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DAY 2

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

PARTIES PRESENT:

The Chairperson
Commissioners
Head of Evidence Leaders
Evidence Leaders
Experts
Secretariat

WITNESSES:

Mr. J. van Schoor – University of Johannesburg
Prof. S. Motala – University of Johannesburg
Dr. S. Mabizela – Rhodes University
Dr. L. L'Ange – Rhodes University
Dr. S. Muthwa – Nelson Mandela University
Dr. C. Sheppard – Nelson Mandela University
Mr. G. Forword – Buffalo City
Ms. N. Tamsanqua – Buffalo City

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MEETING RESUMES ON 2 SEPTEMBER 2016

JUDGE: Are we ready to start?

ADV. K. PILLAY SC: Morning Chair ...[inaudible] I ask that they put themselves on record.

5 JUDGE: Morning.

MR. J. VAN SCHOOR: Morning Chair thank you very much my name is Jaco van Schoor I am the Deputy Vice Chancellor for finance at the University of Johannesburg and my colleague is Professor Shireen Motala she is a senior director of our postgraduate school in our
10 research environment, in our research division.

JUDGE: Thank you, if you would like to proceed at your leisure.

MR. J. VAN SCHOOR: Thank you very much for the commission and for the evidence leaders and the expert to allowing us the opportunity to do a presentation on the submission that we gave to the commission. We
15 start on the next slide by just giving some context of the University. The University of Johannesburg was constituted in 2005 as a ...[inaudible] being Rand Afrikaanse University, Technicon Witwatersrand and two campuses of the South, namely Soweto and East Rand. The East Rand campus was subsequently closed and that is the University now that has
20 four campuses, three inside Johannesburg and then one in Soweto. Our University has around 50 000 students of which around 40 000 undergraduate and 8000 is postgraduate, we have 3000 international students from around 80 countries.

It is also our aim to increase our international students to around
25 5000 by 2020 and it is important that our student numbers were quite

stable over the last three to five years, our enrolment plan did not have a massive growth in it we worked around 1 percent growth over the last three to four years so we stabilised between 49 and 50 000 students. We have got 9 faculties that gives a ...[inaudible] from diplomas right
5 through to degrees and we have line faculties which is education ...[inaudible] of sciences, law, management, financial economic sciences, art design, architecture and humanities thus we cover the whole spectrum of that.

I think importantly what we stand for is the excellence and the
10 accessibility and you will see that around 98 percent of our first year students are involved from printile 1 and printile 2 schools which is the school that serves the poorest in our community. And then approximately 60 percent of our current graduates are first generation graduates which means that we do pride ourselves on that, we are a
15 University that looks after or provides an opportunity for all our students. With regards graduate output there on the next slide you will see our graduate output has been increasing about 1000 which is just under 10 percent over the last three or four years and our aim is to get back to at least between 12500 and 13 000 on an annual basis.

20 If you did then look further in terms of the graduates 93 percent of our students get work within the first 12 months of their graduation where also another further 9500 students which is enrolled in our ...[inaudible] professional education programs or extra curriculum programs as we all know it and that is programs that we do not get any
25 state subsidy. Just in terms of what was our progress, as a University

since 2005 remember effectively the foundation was laid and everything was reset to zero, we started from zero in terms of stature, in terms of reputation in 2005, so in 2015 we are number 67 in the QS ratings under the Bricks Company's and there is about 6200 Universities in that and
5 we are placed fifth in South Africa.

We are really proud of the fact that we have 16 of our subjects are placed within the top 300 subjects globally and not only unabridged that is in the global space that we have 16 of our subjects ...[inaudible] and then we also, the only member of the University, Universitas 21
10 which is a group of intensive research ...[inaudible]. Now in order for a University to attain this stature we really have to investigate and research is so important for us in that matter. Then in terms of the Thompson Reuters rankings that needs, they respond to the global research profile our ability to recruit highly qualified staff and students
15 and our ability to have valuable and an effective national partnerships that ...[inaudible] of 6 on the African continent and I think the last item of brag for us is that we received five ...[inaudible] from the NRF last year.

ADV. K. PILLAY SC: Yes before you go on may I just ask you a question about your ability to include high quality staff, what is it that you find is an
20 institutions ability to attract that quality?

MR. J. VAN SCHOOR: Advocate I do think it is important that it's stature and reputation and stature and reputation comes from graduate output, comes from graduates being able to get work and comes from your research output, so if your research output out there in the world places
25 your University at a level where the research is valuable for society that

increases reputation and then obviously the other important thing is individual relationships because as South African academics we have worked with the academics either in the East or Europe or America and they were creating a very good relationship and ...[inaudible] will come
5 and then the next and the next academic will say but I would like to be part of that research and that is as it goes.

ADV. K. PILLAY SC: And as ability to ...[inaudible] whether or not you can afford really high ranking ...[inaudible]

MR. J. VAN SCHOOR: Yes unfortunately it is that that is important that
10 they ...[inaudible] are not always only after the money they are also after their own stature and their own ability to have citations thus ...[inaudible] that provides that exposure, money is important but there is other things as well, I think it is, the money side ...[inaudible] on the teaching side. So the first few slides is just to put University ...[inaudible] metropolitan
15 University we are about 87 percent black African students and then about 12 to 13 percent Indian, white and coloured. We have four languages that we do, Northern Sotho, Zulu, English and Afrikaans and we do pride ourselves that we are able to deliver to the human resources capital of this country. If I can then just continue ...[intervenes]

COMMISSIONER ALLY: Before you go there Prof, before you go there I
20 see the slide about your intent to get more foreign students now what would be the reason for that taking into account that you turn away South African students, is that reason for that that you are able to generate tuition fee income from those foreign students or is there some
25 other reason for that taking into account that annually you turn away

students that you say that you do not have space for?

MR. J. VAN SCHOOR: Advocate tuition fees are not a major thing for us in international students, the reason for it is that the majority of our international students are from the African continent so if we have
5 American and Europe and Asian students that would then charge them an additional fee and in terms of our African students they pay exactly the same fees as local students bar for our international levy of about R2500. The reason for that, for us to do that is that our aim ...[inaudible] is to be an African epicentre of knowledge so thus we said that we will
10 also put ourselves in the space of Africa and we will bring the African students so that we can ensure our stature in Africa becomes that so at this point in time it is not a tuition fee driven, it was how the majority comes from Africa.

COMMISSIONER ALLY: What do you say to the students that stand at
15 your gate and say how are you able to take other students than us from South Africa, that still remains the question besides your philanthropic ideal of being the epicentre of Africa so what do you say to those students here in South Africa?

MR. J. VAN SCHOOR: I am not sure it is philanthropic it is more a
20 mission for us or part of our task to become a University of stature you know in terms of what we say to the students of our local students, you are right it is one of the conundrums of the University for us, we need the stature to build for our students so we will not be able to take all the students be they South African or ...[inaudible] we just do not have
25 enough space.

ADV. K. PILLAY SC: And may I just ask you Professor how you
...[intervenes]

MR. J. VAN SCHOOR: Sorry my name is Jaco I am not a Professor.

ADV. K. PILLAY SC: Sorry.

5 MR. J. VAN SCHOOR: No, no just to make the point.

ADV. K. PILLAY SC: I am just trying to understand when you decide as
part of your vision for your institution that you want to attract more
international students how do you determine the number that you wish to
attract because I see that you indicate that University want to
10 ...[inaudible] attract more international students?

MR. J. VAN SCHOOR: We decided that the total number of students
that we comfortably could accommodate in our current facilities in terms
of building through that is around 50 000 and we then said to ourselves
that we would like to have about 10 percent foreign students and of that
15 10 percent over time probably between 1500 and 2000 the postgraduate
students so that is the ...[inaudible]

ADV. K. PILLAY SC: And when you work on the number of 50 000, you
arrived at the number of 50 000 what kind of factors do you take into
account when you arrive at that number?

20 MR. J. VAN SCHOOR: I think it is a big number (1) is the facilities we
have, the seats that we have available for students and the permutation
of that then on top of that is the staff compliment here that we can afford
and then additional to that is the fact that at a point we might just
become too big so I think those are the three items that would limit us to
25 49, 50, 51 round about that.

ADV. K. PILLAY SC: And when you talk about becoming too big you just need to unpack for us what that means?

MR. J. VAN SCHOOR: I do think at a point in time the amount of students if you are, if it becomes too big I do think there could be
5 inefficiencies in the system so for us to grow to the residential students of 60 or 70 000 we probably will have restructured the whole business or the whole structure of the University together so we structured ourselves to 9 faculties to be able to have some balance in the faculties where your common, your two common faculties are ...[inaudible] and I do think
10 there will be efficiencies if we just go, ja we might have to add another faculty, we might have to add another cost to the structure for us to be able to manage the whole distance of the academic project in ...[inaudible]

ADV. K. PILLAY SC: Thank you.

15 JUDGE: If you were to develop further, if you wish to develop further infrastructure on your campuses or ...[inaudible] is there room for that?

MR. J. VAN SCHOOR: Chairperson yes in Auckland Park remember there is two campuses in Auckland Park, the one next to the SABC and the old ...[inaudible] on the old campus we have very limited space
20 because our coverage in terms of the municipality bylaws and what we have done is almost where it should be but can get that ...[inaudible] on the APD campus we have space for extensive development, probably another two or three residences and/or place for another 1000, 1500 students in terms of classrooms so on that campus we have the ability to
25 do that.

JUDGE: I am just trying to place that campus, is that the old Goldfields?

MR. J. VAN SCHOOR: ...[inaudible] college.

JUDGE: Yes.

MR. J. VAN SCHOOR: That one.

5 JUDGE: Thank you.

MR. J. VAN SCHOOR: If you can just look in terms of our income obviously like all Universities we have three mainstreams, tuition fees and then we have student resident fees and then we have other income which includes what we call third stream income and investment income.
10 The government subsidy and tuition fees are around 80 to 81 percent of our streams. In terms of our third stream income at this point in time around 50 percent of that is investment income that we have earned on our reserves. If we then look at the next slide, that one there please, the one with the models. The point that we are trying to make there is in the
15 middle of the page you will see there is government subsidy as a percentage of income and then two lines later there you see tuition fee as percentage of income.

So you will see our subsidy reduce from 47 to 40 and our tuition fees from 38 increase to 40 and the rest of the difference ...[inaudible].
20 we look at the context of the University our state subsidy as all Universities on a nominal basis increase but on a real basis has decreased and that has to do with the growth in the system and also remember the performance of the Universities within the sector also ...[inaudible]

25 ADV. K. PILLAY SC: May I just ask a question about this, I was not clear

about something. The first line you said reflects your annual increase ...[inaudible] but then the first line of government subsidy does it include that?

MR. J. VAN SCHOOR: That includes everything, that is ...[inaudible].

5 So Chair the idea of this slide is just to give context in terms of our income. On the next slide what we do say there is that and we will make the point later again, we have University, cost structure and certainly three icons which does have a ...[inaudible] the CPI which obviously then provides a different increase rate in terms of that. Now as the tuition or
10 as the subsidy did not increase by CPI, it increased nominally but not even by CPI, a large portion of the last few years, it means that there is a funding gap and that unfortunately meant that we had to increase tuition fees and we did increase tuition fees at least double percentages from 9.7 to around 10.25 over the last three to four years.

15 Now that gap also shows the importance of tuition fees in Universities because yes it is important that we need to ...[inaudible] third stream income there has to be a balance because if you only focus on third stream income you are going to start to reduce focus on your major work which is academic, research and community so we have to
20 have a balance between those two so in terms of, and then ...[inaudible] of that is that is the biggest increase came there in the tuition fees and without those of course you cannot run the University. I indicated on the next slide that we do talk to our students our in terms of our tuition fee increases that what we are trying to do is we are trying to on an annual
25 basis put something back into the society because as I indicated earlier

we have 28 percent of our students that come from the poorest schools, there is literally no food for those students so we provide food to students.

We then also provide a trust fund to the SRC where they can
5 assist these students to pay certain of their fees or certain of their personal household things and then we also do an annual ...[inaudible] because our NSFAS allocation does not cater for all our students so out of the Universities operating budget we put in 45 million onto that so the total about 84 million on an annual basis goes back into that so if our
10 tuition fees increase 200 million a lot of that goes back into the broader society because there is ...[inaudible] in terms of your well to do students and your poor students and it is not at the level of ...[inaudible]

JUDGE: How do you calculate or how do you decide upon your ...[inaudible]

15 MR. J. VAN SCHOOR: We made a decision about seven years ago to start with 20 million and that was an ...[inaudible] decision, not really because at that stage the gap was about 24 so we said we could do 20 and that has increased over time and we now between 40 and 45 million again depending on what we need. Now this money will then effectively
20 only assist students with the expected family income of zero, we do not assist any student with NSFAS ...[inaudible] that has got an excepted family income of R1 or more because we do not have funds for it and that is where the missing middle is because there is quite a lot of students where the expected family contribution is between R1 and R20
25 000 which do not get assistance because there is no funds.

JUDGE: How do you determine this whether the income is ...[inaudible]

MR. J. VAN SCHOOR: In the system NSFAS Act provides a mechanism to determine expected family contribution and that is a formula that we enter the family income on payslips or whatever of the student and his
5 family and based on that and based on the amount of primary and high school and University students it then gives us a number, so it says expected family contribution is zero or R50 or R10 000 and that is dependent on your family income. Now our case ...[inaudible] is around R122 million a year annual family income would be your expected family
10 contribution to your studies at zero.

JUDGE: Now students who would not be able to afford to come to University even with the NSFAS grant, are ...[inaudible] by the NSFAS grant or do not obtain one and therefore are being subsidised by you.

MR. J. VAN SCHOOR: So we have an annual application of about 17
15 000 students, of those ...[intervenes]

JUDGE: You mean in total?

MR. J. VAN SCHOOR: In total. Of those 10 to 11 000 qualifies for NSFAS at an expected family contribution of zero. We then say to ourselves how much money you can get from NSFAS, let us say you can
20 cover 9000, we then add the rest.

JUDGE: I see so all of these students who get this will be NSFAS students.

MR. J. VAN SCHOOR: Will be NSFAS.

JUDGE: Who are inadequately funded by NSFAS.

MR. J. VAN SCHOOR: By NSFAS.

JUDGE: Okay.

MR. J. VAN SCHOOR: And then very important to make the point that you raised Chair is that there has been quite a large number of students
5 from 11 000 to 17 000 which is excluded on two lines, either academically so therefore they did not progress or their EFC is too high, in our case it is too high R1 and that in this case in 2016 that number was around just over 5000 students. Let me break it down, 17 000 apply, around 10 500, 11 000 gets NSFAS, both from ...[inaudible] and
10 NSFAS then there is the missing middle about 5000 and then there is around 1000 students that did not qualify so out total amount that we need for missing middle and NSFAS students is at least 42 000 students where we cannot ...[inaudible]

JUDGE: I see there are certain numbers of the missing middle who
15 qualified for bursaries or scholarships or third party funding through ...[inaudible]

MR. J. VAN SCHOOR: Yes they do and for that we at this stage the University have already raised R74 million to fund those from Seta's and banks from third parties and other ...[inaudible] so that is the work that
20 we have done to be able to fund our missing middle students.

JUDGE: So how many do you think at the moment are not ...[inaudible]

MR. J. VAN SCHOOR: We now have in everything we have we have about 2100 students that we could not get funding and for that we are now trying to raise, fund raising, we probably need another 45 to R48
25 million that we are now working to so now here we hope and we are very

confident that we would have been able to fund all our missing, known missing middle students because there is still the other missing middle students, the student that did not apply for NSFAS because he knows or she knows that we do not take anything above EFC R1 and that is an
5 unknown number for us, if you have not applied because you know that the policy of the University is specifically ...[inaudible] then you would not apply and we do not have that money.

