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**DAY 5**

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

**HELD AT: VHEMBE MUNICIPALITY COUNSEL CHAMBERS -  
LIMPOPO**

**PARTIES PRESENT:**

Commission  
Evidence Leaders  
Council on Higher Education  
University of Venda  
University of Limpopo  
University of Mpumalanga

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**SESSION 5 – 25-08-2016**

ADV. K. PILLAY SC: Yes I think we have to actually switch the microphones on. The first presentation is by the University of Venda and we have doing the presentation Dr Zaiman who is the Deputy Vice  
5 Chancellor of Operations. We have the registrar of Univen Professor Edward Nesamvuni. We have the Director of Student Affairs Dr C Selepe and we have got the Director of Finance Mrs Rose Mgobo, so Dr Zaiman over to you.

JUDGE: ...[inaudible] we trust you will throw light on the problem which  
10 ...[inaudible] and we invite you to proceed at ...[inaudible]

DR ZAIMAN: Chairperson and members of commission we want to thank you most profusely for affording us this opportunity to make this presentation to you. The sequence that we will follow is just to give you a context because we think it is very important to give you a context of  
15 rural University's in South Africa. A case study about a University of Venda then we will give an overview of Univen's approach to fees must fall, impact on what it will have on Univen and then some recommendations from our side.

Obviously Univen very far removed from the Metro's, meaning  
20 having major, major impacts and if we look at the historic challenges that Univen had, the context that we need to provide you with, University of Venda is a legacy of the apartheid system, limited infrastructure at the time, limited equipment, limited utilities and funding. You know we had water supply to the campus only for 12 hours a day, gravel roads on a  
25 238 hectare campus, 1000 millimetres of rain in 45 degree Celsius in

summer. Inability of our students to pay. Cost of material due to long distance deliveries. Limited access to top academics.

Prior to 2000 the department mostly gave money to privileged University's and in many cases we were stuck with a very limited  
5 curriculum, we had no voice amongst leading University's and virtually no research output and none to very limited support from industry and the perceptions by the market and higher education institutions. ...[inaudible] give you a picture of what the situation was around 2008/2009, on the left hand side bottom you will see more, for example  
10 that is where we house the garages of the staff houses that we had. On the right hand side some of the conditions that students live in.

Next slide give you some indication of what the campus looked like at the time. The next slide gives you an indication of the gravel roads that we had on campus and then we decided to start off with a  
15 transformation plan and the transformation plan have six basic themes on the right hand side, to create a new institutional culture to look after social cohesion, to have students interested in the core business of the institution, people management and proper governance. The University had clean audits for many, many years and even so for the 2015  
20 financial year.

The academic project is the core of our ...[inaudible] we had very specific agreements with the Department of Higher Education, our head count is from 10 000 to about 15 000 in 2019. The next slide will show you the head count growth and where we stand at 14700 at the moment.  
25 The slide after that the growth in academic staff where we stand at 391

at the moment. The slide after that gives you an analysis of the size and shape of the institutions followed by a slide showing ...[intervenes]

JUDGE: Just one moment there, the slides are not very visible ...[inaudible] your slides are not very visible, is it possible to ...[inaudible]

5 come and look and you will see.

DR ZAAIMAN: Chairperson can we give you a hard copy?

JUDGE: Yes that will be fine thank you, I thought that we had hard copies but they are not supplied to us ...[inaudible]

ADV. K. PILLAY SC: Chair we will make sure that the commissioners get  
10 copies, we believe that Univen worked on the presentation overnight which is why the version we have is slightly outdated but we will make sure the commissioners have the latest version of the presentation.

JUDGE: Alright that is fine.

DR ZAAIMAN: Chairperson our apologies because originally we were  
15 scheduled for 14:00 so we thought we would have copies ready by that time and then we were requested ...[intervenes]

JUDGE: No we are indebted to you, you do not have to apologise thank you.

DR ZAAIMAN: Thank you Chair.

20 JUDGE: Can I just bring my reading up to the point of your slide.

DR ZAAIMAN: That will be on page 8 Chair.

JUDGE: Yes I have it ...[inaudible]

ADV. K. PILLAY SC: We are busy ensuring that the copies are made  
Judge, we will have them available as soon as they are ready.

JUDGE: Very well then as soon as you can please. Yes thank you.

DR ZAAIMAN: Thank you Judge. Then the next slide shows you the Univen pass rate around 80 percent, the success rate also around 80 percent and then very important on the next slide our research output, as  
5 you know as University if you compare it to one of the major University's we were at only 34 units in 2008 and we were at 225 in 2015 moving, projecting up to 300 in the year 2017. The next slide shows you the growth per capita in research output ...[intervenes]

JUDGE: Sorry can you just give an indication, what represents the  
10 majority of your research output, is it science, medicine, what?

DR ZAAIMAN: The science part is most of our research output and mainly in natural and natural sciences, we also have significant research output in our School of Health Sciences. Then the 2014 research output by South African University's give you an indication where we lie in terms  
15 of the rest of the institutions and then the percent of total output units produced by each institution and as you can see we are moving towards the middle of the pack. Very important is the next slide, the growth in our NRF rated researches, in 2009 we only had two and this year we have 23 rated researches.

20 The highest qualification as you can see we are improving towards a target of having more doctoral degrees in our colleagues so very important for us to deal with that. The next slide gives you some idea of the massive backlog that we had in facilities. The next slide gives you our master plan for the campus divided up in four segments,  
25 on the right hand side will be our residences, the left hand side school of

agriculture. The top side academic buildings and then the bottom side is where we share facilities with communities because as a rule University's are indebted to our communities as well.

The next slide give you a legend of those and then our design for philosophy we want to have simple but exciting designs, we are going for four storey buildings and open walkways. As from the next slide you can see we have got master plans for roads and for water, electrical, flood lines and wetlands, also landscaping master plan.

JUDGE: Can I just break you a moment, can you tell me what is the projected time span of the development of these plans?

DR ZAAIMAN: Chairperson the master plan that we have is for the year 2025, that is the major master plan that we have and what we will be showing you in the following slides is developments we have done, the developments we are busy with and the planned developments just to give you an indication where we heading with the University.

JUDGE: And is there provisional budgeting done for all these master plans?

DR ZAAIMAN: Chairperson most of these we have budgets for but the future projections obviously will depend on what the funding scenario would be on infrastructure from the Department of Higher Education and currently we had a mixed bag, we do a number of the developments ourselves with own funding and the majority of those come from the Department of Higher Education and we have got a R300 million loan from the Development Bank for 1800 new student beds which we are currently busy doing as well and that was done with the permission of

the minister.

Doing maintenance, very important for us that we do proactive maintenance, we have got 101 buildings on campus and we have allocated them in five different categories from very good to very bad.

5 The next slide gives you an indication of how we have done our assessment of each one of these, this is our main gate for example which is category 4 which means it is in a bad condition and if you enter our main gate you will see that we are rebuilding a brand new one. The infrastructure projects, the next slide, the way that we make our  
10 submissions to various stakeholders and the Department of Higher Education so the infrastructure project is completed you will see on the next slide, for example new administration building and new lecture halls, library extensions, new parking, environmental sciences extension building and new life sciences building.

15 New Piazza in front of the library, on the right hand side you can see what the staff houses look like and what it looks like currently. New agriculture buildings, nursing simulation labs, new sports facilities which you can see. A new swimming pool, sports ablution facilities that we have completed. New office complex especially for research colleagues  
20 and the new building for students with disabilities. A large number of roads, parking and walkways that we have done. The cafeteria seating area, you can see on the right hand side what it looked like and what it looks like currently.

Over the past six years we had a, we brought in 20 standby  
25 generators between 206, 30 KVA's installed, that is the largest number of

any University in South Africa so that if there is a power outage our students can continue studying and we do not have a problem. The other issue is supply of water to the campus, we have built reservoirs for 36 hours of water supply to the campus if that is interrupted. This slide  
5 gives you an indication of phases 1 and 2 of school of education, the one that we have completed and the one that we are building.

Refurbishment of ablutions, we are refurbishing all the ablutions in the residences, new tiling, new equipment, granite tops in the washing basins and so on. We have got a new campus clinic. At the bottom of  
10 the next slide you can see that we have news research conference centre and then our community training centre, that is especially for our third stream income generation. Current projects that we are busy with is the new school of health sciences which is under construction. A number of extensions to the school of agriculture. Left hand top is a  
15 piggery and then auditorium, offices and the milking parlour.

At the bottom of the next slide you can see that we are building 640 new male and female residence beds and the following slide gives you an indication that we have completed the foundations on the 300 million DBSA residence loan. And then we are also busy on the left hand  
20 side you will see a new student centre and on the right hand side a new student entertainment centre. The issue with rural University's is also staff houses, the University currently has about 60 houses and we are building 38 new staff houses in Sibasa and then ...[intervenes]

JUDGE: How far is Sibasa from here?

25 DR ZAAIMAN: Sibasa is about two, three kilometres just up the hill.



JUDGE: Thank you.

DR ZAAIMAN: And then the new main gate, you can see how far the construction is and what it will ultimately look like. And then the extension of the disabled student unit building, per capita we have the  
5 largest number of students with disabilities in South Africa and a new office complex at the bottom there, future infrastructure projects which we have planned and hopefully in future we will get some funding for those. There would be a new graduation hall, new lecture theatres doubling of the capacity in the library and new management sciences  
10 building and also new buildings of school of engineering and school of law, new offices, extensions to the student admin building and the science park.

And then finally Chair we will be opening a new entrance to the University to relieve the congestion that we have here at the Corona  
15 Crossing and also new ICT building. Then very important for any institution is ICT in support of our core project, in 208 we had 8 megabytes per second to the whole campus, currently we have got 10 gig fully connected and we are really making good progress there. We have got a smart University's road map as well and then on the next  
20 slide you will also, that is a smart campus roadmap and here you can see the WiFi network that we have installed across the campus. The pinkish ones are inside the buildings and the circles are hotspots that we have outside and those are active.

The next slide gives you an indication we are the only University  
25 in South Africa that has given tablets to every single student and now

first entry students are getting their tablets as they enter because ICT is an absolute core for us as well. The next slide safety and security is a major issue on University campuses as well. We have got an integrated security master plan and system. Then we have installed a total of 200,  
5 on the next slide, 240 cameras with 400 view points so that we can monitor activities on the campus.

The next slide gives you an indication of, successes that we have, all the cameras are high definition cameras, left hand top a student stealing a cellphone a tablet and the bottom one stole a tablet and  
10 running away and the other one a student stealing a wallet, so we have major, major successes as far as these are concerned. Chair then we come to Univen's approach to fees must fall and in-sourcing. The next slide just to give you an indication, if we had to take all security cleaning and ground staff in at the salary packages that staff members get it  
15 would have cost us R67 million.

If we take them in at sectoral based rates it will cost us R16.8 million, every R1000-00 a month adjustment will cost us another R4 million so we had to engage our colleagues very seriously both the students and the staff, eventually we are on the verge of agreeing that  
20 Univen will only be in-sourcing through our wholly owned subsidiary which is UITC, it is a Univen innovative growth company and we will do it at sectoral rates and we will assist the company with a 15 percent recover for overheads such as staff and systems and so they must, and we will use some of the profit that we have paid to contractors to improve  
25 their conditions, service conditions like provident fund and medical aid

and there is a conditions of service will then also be sectorally based.

JUDGE: Have you everybody on board?

DR ZAAIMAN: Everybody seems to be on board and we had a final discussion yesterday with our labour colleagues, they are absolutely fine  
5 with this because I think everybody realise the financial impact on the institution but to bring it in under our wholly owned subsidiary is going to be, what they would like to see is permanency of employment and then improvement in some of the benefits and so we will be taking this to our September council meeting for final consideration but we are  
10 ...[intervenes]

COMMISSIONER KHUMALO: Sorry just to, what is the status quo now, what is your current spend, your current spend before, you were saying it would have cost about R67 million so I am saying what are you currently spending?

