance
5 and refurbishment and stuff ... [intervenes]

COMMISSIONER ALLY: Okay, just on that Sir. Personnel cost, who is that? Is it academic, social?

PROF. VAN STADEN: It is all, it is all. All staff.

COMMISSIONER ALLY: Okay, so ... [intervenes]

10 PROF. VAN STADEN: We have about 8000 staff members covering part-time, temporary, admin, is the whole lot, Madam.

JUDGE: Now are you also subject to in-sourcing?

PROF. VAN STADEN: Yes, I can explain that ... [intervenes]

15 JUDGE: And does this 78 percent take into account the cost of in-sourcing?

PROF. VAN STADEN: Ja, it did not really impact on our salary budget, and I can explain why. That is why I have developed a [indistinct] pitch. I hear my hair is gone. We have had sleepless nights with in-sourcing of outsourced services. Some of the main instigators been at our gate.
20 They roamed in Pretoria. They would start with Unisa, create havoc, going to UP, we are all close, to the extent that if they would target all three of us there was not enough policemen and security around in Tshwane, or Gauteng even to assist us.

We have been fortunate that I - we have signed a deal where we

agreed that in-sourcing will be based on sustainability, financial sustainability - no, let us say affordability and sustainability.

JUDGE: Signed a deal with who?

PROF, VAN STADEN: With our own labour, this external group, and
5 students. So we have in-sourced the cleaning services now, and what
we basically agreed on is, because for me the point was too difficult to
put your financials on the table. So we have in-sourced the amount that
we are currently using for contractors. Let us say for cleaning it was
R120 million. So we said to the parties that we will spend R120 million
10 in-sourcing cleaning. So the same will be for landscaping. So in other
words, it did not really contribute to our salary budget. Slightly in the
areas, because you can miscalculate your chemicals, your clothing and
stuff.

JUDGE: But what about the management of all these things?

15 PROF, VAN STADEN: No, we are doing it in-house within the current
structures.

JUDGE: You mean with the same number of personnel?

PROF, VAN STADEN: Ja, because when the, the personnel that we in-
sourced also had supervisory capacity amongst them, that worked for
20 the companies. We have just done it, honourable, I do not know, we will
see, because the gun was here. This in-sourcing, the intimidation, if I
would tell you what happened with us and what they have done with us,
maybe I can give you briefly.

We have invited this in-sourcing group to one of our guest houses
25 in Sunnyside, just where the CHE is. I gave them transport - or not I, I

mean the university saying okay - they toi-toyed for days on end in front of our gates, and some of them even stripped naked to intimidate us, and it was ladies who did that, and they now want to see ... [intervenes]

JUDGE: I do not think men would have done that.

5 PROF. VAN STADEN: Ja, well honourable judge, be it as it may, now I am there to collect the petition, it is an embarrassment for one, you feel, I mean, it is a university. Long story short, we have given them transport, shortly after arrival there they started to insult us, swearing at NEHAWU, starting smashing our furniture, beating some of us, some ran
10 away, the athletes. So that is the mentality. So even that night I called them saying guys, let us go back to the drawing board and let us see, you know, is it not possible that minds can meet. They never pitched.

I can go and give you stories on the intimidation, how they had beaten up other staff members who did not [inaudible]. This whole in-
15 sourcing issue, it was terrible, let me just use that word. It was terrible. Threats you are getting, and it is still not over, I learn.

COMMISSIONER ALLY: Prof, I am sorry to interrupt you. We agreed with you that we will run until 15:45. So if you want to round up your last few slides?

20 PROF. VAN STADEN: Alright. I would like to go to our recommendations in particular. Chair, this recommendation is something that I mentioned, the policy on differentiation. What we are basically saying is, there should not be a one-size-fits-all system for the country. We basically say that there should be a sliding scale. But as we drove
25 here this morning from the airport and you look at the fact that five

percent of our population is earning R700 000.00 and more. Only five percent.

Now you can have a sliding scale, you can say between 700 and 400 there is a rebate of 40 percent, you can play around. I do not see if
5 you take a cheap, not cheap education, a cheap in tuition fees is now 36, you have on average two kids, I am not sure how the sliding scale is going to look like with our communities, but there should be a differentiation in my view.