ADV. K. PILLAY SC: And the fund raising you are talking about is for 2016 students?

10 MR. J. VAN SCHOOR: That is for students registered in 2016.

ADV. K. PILLAY SC: And if you do not get the funding that you need to cover them?

MR. J. VAN SCHOOR: Then I have to make a provision for them then I put it ...[inaudible] and you cannot take ...[inaudible] that is our biggest,
15 that is the biggest risk is that unfunded amount which continuously at the end of every year comes in and we need to say how do we manage that. Chair at the expenditure side, ...[inaudible] there has been quite a lot of comments and questions around the expenditure of Universities and you will see that we did make, the financial executive forum which is a sub
20 committee of University South Africa, did do a study in 2013 in terms of the cost structure, so what we did is we provide, everybody provided in a certain format and then your research bureau calculated that for us so we are quite satisfied that that number is very close to true in a sense that the methodology was well done, it has been taken from numbers
25 that is audited at de Beers in that state so there are quite a lot of people

doubting the number, I think the number from our side, from ...[inaudible] or firearm the FDF side we believe that number is as close as it can be to the truth.

We are busy doing the next round of it therefore every year up to
5 2015 audit numbers and we hope to have that out probably in the next two or three months, we can also provide to the commission as part of the ...[inaudible]. Now that indicated that we are probably a few percent more than CPI, now on this slide what I tried to do is there is two sides to it, if the subsidy does not increase by CPI nor the higher education
10 pricing and the commission fees does not compensate for that, we will go down. Now in terms of the number here over the period 2004 until now there will be a punitive under funding or there is accumulative under funding ...[inaudible] 3 percent because the tradition, the subsidies did not impact with the ...[inaudible] so that is the one side.

15 And then as I indicated previously unfortunate counteract to that is tuition fees now that creates also a problem because NSFAS does not ...[inaudible] goes by up by almost the same proportions as the subsidy so if your tuition fees increase by double, call it 10 percent and NSFAS goes up 6 percent on an annual basis you have a 4 percent ...[inaudible]
20 so there is another negative side the whole process. In terms of our structure, 61 percent of our cost, on the next slide there please, 61 percent of our cost is salaries, 10 percent is overheads and 29 percent is the ...[inaudible] costs. Now effectively number 1 and number 2 in the sense that our water and lights goes up on an annual basis again by
25 more than inflation. Our utilities goes up and cleaning and security

expenses also went up by 9 to 9.5 percent that is now part of the in-sourcing.

So in terms of the ability of the Universities to manage costs on a short term basis there is only 29 percent of it that we can manage
5 ...[inaudible] obviously the long term costs in terms of remuneration, overheads over the longer term you can restructure you can downgrade, you can downsize people and that but that ...[inaudible] so that is where our cost risks are. I then on the next slide tried to make a point ...[intervenes]

10 COMMISSIONER KHUMALO: Sorry just on the previous slide, I see ...[inaudible] at 61, overheads, this should include the contracts or the in ...[intervenes]

MR. J. VAN SCHOOR: The in-sourcing.

COMMISSIONER KHUMALO: In-sourcing is being sourced, is it under
15 10 percent?

MR. J. VAN SCHOOR: Ja that is on the 10 percent and that would be 2017 will be to remuneration so our remuneration is set for 2017 as we have calculated on this will probable increase to around 63 percent of all our expenses and then the overheads will then drop by 2, 2.5 percent so
20 that will be in-sourcing will go into remuneration.

JUDGE: Will you then have completed all the necessary resourcing?

MR. J. VAN SCHOOR: Yes, yes in our case we have done gardeners already, we have protection services workers on 1 October and our cleaners on 31 March so that everybody will have been in sourced. We
25 do not have catering staff like other Universities because our residence

are self catering. On the next slide, I think I made the point already, there are certain of our expenses that is common denominative based, libraries, research equipment, computers and these are the bloodline of their presentation, if you do not do research and you do not keep your
5 library updated then you are falling behind.

Now the unfortunate thing with library ...[inaudible] basis is almost like a Microsoft license, either you take it or you do not, you cannot pick and choose ...[inaudible] so you are at the hands of effectively the foreign markets in the sense that the prices increases that
10 happens in the space of a year in Asia and everywhere comes to us in dollars or Euros and then ...[inaudible]. I think the other item which is important and does come always up is the question of should Universities have reserves. Now it is imperative for Universities to have reserves and the reason for that is that reserve does give you the buffer
15 in order to be able to ...[inaudible]. Now the first important thing is that the reserves on the balance sheet of the University does not belong to the University, it typically has a few components (1) would be there are bursary funds, so a Sasol or a Seta or SAB would give you R10 million and you can use the income on that for a bursary so that R10 million lies
20 in your reserves and ...[inaudible] you cannot use, there is research funds NRC, NRF all those items as well, the money is there you can use it or there is research funds that is provided by company's, the money is there but you can only use the interest.

JUDGE: It is income producing but not capital.

25 MR. J. VAN SCHOOR: It is income producing but it is not capital

because the capital belongs to someone else. Then you have also the endowments, in our case you have trusts, our trust is managed by independent people and ...[intervenes]

JUDGE: Sorry may I just stop you for a moment, you said the money
5 belongs to somebody else, do you mean if the person who provides this reserve can recall it?

MR. J. VAN SCHOOR: Probably theoretically yes I think practically it will never happen but the real fact is that University cannot apply that money for anything else than the risk so that is why we call it the restricted fund,
10 in our balance sheet we call those restricted funds and then obviously our ...[inaudible] is managed by a separate individual trustees of which ...[inaudible] and we get an annual amount from that based on certain formula and in the trust ...[inaudible] we do not get money but we have no access to that capital from the ...[inaudible] so the last line in this
15 whole ...[inaudible] of reserves is council controlled, that is reserved so the council can use to invest into future developments of infrastructure and also ...[inaudible] to come back to Advocate Pillay's question, that is where you would say we would provide 10 million or 20 million over the next four years and go and find academics with stature that we can link
20 to the University that can publish that that can do research for us and that money would then be assisted to pay those academics.

And I do think the infrastructure development of Universities is currently done on a co-founder basis between the University and the state, that the state would have an amount available around 2, 2.5 billion
25 we would all put in our bids for development and based on the needs on

a national level as assisted the department will decide University A to get X amount. Now if X amount is not enough to fund the whole project the University has to ...[inaudible]. Now typically that request would be of a strategic nature or to create new facilities, in our case over the last few
5 years we created a whole new engineering facility on our Doornfontein campus for our diplomacies, so there we were co-funded, if we did not have reserves we would not have been able to do that.

And the other important item is for our ...[inaudible] the interest on our reserve fund the maintenance of the University. Now you will see
10 there on the next slide that we do not have enough money because we still have R550 million backlog maintenance so the level of reserves at Universities, especially ours, and all our colleagues are not enough to keep our facilities at a level where it should be and that obviously in the next five to 10 years will end up in us having to demolish ...[inaudible]
15 place and that is ...[inaudible] coming along, if we do not do backlog maintenance and keep our buildings and facilities up to standard we will have to demolish them and rebuild them and that stares us in the face now, probably in the next 10 to 20 years.

JUDGE: Well just two questions in that regard, firstly what percentage of
20 your reserves are council controlled reserves?

MR. J. VAN SCHOOR: Chair we have around 30 percent of that, of that total, 30, 31 percent is council ...[inaudible] R1.2 billion out of around 103.4 billion is council controlled and then another 800 million is ...[inaudible] which is a bit more under the control of the University and
25 then the rest ...[inaudible]

JUDGE: The second thing is, supposing you were able, you had the funds to establish a reserve which would reach all your maintenance ...[inaudible] how much would you need?

MR. J. VAN SCHOOR: ...[inaudible] a 500 million input would assist in
5 clearing up and then we calculated ...[intervenes]

JUDGE: That would be capital is it?

MR. J. VAN SCHOOR: That would be capital and then we calculate if we can have a 5 to 5.5 percent reserve on our operating income or a surplus on operating income and we can put that into reserves we can maintain
10 our buildings and we can let future development, some buildings with co-funding ...[inaudible]. Currently we are at about 2, 2.5 percent of our operating income that we can put back so we have effectively a 3 percent shortfall.

JUDGE: And what is your operating income at the moment?

15 MR. J. VAN SCHOOR: About 3.2 million.

JUDGE: Thank you.

MR. J. VAN SCHOOR: Chair then I just made on a few slides later just in terms of our current financial position, as I indicated we have been making a positive operating return for the last 10 years, that is the aim of
20 the University Council, we are not allowed to make a deficit and we have a R1.2 billion council controlled reserves so at this stage the University is still financially sound bar for the fact that we have a massive liability coming up in terms of infrastructure and I think that is ...[inaudible]

JUDGE: Where is that, what does that relate to, your upcoming deficit?

MR. J. VAN SCHOOR: Sorry Chair?

JUDGE: Your upcoming deficit what does that relate to you said in respect of infrastructure?

MR. J. VAN SCHOOR: No in terms of our operating ...[inaudible] but in
5 terms of our maintenance if we cannot properly maintain, if we do not
have our operating and we properly maintain our buildings that gap of
backlog maintenance will increase and that is a major risk. You see I
...[inaudible] two or three other points before concluding in terms of what
we propose. I think in terms of student assistance I describe that, we
10 went through that. The other one if you just turn the page there, in terms
of Universities South Africa and especially Universities like the University
of Johannesburg where we say that we will provide assets to the working
class and the blue collar works it comes with some socio economic
costs, it comes with a student coming to University in the first year with a
15 pillow and a blanket and nothing else.

JUDGE: I am sorry with?

MR. J. VAN SCHOOR: With a pillow and a blanket and nothing else and
a matric certificate that allows him or her to study. Now those students
we take in, we place them at residences, we provide food and we
20 provide a socio economic assistance. We then provide academic
assistance because a lot of those students come from rural areas where
the education system was not enough so we assist them to pass their
first year and the second year and the third. Now that cost of socio
economic proportion is nowhere funded, it comes from the University, it
25 comes from our tuition fees and our subsidies so typically we would

spend about R150 million a year to make sure that our students have an ability to pass other than the academic ability.

And if you look at other places in the world, developing countries and developed countries, let us look at developing countries, these type
5 of pressures are not necessarily of the magnitude that is at other Universities and that does create a different cost ...[inaudible] a cost structure inside the University. Now in terms of academic development you will see the amount that we spend on academic developments over the last few years. In 2012 we started with 13 million we are now at 47
10 that is just our tutors, our residence advisors and our system ...[inaudible] and that is costs that is directly applied to students who are able to pass and the socio economic costs I explained that in the previous slides in terms of the food and that.

The other important matter is residences, there is no such thing
15 for residence ...[inaudible] residence is a cost that is funded by the student so therefore a poor student will have to fund residence so if you took a typical total cost of ...[inaudible] where around 30 to R32 000 is tuition fees and almost the same as residence, the rest is student books. Now the poor student has to pay the same R30 000 for residence as the
20 rest do because there ...[inaudible] so then what will happen is we do not charge full cost because students cannot afford it, there are Universities that could charge R4000 or R5000 or R4500 a month for accommodation, we cannot, we charge between R2700 and R3000 a month for 10 months and that is the limit of our students.

25 Now the implication then on that is that for us to upkeep the

residence and replace them we draw money from the University, we draw money from tuition fees so we have the cross-subsidisation, so in any model, in any new founding structure or free or not free post school the question of student residence will have to be addressed because we also cannot enter into PPP's because the ...[inaudible] that comes out of residences is not enough to fund that so it cannot be a ...[inaudible] business unit on its own it will always have to be cross-funded or cross-subsidised by the University and that again is a major, major risk for the Universities going forward because as we report three or four, five years ago indicated to us that it is not a stand now the department did ...[inaudible] certain standards but the majority of certain Universities cannot afford to upgrade our residences to those standards, we just do not have the money so we either fund research or we fund that of maintenance or we upgrade our research and that is the type of choice that we have.

JUDGE: Have you any idea what it would cost to upgrade your residences to the standard that was set?

MR. J. VAN SCHOOR: Chairperson we worked out that for our current residences to upgrade it to the new standard will probably cost us in excess of 70 to 75 million and then we will be just at that level so any new residences or any future replacing because in certain cases we cannot because the room does not conform to the standard because the size is too small so there is certain things you just cannot do so you will never be that the current residence is fully compliant.

ADV. K. PILLAY SC: Jaco we have heard from other presenters that

there is a direct correlation between lack of financial stress on students and academic success, does that according to you inference ...[inaudible]

MR. J. VAN SCHOOR: ...[inaudible] she can talk to that.

5 PROF. S. MOTATA: I think at UJ there are a number of interventions that have been put in place through our first year ...[inaudible] program through other source of intervention which ...[inaudible] academic support which, and including studies that have been done which show that students in residences which we have done at UJ actually perform
10 better academically than students who are out of residence so I think the issue of financial strain continues to be a big factor in students academic success.

MR. J. VAN SCHOOR: And if I can just add to that that the financial stress creates a different stress because I would not have a place to stay
15 so that whole obviously have a massive influence on the ability to concentrate in class because our students on our campuses that do not have one meal a day, they might have one meal in three days or two days and like all of us those students does not really want to be showed up so they do not necessarily conform so there is quite a lot of work that
20 they do by gathering information to determine at what level are our students to have food and clothing and obviously that will influence your ability so.

Chair so I think that is the first of what we wanted to just convey, I think in terms of our macro principles if we can go to the next slide, I
25 think University does agree that students has to or students have to pay

some of the fees in the sense that we believe that University education provides ...[inaudible] where public good is things like basic research and knowledge ...[inaudible] and that but on an individual level I think it is studies that shows that a student with higher education and training
5 does have a better ability to find employment and then the earning capacity over their lifetime is probably multiples more than a person without it, I think that principle is important but for us to use, that principle goes one step further and that is that the first thing we will have to do is as society we will have to decide how do we, at what level do we
10 fund Universities from state proffers, this subsidy.

Now I have made some numbers there in terms of our percentages where we are lower than our compatriots in Africa and obviously some developed countries but I think perhaps ...[inaudible] Universities that is one of the first things that has to be addressed and
15 that balance must be decided and should be implemented because if that balance is at a level where it should be probably 1 or 1.1 or 1.2 percent of GDP the impact on tuition fees will be a lot because then tuition fees can stabilise or for that matter decrease. The second level of that is that there will be students in our society that cannot afford the
20 tuition fees and there the NSFAS side or the new model that NSFAS or Sizwe is looking at can assist where we have a portion of students that will receive a grant because again in our case the NSFAS student will get a loan, he will get an employment but that NSFAS student has an obligation to the family at home.

25 So it is impossible to ...[inaudible] both the loan and the

obligation so at a level where you say in society that is a grant and that is the investment we make into our future human resources capital and our future society. We then have a gap what we call the missing middle and in our case those are the teachers, the policemen, the general
5 middle and junior management people that does not have the ability to get funding by the bank, it cannot go to the bank and borrow money because their credit record is not good enough or their ...[inaudible]

And we do think that there again as a combination society states ...[inaudible] the ability to borrow the money and pay back the money.
10 Now typically in that group they are second generation higher education students because the father or mother was a teacher or a BCom degree or that so there is fundability for that and then obviously we have the wealthy students that should pay so the broad principles that is what we as Universities should stand for is to say that if a student can pay he
15 should pay, if the student has the ability to source some funds to assist they should do that and then we should have a level where we say these are grants but at the basis of proper re-balance funding or subsidy. Chair I think that is basically what we wanted to say.

