

Presentation to the Commission of
Inquiry into Higher Education and
Training

1 September 2016



INTRODUCTION

- This memorandum focuses on issues that affect WSU's financial sustainability and ability to provide appropriate educational services to its students
- It aims to present issues from its perspective as an HDI which hopes to be on the road to financial recovery
- We do not profess to speak on behalf of all or any other HD

DASHBOARD

Total operating costs (2016)	R1358m
Normal state subsidy	R 586m (48.7%)
Tuition fees (no 2016 increase)	R 496m (41.2%)
No fee increase compensation	R 84m (7.0%)
Other income	R 38m (3.2%)
Total	R 1 204m
•Residence fees	R 157m
• Total	R 1 361m

DASHBOARD (continued)

- Registered students 28 300
- Of the 26988 undergraduates, 24 324 (90%) applied for NSFAS funding
- 19 604 (72.6%) qualified for support.
- Approximately 25% = “missing middle”
- Majority are unlikely to afford university fees

CONTEXT

- Largest in the Eastern Cape
- Draws from poor and/or rural communities
- Traditional fee-paying model problematic
- Fees generate 48% of income
- High likelihood of bad debt

FINANCES

- Financially stressed but not as disastrous as has been portrayed
- Will contain expenditure as per budget
- Heavily reliant on Government funding
- Bad debt is a major issue

2012

R350m

2015

R156m of R434m = doubtful

FEES

- Below sector norms
- Affects operations
- Barely managed to maintain its funding of basic educational services
- Not managed to maintain buildings and infrastructure
- Not managed to provide appropriate living conditions for students

ACCOMMODATION

- 7500 beds (27.8%)
4548 WSU, 2952 Private
- Overcrowding
- Target 20 000 beds (75%)
12 500 needed
- Accommodation costs continue to rise

POLITICAL RISKS

- No-fee protests will be an annual focus area
- Protests disrupt the academic activity
- Security costs escalate. Diverted R3m from other operations to cover security costs
- Political decisions not to pay fees will impact on the Institution's debtor book

POLITICAL RISKS

- NSFAS protests – criteria
- NSFAS protests – procedures
- Insourcing pressure

PREFERRED APPROACH

- Have no view on feasibility of free education
- Current cost of tertiary education to students is too high
- Universities must always find 3rd stream funding
- Pure fee-based approach will render WSU non-viable
- Differentiated fee contribution is acceptable
- Must be coupled with strong financial support system

PREFERRED APPROACH (continued)

- Differentiated fees in sector needs to be addressed
- Three-year rolling planning model for fee setting
- Special provision for infrastructure backlogs