

## **Rhodes University submission to the Fees Commission**

- (a) The full names and contact details of the person/s or entity making the submission:

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- (b) An indication of the person and/ or entity on whose behalf the submission is being made;

This submission is being made on behalf of Rhodes University and draws on inputs from multiple stakeholders

- (c) A full list of source documents referred to in the submissions;

The list of reference documents is provided in the attachment. All documents are available in electronic versions and can be submitted on request.

- (d) An indication of the willingness of such person or institution to present oral submission to the Commission, if called upon to do so;

I, Sioux McKenna, am willing to make any oral submission as required. Other representatives of Rhodes University management, staff and students are also available for the same.

- (e) The language in which such person or institution shall prefer to make oral submission;

English

- (f) The convenient timeframe and venue on which such person or institution shall be available to present oral evidence.

We are happy to negotiate a time and venue to suit the commission for oral evidence if required.

## **Rhodes University submission to the Fees Commission**

### **1. Higher Education access as an issue of social justice**

Higher Education provides individuals with competencies and capital. University graduates leave our institutions as highly skilled individuals who have a much higher chance of attaining employment in a country

plagued by high unemployment (Cloete 2016a). Such employment is more likely to be meaningful and less repetitive, and the graduate can expect far greater promotion prospects for the duration of their careers (Cloete 2016b).

These employment effects hold the promise of social mobility for many, whereby a university qualification is the means by which a graduate can move their whole family out of poverty. It is a matter of equity that those who have demonstrated the potential to succeed in higher education should be afforded the opportunity of accessing such private benefits.

But the goods of the university are not limited to personal opportunities, extensive as these might be. Our university system is subsidized by the public purse because it is a public good that provides benefits that reach far beyond those who attain a university qualification.

Our universities contribute significantly to the knowledge base of the country, through the provision of research and the development of highly skilled graduates. In an era known as the *knowledge economy*, it can be argued that the stability and growth of a country's economy relies heavily on its ability to nurture a sizeable pool of skilled knowledge workers.

But it is not just the competencies of our graduates that benefit society at large; the actual research undertaken within universities is also a potential space of public good. While 'blue sky' research remains an important focus in pushing our disciplinary knowledge boundaries forwards, there is also much research undertaken which focuses directly on social ills, environmental concerns, and workplace problems. The research undertaken by postgraduate and even undergraduate scholars is an important contribution of universities to South African society.

The university is also a provider of public good in its potential to foster social cohesion, if students from all social groups were able to access higher education in a manner that was dignified and did not leave them with crippling debt. University education is often described in the literature as having transformative potential (Harvey and Green 1993, Harvey and Lee 2001), meaning that the graduate undergoes a qualitative change through their education. It has been argued that in South Africa, this concept of higher education as transformation takes on a form that goes beyond the changes experienced by the individual (Quinn and Boughey 2009, McKenna and Quinn 2012) in that the transformative role to be played by higher education relates to the role it plays in the Post-1994 redress project.

In providing access to such private and public goods, universities have a moral obligation to ensure that participation is fairly and broadly accessible. Access to higher education is already highly skewed by our uneven schooling provision that leaves few with the chances of meeting the required entrance criteria (CHE 2013a). Participation in Higher

Education in South Africa has increased since 1994 with 19% of 18 to 23 year olds now undertaking some form of formal post-school education (CHE 2013a).

However, the rates of participation continue to be highly differentiated along racial lines with 57% of white South Africans being able to access such formal public post-school education opportunities, and only 14% of Black South Africans being afforded such opportunities (CHE 2016b). Financial concerns are a major factor in these disparities because meeting the entrance criteria is not enough, many potential students are then deprived of this opportunity by the high costs of tuition, accommodation and transport.