PROF. S. MOTALA: I have one or two issues, just to compliment what
20 ...[inaudible] I think just to reinforce the point that UJ really sees itself as an institution of success in excellence and the fact that most of our students come from quintile 1 and 2 schools is really important and 60 percent of first generation University students. I think the big issue at UJ which I wanted to reflect on is we also play an important role in terms of
25 transforming academic core and we have a range of interventions for

example we have a program called the Accelerated Academic Mentorship Program which takes about 300 academic staff through a set of interventions and to move them from lecturer to senior lecturer to associate professor to professor level and this feeds directly into the strategy around transformation and development of the black historian So the criteria ...[inaudible] based on equity, gender etcetera so I think that is important.

ADV. K. PILLAY SC: And may I just ask about the funding for this initiative.

10 PROF. S. MOTALA: ...[inaudible] it is internally funded.

ADV. K. PILLAY SC: It is not an earmarked grant?

PROF. S. MOTALA: No it is not it is not an earmarked grant but clearly we do not for that program but for other initiatives we do for example we ...[inaudible] research grant for the training of the academics. I think the other two last points I wanted to make is that I think we do fully support the issue of re-looking at the GDP contribution because one of the issues continues to be that the overall level of funding for higher education is at a lesser level than we would like and one of the issues that has not come up very strongly but which is important is that currently the subsidy that we get from the state funds teaching inputs and graduate output but there is very little in the foundation, in the subsidy that actually supports research and the research directly relates to including the teaching ...[inaudible] environment.

I think the last point there is that one of the big issues to go back to Advocate Pillay's point is that we do have quite inefficient and bloated

higher education system and one of the reasons why students falter is on the grounds is lack of access to funding and poor academic abilities because of the disadvantaged situation they come from and the presence of additional funding dedicated particularly to disadvantaged
5 students would really help and create a more efficient, effective and productive higher education system and I think we ...[inaudible] to return to higher education.

Funding, because I work in the postgraduate arena I think it is important in the overall subsidy also to consider where postgraduate
10 studies fit because if we have the ambition to produce more masters, doctrine PHD students we do need to ensure that we support that core of people so that we contribute to putting ...[inaudible]

JUDGE: Is there anything else that you wish to add?

MR. J. VAN SCHOOR: No thank you Content Hub.

15 ADV. K. PILLAY SC: ...[inaudible] a lot of the issues that you have raised are issues which we will deal with more on an individual basis ...[inaudible] for example the question of the 1 percent whether or not that ...[inaudible] it is something we need to look at more closely further down the line ...[inaudible] UJ will feature very big in that connection so
20 all of the issues will be picked up in the sets going forward.

JUDGE: Thank you.

MR. J. VAN SCHOOR: Thank you Chair, thanks very much for the time.

JUDGE: Thank you very much for your presentation and thorough research and thank you for coming down here.

MR. J. VAN SCHOOR: It is not a problem.

ADV. K. PILLAY SC: Thank you Chair the next presentation is by Rhodes University and I wonder if we could take a five minute adjournment.

5 JUDGE: Certainly thank you, we will adjourn for five minutes.

MEETING ADJOURNS

MEETING RESUMES

JUDGE: Right Mr Zulu are you running ...[inaudible] thank you. Who have you got for us?

MR. ZULU: Thank you Chair the next presentation is by Rhodes
10 University and the presentation is led by Dr Mabizela and I will ask Dr Mabizela to introduce his team.

JUDGE: Thank you.

DR. S. MABIZELA: Thank you very much Chair, I am Sizwe Mabizela the Vice Chancellor of Rhodes University, I am accompanied by my
15 colleague Dr Iain L'Ange and he is the executive director finance and operations.

JUDGE: Yes thank you, if you are ready to proceed you may start please.

DR. S. MABIZELA: Thank you very much Chair. Thank you for the
20 opportunity to engage this important commission and on a matter of significant importance for our nation access to quality public higher education, support of our higher education system and success for our students. Esteemed commissioners if in our ...[inaudible] repeat what you have already heard from others please take that as an indication of

the importance of the issues under consideration.

JUDGE: ...[inaudible]

DR. S. MABIZELA: Thank you that is very kind and very generous of the members of this commission. Our contribution is grained with the principle of social justice and the constitutional promise enshrined in our constitution of 1996. First the preamble of our constitution promises a number of things that will improve the quality of life of all citizens and free the potential of each person. I want to underscore the freeing of the potential of each person, second section 39 [1] [B] of the constitution promises that every person has a right to further education which the state to reasonable measures must make progressively available and accessible. Third access to quality higher education is a social justice imperative if we are to build a more humane and more just and more equitable, a more caring, a more inclusive and a more compassionate society it cannot be that access to quality higher education should be the preserve of the rich and those who can afford to secure loans in our society.

Indeed there is no better investment that ...[inaudible] can make than ensuring that its youth has access to quality and life changing education. While we address fee free education as an aspirational goal is a noble and a worthwhile one to pursue, we should interrogate logic, its desirability and affordability and the context of the society in which poverty, inequality and unemployment are at every turn. A demand for fee free education in our current context amounts to a demand that an unemployed person who lives in a tin shack should his or her

...[inaudible] which attracts that pay for the education of the child of a millionaire in our society, this is ...[inaudible].

We should guard against a hollow victory of facilitating universal access to higher education of dubious quality, I will argue that access to
5 education of ...[inaudible] quality if worse than no access at all. Chair we need to disabuse ourselves of the notion that there is fee free education, someone pays, ordinary citizens of our country pay so wherever I use the term fee free education I am just using it because it has become part of the everyday ...[inaudible] but at the back of our minds and our formal
10 communication we cannot talk of fee free education because ordinary citizens of this country pay, those are just my opening comments, I will just quickly go to the slides which we have supplied to you.

Okay the first point that we are making Chair on the first slide is a need about the issue of social justice as I have already explained.
15 Higher education is both a public and a private good, private good you have already heard this, ...[inaudible] access to quality education will enjoy a better quality of life, has better prospects of employment, will enjoy social ability and many other privileges that come with having had an opportunity to access quality higher education but it is also a public
20 good in a sense that the general public benefits when we have more doctors who are better qualified, more engineers, more lawyers, more Judges, you have more people who can pay tax, that is a public good. You will have people who will not have to rely on the social welfare of the state because they can take care of themselves, it is a public good.

25 Indeed provision of skill, competent, knowledgeable

professionals contributes to the knowledge economy and indeed it is also a public good to understand that with higher education and higher education general contributes to knowledge creation, helps us forge the frontiers of knowledge, we are able to make a contribution to our accumulated stock of scientific and social ...[inaudible] we are able to contribute to social ...[inaudible] and so higher education is both a public and a private good. To the extent that it is both a private and a public good our view is that the state has a responsibility to make a contribution to the education of the young people of this country and equally those who benefit have a responsibility to contribute.

I have already mentioned the issue of social ...[inaudible] Universities cannot alone attend to the schisms in post apartheid society but they do provide a state for transformative potential. Recall I said that the preamble of our constitution promises that we will do all we can to free the potential of every person in this country. Now even though I have mentioned that higher education has got a public and a private good, it cannot be constrained to the financial ...[inaudible] Chair it cannot be and it should not be that a young person who is academically capable is denied and deprived of an opportunity to acquire quality higher education simply because he or she has been born into a family of ...[inaudible]

The accident of ones circumstances of birth should never deprive or should never determine whether or not that person has access to quality higher education. No access to higher education is a moral obligation, we already know that access to higher education is

skewed by our uneven schooling system, we have a schooling system which deprives many young people of an opportunity to acquire higher education, 57 percent of our ...[inaudible] compatriots had access to post school education while only 40 percent of black South Africans have
5 access to post school education. Of course there are many explanations for this ...[inaudible] but finances are key to increasing participation.

Let us talk very briefly about our University, we are the smallest University among the old Universities, we have a student compilation of just over 8000 in 2016, we have the best pass rates of any South African
10 University. We rank in the top 3 of the most productive Universities per capita. We are a real University and therefore students do not only have to pay fees for the tuition but they also have to pay for accommodation, my colleague will elaborate and give you a better picture of what the situation at Rhodes is like, at the moment our fees, our tuition fees range
15 between 27 000 and 46 930 per year, add to that the accommodation which ranges between 48 000 to 150 500 so for a young person to access quality education that Rhodes is renowned for, a family has to budget between 80 000 and 100 000.

That of course excludes transport, toiletries, clothing and the like
20 and this is our of reach for the majority of South Africans. Access to higher education is a social justice imperative. Let me just talk very briefly about the missing middle, you have heard much about the missing middle you see we are in society where the wealthy can afford the fees, in fact they send their kids to private schools where the fees are two or
25 three times what they have to pay at University so the wealthy University

students are not a problem but also the upper middle class they can afford to get loans but the lower middle class cannot and of course if you have the National Student Financial Aid Scheme which has provided significant opportunities of access to very young people who ordinarily
5 would not have been able to access higher education but you have this missing middle of young people who have not been accommodated or for whom we have not made any provision.

When I was installed as the national ...[inaudible] of Rhodes University I made a commitment, I said I will make it my personal
10 mission to strive to ensure that no academically talented but financially ...[inaudible] student is turned away from Rhodes University simply because he or she comes from a family of little means. We can do better as a society, we should never ever deny a young person an opportunity to acquire quality education because of the accident of
15 nature. We are also dealing with the issues of transformation, very central in the life of our Universities, transformation is an ongoing process in our higher education institutions but there is greater impetus in that regard as we change the demographic profile of our student population, there is always a need for recalculation for inclusive
20 programs, a need to transform the demographic profiles of our Universities.

I can tell you that the majority of the professorial in our higher education institutions is still predominantly required ...[inaudible] and we do need a source to change this. We need to provide better support for
25 our students to ensure that they are not just provided with physical

access to the University but that they are also provided with what we ordinarily refer to as a feestemalogical [?] access to knowledge, it is one thing to facilitate physical access, fees make it impossible to facilitate physical access to an institution, a feestemalogical access is quite
5 another thing, we need resources to make sure that there are persons who has been afforded that access to the University, benefits from the University and is able to complete in the shortest possible time so it is access, support for success and success.

We need to ensure that we do not create what is generally
10 referred to as ...[inaudible] when they get into the University only to be rejected the end of the year because University has failed to provide them with the ...[inaudible] support for them to succeed at University and this costs money. The funding of higher education South Africa are, my colleague will say more about this but you should know that the
15 contribution of government is ...[inaudible] of the GDP and they ...[inaudible] as 1.5 percent, though if you look at countries like Chile, Korea, China, USA they spend between 2.3 percent and 2.8 percent so the contribution of the state towards higher education is significant lower in this country so it is very ...[inaudible]

20 COMMISSIONER ALLY: Sorry Prof, what do you say to the argument that it is fine to have those statistics but have you as higher education institutions given value for the money that Treasury gives, so what would you say to that?

DR. S. MABIZELA: Chair that is a ...[inaudible] we can spend a whole
25 day just unpacking what you are saying and this of course also requires

money, remember I spoke about support, at the moment only 27 percent of young people who attend our higher education system graduate within regulation time right, only 27 percent. Almost 50 percent of young people who access our public private system leaves the system without
5 any qualification of any kind, that by all accounts is a colossal waste of human talent, at the one end you raise the hopes only to have them ...[inaudible] so we need to increase the funding of higher education so that we are able to provide the necessary support within the institution
10 have survived our crippled schooling system and are able to access higher education that they are supported.

COMMISSIONER ALLY: But Doctor do you have it correct by saying it is crippling higher education schooling system. Can it not be argued the other way of your lecturers that might be for themselves qualified
15 doctors, masters, professors but it is just not apt to impart that knowledge to the student so is it correct to lay the blame only at the schooling system?

DR. S. MABIZELA: We cannot lay the blame just at the schooling system that is one part, the schooling system produces young people
20 that are not adequately prepared for higher education that is one part of equation, the other part of the equation is the responsibility of Universities to equip their staff to be able to engage a diverse student population so again it just not help to apportion blame, we also have a responsibility, we know what our schooling system ...[inaudible] so we
25 cannot throw our hands in the air and say blame the schooling system, in

fact many Universities including ...[inaudible] have programs to support students who need additional support, we are moving in the direction of professionalising teaching at University ...[inaudible] this notion that once you have completed your PFC you can then stand in front of the class
5 and be a competent teacher, that is, there is absolutely no basis for that so our University in particular requires our academics to acquire the skills and knowledge relating to teaching at University, particularly dealing with classes that are increasingly diverse so that our academics are able to ...[inaudible] on the diverse distilling traditions and cultures
10 from the widest possible background.

They are also able to harness the diversity that exists in class to create a much more richer educational experience for our students so I am ...[inaudible] we must continually do so that Universities themselves are better equipped and better prepared to deal with a different kind of a
15 student. Let me just say a bit more on that because I think it is important, you know we have to deal with students who come from poor families, some of them bring with them nothing more than the clothes on their back, they have nothing to eat and we have to provide meals for them. Some of them hold the national student financial aid take some of
20 their allowance that they get and they send it back home to support their families, such is the nature of poverty in our society, they are going hungry, we have had to set up a meal scheme for students who live off campus who cannot support themselves.

We are having discussions with our students who say can the
25 University provide sanitary showers, these are things that we never had

to deal with before but the challenges that confront our society are there in our Universities and we have to respond because ...[inaudible] at University is not just about passing your courses it is more than that, it is a holistic experience, a sense of alienation that some of the students
5 experience at University when they cannot afford some of the things that others can afford and so funding of higher education is so critically important to respond to each and every one of these things. We have to deal with social welfare needs which we are ill equipped to deal with and for which we have no funding but we have to respond to each and every
10 one of these needs if we are to create an environment for each one of these young people to succeed because their success translates into success for the family, for the village and for our nation.

JUDGE: That is all the students that is having succeeded in their academic studies there will be work for them because should there not
15 be work for them the consequences may be more dire than the situation where they have gone out to work without higher education.

DR. S. MABIZELA: Chair you are absolutely right but the research that is available in South Africa is that with the University qualifications your prospects of employment are very high.

20 JUDGE: Of course at the present stage that is so because of the limited number of persons going through higher education.

DR. S. MABIZELA: Yes, yes.

JUDGE: But if one makes it available to everyone one wonders if there will be an outpouring onto the job market which the market cannot cope
25 with.

DR. S. MABIZELA: Again you are correct Chair but you see you have to look at a higher education as part of the overall eco system in the country because it serves a useful purpose to produce more University graduates who cannot find employment, the economy has to do well
5 enough to create jobs so that they are able to ...[inaudible]

JUDGE: What indication is there that that is going to happen?

DR. S. MABIZELA: Chair at the moment our economy is stagnant so there is a lot more that needs to be done to improve that economy and that again is where higher education is important in producing young
10 people who can be entrepreneurial, who can create employment opportunities not people who will be job seekers but those who can be very ...[inaudible] and creative to create jobs for others.

JUDGE: Is it not the right place for these students at Tvet colleges rather than Universities?

15 DR. S. MABIZELA: Chair you are absolutely right again, the thing is and this is something that we really need to grapple with as a society, at the moment our Tvet sector is not, I mean the Tvet colleges are not institutions of choice and if one really wants to deal with the challenges facing higher education you have to look at higher education within the
20 entire post school sector, we need (1) to make sure that Tvet colleges become institutions of choice, this country needs more people with artisan skills, plumbers, welders, mechanics and all of those people than it needs people with University degrees. We have to turn around this indebted period, we have to invest, the problem is simply narrowly
25 focusing on Universities will not stop the challenges we have.

JUDGE: Thank you, so long as we have that in mind then forgive me for interrupting you.