Now the big systemic problem is this one, this inverted pyramid. I
10 can go there, because in my former life way back I work for D-head as an educational planner. That pyramid, that inverted pyramid must be - currently it is about a million students, and we know national development plan want 1.6 million by 2030. Now, and your enrolment at 600 thousand. I know there are many challenges in the college sector,
15 and I am not TVETs, I talk all of them, there should be investments like in the rest of the world the APEX should be universities.

I can give you - there are so many programs at universities, the so-called cash-cows that lead to unemployment, and not creating jobs. I do not want to go there. Now I can go there at another time, but this
20 thing - and there is also the perception that, university, to have a degree you are more intelligent, it is more important, you have your diplomas, you are not so intelligent, and all of that - sorry for my words - nonsense. It is nonsense.

Like the engineering profession. It is noble work you do as a
25 technician and technologist, and you can even earn more, so by the way.

So this thing must urgently be- it is a national issue for the country. We need to turn this around. I am not saying we should scale down the national development plan, but I am saying, we should not fund the national development plan in terms of enrolment that we cannot afford.

5 We should also not under-fund the system, and leaving our quality, you know. This will be quality.

Okay, let us go on, I think I - the next one. Ja. There are many parents that can afford. I have worked at not only TUT, where I have worked elsewhere. I also had at Walter Sisulu, parents can pay, I know

10 them. There is this thing of, "fees must fall" now. The expectation created in the Union Buildings is enormous. I do not see - I started my career in Soweto. There is, after 38 years, we know students, this zero percent, honourable judge, believe me, it is my reserved opinion, that day it was the end to have fee increases, in my reserved opinion.

15 Chair, then I think if you look at the economic growth points of the government, instead of having many cash-cow programs, government should look at the priority professions and then rather take money from other programs, put it into, like engineering or medicine or any other field and fund it fully, you know, instead of spreading money across areas

20 where you know it will not stimulate. Maybe it is harsh words that I am using now, but I am honest with you.

Then the second-last bullet. Funding should be recovered, in my view, it is not a new point, either by upfront payment of those who can afford, we know who they are. They can afford, many, or via a

25 combination of community services as currently, you know, health

sciences graduates and so on.

I mean what I have noticed, and forgive me the example, when I worked at Walter Sisulu, we had a medical school there in Umtata. There is about 100 graduates, MB CHB, a bit more. Very few of them
5 are staying behind in the Eastern Cape, you know, Queenstown, Umtata, Butterworth, all those places. So there should be another way of saying to those graduates, go and work three or four years there and we will, you know, there will be no financial implication.

Maybe it is a different point, but then, for me it is also possible via
10 income tax, once a member is, you know - and then lastly via SARS to collect. There should be a system that can assist. There is so much corruption and - in the NSFAS administration in terms of the total income of families and many of the graduates complete their studies with little interest of paying anything back. Those are the few, little contributions.

15 Unfortunately we are looking through our lenses to the national problem, and forgive us for that, if I have used hard words. I am an individual who studied at UP, it is my alma mater, I studied there. So I know what it is like to be there, and I know what it is like to be at a place like TUT. So those are some of our inputs.

20 JUDGE: Can you just do me one favour. There are some brands, breeds of cattle that I can recognise, but would you perhaps identify a cash-cow for me?

PROF. VAN STADEN: Cash-cow would be, there are so many programs in humanities and management sciences. You know, we need a lot of
25 municipal managers, good ones, in the country, but if you look at the

numbers we are enrolling, you know, in many of these management programs, they call it tourism management. Everything has a surname "management" but then the first name "tourism management", "sports management", this management and thousands are enrolling there.

5 I do not want to go to other humanities, because the minister was not kind the other day to me, because he feels strongly that in the social sciences - obviously there is place for people in social sciences, but I think the balance should go to the priorities of the country.

JUDGE: That you, that is a fair view, thank you very much. Thank you
10 for your presentation.

PROF. VAN STADEN: Thanks.

JUDGE: Thank you for taking the trouble to come down here as well.

PROF. VAN STADEN: Thank you. It was our pleasure.

JUDGE: Yes Ms Pillay?

15 ADV. K. PILLAY SC: Thank you Chairperson. The next presentation is by the University of Mpumalanga, and I see the presenters are here, Chairperson. So if we can give them just 30 seconds to take their seats.

HEARING ADJOURNS

HEARING RESUMES

ADV PILLAY: On behalf of the University of Mpumalanga, are Prof
20 Bernard who is the Deputy Vice chancellor for academics and Prof Mayekiso who is the vice chancellor.

JUDGE: Yes, would you like to go ahead?