15 DR ZAAIMAN: The current spending is the annual sectoral rates, if in-sourced that is what you see currently but if you take the overheads that we are paying to the service staff it comes up to about R23 million so that is the amount that we are playing around with, R23 million which we are comfortable will not put a burden on the institution. Then the next  
20 slide gives you an indication when fees must fall started last year we had to decide what we going to do, we immediately formed a strategic transformation committee comprising members of executive management and counsel and that three they act as a rapid action team as far as decision making is concerned providing mandates to  
25 management.

Univen immediately started with full assessment of funding and compiled a list of hostility measures and we formed a multi stakeholder engagement team on in-sourcing and I also appointed a consultant to develop a certain scenarios for us. And then Univen itself developed a  
5 number of scenarios, first of all we had to ascertain what is our current reality, where do we want to be in future, what is the gap, our strategic objectives are aligned to those and then we built three scenarios with two pillars each, just go back to the previous slide.

Two pillars each, financial sustainability as a core issue and then  
10 access to students and then based on those to make sure we are going to develop a world class University. What we have done then in the next slide is indicating to you what the scenarios are, this is the life cycle of any University on the left hand column if you start that is where we were in 1982 where we started the University then between 2005 and about  
15 2015 we were in a very, very steep growth curve and now we are on the verge of taking serious decisions so we developed three scenarios, the Tortoise Scenario, the Impala Scenario and the Cheetah Scenario.

The Tortoise Scenario is then if we do not do anything, there is major challenges we are unable to respond, we rely too much on past  
20 successes. We have major maintenance needs, there is an unwillingness to introduce change and we run the risk of a potential future integration and ultimately, on the right hand side, if we do not do anything that will lead to the demise of the institution. The Impala Scenario is if we just do something small and then the Cheetah Scenario  
25 is if we really do, go into fundamental review of the institution as a whole.

So let us start, let us just take you through the various scenarios then.

There is the Tortoise Scenario, so maintain the status quo, eventual demise of Univen, so that will be the impact if we do not plan effectively for the impact of fees must fall. Cost of in-sourcing is not  
5 done correctly, if we do not have increase in ...[inaudible] generation and so on and also if we rely too much on and accommodate and tolerate dead wood and if we do not have proper performance, a culture of entitlement. That we do not rationalise our various departments that we have, that we use maintenance, that we cut back on maintenance  
10 funding. That we are inflexible on our systems, that we have backstabbing and favouritism if we do not increase productivity and come with new interventions and that we do not listen to those who see warning signs such as low productivity and unnecessary appointments and no rationalisation.

15 And the financial impact of that you will see on the next slide. The next slide shows you that Univen if we get a zero percent increment and no support from any quarters Univen has been running on a surplus for any number of years, you will see up to 2016 we anticipate to make a surplus of 31 million this year and about 7 million next year, thereafter  
20 we will go into a loss situation, 33 million in 2018, 71 million in 2019, 113 million in 2020 and 160 million loss in 2021. The assumptions which we have based this on is if the state subsidy only go up by 4 percent that we have to continue taking in more students that our research income grow by 5 percent, third stream income by 1 percent, sales of goods and  
25 services 5 percent, private gifts and that is foundation funding 3 percent.

We thus far we have had a number of, large numbers of investments that will now decline assuming that Univen will not receive much funding moving forward meaning that we do not have that much interest. If we have high labour demands on salaries 8.5 percent, our staff costs will rise to 62 percent of turnover. The Department of Higher Education advised that staff costs must be between 58 and 62 percent of turnover, currently we sit at 57 percent so we are well within the margins set by them. Now that operating expenditures will increase by 7 percent and then we have got large numbers of new buildings which will require support service, further utility usage and technology.

ADV. K. PILLAY SC: Dr Zaaiman may I ask you a question please, the projection that you have done on the Tortoise Scenario is based on no fee increment?

DR ZAAIMAN: It is no fee increment, either from the students and also no support from the department to make good on that so that is zero percent, we have the same income as we have the previous year.

ADV. K. PILLAY SC: Alright but have you done a costing of no fees at all, so in other words not no fee increment but the worst case scenario for the University which is no fees at all.

DR ZAAIMAN: In other words that nobody pays nothing?

ADV. K. PILLAY SC: In other words that fees fall.

DR ZAAIMAN: Well if everybody pays nothing we will not open our doors in 2017 because it is impossible, we will not have funds to operate the institution.

ADV. K. PILLAY SC: Alright but the next scenario would be then the

state comes in and subsidises Univen for all of the students paying certain amounts of fees.

DR ZAAIMAN: Ja the next scenario is where we get a 6 percent fee increase like the department, the state has done this year, in other words  
5 that they have given us a lump sum amount to make good on no fee increase so that we will see in the next scenario then. Next scenario, so the next scenario is our Impala Scenario, so we respond reactively instead of proactively to new challenges, there is a slow down in appointments, we have got a narrow vision of the future and we do not  
10 see it as disastrous but manageable, we do not think that we will you know if there is not enough momentum and we are focussed inward instead of external impact factors and check what the impact of those were and that we have some minor rationalisation of some departments.

Also if we do not have enough visible and enthusiastic  
15 leadership to a compelling future and there is a lag in internal communication ...[inaudible] and if there is silo development and pockets of excellence and goals are clear but progress to obtain them are indifferent so that will be if the state makes good on the 6 percent increment to us and we also introduce in the institution some change  
20 effects because we think that these things must go hand in hand. Institutions must get rid of any fat that they might have and while we also try and assist in this process of the state struggling to provide us with income but there you will see that by the year 2020 we will be able to survive until 2019 and by 2020/2021 we will run into financial difficulties.

25 Then what, and that you will see on the next one, next slide.

Some of the changes that we have made, the state to pay 6 percent gap closing funding and then a very important one, the third line there is that there was from the Department of Higher Education the HDI Development Fund to all HDI institutions and the thinking was that if  
5 such fund is provided to HDI's by year five they should not be HDI's anymore, in other words that funding would assist us to fix our internal systems and policies and procedures and the way that we do our business and this is not brick and mortar funding this is then just to develop the institution and capacitate the institution.

10 So in this scenario we have taken and last year they have utilised this particular fund, we should have given, they should have given this one to us in 2016, this fund was used for the 6 percent fee increment payout to all the University's so it was postponed for one year so we hope that we will be able to still get that this year and in 2017.  
15 The research we have increased our third stream income, we have increased and our foundation funding we have increased and then to bring down to some rationalisation in the institution and move staff costs to 60 percent of turnover and then also to start seriously managing our utility costs because that is something that I think that we need to  
20 consider as well.

We then move to the next scenario, this is our Cheetah Scenario, to have a flexible nimble and adaptor institution, do more by focusing on less, we cannot be everything to everyone and we partner with industry on their requirements and for example, this is just an  
25 example, rationalise our schools and departments such as 60



departments to 40 and 8 schools to 5 faculties with moratoriums on further appointments. Empowerment of staff, less committees really become a nimble institution and an innovative situation.

If you look at the financial implications of that one up to 2021  
5 that will leave us in a sound financial position as we have been up to now and the assumptions on those, next line there you can see once again the HDI fund, the state to pay the 8 percent gap closing which is what University's would require and then significant rationalisation to keep staff costs at 50 percent of turnover and also at the bottom you can  
10 see no entry into new land acquisitions or for instance TUT want us to partner with them in Polokwane but one must be very, very careful on what additional burden these things will put on us.

And we are concerned about our utility costs and we require professional investigation. I mean if you look at our electricity it has  
15 gone up from R8.9 million in 2011 to R14 million in 2015. If you look at rates and taxes, R1.7 million to R5 million. Then we have discovered that whoever bought the telephone system for us, major, major problems there, we bought an Erickson system and in 2007 or 8 and you must pay for a private line for every single extension to Telkom so there is an  
20 immediate 6, 7 million rand there that we can realise so that is something that we need to take cognisance of.

And then what we have to note is there is a significant increase in utilities from 2017/2018 when we occupying new residences with 2400 beds and also nine other new buildings that is going to be an impact.  
25 Here you can see the impact that we had on our property and plant, the

property theatre had was worth R540 million in 2008, R1.6 billion last year. Next slide, our total investments were R52.8 million and currently we have R481 million on investment which is divided into two. Next slide, so this is also important slide to have a look at, NSFAS has really  
5 come to the party as far as supporting University's is concerned so in 2007 they gave us R64.2 million. 2015, R289 million, our concern is general sponsors especially private sector, provincial departments and so on.

We get more support from the provincial department in  
10 Mpumalanga than we get from the provincial department in Limpopo but you can see from general sponsors and private sector we had up to R86 million in 2011 and only R46 million last year so there is an area that we need to have a look at.

COMMISSIONER KHUMALO: ...[inaudible]

15 DR ZAAIMAN: Ja the VC's merit award, this is what the institution gives to deserving students and when we recruit new students who did very well in their schooling years which is normal that other University's also gives so that is a merit award that we give to those who come and study.

COMMISSIONER KHUMALO: What is the source of the funding?

20 DR ZAAIMAN: The source of those funding we take it from normal University's operational funds.

ADV. K. PILLAY SC: Sorry Dr Zaaiman if I can take you back to your Tortoise, Impala and Cheetah Scenario and just specifically in the Cheetah Scenario for example you mentioned that one of the features of  
25 that scenario is significantly growing a research output reducing your

staff, sorry your third stream income, growing your third stream income generation and measuring your productivity. I just wanted to enquire why that is not possible in a Tortoise Scenario, in a zero percent scenario?

5 DR ZAAIMAN: Advocate thank you so much for that question, the situation currently is for instance our third stream income we have got as we have our UIGC which is our third stream income generation entity is divided into three categories, the one is commercial projects, the other one is the consulting that we have and short courses that we present  
10 and what we can do is there is significant amount of requests for our services in those entities but we are no well capacitated here to meet that full demand so we have to build up on capacities so that we can double and quadruple our income from those entities.

To give you a simple example we have partnered with the Barata  
15 Farm that is one of the farms around here that was taken back and given to the communities and totally neglected and we have entered into a partnership with the chief and the colleagues and they have given us the first 20 hectares to advise them and to assist them and we have already realised R600 000-00 of crop from January up to now and if we are  
20 successful in capacitating them our 30 percent shareholding obviously will render a very nice dividend for us in the end and if we are successful in the first 20 hectares the other 100 hectares is also up then for us to assist them so there are massive possibilities, the issue is that we are just very careful at this point in time in capacitating and building up to  
25 that so that is a possibility that we can do.

ADV. K. PILLAY SC: And now you are saying that the University is unable to capacitate these ventures with a zero percent increase.

DR ZAIMAN: What we are very careful to grow if we do not know what the impact is going to be on the core business of the institution, I mean  
5 all of these are supporting the core business and we do not want to burden other entities so with a zero percent increase the growth will be much slower than what we can do in the Cheetah Scenario. Okay next one, ja here you can see although it looks strange on this one, infrastructure investments these are ring fenced R334 million of our  
10 investments but we have taken about R100 million from our own investments to build new buildings and provide new infrastructure so that was a deliberate decision taken by counsel at the time so it looks a bit strange that the operational income has come down but that was just due to new capital projects that were earmarked those funding for.

15           Next slide, some recommendations that we would like to make on financial implications, if we get a zero percent increase and no further support in 2017 the projected loss in 2021 will be R160 million, it will come down to R17 million in 2021 if we get a 6 percent support, 8 percent support will keep us in the surplus division so any decision on  
20 this has very serious financial implications for the institution. Univen require an 8 percent adjustment to be able to sustain itself ...[intervenes]

ADV. K. PILLAY SC: Dr Zaaiman I am sorry if I can just ask you on the first bullet point, if you can give us an indication to what extent the University is dependent on NSFAS in terms of its percentage of student  
25 funding, so in other words what percentage of its student population is

not covered by NSFAS funding?