DR. S. MABIZELA: You are absolutely right, let us look at Universities as one of the post school upwards I think what we desperately need is to
5 create a multiplicity of viable attractive post school pathways for young people so that they do not sit and look at University as the only option available. Just to continue on that point and I have made this comment on a number of occasions, you see when we classify the passes in Grade 12 you have what is called a graduate and there is diploma and
10 there is certificate, the danger of that is that someone who has a graduate level pass it simply says to that person you have to go to University and so they go to University whereas that person could have benefited by going to a Tvet college but at the moment those are not particularly attractive but they need investment so that they become
15 institutions of choice.

JUDGE: So you will agree then that we in our, part of our consideration should be to encourage competition from the Tvet colleges for students which will make them more effective *vis-à-vis* Universities, more productive *vis-à-vis* Universities?

20 DR. S. MABIZELA: Without a doubt, when I say we need to create a multiplicity of viable and attractive post school options for young people that is precisely that, it should not be that a young person would simply think of going to University as the only option, at the moment going to University is the only attractive option and you hear these young people
25 say I could go to University and therefore I can to a Tvet college but

Chair it is worse than that, some of these young people are so desperate to go to University that they would go to one faculty and preferably still they would go to another faculty and of course there is an issue of carrier counsel which is just ...[inaudible] but we must, the Tvet colleges
5 institutions of choice for those who believe they can benefit from that.

JUDGE: Thank you.

DR. S. MABIZELA: So just going back I think the point has been made repeatedly that the safe funding has decreased over a period of time and the consequence of that is that Universities have had to increase the
10 income if only just to maintain the quality of their offerings so the burden of funding public higher education has shifted disproportionately in the direction of students and families and that is what sparked off the protest of October 2015, students were saying higher education has become unaffordable and has become inaccessible and so what we desperately
15 need at the moment is to correct that so shift them back to research. We can talk about third stream income, I am not going to say much about that because it just does not contribute that much but it is important.

ADV. M. LEKOANE: Sorry Doctor.

DR. S. MABIZELA: Yes.

20 ADV. M. LEKOANE: The fifth bullet you make the point there that ...[inaudible] needs to double its funding now is this the only CD average that you are referring to and if so why are you picking that average as comparable to our conditions, the context, in other words you say your Chile's and your Korea and so forth, why that average?

25 DR. S. MABIZELA: Chair there are ...[inaudible] economic position is

worse than ours so ...[inaudible] and if we believe that higher education is as important as I have tried to explain to the commission we do need to increase the level of funding from the state and I will come back again to this towards the end because we need to talk about possible sources
5 of funding, the state is one part that I think we need to be a bit more imaginative, we need to be a lot more creative but I think we have an opportunity to do that, so I am not going to say much about third stream income, much of it is there to serve specific purposes, let me just talk very briefly about the implications of the zero increase that we had and
10 my colleague will comment on that.

In some of our Universities we have seen what one might call casualisation of labour, we have the projects that the new generation academic projects ...[inaudible] we want to be sure that these are not tampered with, top slicing the block grant to give you the challenges
15 does not help, the problem has to do with the level of funding so if you simply reallocate what you already have you are not dealing with the issues so Rhodes University supports the student projects and that higher education is financially more accessible and that this is the need for social justice imperative. We are making the point that cutting the
20 costs is not going to help because it will impact on the quality of our public private processes, we know that we now have parallel healthcare system, there is a private system for the wealthy and then there is a public system for the poor.

JUDGE: Sorry you have ...[inaudible] of the zero increase, I just wanted
25 to ask you about that if you do not mind. Firstly you referred statistics

that shows that 66 percent of South African academics are short term or part time contract now this is not something we have been told about previously.

DR. S. MABIZELA: Ja.

5 JUDGE: Now what is a short term contract what is a part time contract?

DR. S. MABIZELA: I think you can get this information from the CHE but the simple point is that instead of employing people on full time basis with benefits some of the posts are converted into contract and some instances those are just short term contracts, part time contracts in order,
10 of course it help because you do not have to deal with issues of benefits, pension and the like.

JUDGE: This tells us that two out of every three South African academics are not in full time employment?

DR. S. MABIZELA: I will have to verify that with my colleague but that is
15 the information we got from the CHE.

JUDGE: Well not in lifetime employment in any event.

DR. S. MABIZELA: Ja.

JUDGE: Does this extend or does this include Tvet colleges?

DR. S. MABIZELA: No this is just for Universities.

20 JUDGE: Just for Universities.

DR. S. MABIZELA: Ja.

COMMISSIONER ALLY: And would Mr Landman be aware of this, we had a talk with the University ...[inaudible]

DR. S. MABIZELA: He should be as a Union member.

COMMISSIONER ALLY: Correct this is why I say he should be aware because you have had interactions with him and as the Chair says it is a bit surprising that it has come up because it has never come up before, all they had to say was the commission seems to be dealing more with
5 students and not the indications of the lecturers or the staff as it were themselves and therefore it is interesting your presentation has made mention of this.

DR. S. MABIZELA: Indeed Chair I think it would be a mistake for us to simply ...[inaudible] on the students, I think we have to look at the entire
10 sector, look at the workers and my colleague will also comment on that, I just, let me just quickly go through this but what the next slide suggests is that ...[intervenes]

JUDGE: I am sorry I am still on this slide.

DR. S. MABIZELA: Okay.

15 JUDGE: What is an N-Gap.

DR. S. MABIZELA: N-Gap is a new program of the Department of Higher Education and Training, its full name is New Generation Academic Program, it is a new generation of academics. What the department was trying to do here is to respond to the challenge that we
20 are not getting enough young people choosing a career in academia for various reasons, and chief among those is the fact that being an academic is not a particularly financially rewarding career so what the department has done is to set up this initiative to attract young people who have masses, who would like to pursue a career in academia and
25 they are supported for a period of six years to develop into fully fledged

academics.

JUDGE: I see thank you.

DR. S. MABIZELA: Right.

ADV. M. LEKOANE: Will this fall under earmarked funding?

5 DR. S. MABIZELA: It goes under earmarked funding indeed, what we
are currently say there, again I just want to reiterate, is that if you take
the quota of money that is available for the Department of Higher
Education and Training and simply slice it off to create more and more
earmarked funding you are not addressing the underlying problem and
10 the underlying problem is the chronic under funding of the system which
needs to be addressed.

JUDGE: Would you say that the employment on a part time academic
staff is undesirable or is it undesirable in certain circumstances but
necessary?

15 DR. S. MABIZELA: It is generally undesirable but there are certain
disciplines where you may want to employ someone on short term
contract particularly if someone brings particular expertise just for a
semester for a particular module then ...[inaudible] but what we are
talking about here is a situation where you should have had someone
20 who is permanently employed with full benefits and instead someone
was employed on contract or on short term and that of course
undermines the rights of the person who is in that situation and clearly
things are difficult for them to lead a full and a rewarding life if you are on
short term contract you cannot make long term plans because you do not
25 know what will happen ...[inaudible] but the other direction of course is

that when people are employed on a short term contract they were not there on campus in the office for the whole day and that is important for students to be able to consult with this person because that person is just there, comes there for that particular period to give a lecture and
5 ...[inaudible] experience of the student.

ADV. M. LEKOANE: And how does this affect your research imperative, presumably they are not researchers?

DR. S. MABIZELA: You are absolutely right it also impacts on research because someone who is employed on contract has no reason to want to
10 do a research, they are just there for that period to give a lecture and they move on and it has serious ramifications on the quality of teaching and then serious ramifications on knowledge production because that person is not a full time employee of the University but it also has a serious implication for the dynamics and that is not helping for the sake
15 of public private ...[inaudible]

COMMISSIONER ALLY: But Doctor it would depend on sector to sector to sector, I am aware at Rhodes you have Advocates and Attorneys that will come and give certain lectures at the University and just for that period so I suppose it differs from sector to sector and would be
20 advantageous in some ...[inaudible]

DR. S. MABIZELA: Ja, Advocate Ally that is the point that I made earlier on that there are cases where this outside short term arrangement contributes to that because if you have an Advocate, practicing Advocate he is there to give a module on some aspect as it brings fresh
25 information, fresh knowledge which can then be interrogated against the

text book knowledge and our students ...[inaudible] but you are talking about someone who has full time employment elsewhere who is just coming to provide the additional educational experience for our students.

JUDGE: That is the understandable but 66 percent just seems a very
5 high percentage.

DR. S. MABIZELA: Chair let me go and verify this information and we will run it back to you and we will have to cross check it with the CHE.

JUDGE: Well we have members of the council on higher education here who know everything.

10 DR. S. MABIZELA: Well let me go and find it and if there is an error I will indicate as such, thank you. Just on the cutting of corners, I think the thrust of that slide is simply that if we cut corners we will harm the quality of public higher education and when we do that those who have money, the wealthy ones will buy their way out of the public higher education
15 system, they will go to the private Universities or they will send their children to institutions overseas and these are the poor and the working class that will have to contend with education of dubious quality. As I made a point earlier on, affording one access to education of maybe ...[inaudible] quality is worse than no access at all and so let us not cut
20 corners, let us fund our higher education system adequately so that we retain the quality and we make sure that every young person in this country has access to quality public higher education.

JUDGE: Can you just tell me what the last line says, this is coming to an end is it ...[inaudible] yes, yes I see thank you.

25 DR. S. MABIZELA: Okay thank you. Fee free versus free for those who

cannot afford, look I have already made the point that universal fee free education ...[inaudible] want to pursue but in the current situation our view is that those who can afford to pay must pay, those who cannot afford to pay must be assisted by the state or the private sector. I think
5 the principle of redistribution is critically important, higher education cannot ever be free ...[inaudible] because someone pays, it is a national project and it is expensive and the money has to come from somewhere.

Current state, funding of University is nowhere close to ...[inaudible] the current state funding of students through NSFAS is
10 nowhere close to sufficient. The problem with NSFAS is not only that it cannot cover level of demand, even the level of support is not enough in the sense that there are other needs that students have, transport just the basic needs so the amount also needs to be increased so we need some fundamental revision of the funding of higher education.
15 ...[inaudible] have already made their point that it is unconstitutional at this point in time to accept a poor person who lives in a tin shack to subsidise the education of ...[inaudible] simply because that person bought a can of beans that attracts that ...[inaudible] to fund education of a wealthy person.

20 JUDGE: Well that is true but it is not quite true because the vast number of students are people who cannot afford therefore if one cent of that goes to it probably 80 or 90 percent would go to the poor anyway and only a very small percentage of funding of those who can so I am not sure that what you are saying is not slightly extreme.

25 DR. S. MABIZELA: The fact of the matter is that no matter how small it

may be you are asking a poor unemployed person to subsidise the education of a child of a multi millionaire, that for me is unconstitutional, it can be a small amount but the fundamental principles to the extent that ...[inaudible] would have to subsidise that person is ...[inaudible] where
5 poverty, unemployment and inequality is at every turn. In fact we should be asking those who are rich to pay more and not be subsidised by the state. Where can we get additional sources of funding, I think we have made the point that we need to double funding for the higher education programs and also for NSFAS, we are talking about access with quantity.
10 Here I want to reiterate by the point that access to education of ...[inaudible] quality is a huge injustice to the poor and the working class.

JUDGE: Can you just explain why you say double the state funding?

DR. S. MABIZELA: If you look at 0.7 percent and you are looking at average which is upward of 1.4 at the very least you will have to double
15 the state, at least a percentage ...[inaudible]

ADV. T. MABUDA: ...[inaudible] this government spending on higher education is standing at 0.7 percent, has it always been like that ...[inaudible]

DR. S. MABIZELA: No it has gone down, there is a complication in that
20 and the complication of course is that we tend to think that the under funding of higher education started in 1994, it started way before that and with some of the Universities being homeland Universities there is ...[inaudible] Universities have always struggled with the level of funding, why it has become so pronounced is that the enrolments have more than
25 doubled in a short space of time and the same contribution even though it

has increased by CPI or thereabouts it has not increased at the same level as the number of student and therefore per capita student ...[inaudible] has declined, that is something that one has to bear in mind. Right we are saying that you can get money from UIF ...[inaudible]
5 they are sitting with R90 billion in reserves, Seta's and skills development ...[inaudible]

JUDGE: Sorry this R90 billion is this an accurate figure or is this ...[inaudible]

DR. S. MABIZELA: I think they are sitting at quite a sizeable amount
10 which is in the region of R90 billion, the UIF.

JUDGE: Have the Universities ever suggested to the persons in control of ...[inaudible] that this might be a good source ...[inaudible]

DR. S. MABIZELA: Yes I think it has been suggested.

JUDGE: And what response has been received?

15 DR. S. MABIZELA: I do not see much ...[inaudible] around that but this is where it becomes important to look at education not as an expense but as an investment that is critically important. You are investing in the future of the country so if you are sitting with reserves of R90 billion you can invest those reserves by ensuring that young people have access to
20 education. I made a point earlier on that there is no better investment that any nation can make than ensuring that its youth has access to quality and life changing education. If you are sitting with that kind of reserves invest them in education of young people.

JUDGE: I assume they are invested but simply in something that turns
25 over money?

DR. S. MABIZELA: Well that is in my view very short-sighted because you need a stable nation and stability and social coercion and all the things that we want, the South Africa of our dreams will only be realised when they are able to educate our young people. We will be able to deal
5 with unemployment, inequality and poverty through education so you invest this money in other vehicles that will generate more money you run the risk of having an unstable country which will disintegrate and you will sit with those billions and you will not be able to use them because you have failed to invest in building the South Africa of our dreams.

10 JUDGE: I do not suppose you have ever investigated the path of the Unemployment Insurance Fund whether it has been a steadily upward path or whether it is a path which consists of ups and downs?

DR. S. MABIZELA: I do not know Chair but ...[intervenes]

DR. I. L'ANGE: Chair just very quickly, I am aware that the DHET at the
15 moment is focusing on the PIC and the huge sums of money that are residing within the PIC, Public Investment Corporation so I think that is the focus at the moment.

JUDGE: Well the PIC does not hold, well I assume that some of this UIF might be invested in the PIC but the PIC has lots of other funds and
20 resources ...[inaudible]

DR. S. MABIZELA: ...[inaudible]

JUDGE: Really, maybe they will come and tell us about it.

DR. S. MABIZELA: The point Chair we are making is that the funding of higher education is a national issue, it is not that of the Department of
25 Higher Education it is something that we as a nation need to clear our

conscience with, thank you I will just ask my colleague just to share with you very briefly about the particular situation regarding loans and then we will be able to ...[intervenes]

ADV. M. LEKOANE: Sorry Doctor before you move on, is there any
5 particular reason why funds should be diverted rather to higher education as opposed to basic education having accepted earlier that there is a problem in that part of the sector?

DR. S. MABIZELA: Look, is the question you are asking is ...[inaudible]
but I think the context here is that of post school education but if I could
10 be just ...[intervenes]

ADV. M. LEKOANE: The reason I am asking you this is because earlier you mentioned that some student need to be given a hand at higher education, now if you can catch the problem at a lower level would that not send you more resources to re-divert in your sector.

15 DR. S. MABIZELA: Thank you Chair. We have an opportunity to reaffirm and re-imagine education in this country, more ...[inaudible] we are talking about higher education but I think we are not doing any justice, we should be talking about early childhood education, the first seven years of a child are absolutely critical so we should be talking
20 about early childhood education, making sure that every child has access to quality early childhood education. We should be talking about foundation phase and the intermediate phase because that is where you learn the formation right, the problem that we have and I can say this because I was the Chair of Malusi ...[inaudible] you have young people
25 who start schooling and they drop out when they get to Grade 9, Grade

10, the dropout rates are unbelievable at that level why because those young people ...[inaudible] and then you will have Grades 10, 11 and 12 which is the senior phase it is a tight percentage of those who start school who end up sitting for Grade 12 and even fewer will succeed.

