



*Office of the Principal and Vice-Chancellor*

22 September 2016

The Secretariat  
Commission of Inquiry into Higher Education and Training

### **Preamble to the Unisa Submission to the Fees Commission**

The statement by the Honourable Minister of Higher Education and Training, Dr Blade Nzimande, on 19 September 2016 is welcomed by the Council and Executive Management of the University of South Africa (Unisa). It does, however, to a degree, mean that events have overtaken our submission to the Presidential Commission of Inquiry into Higher Education and Training, which was prepared in advance of the Minister's statement and was originally scheduled for submission on 7 September 2016. The postponement to 22 September has, however, given us time to reflect on our position, but insufficient opportunity to consult with the various constituencies that have an interest in the effects of Minister Nzimande's statement on our proposal. Since our submission was based on strong empirical evidence, however, we remain convinced of its relevance and stand by its recommendations (which follow in the main submission).

In reflecting on the Ministerial Statement, we support the assessment that 'universities face an extremely difficult financial situation' (p.2). Unisa is committed to the sector and supports the submissions already presented to the

Commission by other universities. We believe that our important contribution to higher education in South Africa is dependent on the health of contact and residential universities. We therefore see our role in relation to other institutions, without losing sight of our niche contribution in Open Distance eLearning (ODEL).

We support the Minister's appreciation of the inclement economic circumstances of the majority of students who need financial support to embark on and complete a university qualification. We also recognise that the legitimate activism of students in advocating wider access has been important in the strides made by the Department of Higher Education and Training in funding poor students as well as those classified as the 'missing middle'. Such financial relief shows a resolve to address the urgent need to promote post-school education in the interests of the country's knowledge economy. It is, however, difficult to predict the extent of middle-class absorption of the allocated resources.

We applaud the increased allocation to the National Skills Fund (NSF) which will support an additional 14 700 students in critical fields of study at under- and postgraduate level. We also support the injection of funds into the TVET sector, and acknowledge the 'balancing act' which requires the understanding of councils, university managements and student organisations.

The Minister's decision to permit university councils to determine the fee adjustments permits a calibrated approach in light of the financial constraints of each institution. This may expedite planning for the new academic year while the Presidential Commission continues its investigation. We believe that this is a reasonable solution in the short term, and capping the increase at a maximum of eight percent ensures sustainability for the immediate future, while innovative proposals are presented and debated in 2017 for the longer term. The administrative complexity of a differentiated system of fee payment may ultimately be financially burdensome, so long-term solutions are urgent to ensure efficient implementation.

Unisa's approach to fee increases in 2017 is clearly set out in our submission and they are directly linked to our strategic intention to regain financial sustainability in the short term in order to give expression and substance to the academic project which is critical for our knowledge economy. After careful financial analysis, Unisa has decided to adopt a phased-in, differentiated pricing strategy which will facilitate affordable access with success.

We particularly welcome the DHET's support for financially constrained students, which accords exactly with our social mandate, as well as the consideration given to funding middle-class students whose household income is below the identified threshold. Unisa will continue to top-up the NSF resources to broaden the scope of support and provide educational opportunities to those students who have not been successful in their applications to the NSF. This will ensure the optimal use of the bursaries and provide sound administration of the additional resources. The Ministerial Task Team which has been set up to develop a model for these new funding parameters will enjoy our full co-operation.

Unisa council and executive management are, however, aware of the administrative consequences of the Minister's decision. It will be extremely difficult to ascertain the valid claims of middle-class students for support without an elaborate verification process. We will establish the necessary internal policies and processes to identify and track those students who do not have access to any financial support by working closely with the NSF and our student development structures. This is likely to become part of each university's responsibility.

In light of Minister Nzimande's statement, Unisa's council and executive management will begin an engagement with our stakeholders, including the National Students Representative Council, to understand the benefits of the additional funding from the DHET as well as the university's own measures to increase access, which have already gained some traction since the end of 2015.

This will follow the intensive negotiations already undertaken in respect of insourcing and the impact on Unisa's financial sustainability, as well as the enterprises around external fund-raising from private and corporate sources as well as philanthropic agencies based in the Principal and Vice-Chancellor's office and the Unisa Foundation.



**Prof Mandla Makhanya**  
Principal and Vice-Chancellor  
University of South Africa



## UNIVERSITY OF SOUTH AFRICA

Formal Submission of the University of South Africa  
to the Fees Commission of the Presidential Commission of  
Inquiry into Higher Education and Training

Endorsed by Executive Committee of Council

4 September 2016

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# 1 EXECUTIVE SUMMARY

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The broad Higher Education landscape is not immune to the major shifts in global economics and changing socio-political developments in South Africa. This has been evident in declining funding for education in particular and a concomitant impact on available resources for universities in South Africa. The purpose of this report, therefore, is to provide the context of Unisa's position regarding the fee increase for 2017 student enrolments. Unisa's context differs substantially from those of other Higher Education Institutions (HEIs) in South Africa.

This report attempts to showcase the many strengths of Unisa, its unique character and particular purpose in the higher education landscape. It is the only Open Distance e-Learning (ODEL) institution in South Africa and remains influential on the continent. The differentiated status of Unisa as a comprehensive ODeL university requires it to teach across all academic levels from undergraduate certificates to doctoral education. It also requires a diverse range of academic expertise and skills. These are not readily available within the sector and therefore call for increased investment in staff development to become responsive to a technology-enhanced learning environment.