DR ZAAIMAN: 43 percent.

ADV. K. PILLAY SC: 43 percent is not covered by NSFAS.

DR ZAAIMAN: No, no 43 percent covered by NSFAS. Our student debt  
5 is rising at an alarming rate due to fees must fall last year and need to be  
curbed with strong collection strategies. One thing which we need to  
discuss moving forward as well is tuition and residence fees because  
sometimes it is unclear whether the zero percent include residence fees  
or exclude residence fees because we recommend that it should be  
10 outside tuition fees so that we can recover the costs because the cost of  
maintenance, cleaning, utilities are rising sharply and University's have  
to take steps to curb the rising costs. We also think that we need to  
engage with local government to create special category rates taxes and  
utilities to University's, we propose a 25 percent rebate to University's  
15 from the municipal side.

The other issue is of some concern to higher education  
institutions the time that it has taken to receive clear directions because  
we find it difficult to finalise our budget process for 2017 at this point in  
time. The HDI Development Fund must be implemented in 2017 failing  
20 which rural University's will revert back to their previous disadvantaged  
status because of the urban University's. And then we also think that we  
should engage sponsors like National Lottery and Seta's to create a  
special category funding for University's and we really think that this is  
something that can be considered moving forward.

25 JUDGE: Dr Zaaïman may I just ask you about the HDI Development

Fund in 2016 what was the position in 2016?

DR ZAAIMAN: In 2016 the department kept that money back and that was utilised to cover for the 6 percent non increase to all the other 23 University's so they postponed implementation for another year.

5 JUDGE: Okay so if I understand you the cap on increases for 2016 was partially funded from the HDI Development grant and can you tell us what the implications of that was for the planning at the University?

DR ZAAIMAN: Well what is very important for us we need a major upgrade on the systems that we have, the software systems that we  
10 have and that means that on those plans that we had for 2016 we had to postpone for 2017 and that is really to run a very effective University and to modernise every single of our software systems, many of the things that we do we still do manually and this was dedicated actually to assist us with those.

15 JUDGE: I know nothing about the HDI Development Fund, can you just explain to me what the source is, who holds it and what its function is?

DR ZAAIMAN: Chair I do not know what the total capital amount is that was given but that was an indication I think to the eight HDI University's that was an amount of money that was given by the National Treasury to  
20 our Department of Higher Education.

JUDGE: Yes.

DR ZAAIMAN: I am not sure how that was done but we had to submit all our plans, we did in-depth plans which we submitted to the department on what our requirements were.

JUDGE: How long ago was this one ...[inaudible]

DR ZAAIMAN: I am not sure probably 18 months ago around there, I am not sure.

JUDGE: ...[inaudible]

5 DR ZAAIMAN: We have not received anything.

JUDGE: What was the plan as to how much the fund was to take?

DR ZAAIMAN: Chair there is a circular around those which we have received from the department so unfortunately I do not have that with me but that was focussing on the eight previous disadvantaged University's  
10 and to capacitate in the system to modernise themselves and we each did a very, very comprehensive submissions to the department for a specific allocation of those.

JUDGE: What percentage was the University intended to receive?

DR ZAAIMAN: Well we have not had final feedback from them, the  
15 amounts that I have given you those are the amounts that were in our submission to them of what our requirements would be.

JUDGE: Was this to be an ongoing fund out of which amounts would be paid from time to time or was it to be a fund which was to be distributed ...[inaudible]

20 DR ZAAIMAN: Chair this was an amount to be paid annually to eight higher education institutions, of these eight institutions for a period of five years, a certain amount per annum.

JUDGE: ...[inaudible]

DR ZAAIMAN: No not brick and mortar at all but to really ensure that we

get the institutions to run smoothly and be appropriately equipped as far as systems and processes and policies and so on was concerned.

JUDGE: So it was not for staff remuneration or employment of staff?

DR ZAAIMAN: On some of those we had asked them to assist us with  
5 those and eventually then the University will take or the responsibility for salaries but the requirement from the department was only in exceptional cases where we can submit a very, very strong motivation can we include staff.

JUDGE: So this was to be an earmarked ...[inaudible]

10 DR ZAAIMAN: Yes.

JUDGE: I see thank you.

COMMISSIONER ALLY: ...[inaudible]

DR ZAAIMAN: Sorry, ja those are the amounts we have requested for them bullet number 3 on this particular slide, so it is between R40 and  
15 R60 million per annum for Univen that we have requested from them.

ADV. K. PILLAY SC: Dr Zaiman sorry before we go back to the presentation may I ask you about the 300 million DBSA loan, can we just get a sense of what funding assumptions were made at the time that the loan was sought and granted and how the different scenarios, the  
20 Tortoise Scenario, the Impala Scenario and the Cheetah Scenario will affect the repayment of the loan.

DR ZAAIMAN: Thank you very much for that. The project is a fixed cost contract and the submission that we have made both to the Department of Higher Education and to DBSA and the cash flow scenario that we



have developed was that the student accommodation fees ...[inaudible] will be sufficient to pay for the payback to DBSA, the only additional costs that we were unable to pay from the student fees will be probably the utilities but the student fees will be sufficient to pay for the payback.

5 ADV. K. PILLAY SC: So in a scenario where fees must fall includes student accommodation fees that will affect the University's repayment or ability to repay the loan?

DR ZAAIMAN: It will definitely impact that because when we did the calculations at the time we have factored in what the residence fees will  
10 be at the time of us opening the residences yes.

JUDGE: Speaking again for myself I have not had the opportunity to study ...[inaudible]

ADV. K. PILLAY SC: We are looking closely at the funding of institutions in set 3 Chairperson so we will ensure that the University of Venda is  
15 one of the University's we look at during set 3 because I think that the funding model is quite an interesting one and one we should pay attention to.

DR ZAAIMAN: Thank you Judge. And then the second category is restructuring, we are of the opinion that all University's must finalise  
20 scenarios and its impact that all University's should present impact analysis, possible rationalisation plans such as closing of departments, retrenchment of staff if necessary. All the University's to present austerity measures, I mean you can talk about zero percent increase but it is very important what are University's doing from their side to make a  
25 contribution to this dilemma that we sit ourselves in.

Across the business of the University's and that University we are going to start with a fundamental transformation and rationalisation plan and we also will start with regional discussions between business and University's on increasing internships, bursaries, tax breaks and so  
5 on. I had an interesting discussion with the CEO of EOH they are taking, per annum they are taking 400 interns, 10 percent interns of their total staff number and the comment that he has made, if every institution in South Africa takes in 10 percent of their staff numbers as interns we resolve the youth unemployment problem tomorrow.

10 JUDGE: EOH is a private hospital group is it not?

DR ZAAIMAN: EOH is a private listed company ja. Our SRC is fully involved in deliberations and recommendations including monitoring of quality and teaching and all need to do this so they were fully involved in also this particular deliberation, they from time to time obviously do not  
15 agree with us on certain issues but we have a way of, a very mature way of engaging with them. We also think that one thing that we need to consider is to obtain agreement from D-head that we may utilise interest that we have on investments, earmarked investments at the discretion of the University without prior permission from the head as long as it  
20 remains within the earmarked objectives, for example that we can use the interest for infrastructure, for new infrastructure or efficiency funding for efficiency projects.

And then finally one thing which we have not done much before is we are now really creating some very active alumnae chapters both  
25 specific chapters per school and then also regional alumnae chapters. A

couple of weeks ago we launched the environmental sciences chapter in Burgerspark Hotel in Pretoria and we had more than 100 environmental sciences alumnae there and this is very encouraging for us, we did not have the privilege like many of the established University's to create  
5 strong alumnae chapters and we are very encouraged in the direction this is now moving.

COMMISSIONER KHUMALO: On that, I wanted to check on the borrowings, is the 100M the only one or is there a large commitment on what has been borrowed?

10 DR ZAIMAN: That is the only loan that we have, we also do not have a bank overdraft and we have no other loans, this is the R300 million loan from DBSA is the only loan that we have. Then we also think that University's, like in particular in our case, we have got lots of loose pieces of land registered in the name of the University that we maybe be  
15 allowed University's to dispose of unused land if there is no plan to use it in future. Then as far as NSFAS is concerned, we feel strongly that any students who qualify for financial aid through NSFAS and chooses to study at the University, in the past they were requested and that was very strong from our students as well not to exclude them due to  
20 insufficient funds so there were students that were allowed but it is difficult then to get the funding for them eventually.

The one thing which concerns us is that during CFO's conference recently between the CFO's of all the University's they have been informed that NSFAS wants to give funds directly to students from  
25 2017/2018, they must then pay the institution the tuition and residence

fees and our view was this will be a disastrous decision because University's, in the past tuition and residence fees were paid directly to University's and this would be a very, very concerning decision for us. And then ...[intervenes]

5 COMMISSIONER ALLY: Sorry when you say disastrous, is it disastrous because you do not have control over it or is disastrous that you will not be able to recover from the student, why exactly do you think it is disastrous?

DR ZAIMAN: Chair it is going to be very difficult to recover that from  
10 the students and I mean we even had a discussion around this with our SRC and they say we will struggle to get the students out of Mall of Africa when they get huge amounts of monies paid into their accounts so we just feel that we need to be very careful in taking a decision like this.

COMMISSIONER KHUMALO: Sorry, is the proposal that students be  
15 paid directly to their personal accounts or was it their costs are paid directly?

DR ZAIMAN: I think the way that, we have been part of the pilot project and I think that what we think what worked very well was that book allowances, food allowances paid directly to the student but tuition and  
20 residence fees paid directly to the University, we think that is the way that it should be.

JUDGE: May I just ask, there has been some evidence before the commission that there has been difficulty in recovering ...[intervenes]

ADV. K. PILLAY SC: Chairperson may I request that you use the roving  
25 mic because it will not be recorded unfortunately.

JUDGE: Can you hear me now, no. There has been some evidence that payments from NSFAS have been ...[inaudible] have you experienced any problems like that?

DR ZAAIMAN: Chair I must say that our relationship with NSFAS has  
5 been a very strong one, we have been one of the pilot projects and we have, our communication with them has been exceptionally good, if we have a problem with them we put a team on an aircraft and we fly down to Cape Town and go and sort it out so on that score we actually had a very good relationship with NSFAS and we cannot complain too much  
10 about the way that they have done their bit I mean we communicate with them 20:00, 21:00, 22:00 at night and they respond and I think they have limited staff but those staff that are there and that deal with us we think they really try their level best to deal with issues. And obviously during the pilot project there were lots of teething trouble but every year goes  
15 much better than the previous one.

JUDGE: Thank you.

DR ZAAIMAN: Chair the other thing is that we feel that you know students gets allocated NSFAS loans but then they also get a bursary and the current arrangement from NSFAS is that if there is then such  
20 funds which means that there is then a surplus building up it must be repaid to NSFAS and NSFAS then distribute it to other University's as well. That has caused a major issue between us and our students as well because we feel that if some of our students get bursaries, instead of repaying the amounts to NSFAS that we be allowed to reallocate  
25 those to deserving other students at that particular institution because

the feel was very strongly that allocations were made to a particular institution as well and it is very difficult especially for rural University like us with so many deserving students that we have to return funding to NSFAS.

5 JUDGE: Can I just understand the procedure, NSFAS will fund the students in the course of the year that he is studying, at the end of the year he will either pass the year or graduate and may receive some sort of bursary in consequence is that right?

DR ZAIMAN: What happens Chair is for instance in that particular year  
10 I am a first year student but I have applied for a number of bursaries as well and NSFAS has given me an undertaking they will fund me so I sign the agreements with NSFAS they have paid me then it comes through that Eskom will pay my bursary and so on and Eskom then pays and that amount must be repaid to NSFAS and what has happened in the past is  
15 some of the bursaries you get your studies might be R55 000-00 and the bursary you will get is let us say R30 000-00, NSFAS has allowed us to use the top up in other words to cover the full cost of the student but the amount that they receive on bursaries we must repay back to them and we just feel that especially HDI University's we should be allowed to, that  
20 that monies, recommend to them that they be given to other deserving students.