5 The problem is we are not investing on the front end of the educational experience where ...[inaudible] so if we were to take a ...[inaudible] view of education and start to rethink and re-imagine ...[inaudible] at Grade 10 you create a multiplicity of options, post Grade 12 you create multiplicity again I think we can start to build a better
10 society, you can never build a weak nation if your educational system is dysfunctional. Every nation, every living nation is winning because they have invested in quality education from early childhood to University, thank you.

COMMISSIONER KHUMALO: Just before you leave Doc, the sources of
15 funding that you have listed here are they exhaustive?

DR. S. MABIZELA: They are not exhaustive at all, I should have mentioned, the private sector has an incredibly important role to play, I do not think that our private sector is investing as much as it should, they are the beneficiaries of the graduates of these Universities and so my
20 point of view much as we must ask government to double the contribution I would also plead with the private sector to support our higher education but only because the beneficiaries of the graduates of these Universities it is in their own best interest that we build a stable and sustainable democracy. Some of them are sitting on huge sums of
25 money which are not invested ...[intervenes]

JUDGE: Well assuming that they will not do that voluntarily how do you suggest they should be encouraged?

DR. S. MABIZELA: Chair they can provide bursaries that is useful but that is just one part, we are very excited with the work that is being by Mr
5 Sizwe Matsamai at the moment and that is growing in the private sector but again I really think there is an incredible role that the private sector can play here if they start to realise that our future, that we have a shared future and that if we do not deal with these things together we will all lose as a nation, thank you.

10 JUDGE: Mr L'Ange.

DR. I. L'ANGE: Thank you Chair. Chair ...[inaudible] very eloquently expressing the issue of on the one hand the need to increase access to the University in order to meet the ...[inaudible] social justice whilst at the same time coping with the increase in state funding so my presentation
15 is simply to present before you the particular challenges that we are facing at Rhodes University. Just by way of introduction, Rhodes University I think has the highest or one of the highest throughput rates of South African Universities in the country, it also has the most per capita research output of all of the Universities in the country so it is if
20 you like, I do not think it is arrogant to say we are a statute of excellence in terms of higher education and so my presentation is simply to place before you a submission what kind of restraints we are experiencing as a small rural University but with excellent throughput and excellent research outputs.

25 My presentation is a high level summary so I will try keep it to 10

minutes, it is a high level summary of the document that we submitted to the commission. Much has been said about the declining levels of state funding in real terms and I had planned on putting up a graph but you can clearly see that in terms of University income streams state funding
5 since 2006 have been, are in that trajectory.

JUDGE: Downward trajectory.

DR. I. L'ANGE: Downward trajectory. The only way in which Rhodes University would be able to make it up because we do not have a big source of third stream income is to ...[inaudible] so you can see a clear
10 increase in the student fee trajectory and so in 2015 the level of state funding in terms of our income stream decline from 57 percent to 55 percent so leaving us with the situation ...[inaudible] of maintaining the quality of free education that we are offering is to actually transfer that cost onto the students hence the whole issue around the protests of fee
15 increases. The second issue is that there seems to be a myth that Rhodes University is a very wealthy University and sitting on vast levels of reserves ...[intervenes]

COMMISSIONER ALLY: Actually we have heard different.

DR. I. L'ANGE: Sorry.

20 COMMISSIONER ALLY: Actually we have heard different that you were somewhat in the same position as WSU or WSU, Walter Sisulu University say they do not know where those statistics come from so maybe you will enlighten us as to the correct position.

DR. I. L'ANGE: Advocate Ally I would readily look forward to hearing
25 where those funds are from the source of those myths because it is

simply not true and you will see why when I go to the next bullet point why the University does not have vast reserves that people think they do. So in terms of the level of reserves that do have, ...[inaudible] the methodology that you use to measure them our primary reserve ratio in
5 2015 was 0.2 which is less than half of what the recommended ratio is in terms of international ...[inaudible] but if you use the DHET methodology which takes into account some of our internal financial arrangements and notably where we have in the past prior to the introduction of the infrastructure and ...[inaudible] funding from government we built
10 residences out of our kind of cash flow and our reserves so those reserves are that we do have that are reflected on our balance sheet are actually underwriting what we call internal modems and we built residences to increase access okay.

JUDGE: What are the current rand levels of your University?

15 DR. I. L'ANGE: Our free reserves are in the region of R180 million.

JUDGE: Are those reserves that the council can use?

DR. I. L'ANGE: Yes, ja.

JUDGE: What are your non free reserves?

DR. I. L'ANGE: Yes we call those the free reserves but those are all
20 committed internally because those are underwriting these internal loans and that is why we are saying our actual level of free usable reserves is zero, okay. We have heard a lot from Dr Mabizela as well as the previous presentation from UJ about the difficulty and the challenge of attracting and retaining high quality academic staff in particular. At
25 Rhodes University approximately 6 to 7 years ago the University took the

step of increasing academic salaries to bring them up to the percentile of a higher education market okay and that was in order to try to attract and retain good quality academics.

It is the nature of higher education remuneration that as other
5 people are also seeking to the 50th percentile the actual 50th percentile changes okay so you are on this ever increasing rotating treadmill so our academics are currently off the 50th percentile. We have as yet to bring any support staff up to the 50th percentile. So I am highlighting that because that is one of the huge issues confronting higher education is
10 the levels of remuneration in order to attract, retain and build up a good quality if you like academic community.

JUDGE: Sorry I do not know what the 50th percentile represents in University salaries, I want you to help me.

DR. I. L'ANGE: Okay, yes sure. The 50 percentile is looking at a cross
15 section of a, it is all of the University salaries that have been collected by an agency called, I just cannot remember the name sorry.

JUDGE: HR.

DR. I. L'ANGE: HR is not, does not recall to me, Renchan and so they then collect all the summaries from all 26 Universities and then they
20 determine within the ...[inaudible] for example this is a 50 percentile within associate professors this is the middle point if you like, so there ...[inaudible]

JUDGE: Do I assume that the 100th percentile is occupied by the top paid employee in any University.

25 DR. S. MABIZELA: Chair what they do is they take the summaries and

they rank them from the lowest to the highest within a particular occupational level and then the 50th percentile is the middle point of that range.

DR. I. L'ANGE: Within the country.

5 JUDGE: Well where do the academic staff stand in this can I call it infrastructure, I mean on the whole graduation from nought to 100, I do not know where academic staff should be, should they be on the 40th or should they be on the 80th or what?

DR. I. L'ANGE: Oh I see, I think in order to right size the whole focus
10 needs to be done on academic remuneration because at the moment it is totally market determined so you will have an institutions like, well let me rather not mention names of brother and sister institutions, but you will have another institution with remuneration levels at 75 percent of the 50 percentile, sorry at the 75th margin, obviously that means that their salary
15 levels are much higher than for example ours, we are then competing in a very small pool for good academics.

JUDGE: I take the point of what you are saying it is just not apparent to me to what extent you are being prejudiced by your inability to bring people above the 50th percentile.

20 DR. I. L'ANGE: By way of example we have been advertising for a professor of statistics at our institution for approximately four to five years, we have been unable to secure anyone.

JUDGE: And statistically what are the changes of you finding one?

DR. I. L'ANGE: At the moment zero.

JUDGE: Yes and is that because you are unable to pay a salary which is competitive?

DR. I. L'ANGE: A significant factor is our lack of, or ability to pay competitive salaries yes, there are other factors but they play a much smaller role, like geographical location, cost of living in Grahamstown etcetera but a key factor is the inability to pay competitive salaries. And you heard Dr Mabizela speaking earlier about the possible danger to the quality of the academic sector by introducing short term contracts and part time educators.

5
10 COMMISSIONER KHUMALO: Just on that, how has this affected services in terms of maintenance, catering, security?

DR. I. L'ANGE: You will see that in my presentation I have indicated that we have a high staff cost ratio within the instruction, even though we are not in the 50th percentile that leaves very little left if you like in the budget to address all of the other issues so maintenance ...[intervenes]

15
COMMISSIONER KHUMALO: That is the status quo now you looking at, are you using service providers ...[inaudible] are they part of your staff component, in sourced?

DR. I. L'ANGE: No we have never, we are in the fortunate position that we have never outsourced so virtually all of our services are housed within the University so food services, maintenance services, grounds, gardens etcetera are all in-house.

DR. S. MABIZELA: Can I just come in very briefly, this was a deliberate decision on the part of Universities that we would never outsource those services and the reason is simply that in Grahamstown where there is no

25

employment if you outsource those services you will get a service provider who will treat those people in perhaps the most unsatisfactory manner so we are carrying more staff and it was in a way a social responsibility decision that we would never outsource those services, it
5 is a cost to the University but if you are in a town where there is just no employment and you outsource those the person who employs them, he or she will employ just a few and you will be contributing to unemployment which at the moment is sitting around 70 percent.

COMMISSIONER KHUMALO: Sorry if you could just take us back to
10 your struggles to find a statistics professor now does it make a difference whether you hire a South African citizen or somebody from outside, will the salary skill still be the same ...[inaudible] at the same level and are there any limitations as to who you hire?

DR. I. L'ANGE: At this stage we have advertised, we have used search
15 agencies both locally and internationally ja. Moving onto the next point of the slide. In accordance with the mandate to increase access to students from particularly the Eastern Cape interland and students from poor working class backgrounds the University has been providing its own levels of financial aid, to put that in context we receive 18 million or
20 we have received R18 million in financial assistance from NSFAS over and above that because that R18 million simply does not meet the need in terms of what we have been asked to achieve, we are contributing in 2016 38.9 million of our own funds to financial aid and that is pure financial aid we are not including in that figure bursaries, scholarships
25 and other funding.

So in terms of trying to increase access through the University by students from poor working class families within the Eastern Cape that is the Universities level of financial contribution, the University has been making that contribution over the past 10 odd years, it has been in the form of a loan scheme which has been like outsourced to NSFAS because NSFAS were or was going to be the vehicle on which those funds would be recovered to create a turn however that has not been too successful to date and the rest, some R160 million of funds the University has allocated over the past 100 years to students in order to provide them with funding or education at Rhodes University.

We also then confronted with the issue of this massive backlog of maintenance and you have heard our colleagues from UJ mentioning that, we just had our infrastructure, our campus infrastructure assessed by the CSIR, we asked them to tell us what we need to do in order to bring our campus infrastructure back to fitness for purpose not to ...[inaudible] the purpose. There were problems with the work that was performed by the CSIR when we did the audit and our findings of the day have underestimated ...[inaudible] the estimate of money that we need is R3 billion to bring our campus back to fitness for purpose so that is another huge issue that the University is confronted with.

All of which leads to the point in time at the end of last year where for the first time in living memory our council approved the deficit budget, we have not had a deficit budget for 20 years, certainly the 20 years that I have been associated with Rhodes University. And the council took that single step if you like because council felt that we are

now starting to impact on the quality of the academic project that Rhodes has delivered, that the cuts that we were having to make in order to balance the budget were now starting to hurt our academic project. Now all of the things that I have mentioned to you here are issues that the University was grappling with prior to October, November last year so that was in the context of this declining ...[inaudible] funding coupled with having to increase access.

Then we had the fees must fall campaign and the zero percent fee increase announced by the State President and the University made a number of concessions, I am not going to run through all of the concessions that we made they are on the slides ...[inaudible] that the concessions that we have made have made a considerable impact on the Universities cash flow such that today we have sufficient cash to pay one months worth of salaries at next payday so we are extremely vulnerable in terms of cash flow and without some form of input from the state going into 2017 and 2018 we are, our forecast show that this situation is simply going to worsen.

COMMISSIONER ALLY: Doctor what percentage of the student debt comes from NSFAS funding and have you received monies owed ...[inaudible] if you fall into that range and whether you have received monies that were promised to you?

DR. I. L'ANGE: Chair claims have been lodged with NSFAS okay which are still being processed to NSFAS, in terms of cash flow we do not count the funding from NSFAS in if you like our deficit because we regard that as money that we are sure will come in. What we have done

in terms of the concession made was to, for example instead of having a minimum initial payment before regulation of 50 percent we reduce that to 10 percent, we then also offered students the facility of coming forward to make ...[inaudible] plans so we had a whole load of individualised ...[inaudible] but what is happening is obviously as the economy tightens students are unable to pay so we are in the situation of considerable cash flow challenges.

So just to conclude you will have seen in the press recently there was a whole lot of speculation about Rhodes, that Rhodes was about to close its doors. What we stated in the press is that Rhodes is not bankrupt, that we certainly are not cash strapped in the current ...[inaudible] account. And somewhere the system is going to break so we urgently need state assistance. I am ready to take questions Chair.

JUDGE: Is that the totality of your presentation at this time?

15 DR. I. L'ANGE: Yes.

DR. S. MABIZELA: Thank you very much Chair for the opportunity, we wish you well this is incredibly important work for our nation, you have our full and unqualified support thank you.

JUDGE: Thank you very much indeed to both of you.

20 **NO FURTHER QUESTIONS**

JUDGE: We can then take a five minute break?

MR. ZULU: Yes maybe 10 minutes Chair because we are busy making copies of the presentations thank you.

JUDGE: We will break for 10 minutes thank you.

HEARING ADJOURNS

HEARING RESUMES

JUDGE: Yes Mr Zulu.

MR. ZULU: Thank you Chair. The next presentation is by the Nelson
Mandela Metropolitan University and the presentation is by the acting
5 Vice Chancellor der Sibongile Muthwa ...[inaudible]

JUDGE: Thank you.

DR. S. MUTHWA: ...[inaudible]

JUDGE: Dr Muthwa I am not hearing you I wonder if that is going to
...[inaudible] or what the reason may be.

10 DR. S. MUTHWA: My apologies. Thank you very much ...[inaudible] I
would like to introduce the team please, with me I have Mr Luthando
Jack who is a leader of students and I have got Dr Charles Sheppard
...[inaudible] and then I have got Miss Zandile Mbabela who is
...[inaudible] then I have got Dr Denver Webb who is ...[inaudible] Vice
15 Chancellor thank you.

JUDGE: I feel I am still not hearing you so I must ask you to speak up a
little bit please.

DR. S. MUTHWA: Okay I will speak louder.

COMMISSIONER ALLY: Ja if you put it closer we should be able to.

20 DR. S. MUTHWA: Okay thank you my apologies.

JUDGE: Okay would you like to go ahead please.

DR. S. MUTHWA: Yes I would love to, thank you very much. We want
to thank you for the opportunity to elaborate on our submissions thank
you very much. I just in the first slide we are just outlining the attributes

of our University, NMMU has got close to 27 000 students and ...[inaudible] and then out of the 27 000 students 1500 thereabout are international student from 65 countries and many of those students come from the Sadac countries, the majority of those students we have six
5 campuses, five of those campuses are ...[inaudible] and then we have got one campus in George in the ...[inaudible].