PROF. BERNARD: Yes, thank you very much. Good afternoon
everybody can you inaudible?

JUDGE: Very clear thank you, oh, thanks it will be clearer now.

PROF. BERNARD: Thanks, it will be clearer now. Excuse me I have got a slight cough, I will cough a little bit from time to time. Good afternoon again everybody, I would like to start by talking briefly about the status of
5 our submission and the process that we went through and the time that was available to us. The submission originated from the University management committee and we spend time at MANCO(?) debating the issue of fee free higher education.

A whole range of different ideas were brought up and those were
10 compiled into a draft report which was then sent to the executive committee of counsel, to senate and to the SRC and because we have two campuses, campus representative counsel as well for comment. The draft is then revised based on comments and that revised version was submitted to this commission on Friday last week.

15 The approach that we like to take in this presentation is to highlight some of the points that have been made in our submission and where appropriate to elaborate a little bit on what is said. I will be reading some of the submission that is in front of you in hard copy., I hope everyone got a hard copy of it.

20 ADV. K. PILLAY SC: Yes, we do. We do have hard copies of the submission, okay.

PROF. BERNARD: Thanks very much and as I say I will elaborated in places and there is some of the text that we will not actually cover and I do not think I will talk for more than half an hour, so there will be time for
25 questions if that is necessary.

In our submission we start with the National and Higher education context and pick out two statements from the constitution. The first one is one of the values being human dignity, the achievement of equality and the advancement of human rights and freedoms. We selected this
5 because of the role that the education sector in general and higher education sector in particular should play and promoting human dignity and the achievement of equality in transformation in our country.

The second one is perhaps the obvious one and that is that everyone has the right to a basis education and to further education
10 which the state, through reasonable measures, must make progressively available and accessible. This was selected because it makes direct reference to further education and the responsibility of the state to increase accessibility and availability.

We then touch on a few of the National Planning documents and
15 their developmental goals including improving the extent and quality of health and other social services, providing improved education and training services and opportunities, strengthening rural development, environmental management, fruit provision and fruit security and advancing land reform, advancing entrepreneur ship, economic growth
20 and investment and accelerating job creation which is particularly important as unemployment currently stands at 26.7 percent.

The important point that we wish to emphasise is that all of the development targets rely heavily on the higher education sector providing the much needed knowledge skills and new ideas that will
25 allow South Africa to prosper. Here I think we touched on two of the

fundamental roles of higher education being inequality and transformation and also in providing the skills required for development of the country.

It may sound like a cliché but in many ways the health and success of the nation depends on the health and success of the higher education sector.

In our submission we then move on to look in general terms of the costs of higher education and how that costs could or should be met and we highlight three points that were important to us in structuring our thinking. Firstly higher education provides benefit to both the nation and the individual, often described in the published work as the public and private good component of higher education. Hence it is reasonable to assume that funding should come from both private and public persons. The key questions that must be answered are the proportions of the private and public contributions, when and how these funds are collected and who, if anybody, is exempt from paying them.

The second important consideration is that South Africa remains one of the most consistently unequal societies in terms of income and since 1994 there has been a moderate decline in poverty but a sharp increase in income inequality. This indicated to us that while some students will immediately be able to pay and should pay university fees, the majority will not.

To emphasise this point we note that university fees are lower than of many private secondary schools providing in fact financial relief for families as their children move from school to university. It is also

important to note that a free education will benefit middle and higher income families and further aggravate inequality. As has been noted in a number of recently published reports on the funding of higher education.

Thirdly, as I am sure you have heard from every contributor in real terms the direct financial contribution by the government to higher education has not kept pace with the increase in student numbers in the system and most recently has fallen below inflation. In South Africa between 1994 and 2016 the number of students in the public higher education system increased from about 500 000 to a million. But over the same period the contribution from national government failed to keep pace.

The proportion of government funding to University's budgets decreased from 49 percent in 2000 to 40 percent in 2013 and that shortfall was made up by an increase in student fees which increased by 9 percent per year from 2000 till 2014. We end this section of our submission by noting that these factors and others have combined to place university's under severe financial strain and that university's must now look for ways to increase efficiency and effectiveness.

Our submission moves on to touch on the roles of higher education and we mention briefly the role in development and also the role in achieving equality. I mentioned that already and we will return to it at the end. Our submission then looks in slightly more detail at efficiency and effectiveness and I think it is a very important point. There can be little doubt that our higher education sector is plagued by inefficiency and ineffectiveness although the extent varies across the

sector.