JUDGE: Alright that I University's but what happens when NSFAS has a scheme to convert loans into bursaries, does that not happen after the money has been paid to you?

25 DR ZAIMAN: I do not quite un.

JUDGE: Well I understand Professor that NSFAS has a scheme whereby a deserving students, let us assume that the deserving student is somebody who has passed his required number of subjects.

DR ZAAIMAN: That is correct ja.

5 JUDGE: Has his liability or fees either written off ...[inaudible] now would that money not have already been paid to you in respect of that student?

DR ZAAIMAN: Yes.

JUDGE: Would you not then have to refund it to NSFAS?

DR ZAAIMAN: Ja no that is correct so it is, the whole issue is to prevent  
10 double dipping, that a student do not get doubly paid for an amount that they do not deserve, so that we only get the funding that we require and anything that is paid over and above what the student have to pay must be returned to them.

JUDGE: Thank you.

15 DR ZAAIMAN: Chair then the other one is we feel that provincial government should be more involved in guaranteeing more bursaries for deserving students in a number of categories based obviously on the national skills demand and then that we also be given the latitude to manage the allocated funds to suit our unique student needs and the  
20 important thing is that we prioritise registration and tuition fees and only then look at a book and meal allowances. Our arrangement with NSFAS is where they do not decide up front on book and meal allowances we try to assist as many students as possible with registration and tuition fees and then at a later stage we discuss with them and they say okay make  
25 this allowance after we also deliberate with our SRC, make this

allowance for books and meals which they then agree and we are concerned that if they received direct applications and allocate book and meal allowances that it can make life difficult that we can support less students on campus if they give for example generous book and meal allowances.

Many a time the idea was if you discuss with some students they say registration and tuition fees and residence fees are the key issues. In many cases family can assist with books and meal allowances and so on, some of our students have come up with suggestions of that nature so that we can assist more students but a number of students do not like that idea.

ADV. K. PILLAY SC: Can I just get a sense of what it is that you mean Dr Zaaiman, so in other words if a student qualifies for NSFAS funding, gets funded, it does not necessarily mean on what you are proposing that their meal and book allowances will be covered?

DR ZAAIMAN: This was just a general discussion which has not been accepted by our SRC but what we do with them is we jointly with them agree what is sustainable, what is the minimum that students can get along as far as book and meal allowances are concerned and once we have got agreement with them we let NSFAS know. So we think if that is going to be determined outside of the University those might increase drastically which just means that we can support less students.

ADV. K. PILLAY SC: But it might also mean that there are students on NS Funding in other institutions which get higher book and meal allowances than the students at your institution.



DR ZAAIMAN: That is correct that is the current situation as well.

JUDGE: Meal allowance, does that imply that the student is, the student that lives on campus or is a meal allowance something that is made available in residence ...[inaudible]

5 DR ZAAIMAN: No the meal allowances are made for students in residences ja.

JUDGE: So there are no meal allowances for students who live off campus?

DR ZAAIMAN: Ja, remember they all have these S-bucks cards that  
10 mean that they utilise these S-bucks cards, they get allocated funds on those cards and then ...[intervenes]

JUDGE: Allocated by who?

DR ZAAIMAN: Those S-bucks are also managed by NSFAS so all of them have got cards and there are certain approved outlets that they can  
15 utilise those cards for food and so on.

JUDGE: What percentage of your students live off campus?

DR ZAAIMAN: Chairperson we have got close to 15 000 students and currently we have got 2400 beds on campus which will obviously increase significantly as we move along, we are going to double that to  
20 about 5000 so I think that is basically the answer.

COMMISSIONER KHUMALO: Prof just on the latitude that you ...[inaudible] could be given latitude, what would be the ideal system then?

DR ZAAIMAN: I think the ideal system for us is that the latitude that we

keep on doing it in the way that we do it currently. That we and NSFAS agree on the registration fee, the tuition fee and the residence fee and then at a later stage depending on how much money is left we agree after our consultations with the SRC on book and meal allowances  
5 instead of that we predetermined up front so that is the sort of latitude that we would require.

JUDGE: I take it there are a large number of students who would if there was availability reside on campus but who come from outside areas and who could find some sort of accommodation in the area is that right?

10 DR ZAIMAN: Chair that is correct, there is a large number of private residences going up, student residences in the vicinity of Thohoyandou and we have a formal process of accreditation of those so if there is a proper certificate of occupancy there is a whole team that go and investigate those residences before they are formally accredited and  
15 even other entities come to us and if there is a direct contract between the student and a boarding house and something like that we can enter into an agreement with them that we pay them the residence fees directly with the permission of the student and that has happened up to now. So for those who are accredited and even those who are not  
20 accredited we come to an agreement and we pay them directly on a monthly basis.

JUDGE: So in fact the University runs an account for every student which is not just a freeze account but it may be one which results in debits on all sorts of subjects?

25 DR ZAIMAN: That is correct.

JUDGE: I see thank you.

DR ZAIMAN: Chair then the other thing which we think if we look at the tremendous pressure that there is on higher education moving forward that there should be more freedom I think for University's for one to  
5 virtual online learning to off campus students to relieve the pressure for on campus lecturing and to assist in the massification of higher education teaching and learning and NSFAS funding to incentivise throughput and announce quality, academic quality and also assist in this regard and we just feel that NSFAS funding should not perpetuate  
10 sectoral inequality and then finally SARS should assist us with household income data for perspective NSFAS students which is also an important facet.

COMMISSIONER KHUMALO: Sorry just on that, sectoral inequality, what would that be in this context?

15 DR ZAIMAN: In this particular context we feel it is important that the sectoral inequality would be on the softer sciences versus the hard sciences and that we do not focus on specific sciences only and that we really be supporting them across the board.

JUDGE: Why, why do you take that line, why should there not be skills  
20 which require support more greater than others.

COMMISSIONER KHUMALO: Judge I just wanted to find out what is the current situation, what is the NSFAS requirement in this sectoral division in allocation?

DR ZAIMAN: Well NSFAS is not prescribing anything they currently  
25 fund everybody and I think what we just want to do is to make sure that

that does not change.

JUDGE: What is your objection to sectoral inequality?

DR ZAAIMAN: Well if you look at the area where our students come from and it is a matter of access as well that we need to assist and  
5 obviously the sectoral inequality we look at our various schools and the capacity that we have in the various schools and we would like to, all of those students to be assisted equally.

JUDGE: No I understand that but if there is a shortage of money and you have to prioritise is it not a reasonable thing that the money should  
10 go towards the scarcer skills?

DR ZAAIMAN: That is true ja.

JUDGE: You say here that you should prioritise registration and tuition fees, we have had quite a number of submissions which h are to the effect that registration fees should be abolished altogether what is your  
15 comment on that?

DR ZAAIMAN: Chair we do not think that it should be abolished altogether for the mere fact that students apply to a variety of University's starting off with but I think if you look at the registration fees at the 26 University's in South Africa there is a vast different in the  
20 amounts of registration fees and ours is about R4500-00 and we feel it is very important that a student must show commitment by paying the registration fees. We do have a committee for example which we had this year, as far as registration fees are concerned, comprising of students and under the leadership of our director student affairs and  
25 students can come and make submissions to that particular committee

and they do a full investigation on affordability and whether there are real reasons that this student is not able to pay registration fees and that is then considered and approved by executive management but the rest of our students we insist that they pay the R4500-00, we just feel it is a  
5 show of commitment.

JUDGE: Now the registration fee is, I take it, is taken up into the final fee analysis, in other words if a student has to pay R10 000-00 per year and to pay R4500-00 for registration the one will be attributed to the other?

10 DR ZAIMAN: Ja that is correct.

JUDGE: Now it has been said that application fees should not be paid, do you enforce application fees?

DR ZAIMAN: We have an application fee it is only R100-00.

JUDGE: Why, why do you have an application fee, it may sound silly but  
15 the students do not seem to like the application fee and they say they do not recover it if they do not, if they are not accepted?

PROF. NESAMVUNI: ...[inaudible] but what we have done so far is to reduce it substantially to R100-00 but I think we are moving towards central application system where the fees I think will be determined at a  
20 sectoral level and it may be scrapped totally but that is the current status.

JUDGE: Thank you.

ADV. K. PILLAY SC: Professor Nesamvuni I am sorry I just needed you to put yourself on record so that when we read the transcript we are able

to identify the voices.

PROF. NESAMVUNI: Yes my name is Edward Nesamvuni I am the University registrar.

JUDGE: The fee, the application fee is not presently recoverable if you  
5 are not registered as a student is it?

PROF. NESAMVUNI: Yes.

JUDGE: Yes it is not.

PROF. NESAMVUNI: It is not.

JUDGE: Yes thank you.

10 COMMISSIONER KHUMALO: Does then the surplus, if say it is R100-00 and you have got 100 000 applications you taking 10's you know, so does the surplus become part of your operational budget?

COMMISSIONER KHUMALO: Thank you next one.

JUDGE: It is a question.

15 DR ZAIMAN: Oh, it is part of the operational budget yes.

JUDGE: Professor is that the sum of your presentation?

DR ZAIMAN: Thank you Judge that concludes our presentation.

JUDGE: Has the evidence leaders any further questions?

ADV. K. PILLAY SC: Nothing further for the Univen Chairperson, I just  
20 wanted to indicate that we do have students from Univen who would like to address the commission. We have got the President of the SRC Miss Mashudu Ntulani and we have got Miss Nxalti Maswanganyi who is a member of the SRC finance. Now the reason why we are treating the Univen students slightly differently you will recall that we have not heard

from any of the SRC's per say is because generally SAUS represents most of the SRC's, Univen is one of the University's where the SRC is not represented by SAUS and for that reason we thought that it would be important to hear from the student, the SRC of Univen.

5 JUDGE: Yes, is it something to which you feel that the University should respond?

ADV. K. PILLAY SC: I believe not Chairperson, as I understand it the presentation which we have been taken through is a collaborative product between the University and the SRC, Dr Zaaiman you will  
10 correct me if I am wrong, but I understood it to be a joint product.

DR ZAAIMAN: Chair thank you very much. Ja we have worked extensively on this particular one, the students obviously would not agree with an 8 percent or a 6 percent and so on but we have got a very able SRC President and I think if you would be willing to just give her to  
15 say a few words we would welcome that.

JUDGE: ...[inaudible] we welcome her input, yes thank you. Miss Pillay do you wish to start with President of the SRC?

ADV. K. PILLAY SC: That is correct Chair it is Miss Mashudu Ntulani.

JUDGE: Could you spell the surname please, do you have a  
20 microphone?

MISS NTULANI: Thank you very much and good morning to everyone, my name is Mashudu Ntulani the SRC President University of Venda. I will start by giving you a short brief story about NSFAS. I heard you guys talking about how NSFAS is operating and how is it covering us as  
25 students because NSFAS is our main founder at the University of Venda.

Look at that we are having a Limpopo government which is not supporting us at all, you will find a student being funded by for example when the municipality but the funding cannot even cover everything where it results to students to end up sleeping in classroom where our  
5 management has to intervene and raise funds for the students.

It is a fact that without funds the University will not run at all and it will end up closing down and you must all remember that majority of the students from the University of Venda come from the deep rural areas where we cannot afford to go and study outside our province. As  
10 students we are very poor, the state must fund a solution to fund our University's especially the HDI's University's. NSFAS has to fund everyone I am happy because I saw officials from NSFAS if I am not mistaken, all NSFAS should be able to fund everyone who is deserving regardless of anything because at our University it is not funding  
15 everyone including the students living with disabilities and it is a big challenge because when you go to University as a black child you are expecting to change the situation at home.