We approach our submission in terms of a longer view to sketch the principles in the funding environment of the centre so even though we say something about ...[inaudible] the situation and what we have
10 done at NMMU in this context. We say that we do not ...[inaudible] and how that situation has affected us. We believe that the ...[inaudible] higher education is very, very important because it is a transformation ...[inaudible] society it also leads to improve social justice because it decreases inequality and also it assists economic development and you
15 might know that Universities achieve this work of transformational ...[inaudible] through our three missions which is teaching and learning, research and innovation as well as engagement. The National Development Plan outlines the three main functions of higher education. Higher education ...[intervenes]

20 ADV. M. LEKOANE: Sorry Doctor before you proceed, the three contributors of higher education are you saying that higher education is a public good only or it is also a private good because that is ...[inaudible]

DR. S. MUTHWA: Yes we are going to still come to that yes that it is ...[inaudible]. So the National Development Plan has outlined that, the
25 three main functions of higher education firstly it says that it is train

people with high level skills for public and private sectors, also higher education is a dominant producer of ...[inaudible] knowledge and then you will find also applications for existing knowledge and thirdly it provides opportunities for social mobility. And the World Bank itself you
5 might be aware that over the years the World Bank has always emphasised the importance of primary education, universal access and it has also emphasised the importance of secondary education.

In ...[inaudible] however the bank has shifted to also emphasise the importance of higher education and I quote from the bank 2009
10 report, it says, overall it is ...[inaudible] South Africa higher education system maintains and strengthens knowledge generation, innovation and the benefit of accelerated development that you address the challenges of poverty, inequality and unemployment in South Africa, this requires adequate and sufficient government and private sector funding, so this is
15 the new ...[inaudible] the that bank has been making recently. And just the question that Advocate was asking just now about the benefits of higher education we submit that benefit of higher education is both public and private, in fact that the source of higher education, the institute of higher education policy where it says that education has got
20 both public and private benefits, both economically and socially.

But we then have to uplift this because we feel that if public, if higher education is not only the public benefit it is also a private benefit for the private individual so we believe that those who are able to pay for education should pay for it because it actually has got both public and
25 private benefits both at the social and economic level. The potential

benefits of higher education, then we are just like now talking about South Africa in particular that the current socio economic environment and this is not necessarily something they did not know, that South Africa is witnessing slow social and economic transformation, the economic
5 growth is stagnant in South Africa, there are high levels of inequality, poverty and unemployment and then the social security net even though it has helped the poorest people it is unsustainable.

The sustainable response would be to widen access to higher education, so we feel that broadening access to and transformation of
10 Universities is very, very important but it comes with additional costs. The children of the working class and the unemployed come to the University not only under prepared because they come from poorly resourced schools but also when they are in the University you will find that they do have the basics like full nutrition, transport and other costs
15 and we have experienced this year in particular where we put some measures in place to widen access that we have a lot more indigency on our campus because of that so we believe that higher education is the ...[inaudible] that can break inter traditional poverty and change the trajectory in a generation.

20 We thought that we would sketch a picture about NSFAS and how NSFAS has worked the National Student Financial Aid Scheme. We believe that the inability to pay for higher education should not serve as a barrier to access so we believe that for the reasons that I have already mentioned that of high inequality and high unemployment and that the
25 well established student financial aid scheme is imperative to ensure

equality, equity of access. As NSFAS loan recoveries have collapsed and they have fallen, this is the Treasury statistics by the way, that they have fallen by 61 percent from 2008 to 2014. The cost to NSFAS and the government of this collapse ...[inaudible] at 4.3 billion so what that means is that NSFAS so what that means is that NSFAS at this low rate of collection it cannot regenerate itself.

If loan recoveries had contributed, if they had been better that would have put 1.46 billion back into the system to fund students that is why we continue to have approved but unfunded NSFAS students because the scheme is just not adequate and then we believe that poor collection is actually the main causality of this. The other big challenge that is facing us in South Africa is the issue of the missing middle, I believe that everyone has heard of the missing middle, those students that are not poor enough to fall within the NSFAS net but not wealthy enough to afford the cost of higher education.

So that missing middle is actually a real challenge because in our country we have not defined what that missing middle is and that becomes, actually becomes an imperative. The absence of ...[inaudible] and criteria of what constitutes this category of student as well as inconsistent approaches to addressing their plight remains a major concern. At NMMU we have introduced certain approaches and lessons learnt while we are doing this we want to share with the commission because we feel that it would actually, some of these measures would be tried by other Universities ...[inaudible] as a whole.

At NMMU what we did was to work, for 2016 work beyond the

students that fall within the NSFAS ...[inaudible] we defined what we call, I think it was based solely on affordability. We put a cap of 399 000 of the family income as the missing middle and then what we did we put certain concessions in place to support the students that are in the
5 missing middle and we help these students by moving down payment at the beginning of the year and also the students that had 2015 outstanding debt were allowed into the system.

And also as I said earlier on that once you allow students into the system they have studied but they actually are ...[inaudible] they do
10 not have books they do not have food so the University in 2016 has availed R21.8 million to help them with just their basics to live in the Universities. As we speak now we have a debt coming from a no fee increase of 230 million that sits almost 7 percent higher than it was last year which means that freeze on fees have had a very big impact on us.

15 MR. ZULU: Can I just ask you a question, in relation to your definition of the missing middle, the amount of 399 000 is it in relation to the affordability for NMMU or is it the higher education sector in general?

DR. S. MUTHWA: It is not the higher education sector, the higher education sector advocate does not yet have the definition of the missing
20 middle.

MR. ZULU: Ja I am aware of that, the reason I am asking is because you said NMMU's definition of the missing middle and you said it is based on affordability so my question is ...[inaudible] affordability in relation to the NMMU fees or the ...[inaudible]

25 DR. S. MUTHWA: I think we look at the demographics of our students

because there are quite a large number of students that stand between like 150 to like 400 000 family income but those students as the policy environment says in South Africa they are not covered by NSFAS but also they are not wealthy enough to be able to pay and as you would
5 have noticed all of the students that were very vocal during fees must fall the students that fall within the missing middle. And then the 399 cap is just what our council approved in terms of the students that we could be able to allow in under those circumstances in 2016 while we still are able to run the University operation.

10 ADV. M. LEKOANE: Sorry Doctor, do you have a difficulty with a definition of a missing middle that is above 120 because zero to 120 round about 150 I think you qualify for NSFAS so from there to I suppose for you it would be 300.

DR. S. MUTHWA: Yes.

15 ADV. M. LEKOANE: The missing middle from 120 to what?

DR. S. MUTHWA: We said between 125 which is the cap of NSFAS to 399 was the ...[intervenes]

ADV. M. LEKOANE: That would be your missing middle.

DR. S. MUTHWA: That was ...[inaudible] it is not a policy position of the
20 University but our council allowed us to do that because a lot of student that were academically deserving but which were not funded by NSFAS.

COMMISSIONER KHUMALO: So then that needs to be reflected in the presentation because it says ...[inaudible]

DR. S. MUTHWA: Oh well I did not explain the details perhaps I should

explain how we went about doing this. We said the missing middle, the student that we were going to cap are up to, those not covered by NSFAS we could only afford 300 000 and then we put in place an appeals system that in certain circumstances you find that there are
5 families who perhaps have got three children or three students studying at NMMU so even if their income is more than 300 000 they are actually, they could easily, because ...[inaudible] then the students that come from an income of up to 300 000 if ...[inaudible] earns 350 000 per annum, the family income but they have got three so what I was explaining to the
10 commission is to say that our cap was 300 000 by on appeal we could consider to let students up to 399 000 per family.

ADV. M. LEKOANE: What do you mean by ...[inaudible] I do not know what slide number this is but you speak about inconsistencies and approaches in addressing the plight for the missing middle, what did you
15 have in mind about that missing middle?

DR. S. MUTHWA: Okay what we are saying is that the, we are saying that the current policy provisions in the sector does define the missing middle so that absence of clear definition of the missing middle even though government is beginning to say that the missing middle are the
20 students that are actually the drivers of the fees campaign basically because those students are the ones that are not funded but no policy position which is nationwide has been determine of the missing middle so we feel that it should not be the Universities that define individually what the missing middle is because we are in the same economy in this
25 country so the missing middle should be defined nationally.

What we did at NMMU it was a compassionate response of our council because a lot of potential students who were academically deserving are being left out because they were not funded so we actually as an interim measure according to our own affordability determined
5 what we were going to respond to as the missing middle but we feel that at the moment there is no agreement as to what the missing middle should be and we feel that it is important if we are going to have a coherent policy response, as a nation we must define the missing middle in a common manner, it should not be left to a University. Okay
10 ...[inaudible] and one of the things that we also want to touch on is actually beyond fees, once the students are in the University what measures do we put in place to make sure that students are successful because we feel that a student success is very, very important because it allows the new student to be able to come into the system so the quicker
15 students finish the system is actually an efficient manner of running a University and delivering higher education.

So at NMMU what we have done, we have sent lot of resources and time and innovated on programs to actually support the students that are ...[inaudible] instructional support, tutorial ...[inaudible] and so
20 on. And also we have got what we call a living and lending environment whereby we make sure that the environment residences lends itself to students success. Just to elaborate on that point also, NMMU the success rate of our students have been proved from 2005 we had 73 percent success rate, in 2015 we have got 81 percent and then
25 ...[inaudible] improvements in the success rate of African and Coloured

students ...[inaudible] in our system so we have concentrated on these students and in 2014 the South African ...[inaudible] student engagement NMMU was rated by its own student as significantly above average in providing a supportive environment for the students to succeed.

5 In addition to this we are part of the ...[inaudible] Universities that have received funding from the ...[inaudible] the success and completion rates. Include the Siyapumelela Project we are developing tools that attract the students and give us an early warning system to make sure that the students that are actually are picked quickly and then
10 they are supported so that they succeed. We are going to touch briefly on government spending on higher education. South Africa's participation rate in higher education is too low compared to other countries. If you look at the innovation ...[inaudible] countries because there is a correlation between innovation ...[intervenes]

15 JUDGE: Sorry Doctor I need to check is the 20 percent includes the Tvet's as well ...[inaudible]

DR. C. SHEPPARD: No it is not the Tvet's it is only Universities.

JUDGE: Only Universities.

DR. S. MUTHWA: When we talk about innovation ...[inaudible] if we
20 think of Finland the participation rate is up and you can see it is the 94 percent, South Korea 99 percent, Norway 74 percent, so in many respects South Africa is actually very low, spending on higher education in South Africa is too low and then that is why feel that we need to improve funding of higher education so that to improve higher education
25 enrolment ...[inaudible] if we can just go to that slide.

ADV. M. LEKOANE: Sorry Doctor these examples of these countries that you comparing to are they fee paid countries or they ...[inaudible]

DR. S. MUTHWA: They are not fee free countries ...[inaudible] higher education is free in those countries but it is only tuition fees I think, I
5 understand from our colleagues that these figures that is only tuition fees that are free in this country.

COMMISSIONER KHUMALO: In this country or the Scandinavian countries?

DR. S. MUTHWA: In this country ...[inaudible]

10 DR. C. SHEPPARD: ...[inaudible]

COMMISSIONER ALLY: Sorry Doctor when you do comment please place yourself on record otherwise we do know who is speaking.

DR. C. SHEPPARD: Just to repeat, we ...[inaudible]

ADV. M. LEKOANE: Thank you we request that can you place yourself
15 on record for record purposes, state your names.

DR. C. SHEPPARD: It is Dr Charles Sheppard.

ADV. M. LEKOANE: Thank you.

DR. C. SHEPPARD: Is that adequate.

DR. S. MUTHWA: Apologies. Just to elaborate on this, on the next
20 slide, we compare, of course you asked the question how did we choose those countries, we just chose the countries where we get the data for and compared to other countries some of the ...[inaudible] income countries like us our expenditure on higher education in South Africa as a percentage of our GDP is actually the lowest among the lowest so that

makes the point that compared to even, to Ghana, to Brazil, to India, South Africa is actually does not fund higher education as high as the other countries and that is, I think this is ...[inaudible] that government has had for a long time and we just thought that we could put it out there
5 as well.

COMMISSIONER ALLY: Doctor maybe I should put it to you as I put to all Universities because this has been given to us ...[inaudible] now Treasury tells us that it is good and well to put the statistic of 0.71 or 0.78 up but higher education institutions which includes well let me say
10 post school education institutions are not getting value for money and until that value for money is shown it makes it difficult for us to increase percentage of GDP, what do you say to that?

DR. S. MUTHWA: It is an important question that is why earlier on we thought that we should try put a spotlight on ourselves as University that
15 as much as we are asking for better funding of the system, once the students are in the system we should pay particular attention on accomplishing this so that students finish quickly so that they create room for funding of new enrolments in the system so that we reach ...[inaudible] the whole system faster. So to actually get students and
20 then some of the students have come from out schools, they pass but they are under prepared for funding for the University. So at our University we have created the whole department that looks at, well I do not like to say ...[inaudible] but when the students come in up to the time they finish the students that are ...[inaudible] we try to track them and in
25 that, as I showed the statistic earlier on that our accomplishing rates

have actually reached 81 percent which is actually above national average because we pay particular attention.

COMMISSIONER ALLY: Let us just speak about that, that rate refers to modules completed in the year and not your graduation rate which is
5 something else so perhaps you have got to put that in perspective. The tracking that you do well and good in terms of your students at risk as you put them so when you speak of, it is good that you moved from 73 to 81 percent in terms of your success, have you been able to improve your graduation rates exponentially also?

10 DR. C. SHEPPARD: Just to respond to that, we are tracking ...[inaudible] from year to year, we do not like the ...[inaudible] is misleading but the CHE has also been doing cohort studies and if you look at all the cohorts over the last number of years since 2006 up to now there has been an improvement in the student rates for each cohort
15 going forward, every year there is an improvement. I think if I can just run through what we actually get the real figures from ...[inaudible] if you look at a number of years ago, the 2006 cohort of your first intakes of three year degrees and four year degrees and national diplomas I think was less than 50 percent have completed. Nowadays it has gone up for
20 first, for three year degrees to 58 percent, for four year degrees to 58 percent, for four year degrees 54 percent and for diplomas 50 percent so there is a real ...[inaudible] where I think Treasury also needs to listen to that.

DR. S. MUTHWA: Thank you very much I will proceed. Then you know
25 what happened in 2015 at the end of the year through the fees campaign

should not have surprised us but it did because this happened at the back of fees having risen faster than education. Fees across the sector rose by 9 percent compared to 5.6 of the economic and then in that period over the years the subsidy dropped and so if we continue running
5 these two operations and paying salaries the Universities started to over rely on fees to compensate for the subsidy so that actually was at the nub of the fees campaign ...[inaudible].

We also believe that in view of the fact that the education system, the higher education also support the private sector, the private
10 sector has been rather not as involved as it should have been in making sure that they contribute to funding of higher education so we are recommending we should, we would like to see more involvement of the private sector in the funding of higher education. If we can just go to that slide because it is an elaboration of what I was saying.

15 DR. C. SHEPPARD: I think this is also not unfamiliar information but it shows that the government contribution declined from 49 percent in 2000 to 40 percent in 2013 in terms of the income streams of the Universities, the student fees increased from 24 percent of income stream to 33 percent so clearly there has been a shift to students but in all fairness to
20 Treasury, Treasury ...[inaudible] by increasing NSFAS from 0.5 million in 2000 to 6.7 billion in 2013, it is now over 9 billion so one cannot say that all that fee increases were absorbed by households, some of it were yes but NSFAS also assisted, government did assist indirectly in that change. And then in terms of third stream that has been really
25 staggered, not in terms of the actual amounts but in terms of the

percentage of income, it does not look like Universities in third ...[inaudible] should shift to more than 27 percent of their income stream.

DR. S. MUTHWA: Thank you. Okay we just thought that we should highlight the efficiency, the question that Advocate, the commissioner
5 was asking about the efficiency of the South African higher education system, if you go through the NDP, National Development Plan, even though it actually states that how important higher education is but it also says that the data on the quality of University education is disturbing. South African Universities are mid level diplomas in terms of knowledge
10 production with low participation high tuition rates and insufficient capacity to produce the required level of fees so that was the question that Advocate, the commissioner was asking that why you were asking for more funding, we need to pay more attention also as Universities as a sector to quality.