The dropout rate for students is high and then the study of the cohort students starting a three years bachelor's degree in 2008, only 59 percent have graduated 5 years later for a three year degree. Far too
5 many students fail to complete and many of those who do complete take one or two years extra. The end result of this I think should be fairly obvious but students, we end up with students leaving higher education with no qualification and a debt or with a qualification, and a greater debt than necessary by spending an addition year or two in the system.
10 There are off course also cost to the university and it makes the greater sense to focus on improving student's success.

The low levels of success are often blamed on the inability of schools to prepare students for higher education. However we suggest that it is the universities that must accept responsibility and find ways to
15 improve student success. We conclude this section of the text by stating that in a system that is financially stretched ineffective and inefficient use of resources must be avoided.

Adding to that they are blaming these problems on the schools, even if that is the case, it is particularly unhelpful since it make no
20 contribution to solving the problem that the University's face. At the University of Mpumalanga we taking a multipronged approach to improving successes which focuses firstly on improving the ability of our academic staff as teachers and educators and this will result and improve pedagogy, revise curricular and more robust assessment and
25 many other benefits. We will introduce a first year experience that will

see the provision of structured support throughout first year and into senior years if necessary. We will also introduce extended curricular where we stretch a 3 year curriculum over 4 years.

We believe that learning occurs not just in the classroom or
5 laboratory but an informal setting and we promote this by creating an appropriate physical environment. We developing our PMN mentorship program through which we will provide more personalised support for our students. We emphasise this point of efficiency and effectiveness because we feel it is something over which we have direct control as
10 compared to the much more challenging funding issues.

In our submission we continue to look at our specific context as the university of Mpumalanga. We talk a little bit about the development needs and direction of the province and again highlight the importance of higher education in meeting these development goals. We highlight our
15 vision and mission and our vision is to be an African university leading in creating opportunities for sustainable development through innovation. I think I go on in the document to pick up a few ways in which we think we tried to create opportunities. But I have added here that we see our university creating higher education opportunities for students who
20 otherwise would not receive a higher education.

These students will come from poor socio economic backgrounds mostly and it is precisely these students that should be the focus of our attention. Both in terms of providing finance and in terms of ensuring that they gain access to the university with success and the emphasis is
25 on with success to improve those throughput rates. Through this higher

education starts to achieve its goals of equity and transformation. The mission of the university is to offer high quality educational and training opportunities that foster the holistic development of students through teaching and learning, research and scholarship and engagement in
5 collaboration with strategic partners.

In part it is through those collaborations with strategic partners that we can begin to address some of the financial challenges of our students. Emphasis there is also on high quality educational and training opportunities and that high quality comes at a cost.

10 In relation to our particular context, our document highlights a few points. The first one be that the majority of our students come from and will continue to come from relatively poor socio economic backgrounds. These students are going to require financial assistance in order to attend the university.

15 Ten percent of our students come from Swaziland and Mozambique, both relatively poor countries and it is very difficult for us to charge an addition fee to those students or off those students with certainly a substantial fee off them. Our students are likely to be the first member of their family to attend the university and will be, relatively
20 speaking, poorly prepared for university. This requires increase levels of academic and other support which I have spoken about but this increase staffing and increase of salaries.

A particular challenge for our university is through the incorporation of the Lowveld College of Agriculture and its diploma in
25 Agriculture. We have some programs where the fees were very heavily

subsidised in 2015 for example by Dadlia and with a zero percent increase in 2016 those fees are now several times lower than they really need to be to cover the costs or came anywhere near covering the costs.

Then finally is one of the new universities in the country, we do not
5 have a broader [indistinct] base nor do we have accumulated capital and we relatively unable to make a meaningful own contribution to student financial aid. However we do have excellent support at least in the short term from the province with the provision of some student bursaries and perhaps this is a direction we need to, we will continue to look.

10 We conclude the submission with 16 points and I will go through then and add little bit to them from time to time. The first one is a very obvious point but it has to be made, the high quality higher education provides by public good and private good that were spoken about before and therefore the costs should be shared by both the nation and the
15 individual.

Considering the income and equality in South Africa, it is clear that some students will be able to pay fees immediately and it is important that the university continues to develop and charge reasonable fees. To emphasise this point and in fact it is a point that I made earlier but I
20 quote from a recent article from the [indistinct] of a higher education transformation which says that for the elite 4 percent of the population who earn over R500 000.00 per annum higher education is much cheaper than private schools and they go on to add, and I think this is important and it is a bargain that contributes to their privilege and to
25 inequality.