NSFAS must have a better way to recover money from those students who are now working in order to fund us who are at University,  
20 we do not want to hear yes we have received your application but there is no funds, whose fault is it, it is not my fault as a student. With majority of students at our University coming from rural areas yes we know we cannot afford to pay that is why we are saying zero percent fee increment. If ever the government is announcing 8 percent it means the  
25 government should be the one that is paying our University's that 8



percent for our University's to run but as a black child I do not have that money.

And maybe to give you another short breach story about S-bucks, I heard Chairperson of the session asking about S-bucks, to tell  
5 you S-bucks is not doing any justice to us especially historically disadvantaged University's. Firstly there is a lot of fraud under S-bucks, I am a student living with disabilities, I have got other colleagues that are also living with disabilities who are fully blind, you go to Shoprite or any retail store wanting to buy food you have to exchange that pin using your  
10 phone, when you are totally blind you will have to ask your colleagues to assist you where others end up stealing your phone number and your pin and once that person has that they can access your S-bucks voucher at any time.

The book allowance it is not enough at all, imagine if I am a  
15 nursing student doing third year, there is a maths and science book which is R3000-00 and yet I am receiving R1200-00 for the whole year ...[intervenes]

COMMISSIONER ALLY: Sorry Miss Ntulani, I never heard you correctly, S-bucks can you just explain what that is?

20 MISS NTULANI: S-bucks it is a voucher where we get our food and book allowance.

JUDGE: From NSFAS.

MISS NTULANI: From NSFAS.

COMMISSIONER ALLY: From NSFAS.

MISS NTULANI: Yes.

COMMISSIONER ALLY: It is a voucher provided by NSFAS.

MISS NTULANI: Yes.

COMMISSIONER ALLY: Thank you.

5 MISS NTULANI: There are students that are using NSFAS the reason  
why we are saying we want fees to fall, there are students that are using  
NSFAS but not receiving any food voucher or book allowance. There are  
students living with disabilities that are not getting the assistant devices,  
imagine those who are having hearing problems, you need to buy  
10 expensive machines like hearing domino [?] where am I going to get that  
money to buy that machine, so I am saying the government should put or  
stretch their hand to put more funding into our University's. To tell you  
the truth our University is trying so, so much. I remember when we had  
a student who came from high school without any wheelchair, that  
15 student used to be carried to the classroom with a towel but our  
University management made sure that we get a wheelchair.

They used to bother NSFAS everyday so imagine if we continue  
with the fee increment, it means majority of us should go back at home  
and who is going to change the situations from the family's that we come  
20 from. I will allow my colleague to also share with you something thank  
you.

MISS MASWANGANYI: Morning my name is Nxalti Maswanganyi SRC  
member and Minister of Finance.

JUDGE: I am sorry will you please spell your names so that we can get  
25 it clear?

MISS MASWANGANYI: It is NXALTI.

JUDGE: And your surname?

MISS MASWANGANYI: MASWANGANYI.

JUDGE: Yes, yes Miss Maswanganyi.

5 MISS MASWANGANYI: Yes.

JUDGE: What would you like to tell us, what is your position?

MISS MASWANGANYI: I think NSFAS should fund disadvantaged  
...[intervenes]

JUDGE: Sorry officially do you have some position in the student body?

10 MISS MASWANGANYI: Yes SRC member, Minister of Finance.

JUDGE: Yes thank you.

MISS MASWANGANYI: And bursaries.

JUDGE: Yes.

MISS MASWANGANYI: Yes as I was saying NSFAS should fund  
15 disadvantaged and rural University's like our University, University of  
Venda. NSFAS is not helping because in our University ...[inaudible] 57  
percent and 43 percent of students are not being funded so from the  
statistics that I have is that out of 15 000 NSFAS has 6823 and then one  
other thing is that in 2013 backwards when I came to the University we  
20 used to apply NSFAS manually and then in 2014 they changed that  
students should apply online and since they came with that system  
NSFAS is rejecting almost each and every student so I think that NSFAS  
should go back to its old ways whereby students should come and apply  
at NSFAS manually because I think this is the best way.

In those years they have funded many students compared to now whereby students have to apply online because you have to scan your documents, you are not sure whether it has the NSFAS officials there or those who work for NSFAS has received your documents or not  
5 so by, in 2013 backwards we used to go and give them straight, they will tell you something is missing, an affidavit is missing go and write an affidavit so now you just scan it, you are not even sure whether it is going, whether it has reached there at NSFAS, so that is all that I wanted to say thank you.

10 COMMISSIONER KHUMALO: On those issues how would you think would help, what system would help, do you think we should go back to the manual system or is there any other mechanism you guys have thought of?

MISS MASWANGANYI: I think now two weeks back we attended a  
15 meeting with NSFAS and we were told that Mandla will be the one who will be in charge of the new system, the new student centric model so I think things will be easier because I have worked with him to make sure that our students are being assisted so if ever indeed he is the one who is going to be in charge things will be easier and normal.

20 JUDGE: Well you may know Mandla but we do not know Mandla, who is Mandla?

MISS MASWANGANYI: He is the new guy at NSFAS who is going to work with students living with disabilities and also assisting all students. I remember when I was struggling with the issues of assistive devices  
25 like magnifiers for students living with disabilities I used to contact him

straight and other NSFAS officials so he was really helping but to tell you the truth if we go back to the system where University's are in charge we apply the University and also our money because I do not agree with the fact of saying our money should be deposited in our accounts, yes we  
5 are adults we can manage funds but allow our University's to manage our tuition fees so and our residence fee money so but there can be transparency.

JUDGE: Now can you tell me, does NSFAS have an office on every campus?

10 MISS MASWANGANYI: Yes they do.

JUDGE: They do, so Mandla for example would be in the office on the campus?

MISS MASWANGANYI: No it is financial aid.

JUDGE: Sorry I do not understand that.

15 MISS MASWANGANYI: The people who are at campus it is financial aid which is being paid by the University, we do not have any NSFAS official, our financial aid, they are the ones who are working with NSFAS. If I have applied and NSFAS is not responding me our financial aid, they are the ones that call NSFAS to make sure that I get that funding that is why  
20 we are saying they should continue doing the great work that they are doing. They can give me my meal allowance and my book allowance but when it comes to tuition fee and residence allow our University to manage those funds for us because what if I get R65 000-00 from NSFAS and I have to pay R45 000-00 it means the R15 000-00 has to go  
25 my pocket while there is a student who is not having any funding so a

student has to drop out at the end of the day and go back to the rural villages of Gogogo so it is not going to be fair at all.

JUDGE: Well that makes sense but I assume there must also be students who would fall into the temptations of ...[inaudible] as well and  
5 would spend the money rather than pay it to the University.

MISS MASWANGANYI: Ja that is where you will see a lot of us at Mall of Africa, the new Thabane Mall in Sandton.

ADV. K. PILLAY SC: May I just ask you about your position on fees, on zero percent, on 6 percent and on 8 percent because I just want to get to  
10 the principle underlying your position. Are you saying that there should not be fees or even a fee increment in respect of poor students or in respect of all students irrespective of whether they are rich or poor?

MISS MASWANGANYI: In respect of all students because I might come from a family that when others look at it they say my family is rich and  
15 only to find out that my father is earning R30 000-00 but take home at the end of the day is R1500-00 and he is having four kids that are studying in different University's that is why we want NSFAS to also connect with SARS and Home Affairs because you find that a student that is having money some of them they even come to University's with  
20 cars you find that they are using NSFAS and someone whom the parents are not even working at all or they are working at the markets of Chaukuma is not having any funding.

ADV. K. PILLAY SC: But apart from the implementation of how you manage the means test to ensure that there is no fraud, just as a matter  
25 of principle should rich, let us pitch it at the level of rich, should rich

students whose parents can afford to pay for tuition fees, should they be required to pay fees, should there be fee increments in relation to them or are you saying even those who can afford, let us say they are extremely rich, the children of ministers, premiers etcetera, should those  
5 people be required to pay fees?

MISS MASWANGANYI: Unfortunately I am speaking on the behalf of my University, we do not have students whom their fathers are ministers or premiers, everyone from the University of Venda it is either you are middle class, when we say middle class your father is a teacher or your  
10 mother is a nurse, we do not have so that is why we are saying zero percent fee increase for everyone.

JUDGE: But there must be affluent businessmen whose children come to the University of Venda?

MISS MASWANGANYI: The University of Venda not anyone we know  
15 of, remember in the beginning of the year when we agreed to zero percent fee increase there were those students that were not funded since 2014 who were promised that yes you qualify for the funding but right now we do not have any funding and as the SRC we made sure that we agree with our management that we want those students to  
20 register regardless of anything so we also had students that were middle class who were coming to us asking that they do not have money and also want to register for the University so we know our students, we know everything about our University, our management they have never hidden anything from us starting from student affairs registrar to top  
25 management, we know everything including the finances of our

University that is why we are saying zero percent increase but the government should give our University 8 percent.

ADV. K. PILLAY SC: Okay but when this commission is looking at the issues of course we are looking at it beyond the interest of just Univen  
5 so we are looking at all of the institutions across the country so if you can just for a second contemplate that there are University's that have students who are incredibly wealthy alright and the question is should those very wealthy students and I mean when I said to you ministers and premiers, those are not by any stretch of the imagination the richest  
10 persons in our communities there are those that are far wealthier than the ministers and premiers, should those children, should children of very wealthy people be required to pay fees?

COMMISSIONER KHUMALO: Yes they should pay, I was going to suggest commissioner that if it is something they have never thought  
15 about because of the situation they are at if they could present it to us afterwards once they have put their minds to it and maybe just give suggestions to the commission on what would be the ideal situation where we have got extremely, we see Venda is a developing city, Thohoyandou so we will be getting a lot of those at Univen quite quickly,  
20 thanks.

ADV. K. PILLAY SC: Thank you commissioner we will liaise with the SRC of Univen to see if they would like to put in a supplementary submission.

JUDGE: We are also interested in your attitude to the repayment of  
25 student loans, through NSFAS or on some other basis it does not matter



but should students not have fee free education while they are at University but once they are qualified and earning a sufficient income should not some provision be made for repaying the loans and should they not be, and should it not be perhaps a portion of the whole loan rather than the whole loan, you following, do you understand. So what I am asking you is this, must any financing of any student not be one which is a recoverable finance so that the system can continue generating an income that will fund future students?

MISS NTULANI: As I said earlier on that NSFAS should come up with a system where they will know that a person is working, like immediately if I am working obvious SARS will know hat indeed Mashudu is now working but one other thing that it is really burning in my heart is that our government should find that they are giving those, the child grants, they are paying attention to buying a lot of arms as if like South Africa in two days it will be going to a war because that is where they invest a lot of money but not investing a lot of money on education and that question that my colleague answered, the one that you said we must think about it, I am saying free and quality education for all because if ever now we start saying because Nxalti comes from, Nxalti's father is a Premier there is possibility that Nxalti's father can be a Premier but he is not paying for her fees at all so it is a long way to go honourable Chair.

JUDGE: In other words it would require an investigation that every applicant find out what the person ...[inaudible] decide whether they can truly afford it or not.

25 MISS NTULANI: Yes Chair.

ADV. K. PILLAY SC: Thank you Chairperson those are our presentations before lunch.

JUDGE: Professor Zaiman and your colleagues we thank you for your work that has gone into your presentation it will be considered along with  
5 all the material ...[inaudible]

DR ZAAIMAN: Thank you so much Chair, thank you to you and the commission for affording us this opportunity and we wish you well in the conclusion of your assignments, may we be released?

JUDGE: Yes of course thank you.