15 University sector is under considerable strain, enrolments at government ...[inaudible] funding that has not kept up, slow growth and I quote again from the NDP, slow growth in the number of University lecturers, inadequate student accommodation, crippling University infrastructure and equipment shortages so all these are issues that
20 infringe on quality which we then concede that as Universities we have to address as well, as much as we require, request more funding. In terms of recommendations commissioner, firstly NMMU supports the recommendation of the ministerial committee on the review of the funding of Universities which says that ...[inaudible] there are public and
25 private benefits, the funding of Universities should be predicated on state

subsidies and tuition fees with provision being made for financially needy students who are academically deserving.

So we believe that because private benefits of higher education, in fact research that has been done in this country shows that private
5 benefits of higher education are very high in the Sadac and in South Africa in particular and therefore believe that those that can afford to pay for higher education should pay for higher education. And then we have already said this that the missing middle needs to be defined and supported through either bursary or loan schemes. Recovery of NSFAS
10 loans need to be improved, once graduates are gainfully employed. I think we spent a lot of time talking about this that the NSFAS architecture for collection is actually something that needs urgent attention.

Universities must improve efficient and enhance ...[inaudible]
15 success and completion rates, this initially entails extra costs as appropriate support packages are put in place to ensure access with success and improve cost efficiencies in Universities operations. Student tuition fees should remain a crucial source of income for Universities but consideration must be given to differentiate fee
20 structures based on family income and ability to ...[inaudible] already. In conclusion then commissioner we want to leave these messages that investing in higher education is not a luxury it is a necessity if South Africa is to achieve the kind of society that we envisage in our democracy and that is elaborated in our constitution.

25 The policy environment ...[inaudible] the NDP and other

documents already exists to take South Africa on this high road but it is about making the right budget and fiscal choices to implement this. At NMMU we responded with agility to address the challenges of access but we obviously do not believe that those responses are sustainable
5 without funding injection for our University. The current situation in terms of University funding if it is unaddressed it remains unaddressed it is likely to put many of our Universities on an unsustainable path so thank you very much.

COMMISSIONER ALLY: To the team broadly speaking we have a
10 situation where representations are made and statistics show an inverted pyramid that we have namely that there are too many students at Universities and not you know Tvet institutions nor the community education ...[inaudible]. Now the question to you is how do we right that wrong if it is a wrong and should we continue maintaining what we have
15 at the moment, so if you agree that it is wrong because it is not sustainable then how do we get it right taking into account ...[inaudible] that there is a stigma attached to going to a college rather than going to University and so where do we rectify and correct those imbalances if there are imbalances?

20 DR. S. MUTHWA: Thanks, I would just try and respond but I am sure my colleagues can also elaborate thanks. For the longest time South Africa has concentrated on funding Universities with the new white paper on the post school sector, I mean there is a definite ...[inaudible] where we say that not all student go to Universities should be going to Universities,
25 I mean we have seen this with students that sometimes come under

prepared so who could be going to Tvet colleges as well but also the
artisan sector for example, in South Africa is actually a sector that is not
catered for adequately because of, in terms of training so obviously we
cannot talk about how do we move the stigma but we need to
5 ...[inaudible] what causes that stigma, what causes that stigma is I
suppose the quality of education in Tvet colleges, the level of funding,
poor infrastructure so we were excited that this commission is actually
going to be considering the funding of the post school sector as a whole
not just Universities because as a ...[inaudible] University we actually
10 know that some of the students that we had could have been served
better by the Tvet colleges.

But there must be a reason why students choose to go to
Universities because if you go to other countries where the, the
community colleges where resourced and equipped students do go there
15 and there is no stigma attached, I mean I lived in England for many
years, I mean if you are a plumber in England or a landscape gardener
you actually get paid ...[inaudible] because you have had very good
training in a space that is professional and well resourced so in South
Africa we need to pay attention to Tvet colleges and community colleges
20 because that will also help us to deal with the levels of unemployment
that we are experiencing in South Africa so I think we need to pay as
much attention to Tvet colleges as we are paying to Universities.

JUDGE: Do you have vocational guidance at NMMU?

DR. S. MUTHWA: Do we have vocational guidance?

25 JUDGE: Yes.

DR. S. MUTHWA: Yes we do, we do but what we want to argue Judge is that by the time the students come to NMMU vocational guidance should have happened before they get to NMMU.

JUDGE: Yes I understand that but do your vocational guidance advisors
5 ever advise people that you should rather be at a Tvet college?

DR. S. MUTHWA: Yes we do because what we do have at NMMU is what we call the ...[inaudible] it is a testing system, it is an access system, the student then comes with perhaps marginal results they go through the testing system and then they get advance that perhaps you
10 go through the extended program which is the foundational phase or your results on the testing phase before you get admitted indicates that the Tvet college would serve you better. I mean we do have a lot of resistance from students and parents in accepting that they need, perhaps their child needs to go to the Tvet college for the reasons I have
15 already outlined but actually have a layer of assessment that we take our student through.

And in fact what, because of the measures that we have in place to support students once they are in the system the students that have gone through the testing phase many of them pass but there are some
20 students that actually after the testing stream then pass matric and then they could do well at Tvet colleges so we actually advise them to go but some student you will find that they will repeat matric so that they come to the University because of the standing of the different colleges, this is a sign of our ...[inaudible].

25 DR. C. SHEPPARD: If I may add, in terms of the Tvet colleges there is a

long road to follow before they will be up to standard, first of all if you think of the NCV qualifications that they offer it is actually ...[inaudible] studies have now found that those students that qualify are not really appropriate so the new national plan is looking at putting different
5 qualifications into the Tvet colleges. The only NCV qualifications that seem to be successful was the NCV ...[inaudible].

Secondly if you look at artisan training in South Africa it can take you 9 years to become an artisan because what happens at the moment students do their matric then they go to the, and repeat the NCV 2 to 4
10 which is another three years and then they go into industry for artisan training and then they need to go back and do some of their qualifications it can take you up to 9 years to become an artisan which is way too long so now looking at the moment with the development of the national plan and the implementation of the white paper to streamline
15 these things. Secondly the Tvet colleges, so actually a student go back there to repeat matric it is not really at the moment offering proper pro secondary qualifications that is why the Universities are ...[inaudible].

Secondly then if you talk about ...[inaudible] the Tvet colleges it is much worse you have got your NCV certification rate is just over 30
20 percent in other words over, per year only 30 percent over the three levels pass and get a certificate so if you start out with say 90 students in the first year, 30 percent means 30 will around there goes to the next year, to the second level and of them maybe 30 percent pas then you end up with 9 and of them only 30 percent you actually get that
25 throughput rate of 4 percent that has been quoted. So there is massive

development work immediately ...[inaudible] it is about the way they are performing and the fact that the educators needs to be, their qualifications needs to be upgraded a lot before students would actually start ...[inaudible] the Tvet system.

5 ADV. M. LEKOANE: You mentioned post secondary training, where would that happen ideally, at the colleges or where would such training happen?

DR. C. SHEPPARD: What the task team working on the national plan in the light of the white paper on post school education is to look at
10 producing real occupational programs with work integrated learning that will be more appropriate because they say the ideal ...[inaudible] colleges although there should be ...[inaudible] is actually to train people to go to a job and that the ...[inaudible] do not do that. Also the whole Seta system, the funding and the planning has not been aligned with the
15 Tvet enrolment plans because what should ideally happen is that the Seta's should give the employers an indication of how many artisans they need in which areas and even geographical areas for two or three years ahead then they should guarantee a workplace funded place for a student, once that student has ...[inaudible] because at the moment what
20 happens thousands of students ...[inaudible] they do that theoretical training but they get a workplace placing and we need to align the Seta planning with funding and the Tvet college enrolments.

COMMISSIONER KHUMALO: And where does secondary schooling begin?

25 DR. C. SHEPPARD: Ja I see where your question is going, it is about

students that did not complete matric.

COMMISSIONER KHUMALO: Yes.

DR. C. SHEPPARD: That is what it is about. The idea is that this should ideally happen in the new envisaged community colleges but of course
5 the current budget which is funding the public ...[inaudible] which is about 1.7 billion there is very little money to address that problem so the community centres, community college is going to take a while to actually ...[inaudible] because in a sense, at the moment there is 9 community colleges which is just more administrative arrangement but
10 the second chance matric is currently happening in the public ...[inaudible] where it was meant for adult people if you now go to the actual public out of the centres ...[inaudible] trying to get some kind of matric qualification.

JUDGE: Any further questions.

15 MR. ZULU: No ...[inaudible]

JUDGE: Dr Muthwa, Dr Sheppard thank you very much indeed we appreciate your input, we will consider it and perhaps call you again ...[inaudible]

DR. S. MUTHWA: We thank you also for the opportunity to present to
20 you and then we wish the commission well in this very important work thank you very much.

JUDGE: Thank you.

NO FURTHER QUESTIONS

MR. ZULU: Judge, Chair ...[inaudible]

JUDGE: Thank you.

MR. ZULU: Until Monday.

5 JUDGE: Good afternoon. Thank you Mr Zulu who have we got here?

MR. ZULU: Thank you Mr Chair we apologise we thought earlier that we had completed our business for the day but I think there was a ...[inaudible] make representation.

JUDGE: That is fine.

10 MR. ZULU: Mr ...[inaudible] student support services they are here today, the representations

JUDGE: That is fine just let me get your names please, I would like to write it down.

MR. G. FORWARD: Graeme Forward, FORWARD.

15 JUDGE: Thank you. And you are Madam?

DR. R. SINGH: I am Mrs Norma Tamsanqua.

JUDGE: Thank you who is going to do the presentation, both of you?

MR. G. FORWARD: Me I ...[inaudible]

JUDGE: Well Mr Forward what do you want to tell us.

20 MR. G. FORWARD: Thank you. Mr Chairperson I am representing the ...[inaudible] but we believe that we have some very good points and the principle could not be here so I am standing in for him ...[inaudible]. According to our first page these are principles which we ...[inaudible] deliberations that took place with stakeholders and the first principle was

all South African respective learners will meet the minimum entry requirements for the ...[inaudible] institutions of higher learning should not be excluded for financial reasons. Learners that can afford higher education must fund ...[inaudible] or a portion of their fees however the student body was adamant that we do mention at this commission that they should ...[inaudible] regardless of the financial status of the statement so they were adamant that ...[inaudible]

[STUDENTS INTERRUPT PROCEEDINGS – OUTSIDE NOISE]

JUDGE: What is going on?

10 MR. ZULU: Chair there is somebody with a mic outside.

JUDGE: Just give them a moment.

COMMISSIONER ALLY: There is a wireless connection ...[inaudible]

JUDGE: I am sorry Mr Forward that you were interrupted.

MR. G. FORWARD: Would you like me to start over Mr Chairperson?

15 JUDGE: No, not necessary.

MR. G. FORWARD: Thank you.

JUDGE: You said that the SRC has a reservation and it is of the view that higher education should be free for all irrespective of ...[inaudible]

MR. G. FORWARD: That is correct.

20 JUDGE: That is, there are representors who made that submission but it is a little bit unusual in the light of the submission that ...[inaudible]

MR. G. FORWARD: Yes, we did say to them that the SRC could submit their own submission but this is ...[inaudible] so they asked us to make that.

JUDGE: Yes indeed.

MR. G. FORWARD: Thank you. The fees which we are referring to here refer to all costs associated with full time study not just tuition, accommodation, food, study material, transport and allowance for
5 personal living expenses. The next principle was a strong ...[inaudible] put on academic performance, a learner requires to meet an acceptable level of academic performance should be immediately excluded from the program and replaced with another deserving learner. The excluded learner will be responsible to pay back the costs. A greater emphasis to
10 be focused on extended programs to provide academic support where needed in light of many comments in regard to the unsatisfactory basic education where our student coming out from the secondary school system are not always adequately prepared for our programs.

The next principle was that interest free loan system to form part
15 of this financial assistance, repayments to begin once the graduate begins earning and this will obviously contribute to the sustainability of the funding model. Graduate wishing to immigrate within a period of 5 years need to pay back the value of benefits received. A strong emphasis on the eradication of fraud and corruption, I think this was
20 mentioned by many stakeholders is that the system, particularly the NASFAS system, there is an element of dishonesty in regard to the documents and the ...[inaudible] of documents provided by learners seeking financial assistance would have to be addressed.

COMMISSIONER ALLY: Were the students able to indicate to you
25 whether they would like the online system or the manual system

...[inaudible] because they have been informed by certain Universities that the online system is objective and therefore puts no subjective ...[inaudible] where the manual one is good in some instances but lends itself to abuse, were they able to indicate to you which system they would prefer should NSFAS continue to be the vehicle ...[inaudible]

MS. N. TAMSANQUA: Thank you. As far as the Tvet students are concerned from the Buffalo City ...[inaudible]. The online system is what we were hoping to be introduced for the year 2016 from NSFAS however this system could not take off in 2016, we are hopeful that this will be able to take off in 2017. Even though then there are learners who are already awarded their bursaries by NSFAS as returning students. We have found out from the administrative side ...[inaudible] but some of the students have managed to ...[inaudible] from the information that they already had when we doing our ...[inaudible] and balances to say that okay we followed up with the students we tried to check whether really they are still residing at the same address that you said you were in the previous year, we noted that there were some discrepancies here and there but the challenge was there so those students have already been awarded their bursaries by NSFAS then that gives us a little bit of a challenge when you have ...[inaudible] what would be the awards which you as ...[inaudible] that goes straight to the learner without the college being able to know whether that learner has been awarded or not so there is a challenge that the award gets straight to the learner because the learner prepares the contract with NSFAS and the contract is then not ...[inaudible]

COMMISSIONER ALLY: Okay Miss Tamsanqua I just want you to explain because as you explained now it seems somewhat different from how it is working at other institutions, NSFAS as we understand it pays tuition fee amount and so forth to the institution, they have a voucher
5 which they call SFAS which is then provided to the student, now if you can perhaps clarify for me at Buffalo City College are you saying that NSFAS pays tuition and any other amount directly to the student?

MS. N. TAMSANQUA: Thank you. NSFAS pays to the learner the SFAS system which is an allowance, now what I am trying to say is that that
10 allowance at times goes to the learner who might not have necessarily supposed to get their allowance, that in most cases is where the discrepancy comes in on the allowance because that allowance is necessary for accommodation which includes meals and also for transport when it comes to ...[inaudible] that is where the challenge is
15 because at the college we conduct our verification where we conduct in the radius when a learner says you are ...[inaudible] so that we can check whether the student is really staying at the address that he says he is staying at, that is where the challenge is thank you.

COMMISSIONER ALLY: Thank you.

20 JUDGE: Are you finding a significant percentage of discrepancies?

MS. N. TAMSANQUA: Thank you. Yes we have noted that there is quite a number of them, now we are trying to conduct an exercise of ...[inaudible] so that we can be able to double check ...[inaudible] or not because the challenge is that we are getting this information when
25 learners are getting their ...[inaudible] so because they are getting their

allowance on a monthly basis that is when ...[inaudible] the point is we get this information after the learner has already got the award and that is when we have now to double check ...[inaudible] from other learners as well to say this particular person has claimed that he is residing at this particular address ...[inaudible] so we conduct now the verification.

MR. G. FORWARD: Thank you. We can just move on. The bulk of these required funds needed to be sourced from government ...[inaudible] care must be taken that this does not have a detrimental effect on economic growth in the macro level of course which ensures jobs for graduates. To encourage institutions of higher learning to obtain a third stream income particular in the Tvet sector where we can work closely with, form partnerships with commerce and industry who are main beneficiaries in vocational ...[inaudible]. ...[inaudible] of the relevancy of vocational education and training provided by Tvet colleges in order to meet the needs of the country and national development planning.