Point 3, it is equally clear that many students will not immediately be able to pay fees and our focus must be on removing any financial barriers for those students who can benefit from a higher education. This is particularly important for the University of Mpumalanga since our
5 aim is to increase access to higher education and it is likely, as we have said before, that the majority of our students will come from poor socio economic backgrounds. We note that this is in line with the constitution which states, as I mentioned at the start, that everyone has the right to further education which the state, through reasonable measures, must
10 make progressively available and accessible.

We support the implementation of carefully nuanced and context sensitive means tests that will separate those you can afford to pay tuition fees at the time of enrolment from those who cannot. We do not believe that a single, simple figure of R120 000.00 per annum will
15 satisfactorily in fact identify those students who need financial assistance. We believe that for those students we cannot immediately afford the fees funding must not be a barrier to higher education. The responsibility for providing loans or bursaries to these students rests with all role players but the major responsibility should rest with the state to
20 coordinate efforts.

We support the notion that such loans or bursaries will normally be recovered at a later date using perhaps the income tax system or something similar. We believe importantly that such repayment must be eased by spreading the payment over a number of years and charging
25 no interest. Furthermore if we consider the role that higher education

should or could play in promoting equity and transformation a case can be made for heavily subsidised or free education for the poor. In this way higher education will be contributing to development through production of skilled and knowledgeable people and equity and
5 transformation.

In view of this point it is incumbent on universities to ensure the programs are relevant and where appropriate a period of work place based learning is included. This will improve employability and facilitate repayment of funds and our target at the university is that at least half of
10 our qualifications will include a period of work place based learning.

As the university we committed to providing bursaries for academically talented students and to continue to work with external sponsors to raise funds for such bursaries. These bursaries would not have to be repaid and we are similarly seeking donors and donor and
15 other funding to support financially needy and academically deserving students.

We will continue to work on creative strategies to provide additional financial assistance to students including providing student assistantship and part time work opportunities. I think well this is
20 perhaps relatively easy to deal with the very large and establish universities as a new university as we find the need for library assistance or as we find the need for people to work in the computer labs so we can create those opportunities or open those opportunities to our students.

We believe that in view of the need for students to continue with
25 masters and doctoral studies, we support the suggestion of writing off

such debts for those who complete post-graduate studies. We do believe that there is an important role to be played by the financial institutions and the greater and easier access should be made to student loans. These should be accessible then to individuals who have the
5 salary and the income to support repayment.

There has been a move away from relying on banks around the world because of their high interest rates but we would argue that the banks are beneficiaries of higher education and should share in the responsibility of funding higher education.

10 We have noted the decline in relative terms of the direct contribution from the state towards higher education and in an environment where these funds cannot be immediately recovered from most students, this creates a financially unattainable situation for the universities. We suggest that the shortfall and funding to the university
15 be made up by the public and private sector in recognition of the public good that higher education provides.

Finally coming towards the end we believe that the higher education system has to address the high dropout rate and in this way increase efficiency. We believe that the higher education system must
20 also explore all other avenues to improve efficiency and the final points, I think is an important one, we emphasis the urgent need to address this funding crises so that the important task of providing a higher education can continue. Chair, thank you very much.

JUDGE: Thank you, may I just ask you about you carefully nuanced
25 and context sensitive needs test. In the submission that we have

received and the reading that one has done, it is often suggested that means test are difficult to construct, difficult to apply, open to abuse and that if you do not, not oblige to you to apply means test you should avoid doing so, what do you have to say about that?

5 PROF. BERNARD: I think we would acknowledge all of those weaknesses but at the same time, in our discussion of our management committee, the feeling was that a single R120 000.00 per annum salary is equally flawed. Particularly without ... [intervene]

JUDGE: Because everything that is ridged is flawed.

10 PROF. BERNARD: Ja.

JUDGE: Yes, that I can see but are needs test not deceptively flexible?

PROF. MAYEKISO: I think what, what we are saying is that one should take into consideration the family context. So if you have a family that earns maybe R200 000.00, if that family has three or four children, some
15 at university the means test should take that into consideration.

JUDGE: Yes, that I understand but is this not one of the example which is so terribly difficult for a university to test and enforce with the, whether what the financial constraints on the family are, what the true size of the family is, who is benefiting by all this?