10 **HEARING ADJOURNS**

**HEARING RESUMES**

ADV. K. PILLAY SC: Thank you Chair, the next presentation is by the University of Limpopo and the presenters are Professor Mokgalong who is the VC and principal of the University. We have Dr Jeffrey Mabelebele who is the registrar and Dr Abbey Ngoepe who is the director of quality  
15 assurance.

JUDGE: Thank you. Professor Mokgalong are you going to do the initial presentation?

PROF. MOKGALONG: Yes, Your Honour I will do the initial one and then my colleague the registrar will make a follow up.

20 JUDGE: Thank you well welcome to the hearing and go ahead when you are ready please.

PROF. MOKGALONG: Thanks Your Honour, I think our presentation we will outline it as follows where we will have the background and then the context and points of departure then specific responses to the

commission and conclusion, I hope it will not be dry because we restricted ourselves to the terms of reference of the commission. Now the background there, our University the University of Limpopo is situated say 30 kilometres East of Polokwane in the Limpopo province.

5 We are a medium sized University which is rural based largely doing undergraduate teaching with some pockets of research excellence in some niche areas.

We are offering a diverse range of academic and professional programs which are sort of grouped in four faculties or in four clusters  
10 which is then humanities, the health sciences, science and agriculture and then management and law, so in the main we offer a range of both formative and professional qualifications. Now just a background to the University, we are a historically disadvantaged institution ...[inaudible] people that we are not historically disadvantaged we are still  
15 disadvantaged until things have been equalised. We have been established in 1059 as part of the grand apartheid plan of separate development to cater for Sotho, Venda and Tsonga speaking people.

We are running an operational budget of R1.2 billion per annum with a staff compliment in the region of 1800 and a student population of  
20 say just over 20 000 drawn largely from the poor communities of Limpopo and Mpumalanga. Now on context points of departure our University, 70 percent of our students are supported in the main by NSFAS and maybe a small percentage of those by other bursaries so we rely a lot on the NSFAS funding and 70 to 80 percent of our students are  
25 first generation students and they will be, they will be first generation

graduates, by this I mean the first in the family.

Now the current competitive funding framework is certainly not favourable to a University like University of Limpopo because it is based on your research output grant where you funded from research  
5 generated by your masters and your doctorate students and publications. Now from our nature we do not participate quite well in there so our competitive edge there it is fairly poor. The institutional factor grant which relies on size and disadvantage, percentage of disadvantaged students enrol again there because of the size our  
10 competitive edge it is not also that rosy.

And the third income stream where you have to mobilise funds from the private sector or whatever, our location, research capability and other capabilities we do not participate that well. You will attract students from the poor socio economic background who are under prepared so  
15 academically we do spend quite some resources to bring them on par with University rigour and again because of our history we are unable to charge high fees so our fees are still sort of the lowest in the sector. Now specifically on responses to the commission I am going to give to the registrar to take us through this part of the presentation Your Honour.

20 JUDGE: Just if you would be so kind as to place your name on record Mr Registrar.

DR MABELEBELE: Thank you very much M'Lord, my name is Jeffrey Mabelebele I am the registrar of the University of Limpopo. I am just going to take over from where the VC has left off. We confined our input  
25 to the terms of reference of the commission and there were two specific

matters that were raised in the terms of reference. The first one was on the issue of feasibility of making higher education and training be free in South Africa so we are going to respond specifically to that specific issue. The second one that we are going to respond to towards the end  
5 of our presentation is on institutional independence and autonomy *vis-à-vis* financial funding model.

We have been observing in the media and public discourse some of the reasons advanced for fee free higher education and training and we have summarised them as follows, at least from media and  
10 public discourse. One is that higher education is out of reach of many poor South Africans and we subscribe to that view as well and secondly that it contributes to socio economic development therefore its expenditure should be seen as an investment rather than a cost. Thirdly that state funding for higher education has been declining, it is done per  
15 capita terms, even though there has been substantial growth in the higher education system over the years since 1994 in per capita terms that growth has not been significant and that is an issue that people have raised as one of the reasons why there should be fee free higher education and training in South Africa.

20 Fifthly that student fees as a result of gross under funding of higher education system were used to balance the books of investors, they had to be increased quite significantly to compensate for inadequate state funding, again in spite of its successes the NSFAS has failed to support all students meeting its requirements less criteria so the  
25 demand is huge, even though NSFAS was given quite a lot of resources

over the last few years it has not been able to meet the demand.

JUDGE: Are you suggesting that NSFAS turns away people who are below 120 000?

DR MABELEBELE: No I am suggesting that investees remember  
5 receive applications, we receiving applications from students who were below the threshold we will submit them on the grant that we received, in some instances we were not able to fund them, NSFAS was not able to fund them because it has a finite pot of money to fund students, that is our view.

10 JUDGE: Yes.

DR MABELEBELE: Secondly there were reasons that were advanced against fee free higher education and training still on this specific matter. The first one is that we are a developing country where inequality, poverty and unemployment unfortunately remain very high. Secondly  
15 there are over 80 million South Africa citizens who are receiving social grants and that is not in sync with the number of South Africans who are income tax paying citizens, the number is hovering around 5 million or so. There are physical pressures of huge proportion and we are operating within a very hostile global economic environment and this is  
20 also compounded by the competent socio economic demands that we have wrestle with as a country from time to time.

The system in our view is under funded annually by approximately R90 billion, even with ...[inaudible] in place this figure as most of you would know came out of the Ramaphosa report that annually  
25 the system is grossly, grossly under funded by plus minus that figure.

Expenditure on higher education is a percentage of GDP in 2012 was sitting at around 0.7 percent ...[intervenes]

JUDGE: I am sorry by under funded do you mean under funded for the existing number of students or for the potential number of students?

5 DR MABELEBELE: Under funding for the existing number of students, not just students but there are also costs related to infrastructure because as we expand there are other costs that arise Activista South Africa result of expansion. Expenditure on higher education as we have indicated is as a percentage of GDP was hovering at around 0.7 percent  
10 in 2012, again that in our view is way below that of other developing countries like Cuba and others and we have actually been informed that on the basis of submissions made already to the commission this issue was sharply raised by one of the presenters.

COMMISSIONER ALLY: Sorry just to take you back, there seems to be  
15 and I see it coming out in your presentation an assumption that higher education is only University's, is that your submission or?

DR MABELEBELE: Well this is not my submission but coming from University obviously my input will be skewed more towards investor sector but higher education and training is, includes even the Tvet  
20 college sector and other higher education providers.

COMMISSIONER ALLY: So therefore the arguments made in this presentation can also be subsumed with Tvet's am I correct?

DR MABELEBELE: Well some of them will apply to the Tvet college sector, some of them will apply to the Tvet college sector.

25 COMMISSIONER ALLY: Thank you.

DR MABELEBELE: Well people who have also raised reasons why we should not have fee free higher education system have indicated that purely on the basis of cost the state in its current form cannot afford a fee free higher education and training in South Africa. South Africa is  
5 currently struggling as most of you would know to increase its ...[indistinct] funding to 1 percent of GDP. Higher education inflation is often 3 to 4 percent higher than a normal CPI inflation. The NSFAS loan system based on recoveries has not been able to break even in years and survives largely on additional funding from the state.

10 Remember the conceptual model of NSFAS was that it will be able to recover money from students who have graduated through its support but through I mean because of a range of factors amongst other things the economy and so on it has not been able to recover as much as we had anticipated in this regard. Higher education in South Africa is  
15 both a public and a private good and that is one of the things that people have been raising against a fee free higher education and training in South Africa. Now there are few dependencies, if it were to be provided there would be a set of pre-conditions that we would like the commission to consider, the first one is that the state must provide the bulk of  
20 resources through the national Fiscas.

It is largely dependant on the extent to which the state is prepared to mobilise resources from itself to be able to fund this fee free higher education system. Again business and ...[indistinct] organisations must make a huge contribution, we are aware that as a country unlike  
25 the US and other countries a culture of giving in our country is not that



well developed like it is in other developed countries of the world. If it were to be supported our expansion and targets of the system as contained in national development plan from growing the system from just over one million students to 1.6 million students 2013 has to be  
5 moderated.

Remember there is now currently a plan that the higher education sector specifically is going to grow from its current one million students or so to 1.6 million by 2013, that has to be moderated quite significantly in the absence of a fee regime in place.

10 JUDGE: And Professor Mabelebele why do you say it has to be moderated, why did the NDP targets have to be moderated?

DR MABELEBELE: The point I am making is that in its current form with the number of students that we have currently in our system we are not in a position to fund all of them even with the fee regime in place so if  
15 you take out the fee regime it means all other resources have to come from the state and perhaps a big part of it from private sector and therefore you have to significantly increase your contribution to be able to fund that growth because that growth was based on assumption that a fee structure would be in place for the foreseeable future.

20 Expansion and targets of the Tvet college sector also, the Tvet college sector is meant to grow in my recollection from its current about 700 000 or so students to about 3 million students by 2013. Although the unit cost is much lower compared to the unit cost of higher education that is a significant number because it also impacts on the infrastructure  
25 related costs and so on.

COMMISSIONER KHUMALO: Just to disturb you sorry sir, when you referring that the assumption was that a fee structure would be in place, fee structure for the University or a general fee structure for the country?

DR MABELEBELE: No, no a student fee structure, remember students  
5 were paying fees, University's currently are funded through three sources of funding.

COMMISSIONER KHUMALO: You mean University?

DR MABELEBELE: Yes. Again there are serious implications that will have, the commission will have to grapple within concluding its work on  
10 this specific matter. Under the current circumstances if evidence that is before us is anything to go by there are serious implications that will have to consider if we were to indeed adopt a higher education and training, a fee free higher education and training in South Africa. One is that the system is likely to be grossly, grossly under funded and that will  
15 lead to poor quality of provisioning across the board. Secondly the University system will contract as in order to adapt to that particular under funding University's will have to come with creative ways of containing their costs and therefore retrenchments of staff and decreasing of student enrolments could not be ruled out as possible  
20 options in this regard.

Teaching and research outputs are likely to decline and the beneficiaries of such a policy or such an arrangement are going to be the leads because majority of them are able to afford the cost of higher education and training in South Africa for their children. Business also  
25 as a beneficiary will end up disinvesting the higher education system and

the current higher education budget will have to increase as we have said before significantly over the years accounting also for the higher education inflation that we spoke about.

ADV. K. PILLAY SC: Sorry Prof I am sorry to interrupt you, can I just ask  
5 you going back to your third point, why would research outputs decline if there is fee free higher education?

DR MABELEBELE: I am saying if you follow the argument that we are making here we are saying that if your investees are grossly under funded, grossly under funded as a result of fee free higher education and  
10 training, adequate resources to support their core businesses and operations and research and teaching are basically our core business. If we do not have adequate resources we will not be able to attract for instance good academics we will not be able to improve and renovate our teaching facilities, we will not be able to buy expensive research  
15 equipment for instance so all of those factors could in the ultimate end lead to a decline in our teaching and research outputs.

ADV. K. PILLAY SC: But that must mean that you will not have an increase in your output but that you should be able to maintain your research output?

20 DR MABELEBELE: We should be able to?

ADV. K. PILLAY SC: Be able to maintain your research output if fees fall, at least?

DR MABELEBELE: I do not think so, I do not think we will be able to maintain our research outputs if they were to fall. If they were to fall and  
25 we are subsidised, we are given an allocation by the state in lieu of the

fallen fees, yes in lieu of the fallen fees then yes we can perhaps maintain what we have but remember University's have plans and our plans is to grow research in specific areas, is to improve our throughput rate in specific areas and so on so if we are not adequately funded for  
5 that then certainly there are going to be implications and teaching and research are going to be casualties in our view.