Rhodes University is a small university in a rural town. For this reason it is highly residential and most of our students have to pay not only fees, but also have accommodation and transport costs to consider. Tuition costs at undergraduate level range from R27000 to R46930 per year. Accommodation and meals range from R48100 to R50500. This excludes transport, stationery, clothing and toiletries. Families need to find in the region of R80000 to R100000 per annum for each child who has succeeded in accessing the university. For most South African families this is an impossible task and makes a mockery of the idea that this is *public* higher education.

Thus it is that only those from wealthy families, or from middle class families who have access to bank loans, are able to afford higher education in South Africa. NSFAS provides some access for those from very poor families but for the many South Africans who form the 'missing middle', access to higher education is simply not possible. In the face of this unfair reality, Rhodes University's Vice-Chancellor, Dr Mabizela, indicated in his inaugural address in February 2015 that he would make it his 'personal mission to strive to ensure that no academically talented, but financially needy, student is turned away from Rhodes University.' The university has undertaken a number of fund-raising initiatives and has used its limited funds to try to make good on this ideal.

As universities attempt to broaden physical access to 'academically talented, but financially needy' students, so they are met with costs related to ensuring that once students are admitted into the institution they have a reasonable chance of success. In South Africa we do not enjoy particularly good retention and throughput rates as only 27% of undergraduates complete their studies in minimum time (CHE 2013b). Physical access is not enough, we need to ensure that all students have support in attaining what Morrow (2009) called 'epistemological access'. There are serious financial implications in such attempts.

Students have recently articulated the need for our institutions to be more inclusive in ethos and curriculum content. The costs of re-curriculation processes and of providing necessary support through better materials

development, smaller classes, additional tutorials etc. are not insignificant. While the DHET provides much needed support for students from socio-economically or educationally disadvantaged backgrounds through Foundation Provision grants for extended curricula, it is widely acknowledged that such provision is really needed by most if not all students (CHE 2013b). At present universities are providing the best education with the most support as possible within their constrained budgets, but as the percentage of funding from the state decreases (CHE 2016b) so this is becoming increasingly challenging.

The financial burden is thus felt both by the students who battle to pay fees and by the universities which battle to address the many needs of their students. This is a social justice issue.

## **2. Funding of Higher Education in South Africa**

Having made the argument that financial exclusion from higher education is a social justice issue, we now move on to consider the implications of this for a country experiencing fairly constrained economic growth with numerous pressing social needs.

In South Africa, we spend in the region of 0,71% of the GDP on university education, which is significantly below the OECD average of 1,5% (OECD report 2015). Many countries such as Chile, Korea, Canada and the United States spend between 2,3% and 2,8% of their GDP on university education.

Being so far beneath the average national investment in higher education inevitably has effects on who gets access to our institutions. Universities have to make up the shortfall between state funding and institutional costs through other sources, most typically in the form of increased student fees. And so it is not surprising that our universities are extensively the preserve of the middle class.

In 2000, student fees made up 24% of university income, with the remainder coming from state funding (approximately 49%) and third stream income (approximately 27%) (CHE 2016b). By 2013, student fees comprised 33% of university income and this has increased since then. Such increases have been necessary given the decrease in state funding to about 40% of university income.

It would be a mistake to expect universities to make up the entire shortfall through increased third stream income. When such entrepreneurial initiatives become the core focus of the university in an attempt to keep it afloat, the consequences to the quality of education provision can be serious and any concern for transformation and public good initiatives are tempered by the need to earn external funds. Furthermore, it should be noted that for a range of reasons, historical, geographical and capacity related, access to such third stream income is not evenly distributed across the public higher education sector. In a recent Council on Higher

Education publication, a concern was expressed that pragmatic approaches that lead a university towards corporate-style production processes 'may compromise academic freedom and the development of high-level, critical intellectual development' (CHE 2016a, p.82).