Concerning the autonomy and independence of Tvet colleges we have got a long way to go I think in this sector if we compare our bigger brothers and sisters in the University sector, criteria to be put in place ...[inaudible] the capability of an institutions of higher learning to go ...[inaudible] with the relevant statutory requirements, we would like to see in time to come where we have autonomous Tvet colleges where that can be possible.

JUDGE: To what extent do Tvet colleges run their own affairs at the present time and is there a distinction between ...[inaudible]

MR. G. FORWARD: I think Mr Chairperson the main distinction is of ...[inaudible] where a majority of the staff employees are employed by DHET and not the particular institution which differs significantly from the University sector where the actual University ...[inaudible] and this is
5 quite problematic I think in certain areas.

JUDGE: Why?

MR. G. FORWARD: I think the main reason is the length of time it takes to get a person employed it cannot always be when it is urgent there is a lot of paperwork that goes into it and I am not directly involved in that
10 area, Miss Tamsanqua can you stand on that.

MS. N. TAMSANQUA: Thank you even though it is an HR matter which I am not fully hundred percent aware of but I understand that the challenges of appointing people with expertise especially in the areas of engineering. There are certain levels where the appointments need to
15 hold true, the DHET and that the college cannot appoint the ...[inaudible]. It takes a long time before the appointments can be done, in some cases it takes more than three months for a person to be appointed, I do not know ...[inaudible] but also the element of benchmarks on COE, conversation of employers, where the colleges
20 ...[inaudible]

JUDGE: 63 percent of what?

MS. N. TAMSANQUA: 64 percent of the budget that they have so in most cases it becomes challenging because that is an element whereby now when we look at ...[inaudible] of artisan type of programs that we
25 need to ...[inaudible]. For those type of programs we need to ensure

that do appoint artisans, people who are really out there in the market and they are normally taken by big company's or at times they want to run their own type of training programs because colleges they cannot afford to pay them salaries. And again it will have ...[inaudible] the funds
5 or the salaries that the educators are having at this point in time is always ...[inaudible]. So we find highly qualified staff having to move on to better places because they find themselves not adequately paid at Tvet institutions so we lose expertise ...[inaudible].

COMMISSIONER ALLY: Miss Tamsanqua before you hand over, we
10 learnt in Durban of the situation from the governors, Tvet governors council indicating that you have a strange situation that the Department of Higher Education and Training appoints the Principal and ...[inaudible] council appoints the rest of the staff, is that correct?

MS. N. TAMSANQUA: Yes ...[inaudible] where the council then explains.

15 COMMISSIONER ALLY: Perhaps you can explain how your staffing works because the governors council seemed to indicate to us there is a governance problem in the Tvet sector which has not been solved and went as far as to say that it could not be constitutionally a problem because there is an Act that governs Tvet colleges and indicates the
20 powers and roles of the council and yet these have been taken away whether legitimately or not, can you comment or not?

MS. N. TAMSANQUA: ...[inaudible]

MR. G. FORWARD: I would like to answer that, on the position of being
25 involved in ...[inaudible] the University sector I think we do bring that up

in our next point in our next slide where there is a merging of responsibilities which overlap particularly with the council and the DHET which at certain times they have a conflict of interest which takes away the authority of the council, this is problematic so when we look at the
5 roles of management, council and the DHET and of course the students these are quite blurred I would say that Tvet sector compared to the University sector and I think that is needed to be addressed however we realise that Tvet sector is not as it was as the University sector so I think this is where the challenges lie, thank you.

10 COMMISSIONER ALLY: Thank you.

MR. G. FORWARD: Thank you if I may go onto the next bullet, government to provide financial support to the Tvet college sector to enable the realisation of ...[inaudible]. Encourage and to provide the necessary structures to enable all institutions of higher learning to
15 become independent and autonomous so as to be able to compete with the private sector education institutions, this was a point which was mentioned which was, we feel is quite relevant that the Tvet public sector institutions must really stand up and become competitive with their private sector counterparts.

20 COMMISSIONER ALLY: What is your ...[inaudible] private sector?

MR. G. FORWARD: There are a number of colleges that use similar, offer similar programs and they are in direct competition with the Tvet colleges, I am referring to ...[inaudible] elaborate on that.

MS. T. TAMSANQUA: I hope you are referring to some of the private
25 colleges that we are having around, within our environment around here

in East London still we have got quite a number of them and the fees that they charge they are high but because of the autonomy and the ...[inaudible] I am not sure when it comes to how they are paying but most of the students would go for ...[inaudible] in most cases. We have
5 a few colleges close by within ...[inaudible] so there is as lot of competition when it comes to that but we have noted that based on the fact that they are flexible they are autonomous they are able to even conduct more programs than we could conduct because when we look at the program that we are having on offer is we occupied in most cases
10 ...[inaudible]

We are running NCV programs, we are running the ...[inaudible] but we are limited in so programming those programs because of funding, so then our ...[inaudible] are able then to run most of the programs we are having to and there is a lot of competition.

15 MR. G. FORWARD: May I just expand on that just ...[inaudible] example, the local industry, the Daimler Chrysler factory in our city which is a big employer employee has their own training facility, we are in discussion with them at the moment to try and form some cooperation agreement but that is an example where we could ...[inaudible] thank
20 you. To focus on both internal and external ...[inaudible] to ensure continuous adherence it best practices in all spheres and our final point which we mentioned earlier was the, to examine the roles and responsibilities regarding oversight, monetary and evaluation by various stakeholders, the DHET, councils, management, SRC and other
25 significant role players.

JUDGE: Perhaps you would like to tell me because I am ignorant of these things what the scope of your councils authority is?

MR. G. FORWARD: The scope of the councils authority is oversight and ensuring strategic objectives of the college.

5 JUDGE: Do you have oversight of the academic ...[inaudible]

MR. G. FORWARD: We do but not on an operational level, we have sub committees of council which is the academic board, the oversight of their finances through the finance committee. We have an institutional forum, we are very involved in strategic planning of the college, I think that
10 ...[intervenes]

JUDGE: Roughly how many students does your colleague have?

MR. G. FORWARD: ...[inaudible]

JUDGE: Roughly how many students do you have?

MS. N. TAMSANQUA: We have plus minus 8000 students for
15 ...[inaudible]

ADV. M. LEKOANE: And how many of those students receive NSFAS funding?

MS. N. TAMSANQUA: Of the learners that are ...[inaudible] our proposed figure in 2016 ...[inaudible] is 4057. During the 2015 academic
20 year 2636 had been funded. We also remember the 4057 is our estimated proposed figure as ...[inaudible] but we still have to get the final number of ...[inaudible] through NSFAS. We are still having a ...[inaudible]

ADV. M. LEKOANE: Now I understood that the students in Tvet colleges

who receive NSFAS funding they receive it as a grant so it does not actually repay this correct?

MS. N. TAMSANQUA: Your Worship.

ADV. M. LEKOANE: So where do you discuss your funding principles
5 and ...[inaudible] you propose an interest free system and a repayment
once the graduate begins to earn, that would be for students who fall
outside the NSFAS because they do not actually repay.

MS. N. TAMSANQUA: Thank you, that is in line with some of the
Universities that ...[inaudible] because as our students ...[inaudible] they
10 do not actually have to pay back but they ...[inaudible] students have to
set a time to pay back. It is so unfortunate that they have now to rewrite
the exams or repeat the level that have to end then they do not get a
repayment. In certain cases where the learner have to repeat more than
one subject ...[inaudible]

15 JUDGE: Thank you.

COMMISSIONER KHUMALO: So are you saying these are the
...[inaudible]

MS. N. TAMSANQUA: Yes we looked at that as a government city
college who in essence talking about ...[inaudible] but the inclusion of the
20 other funding roles that was just a ...[inaudible].

ADV. M. LEKOANE: Thank you. And then how do you propose to the
government of the Tvet's that ...[inaudible]

MS. N. TAMSANQUA: Well we have to submit reports we have to submit
reports on a monthly basis and they are reported or submitted to council,

council gets a report quarterly and at times we have those informal meetings that we are having where they ...[inaudible] and maybe we are called for an urgent meeting for councillors to get ...[inaudible]. Within the constitutional forum which I sit as well, I do submit reports, we do
5 give reports as a, for bursaries. Like we have to forward the report to government of higher education and training ...[inaudible] and other updates on NSFAS as well as a report that maybe NSFAS would need from us to ensure that we are in line with whatever ...[inaudible]

COMMISSIONER KHUMALO: No thanks, so on your last slide you
10 ...[inaudible] does this affect you guys directly meaning from the governors to yourselves?

MS. N. TAMSANQUA: I think we were trying to come up with ...[inaudible] where we noted that there are gaps areas of ...[inaudible] and the role of councils management and somewhere somehow we find
15 that there is no clear distinction South Africa to where council to stop ...[inaudible] process maybe if the commission can assist in ensuring that that element needs to be clarified from a neutral point of view so that the ...[inaudible]

MR. G. FORWARD: If I can just add on that if I may, I think when
20 councils sees something wrong for instance they tend to get involved in operational matters and then of course that management, does not go well with management, the council feels that there needs to be things done that have not been done. Of course management says because of DHET ...[inaudible] and constraining them under certain circumstances
25 so there is, this is what we are referring to here, is of learning a

responsibility in the sector that needs to be addressed.

JUDGE: Do you turn away applicants on any grounds?

MS. N. TAMSANQUA: Thank you. Applicants are not ...[inaudible] but as an institution we have a predicament that we cannot take students
5 beyond their operational plan and the targets that we set for the operation plan because if we do so we will not be able to be funded for those particular learners, that is where the challenges come in as to not being equal then to attract more learners for the fact that now they can also be accommodated as well as the question of capacity, we do have a
10 challenge when it comes to capacity as far as the infrastructure is concerned. The ...[inaudible] learners to attend and be part of our operation but the capacity to ensure that the learners are ...[inaudible]

JUDGE: If you had more money, let us say you had unlimited money you would then be able to deal with ...[inaudible] you presumably would
15 improve salaries.

MS. N. TAMSANQUA: When an institutions has got enough money it is ...[inaudible] because you kept the money, you are able to look at ...[inaudible] able to appoint personnel because we understand that since ...[inaudible] we as a college have part time classes which run from
20 17:30 to 20:00 so challenge still is, in ...[inaudible] you cannot be able to accommodate a post you do not have enough infrastructure so it becomes a challenge yes.

JUDGE: What sort of infrastructure do you have in mind is it just accommodation or is it equipment or both?

25 MS. N. TAMSANQUA: Both because ...[inaudible] to run the programs

because at ...[inaudible] of which runs from 08:00 to 20:00 in the evening weekdays so the ...[inaudible] are used to fill to capacity, at ...[inaudible] also the engineering programs run then from 08:00 to 20:00 weekdays so then one other campus that we are having at ...[inaudible] we are
5 trying as much as possible that we need to ensure that we also want those type of programs but we are facing a question of security because it is within the location ...[inaudible] and now we need more funding to ensure that we are able to ...[inaudible] the structures in place so ...[inaudible] that we assist the student to get access to it.

10 MR. ZULU: I just wanted to ask you, earlier during the hearings we were told that it takes about 9 years to qualify as an artisan ...[inaudible] how many of these students actually go through the entire process until they qualify as an artisan or ...[inaudible]

MS. N. TAMSANQUA: Thank you I ...[inaudible] but I know for a fact that
15 the program artisan type of a program is ...[inaudible] for example I know of student currently, I talk about ...[inaudible] those learners have to go for a first trade test that they have to go through. They might fail and once they fail they still have to wait for dates for trade tests ...[inaudible] there is a process that they have to undergo it is not ...[inaudible] and
20 because of all those challenges we cannot then get other learners, we have to wait and see ...[inaudible] are able to pass through the trade test. My understanding at this point in time is that ...[inaudible] and get to be successful ...[inaudible]

COMMISSIONER ALLY: Well maybe Mrs Tamsanqua you can indicate
25 to us, do they start with the NCV1, 2, 3, 4 move on to N's and then to

trade test and how long so a given student, your automotive mechanic student just take us through the years at Buffalo City how it works, what certificates ...[inaudible] and ja the period of time.

MS. N. TAMSANQUA: According to the report ...[inaudible] I will give
5 you a picture of a learner who had to do a ...[inaudible] has never even
touched a single tool ...[inaudible] assume that the learner starts from
N1, N1 is ...[inaudible] and the student can pass one trimester to the
next trimester that is now six months to the next trimester doing N3. It is
dependent on the learner whether once the learner passes N3 that he
10 needs now to go to do practical that when one goes through that
practical he has to be taken through the N3 level type of workshop where
they have to be informed or trained on ...[inaudible] and other things then
once they are there they get them to choose which type of a trade the
learner can go through.

15 COMMISSIONER ALLY: So counting now we are probably in second
year.

MS. N. TAMSANQUA: 18 months now where a learner have to get to an
N1 maybe to N6 or whatever né, now the learner has to ensure that at
the end of the day when both are trade testing before you go for trade
20 testing you have to be prepared né, you have to do the pre-trade test.
Now with the pre-trade test again it is dependent on the availability within
the programs of whether you are going to go for a trade test centre that
is going to be ready for you, for you to get to be cleared around that one.
From pre-trade testing the preparation it is dependent then on the
25 facilitator whether he sees that the learner is ready to go for pre, for a

trade test now when you go for a trade test you might not be hundred percent ready because of the certain disciplines you have to go through. Now once a learner fails one aspect within the task that he has to perform that learner is not hundred percent competent then once that
5 learner is not hundred percent competent he has to redo it again.

COMMISSIONER ALLY: Okay Mrs Tamsanqua take it and assume all things being equal there is a bright learner, has all the skills, goes through pre-trade, goes through trade test, how long is that?

MS. N. TAMSANQUA: A learner that is ...[inaudible] and is able then to
10 do the actual ...[inaudible] of being an artisan pre whatever, in my knowledge according to the information I have got from the facilitators it does not take the learner more than three years to complete and come ...[inaudible].

JUDGE: Thank you. We have no evidence that that ...[inaudible] Tvet
15 student obtain certificates but not diplomas because they do not find place to have practical experience, is that a correct reflection?

MS. N. TAMSANQUA: That is hundred percent correct, it is a challenge to place learners at workplaces for practical training. The reason being in most, at most of the places the perception is we are in a business we
20 would not like to get a learner who is going to try and fail because that particular learner is going to damage ...[inaudible] for a trial and error and this is another challenge that we are having but as colleges we now have embarked on the BBEEE which is now a drive within the DHET to say check every ...[inaudible] so that learners can be able then to be
25 taken to workplaces. And as colleges and we are making or having a

budget so that these learners when they go to workplaces the employers are not the ...[inaudible] to look at payment to the learners, there is a budget so it is still a challenge ...[inaudible]

COMMISSIONER KHUMALO: What is the source of the funds?

5 MS. N. TAMSANQUA: I would not be able then to say how much is the budget because we will be, we look at that from different sections ...[inaudible] cannot be able to elaborate because we are not given that budget from DHET to say this is the budget for BBEEE but it is a quality that we have to source from the allocated funds that ...[inaudible]

10 JUDGE: Thank you very much indeed for your trouble.

MR. G. FORWARD: Thank you.

NO FURTHER QUESTIONS

MR. ZULU: Thank you Chair that concludes our business today.

JUDGE: Alright.

15 **MEETING ADJOURNS**

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DAY 2


FEES MUST FALL

HIGHER EDUCATION AND TRAINING

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