Our global competitiveness as a system is also going to be adversely affected, currently our system is related as one of the best at least in Africa so if we were to tamper with its current arrangement we  
10 are likely to have serious implications. On the basis of the background we have sketched above Activista South Africa University we arrived at a position that we should perhaps reinforce and reaffirm a view that higher education is indeed a public and a private good, the benefit that accrue to a student or the benefits of higher education accrue both to the public  
15 and also to the student as a private individual and therefore ...[intervenes]

COMMISSIONER KHUMALO: Sorry Prof just on that you have just referred to it as a good, we have had presentations to the effect of education being commodified, where is your sentiment on that, are you  
20 confirming that?

DR MABELEBELE: Well we are mentioning the word good here in the social justice sense, we are not talking about it as a commodity, we are saying that higher education when attained by specific individual generate benefits for the country, for the public and for the individuals  
25 themselves so we are not talking in the commodification sense of the

word, we are talking the sense of each contribution to the advancement of society to human civilisation broadly and to the advancement of the world as such so good here is used in that sense.

COMMISSIONER KHUMALO: If it were to be used otherwise what  
5 would be your sentiment on commodification?

DR MABELEBELE: Well as a University we are fully aware that it will be wrong for us to see it as a commodity that has to be purchased by those who can afford that is why we are saying here that all poor but academically deserving students should be adequately funded for the  
10 higher education and studies, that point underscores our view that it should not be commodified, if there are poor students who are academically deserving they should be supported but we do not believe that students across the board should be supported fully for their higher education studies. The rich in our view should pay for their children's  
15 higher education studies in the name of social justice, I think it will be unfair for the country to treat a child of the poor and a child of the rich the same way.

Again private sector is a key beneficiary, should also be incentivised to put more towards higher education either through tax  
20 breaks, tax incentives and other forms of arrangement must be put in place to ensure that the private sector is mobilised to contribute as much as it can.

ADV. K. PILLAY SC: Sorry Prof if I may ask you a question, if you see higher education as both a public and a private good, does that mean  
25 that the state should contribute towards the cost of a rich child's

education as well?

DR MABELEBELE: Well the point we are making is that yes the state must make some contribution, higher education must be subsidised, must be state subsidised there is no doubt about that otherwise if it is not  
5 we will end up with a number of private higher education institutions all over the place. In the name of profit maximisation which is completely against the values and the spirit and the founding provisions of our own constitution so our argument is that it must be somehow subsidised but a fee ...[indistinct] must be put in place for those who can afford and the  
10 students who cannot afford at all should be supported by the current arrangements that we have in place.

JUDGE: Well let me ask you this because I want to be clear on this, the current arrangement is that NSFAS advances money which is repayable on the basis of ability to pay.

15 DR MABELEBELE: Yes.

JUDGE: Are you happy that that system should continue to apply?

DR MABELEBELE: We are happy that that system should continue to apply.

JUDGE: Can I just ask you why should the rich also not be funded on  
20 the basis that they will repay?

DR MABELEBELE: No, no it is, my honour it will be a numbers game here, if the state is going to carry everybody ...[intervenes]

JUDGE: No but the state will not be carrying anybody except on a temporary basis because all will repay who can repay.

DR MABELEBELE: Ja who can repay.

JUDGE: Yes.

DR MABELEBELE: And our observation has been that not all of those who have been supported have been able to repay, I spoke about the  
5 issue of recoveries.

JUDGE: Certainly, no I am not quarrelling with that at all, we accept that some people will not be able to repay.

DR MABELEBELE: Yes.

JUDGE: But then they will not have to repay because that is the not the  
10 NSFAS requirement, the NSFAS requirement is that if they are able to pay because they have reached a certain income level they will be required to pay, if they do not they will not, now why should that not apply to everybody, if people are going to repay what does it matter if they are rich or poor?

15 DR MABELEBELE: No my honour it is much more complicated than we are putting it because if we decide to say the children of the rich and the children of the poor must be treated equally, the assumption is that once they complete their studies they will be able to repay the loans.

JUDGE: Yes.

20 DR MABELEBELE: That assumption has not been fully tested or it has been tested but it has not been fully realised and therefore if we were to adopt that view it will be very difficult for us to justify our position that indeed higher education is both a private and a public good.

JUDGE: No I am afraid I do not understand that, the rich man just as

well as the poor man contributes to the public good and contributes to the, and it is a contribution to the private good of the individual.

DR MABELEBELE: I am going to ask my vice chancellor to try and respond.

5 JUDGE: Yes.

PROF. MOKGALONG: Well Your Honour I hear where your argument is drifting to but let us look at it this way, there is a finite pot, a finite sum which has to fund higher education in year X.

JUDGE: Yes.

10 PROF. MOKGALONG: And that money has to fund a certain number of people.

JUDGE: Yes.

PROF. MOKGALONG: Now rather than pushing money to fund the rich who can fund for themselves rather increase the base, increase the  
15 number of people especially from the poor background who can be funded and in that way we will be able to reach our targets as a nation.

JUDGE: Yes, I see what you are saying, it was just that the proposition that the rich should pay for their children's HE studies is in accordance with social justice does not seem to me to be a correct statement, the  
20 rich should pay for their children's HE studies because the state cannot afford to provide for everybody at the outset. Social justice says everybody should be treated equally rich or poor so anybody who repays, if one repays all must repay.

PROF. MOKGALONG: Your Honour I agree with that but it should be



done in an equitable manner.

JUDGE: But it does not seem to be that we are really concerned with equity, we are talking about the states ability to provide only a limited portion and to that extent you should provide first for those who need it  
5 most.

PROF. MOKGALONG: Yes.

JUDGE: Is that the, that is the argument?

PROF. MOKGALONG: That is the argument, those who need it most.

JUDGE: Alright fair enough.

10 ADV. K. PILLAY SC: Is the answer also not that rich or children from rich families are subsidised through first income stream funding in any event.

PROF. MOKGALONG: You say they are?

ADV. K. PILLAY SC: They are subsidised through first stream income, first income stream funding in any event.

15 PROF. MOKGALONG: Yes.

ADV. K. PILLAY SC: And that that this level when you dealing with NSFAS you only dealing with second income stream.

PROF. MOKGALONG: Exactly to help them with their tuition fees and that yes.

20 ADV. K. PILLAY SC: So the state is coming to the assistance of children of wealthier family's through first income streaming.

PROF. MOKGALONG: Because these are public institutions but in private institutions it is something else.

DR MABELEBELE: Thanks, thanks VC.

DR MABELEBELE: It is also our view Chair that NSFAS must be aggressively capitalised to address the demand that we spoke about. On the second issue of institutional independence and autonomy *vis-à-vis* financial funding model, it is our view that institutional independence and autonomy are like ...[indistinct] principles on which a successful higher education system is built.

JUDGE: Why is that?

DR MABELEBELE: In the absence of independence, in the absence of autonomy the institutions will end up becoming state institutions, they will lose their agility, they will lose their nimbleness to be able to do other things that they need to do.

JUDGE: Well this is a bit of a, this is a bit misleading is it not.

DR MABELEBELE: In what way.

JUDGE: Because you can become a social pauper, you can say I am perfectly independent I can walk the streets but I must call upon the state to provide me with food and education and all my means of existence but I want my autonomy, that is what the poor University's or all the University's are the same.

DR MABELEBELE: That is not what we are calling for My Honour, that is not what we are calling for.

JUDGE: No I know you are not calling for it but is that not the effect?

DR MABELEBELE: It is not the effect because we are saying here that yes give us a, support us through funding where you can as a state because all of these things are done in the name of national

development imperatives, that is what we are saying however give us room as institutions to raise money through either fees or through private donations and other related sources of funding but if we are going to rely heavily on state funding there are many examples in the state owned enterprises where institutions are built out year after year. The system of higher education in South Africa has been a shiny example of how not to fall into the trap of the current state owned enterprises, if you want to introduce that kind of a culture where all of the institutions would then have to line up before government with a ...[indistinct] then that is going to compromise completely their independence and there would be attendant consequences in the sense that once their independence has been completely eroded then the state can then dictate terms in terms of what needs to be done by those institutions and the very principle on which investees were founded were found to be undermined.

15 COMMISSIONER ALLY: But does the state not in any event dictate to you what to do with earmark grants?

DR MABELEBELE: In a limited way, we get block grant that we can do with what we want to do with it.

COMMISSIONER ALLY: Correct.

20 DR MABELEBELE: Then we get earmark grant that comes with conditions.

COMMISSIONER ALLY: So that is a condition and that condition will remain *ad infinitum* because they are providing you with that as a public good and for development is that not correct?

25 DR MABELEBELE: We are happy with that but we are saying that if all

the grants were to be earmarked for instance, if all the grants were to be earmarked for instance, if all the grants were to be earmarked theatre are receiving from the state then our independence will be completely compromised as institutions.

5 JUDGE: Well is it not a question of degree, you would be happy, you are quite happy to take whatever money the state will give you.

DR MABELEBELE: Yes.

JUDGE: But you do not want to be directed anymore than you have to be as to how you should use it.

10 DR MABELEBELE: Exactly, exactly.

PROF. MOKGALONG: As long as Your Honour we remain accountable because the key word is accountability.

JUDGE: Well I would have thought that even if you were the child of the state server say and dependent entirely upon the state you would still  
15 have to account for whatever you receive so I am not sure that the connection with accountability carries the matter any further, whatever a public institution receives it must account for whether it is dependent or it is no, whether it is autonomous or whether it is not, however I take your, I understand what you are telling me thank you.

20 COMMISSIONER KHUMALO: Just I wanted to establish public and state in this instance, the use of the words?

DR MABELEBELE: While in the higher education specifically, the ...[indistinct] used here is that at least for higher education and other public investees, these are public higher education institutions. As you

know in other parts of the world some of the investees are called state institutions.

COMMISSIONER KHUMALO: So what would be the significance in the difference in our context?

5 DR MABELEBELE: In our context here public higher education institutions as the VC has indicated does its business to advance public interest one, secondly does its business in order to or by doing its business it is also accountable to the public in terms of what it does whereas a state institution is an institution that was created by the state,  
10 curriculum for instance will have to be dictated to by the state, what we teach, who we appoint, who we admit, all of those will be dictated to by the state but in the public higher education institutions like our own we still have a leeway to make those determinations ourselves.

COMMISSIONER KHUMALO: Is there a financial moderm implication  
15 with the difference?

DR MABELEBELE: The point we are making here is that if we were to go a completely fee free route we may end up, wittingly or unwittingly, into becoming state higher education institutions.

COMMISSIONER KHUMALO: So the question is, is state HEI fee free in  
20 other countries?

DR MABELEBELE: State?

COMMISSIONER KHUMALO: I am saying you made an example of other countries so I am saying are they fee free if you are saying public you are turning the public HEI's into a state so I am asking if they are fee  
25 free the state?

DR MABELEBELE: Yes indeed, in ...[inaudible] countries where there are state institutions those state institutions are indeed fee free.

ADV. K. PILLAY SC: Professor can I just ask you a question about the point you make about institutional independence and autonomy.

5 DR MABELEBELE: Yes.

ADV. K. PILLAY SC: And you say that in the context of the fee free debate those principles should be sacristan, we have however seen instances where University's themselves yield their institutional independence and their autonomy to the state for example in the face of  
10 the fees must fall protest, when University's willingly gave up a portion of their institutional independence and autonomy in favour of the state coming in to assist with managing the protests.

PROF. MOKGALONG: No, no I think it was usebed [?] we never used it, it was usebed from us.

15 ADV. K. PILLAY SC: Maybe I can ask you VC just to explain a bit what you mean by that?

PROF. MOKGALONG: When the state made that announcement it made an announcement which was supposed to be made by institutions, fees for University's are supposed to be determined by councils of  
20 University's so the increases and everything is the prerogative of council so councils are mandated to do that so even there when that was said, that is why I say certain powers of councils were then usebed.

JUDGE: Was it not rather that there was a political decision taken and the University simply yielded to that decision, if they had wanted to stand  
25 up they could have stood up but they knew that financially they were not

able to?

PROF. MOKGALONG: No, no, no you had to balance, to play a balancing game here.