The zero increase in fees in South African universities has already had implications for educational provision. It would seem likely that it will be politically untenable for there to be any increase in fees in the near future, and this will have ongoing financial consequences. University of Cape Town, generally regarded as one of the more financially secure universities in the country, has just indicated that it will be offering voluntary retrenchment packages soon, and most universities are looking to significantly cut or freeze posts, and there is also likely to be a further casualization of academic staff. With 66% of academics in South Africa now working on temporary contracts (CHE 2016a), it is evident that relying on short-term contract staff to undertake teaching tasks on the grounds of financial efficiency is already well underway. Drives to change the demographics of academic staffing are unlikely to succeed if academics are employed on low salary, high teaching load, temporary contracts.

The negative effects of casualisation on the attractiveness of the academic profession are clear: attraction and retention of academic staff becomes more difficult; career tracks are undermined; commitment to academia suffers; job satisfaction and personal employment security become increasingly important factors influencing career decisions; institutional memory and disciplinary expertise are harder to build up; and these together have a negative effect on the reproducibility of the academic profession overall.

(CHE 2016a, p.299)

It is thus imperative that the demands for free higher education be understood alongside the call for funding by the state to be increased as a matter of urgency. Such an increase in funding cannot be through the shifting of ring-fenced funds from within the existing higher education budget. Projects such as the New Generation of Academics Programme, the Foundation Provision Grant, and the Teaching Development Grant each serve specific aspects of the equity and development agenda and so re-allocating from such items to the Block Grant and NSFAS will have negative consequences. It would seem to be self-evident that the total basket of funding made available to the higher education sector has to be carefully renegotiated. It would need to be doubled just to reach the average OECD spend on higher education of 1,5% of GDP.

### **3. NSFAS and the Missing Middle**

NSFAS has had enormous success in broadening access to those who could not otherwise afford it. 24% of undergraduates had some form of NSFAS

funding in 2013 (CHE 2016b) which took the form of a range of components from final year rebates, allocations specifically for education and accounting students, grants to disabled students and the generally available awards (CHE 2016b). Such funding has in the past been unevenly managed and there is ample evidence that re-payment by employed graduates is not what it should be. Improved management of existing NSFAS funds is thus essential.

However, the real concern about NSFAS is that it is only available to the lower end of the socio-economic spectrum and thus potential students who have perhaps got a better chance of success are denied access on financial grounds. Many universities, including Rhodes University, supplement the NSFAS funding to make it available to a wider number of students but access remains limited given the high cost of university education and the difficulty many experience in obtaining bank loans.

The 'missing middle' would be largely attended to if the new Chairperson Sizwe Nxasana's plans to make NSFAS available to all those that fall below the household income limit of R500 000 per year becomes a reality (Lester 2015). While we have certain concerns about the implementation of his plans to centralize such funding (Moyo, McKenna and Hoffman 2016), we believe that this could be enormously beneficial to students.

At present the 'missing middle' are unable to afford university fees and do not qualify for state support through the NSFAS programme. This 'missing middle' comprises the backbone of higher education worldwide and 'a productive well-educated middle class' is central to the country's aims of social cohesion (Cloete in CHE 2016b, p. 121).

#### **4. Fee free higher education for all as a middle class subsidy**

The pressure on the state and on universities to provide free higher education to all is enormous. The #feesmustfall initiative has captured the public imagination and clearly expresses the frustrations felt by many who are denied access on financial grounds.

However, it needs to be very clearly acknowledged that if free education is uniformly provided to all, it will be a regressive subsidy of the upper middle class and the rich by the rest of the population. Cloete (in CHE 2016b, p. 117) argues that it would be cynical to privilege the elite 'under the banner of a pro-poor policy.'

Cloete (in CHE 2016b) also argues that similar attempts in other African countries have resulted in a two-tier system, much as we already have in our schooling system where the rich send their children to private schools and the rest of the population have to make do with underfunded public schooling. This not only has quality implications but also contributes to a lack of social cohesion and to ongoing inequalities.

As the differentiated participation rates and the uneven attaining of the necessary entrance requirements suggests, at present higher education in South Africa is often the preserve of the middle class and wealthy, despite universities' attempts to broaden access. Making university education free for all may thus attend to a popular movement but it will not attend to the social justice agenda. It seems untenable to approve a tax break, in the form of free higher education, for the wealthy in a country with a Gini coefficient of .59.