20 PROF. MAYEKISO: I think what, what you are saying is if we are able for instance to get the correct information about the family then one is able to look at how that family relies on whoever is the breadwinner. So at the present moment we are not officering solution but we are saying if you just look at income without the other circumstances that a family is
25 faced with, that is actually going to be what people are saying, the one

size fits all that is actually not working.

JUDGE: Yes?

COMMISSIONER ALLY: So in a nutshell the proposal that has been made is that the costs must be shared between, I see the first point, articulates to that, there is a different suggestion or ultimately what is
5 been submitted to the commission in that aspect?

PROF. BERNARD: What we are suggesting is that the beneficiaries of higher education should carry responsibility, with perhaps the proviso that that, we need to be very careful to ensure that that does not
10 aggravate inequality. So there are multiple beneficiaries and those beneficiaries should carry the costs. One of the beneficiaries would be the student him or herself, we know for certain that there are very substantial number of students who can afford to pay the full fees. But we know that the vast majority cannot pay. We believe that it may be
15 possible,- sorry.

COMMISSIONER ALLY: No, I get that, I just wanted to check that where, I see there is a point made at some point that those who cannot afford should be assisted and then I think somewhere toward the end of the presentation you are saying the banks must take responsibility. Are
20 the options presented what you think would help if there is a policy that says no students must be assisted?

PROF. BERNARD: I think what we trying to say is, that higher education comes with a cost. We have seen through time a decrease in the direct support for that from the government and we are suggesting that that
25 needs to be increased substantially and if you, as you will have done, if

you read around the subject you will know that our contribution relative to GDP is relatively low and it could be substantially increased. That would then allow the fees to be, potentially to be reduced or for us to slow down the increase.

5 We are also suggesting that we facilitate ease of access to funds by perhaps the group that might have been describe as the missing middle. Overseas, internationally there has been, as I have said, a move away from relying on banks to do that because it had been too inflexible in the interest rate and what happened then is the students leave the
10 university, hopefully with a degree, but with an enormous debt and it traps them in a cycle of poverty.

So we would be expecting of the banks, the financial institutions, to make a greater contributions towards funding higher education. Because they are major beneficiary of higher education, they will take
15 their employees will have had a higher education.

COMMISSIONER ALLY: Professor, if I may ask a question, on page 6 of your slide, paragraph 2 you highlight the fact that 10 percent of students came from Mozambique and Swaziland and that these students are relatively poor. Now what is the import of this? Is this to say that there
20 should be no distinction between South African students who are poor and students from other African countries or internationally for that matter?

PROF. BERNARD: The point we trying to make and as a university we are working now on our approach to fees for international students and
25 students from [indistinct] countries. The point we trying to make is that

the students, we are attracting international students from relatively poor countries. We were not necessarily saying that those students were poor but that typically is the case and it therefore makes it very difficult for our university to charge a substantial international SADDAC levy, if
5 that is the decision that we make.

COMMISSIONER ALLY: So you not saying that these students should be for example or are assisted under NSFAS so anything of the sort? It is just you cannot charge a rate that you would otherwise charge for international students?

10 PROF. BERNARD: I think it is just part of the context.

JUDGE: Thank you, very much.

PROF. BERNARD: Thank you.

JUDGE: Thank you for taking the trouble to come along.

HEARING ADJOURNS

15

20

TRANSCRIBER'S CERTIFICATE

Hereby is certified that insofar as it is audible the foregoing is a true and just transcription of the proceedings which is mechanically recorded.

DAY 4

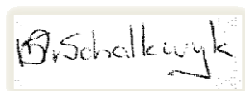
COMMISSION OF INQUIRY

HIGHER EDUCATION AND TRAINING

<u>CASE NO:</u>	Inquiry
<u>RECORDED AT</u>	Nelspruit
<u>TRANSCRIBER</u>	C Dias / G Justus S van Schalkwyk
<u>DATE COMPLETED</u>	22-08-2016
<u>NO AUDIO FILES</u>	4
<u>NUMBER OF PAGES</u>	124

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.
4. Speaker R Majisa spoke very fast, audio speed was reduced as much as possible but still some indistinct areas were experienced.



TRANSREC CC
P.O.BOX 17119, RANDHART
ALBERTON, 1457
Tel: 011 864-4061/ Fax: 086-503-5991
www.transrec.co.za