JUDGE: Yes quite.

5 PROF. MOKGALONG: Once those millions of students are told by the state no fee increment, for you to stand up in them it is like standing against a train, they will crush you and we have seen what they did at other institutions.

JUDGE: So what you are saying is you did not yield to the state but you  
10 yielded to the students?

PROF. MOKGALONG: We did not, no, no, no it is, no, no, no we had to balance that is why I say we played a balancing game.

JUDGE: Of course.

PROF. MOKGALONG: We submitted to the state out of respect Your  
15 Honour but we had, we knew that if we were to stand up now we are going to stand against the state and the students.

JUDGE: Oh I see so you yielded to the state so that you would not have to yield to the students?

PROF. MOKGALONG: No, no, no we yielded to both.

20 JUDGE: Okay, alright. Yes thank you.

DR MABELEBELE: Thank you very much. Yes we have covered that point and remember in the system currently there were some warning signals that had some implications on the autonomy of institutions that we had to deal with, one of them was the amendment to the Higher

Education Act in 2012 as most of you would know there were some issues raised around the powers given to the person of the minister in relation to what he can do, he or she can do and there are current amendments now before parliament that aimed at among other things moderating some of the powers that were given to the Minister previously.

The transformation oversight committee was established in 2013 again to advise the minister on transformation matters taking place in University's we now grappling with reporting regulations for public higher education institutions, they were introduced again in the name of strengthening public accountability which we support and we also have a central application system that is currently being conceptualised and that system is likely to come into effect around 29, so if you combine all of this developments that came about in the name of strengthening public accountability and a fee free regime that is likely to give the state a leeway to redirect things in investees then our independence will be completely lost.

And therefore our position is that a fee free higher education and training system or policy or arrangement has a potential to erode the independence and autonomy of institutions. Our unrestricted funds will decrease and earmark funding will decrease, it will create a very unhealthy relationship between investees and the state and it would bring into question sustainability of the higher education sector, particularly in relation to the quality of provisioning. In conclusion M'Lord our view is that fee free higher education and training in South Africa



currently is neither desirable nor feasible ...[intervenes]

JUDGE: No wait a minute surely what you mean is that fee free education for all is neither desirable ...[intervenes]

DR MABELEBELE: For all, yes for all yes.

5 JUDGE: So we can put in the words for all?

DR MABELEBELE: I would put in for all yes.

JUDGE: Yes thank you.

DR MABELEBELE: I agree. It would not be affordable in the medium to long term, it will benefit the elite to a larger extent. It will impact  
10 adversely on the quality of provisioning. It will hinder our envisaged growth. It will force higher education to implement cost cutting measures that may put in jeopardy the academic project. It will turn our public higher education institutions into state institutions. It will broadly undermine our independence and autonomy as University's. however  
15 we should underscore the point that a fee free higher education and training for the poor is desirable and feasible under the following conditions.

JUDGE: Stop please, desirable is an easy question to answer, feasible is the interesting thing and of course it is the whole subject of this  
20 commission.

DR MABELEBELE: Yes.

JUDGE: Now you set out conditions under which it is feasible.

DR MABELEBELE: For the poor.

JUDGE: No I take that.

DR MABELEBELE: Yes.

JUDGE: This is perhaps necessarily stated in very broad terms, it may be, on what you say here what follows it seems to me that it may be feasible for a part of the poor but not all of the poor, I do not know why  
5 you are telling me it is feasible for all the poor.

DR MABELEBELE: We are saying here in the current arrangement it is feasible for part of the poor.

JUDGE: For part of the poor.

DR MABELEBELE: In the current arrangement but we are saying that  
10 going forward.

JUDGE: Yes.

DR MABELEBELE: If this commission can make an arrangement for it to be feasible for all the poor ...[intervenes]

JUDGE: No you say it is feasible.

15 DR MABELEBELE: Yes it is feasible.

JUDGE: No that is why you say if this commission can make an arrangement but I am interested in knowing why you say it is feasible for all the poor.

DR MABELEBELE: Well it is feasible in the sense that the first point, if  
20 we get additional funding for NSFAS to address the demand it will be feasible for the poor and by the way ...[intervenes]

JUDGE: Well that depends on how much you get.

DR MABELEBELE: It depends on how much yes.

JUDGE: Yes this is why I am asking you why it is feasible.

DR MABELEBELE: Your Honour that is why we said feasible under the following conditions.

JUDGE: Yes.

DR MABELEBELE: Ja so if those conditions are met then it will be  
5 feasible yes.

JUDGE: Well it depends on how much NSFAS is recapitalised.

DR MABELEBELE: Yes.

JUDGE: Yes well how do I know it is feasible to recapitalise NSFAS sufficiently.

10 DR MABELEBELE: I missed that one.

JUDGE: How do I know, how does the commission know that it will be feasible to recapitalise NSFAS sufficiently to enable it to support all the poor?

DR MABELEBELE: It is a numbers game Your Honour we will be giving  
15 you the number of students in the country who will need NSFAS and for NSFAS to be able to cover them NSFAS should be given so much.

JUDGE: So you want to leave that over until a later stage then, the numbers, are you in a position to give us the numbers now?

DR MABELEBELE: No, no, no I am sure NSFAS has got the numbers,  
20 our colleagues from NSFAS have got the numbers of the poor students they are supporting who are under funded.

JUDGE: Yes I understand that but this is your submission that NSFAS can be sufficiently recapitalised to make this provision to enable it to support all the poor.

DR MABELEBELE: Mm.

JUDGE: Now I am just trying to understand whether you are able to tell me now why you say that or whether this is something that will be dealt with at a later stage of these hearings?

5 DR MABELEBELE: Well I suppose maybe at a later stage of the hearings but I am sure even my colleagues from NSFAS can give us the numbers there.

JUDGE: Alright.

ADV. K. PILLAY SC: And your submission for who the poor are, how do  
10 we identify who the poor students are?

DR MABELEBELE: Excuse me.

ADV. K. PILLAY SC: How do we identify poor students?

DR MABELEBELE: The means test, we will have the means test like we are having now.

15 ADV. K. PILLAY SC: And do we maintain the means test at what it is now, R120 000-00 or do you think we could increase that?

DR MABELEBELE: That is why it has to be reviewed when everything else is done, we now talking of the missing middle yes, they are above the means test but they cannot afford higher education that is why I say  
20 it is a numbers game, everything has to be reviewed there.

ADV. K. PILLAY SC: And your submission as to what the cap should be?

DR MABELEBELE: The cap for?

ADV. K. PILLAY SC: The means test.

DR MABELEBELE: Wow, not really thought of at this stage but the

figure which people are throwing around is 350, 400 but again it is doing to depend on how many dependents rely on that figure, that is why I say it is going to be a numbers game. Then again increase funding contribution from business sector to higher education institutions will  
5 have to be strengthened.

JUDGE: Do you understand contribution as a voluntary contribution or a contribution which is levied?

DR MABELEBELE: It is a contribution which is levied one, secondly a contribution that would allow business organisations to receive tax  
10 breaks, tax incentives and other related benefits to incentivise them to contribute to the funding of higher education in the country. Again we are saying here that given our location and history as an HDI, historically disadvantaged institution, and given the points that the VC raised earlier in his input we would like to call for a differentiated funding model for the  
15 University sector. A point was made around the development grant, the HDI, the historically disadvantaged institutions grant, we would like to see more of those grants being developed, funding instruments being developed for institutions like our own so that given the poor competitive edge in some areas of the funding arrangements currently we would be  
20 able to sustain our orations going forward.

JUDGE: This differentiated funding model should it be upon the basis of the requirements of the individual institutions.

DR MABELEBELE: Absolutely.

JUDGE: Or should you take all the HDI's for example and lump them  
25 together?

DR MABELEBELE: No, no it should be based on the requirements, it should be based on the requirements, their development trajectories, their projected growth, the mandate that they are also given in relation to national imperatives. If for instance we are asked to contribute to the  
5 production of say pharmacists or doctors or whatever, as a national priority we should be adequately funded for that purpose. And lastly we are calling for ...[intervenes]

ADV. K. PILLAY SC: Prof before you get to your last point may I just ask you about, we have heard twice the submission that the University of  
10 Limpopo has the lack of competitive edge in relation to research output, can I just ask why it is that the University says it has got a lack of a competitive edge in light specifically of the presentation for example by the University of Venda which has seen a sharp increase in its research output over the last few years.

15 PROF. MOKGALONG: I suppose we are comparing ourselves with others in the sector. The increases there but it is not where we would want to have it , for instance for 2015 the National Research Foundation gave the University of Limpopo an award for the most accelerated research growth so that is what it is but if you compare ourselves with  
20 UCT how much they get out of research generated funds, that is why we say we are not yet there but we are growing it.

ADV. K. PILLAY SC: So is your submission that government should eradicate that requirement in block grant funding that is dependant on research output?

25 PROF. MOKGALONG: We are not saying they should eradicate it we

say let there be differentiated funding. For those who are not yet playing in that area fund them adequately to accelerate that growth so that they can get there. And lastly we are calling here that we need to perhaps benchmark the current funding model with the funding models of other  
5 developing countries of our size, it will help a great deal to arrive at that ...[intervenes]

JUDGE: Which countries do you suggest because there are so many differences between countries and so many different conditions and within this country there are so many differing institutions, how do you  
10 propose hat such a benchmarking should work, I am not saying it cannot but I need to be instructed?

DR MABELEBELE: Well if you look at for instance let us take investees in Latin America for instance, the Latin America as a continent or a sub continent mirrors some of the development challenges that we are faced  
15 with as a country.

JUDGE: Some of them but some of them are totally different.

DR MABELEBELE: I agree, I agree.

JUDGE: I am just trying to see how you can readily benchmark such things, take Cuba for example, I know very little about Cuba and it is a  
20 University system but could you benchmark Cuba against South Africa in numbers, in capacity and in available finance, in the fuels of interest, is it benchmarkable at all, to use such a word?

DR MABELEBELE: No, no, no we are saying that, we are using benchmarking here in the two senses My Honour, firstly we are saying  
25 those that have gone through the fee free higher education route let us

benchmark against them and learn lessons from there. What is it that we were able to achieve and what are the drawbacks.

JUDGE: Well once you start with that, you take Venezuela for example and Venezuela has found that apparently that fee free education has not  
5 been a success.

DR MABELEBELE: Yes.

JUDGE: But there may be all sorts of reasons why that is so.

DR MABELEBELE: Yes.

JUDGE: And the result is they have got lots and lots of graduates but no  
10 jobs for them.

DR MABELEBELE: Yes.

JUDGE: But that is because there are all sorts of different economic conditions and socio economic conditions, can you benchmark such a situation, I do not know, if you can offer me some examples then perhaps  
15 I can, we can talk about them and consider them.

DR MABELEBELE: Well maybe what we can do, we can give, provide a supplementary input.

JUDGE: Well if you wish to that would be helpful.

DR MABELEBELE: On that specific issue.

20 JUDGE: That would be helpful if you wish to do so.

DR MABELEBELE: We can do that.

JUDGE: Alright thank you.

DR MABELEBELE: And that concludes our presentation My Honour thank you very much.



JUDGE: Thank you for the work and input that you have contributed we appreciate it. Do you want to ask any further questions?

ADV. K. PILLAY SC: None from our side Chair.

JUDGE: Commissioner Khumalo has a further question thank you.

- 5 COMMISSIONER KHUMALO: No I just wanted to check on the benchmarking, the developing countries are, maybe when you do the supplement can you just give it to us and their funding model also.

JUDGE: Thank you. May the witnesses be excused?

ADV. K. PILLAY SC: Thank you Chair.

- 10 JUDGE: Thank you very much.

**HEARING ADJOURNS**

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**DAY 5**

**COMMISSION OF INQUIRY**

**HIGHER EDUCATION AND TRAINING**

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