Rhodes University therefore strongly supports a radical rethinking of university and student funding such that *all who require financial assistance* are readily able to receive it.

## 5. Additional means of funding

The dangers of looking within the existing higher education budget for additional funding for such a radical re-thinking of student fees have been stated. Better quality teaching, more responsive curricula and increased research output are all desperately needed in our sector and all have financial implications. Attending to the urgent need for student funding should not come at the expense of the academic project.

Thus far we have made a social justice argument for higher education to be made accessible to those who are financially excluded. There are of course also economic arguments to be made. The cost to SA's universities of the waiver of the 2016 fee increase of 6% has been estimated at R3billion (CHE 2016b). If this is extrapolated to calculate the estimated cost of fee-free education *for all* South Africans the result would be in the region of R50 billion per annum. Even if the cost is considerably less than this estimate, it would be at least double the current national university budget of R38 billion (Lester 2015). The proposition of a fee-free public higher education system for everyone in South Africa is simply not achievable within the country's current budgetary constraints as it could result in an increase in national debt and possibly the movement of funding from other necessary projects such as the social grants system and housing programmes. It can be argued that fee-free education for all will further widen the gap between the rich and the poor in this country.

Dr Mabizela has put out special requests to staff and alumni to assist deserving students through a range of Rhodes University initiatives including the Jakes Gerwel Bursary Fund, the students' pocket money fund and the alumni fund-raising project. Dr Jansen of UFS and Dr Price of UCT have made similar calls, alongside other Vice-Chancellors. Individuals, including the Rhodes University Vice-Chancellor, make salary sacrifices to support financially needy students. Such initiatives can be welcomed but are unlikely to provide the sustainable impact needed to address unequal



access to higher education. And so a suite of additional initiatives may be needed alongside an increase in national funding of higher education.

Employer donations to bursaries are tax deductible in terms of section 18A of the income tax. But this process is not always a simple one and employers do not always get to choose the recipients. Limited increases in the bursary provisions of section 10(1) (q) which now allow the provision of a R40 000 per annum tax-free bursary to relatives of employees, provided the employee earns less than R400 000, could be better marketed and supported by the state and SARS. It could also be significantly increased by the state, given that higher education costs significantly more than R40 000 per year. The need for industry to be widely informed and supported to implement such corporate social responsibility initiatives is evident. Malema has called for companies listed on the JSE to sponsor at least 100 students each (Business Tech 2015). There could be incentives put in place to make this happen.

The 2014 annual report on the Unemployment Insurance Fund suggests that the UIF now has a reserve of R90 billion. Given the benefits to the labour market of having increased numbers of graduates, it would seem that this Department of Labour money could be well spent within the higher education sector. SETA and Skills Development Levies are another area in which there is potential to access further funding. The need for government departments to work together is crucial to resolving this issue which is not simply one for the Department of Higher Education and Training. Skills development is an integral part of the National Development Plan and the role of higher education in this regard is fairly self-evident.

## 6. Conclusion

The *Bill of Rights* unambiguously proclaims that no institution or individual 'may unfairly discriminate directly or indirectly against anyone on one or more grounds, including 'race', gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual identity, age, disability, religion, conscience, belief, culture, language and birth.' We would argue that universities are being forced to discriminate on the basis of social origin in that they depend on student fees which the great majority of South Africans cannot afford to pay.

We have argued that wider access to higher education is essential in the name of social justice and in response to our country's need for economic growth and social cohesion. We have also argued that such access is only possible if financial constraints on higher education are attended to. This requires that those who meet the admission requirements and are selected for university study should be supported in accessing free higher education or heavily subsidized higher education, as they need it. To



achieve this, we need to increase the amount of subsidy paid to universities and undertake a radical re-thinking of the NSFAS programme.

## 7. References

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