The scale of investment in ICTs to achieve the ambitions of sophisticated e-learning for more than 330 000 students is huge. Without this, the transformation agenda of Unisa to move from a correspondence and digitised University to a fully-fledged ODeL institution will be severely compromised.

Technology costs are compounded by the need to maintain and renew the 728 qualifications and 3182 module offerings across 18 CESM categories. In a technology-rich environment the staffing requirements are much higher in comparison to massified correspondence courses. Online interactive teaching and learning is not inexpensive and therefore does not meet the economies of scale often attributed to distance education. A modern ODeL institution requires investment in technology-enhanced

student support and the employment of part time e-tutors to bridge the gap between conventional models of study and learning at a distance.

The request for additional funding is based on Unisa's acknowledged position as a major contributor to South Africa's professional human capital, emphasised by the fact that it hosts more than 30% of South Africa's student population and produces 21% of its graduates. In 2015, Unisa graduated more than 40,000 students and was recently recognised by the NRF for its contribution to advanced postgraduate and published research.

All of the above is achieved in an environment in which Unisa has a very competitive strategy to promote both access and success. Its pricing strategy, compared to other higher education institutions, remains affordable. Another factor that needs to be taken into account is that despite the vast investments required in ICT, Unisa still remains funded at only 50% of contact institutions.

A decision not to increase fees, without revisiting the funding formula for ODeL, will severely jeopardise the future sustainability of the University.

## **2 INTRODUCTION**

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The purpose of this report is to provide the context of Unisa's position regarding the proposed fee increment for 2017. Unisa differs substantially from other Higher Education Institutions (HEIs) in South Africa. There are different complexities at play as well as a much broader and diverse student community than any other university in South Africa. While there is agreement that the cost of higher education in South Africa is indeed a barrier to entry for many, a balance should be sought between ensuring the continued existence in order to serve generations to come, the social, economic and knowledge priorities of the country in the medium term and the interests of our current cohort of undergraduate and postgraduate students.

The approach was to form a task team with representatives from different functional and academic areas. This included senior representatives from:

- Academic Planner
- Deputy Registrar
- Finance
- Research & Innovation
- Planning & Quality Assurance
- Tuition and Facilitation of Learning
- Colleges
- Information and Analysis
- Change management

This composition ensured that multiple perspectives were considered and that the position of Unisa is based on this multi-dimensional framework. Factors were considered in relation to one another resulting in some carrying more weight than others. These factors are expanded on in the rest of the report.

Finding a solution that will satisfy all constituencies has proven impossible to date. The underlying principle in this report is thus to take a position that is in the interest of the greater good.

The position of Unisa is based on the current information available and recognises that the decision of the Minister on a fee increment for 2017 could influence this position.

### **3 CHALLENGES EXPERIENCED AS A RESULT OF FINANCIAL RESTRICTIONS**

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The Higher Education landscape in South Africa is not immune to the major shifts in the global economic climate and the changing socio-political landscape. This has been evident in reduced funding of education in particular with the impact of available

resources for all 26 HEIs in South Africa. The consequent financial constraints affecting universities and students in particular have been topical in a growing literature from diverse sources.

The issue of funding has become an important part of our National discourse around protests in the #Feesmustfall; #Rhodesmustfall and *free education* for all movements. The latter highlighted the plight faced by students from socio-economically depressed backgrounds and this culminated in the demand for a zero% fee increase for 2016.

Over the years Unisa has experienced continuous change, and this is likely to remain true in future as we remake our society and deal with the many unfinished projects of our democracy. These challenges will impact on Unisa's ability to transform at the pace required in order to find better and innovative ways of enriching the student experience, elaborating and building upon African epistemologies and philosophies, developing alternative academic canons, and advancing indigenous knowledge systems within a global context of higher education. Unisa is not untouched by these challenges which are discussed in short below:

### **3.1 Cost of transformation**

The University advocates the transformation agenda of the higher education sector and remains committed to give effect to the key drivers of change and transformation as a fundamental and purposeful advancement towards agreed goals. This transformational agenda necessitates a culture of improvement and continuous renewal guided by social justice and ethical action, as well curricular change. Like other South African Universities the agenda includes increasing student access; supporting young academics to complete their doctoral degrees and in so doing building the next generation of academics; funding and creating incentives for emerging and established academics' research; and teaching initiatives. Investment in capacity development has doubled and drives initiatives such as writing and mentoring workshops, supervision skills training, and funding for new graduates to conduct postdoctoral work.

Unisa is cognisant that the transformation trajectory is not an end in itself but a journey towards a diverse, integrated and academically rich higher educational landscape which requires widespread change, not least in public opinion. If substantive changes do not take place, the tipping point will shift against higher education. Therefore within the new socio-economic and political climate universities cannot afford a “business-as-usual” operating model to promote quality teaching and learning, research, innovation and community engagement.

A series of interventions are needed to change the sector towards a new state of equilibrium however this happens at a time where the cost of education increases in real terms. The following are identified as key focus area for transformation at Unisa

- staff equity, development and work experience;
- student equity, development and outcomes;
- students’ lived experiences, including their socialisation;
- knowledges, epistemologies, methodologies and languages;
- governance, leadership and management experiences;
- funding and resource allocation; and
- infrastructure, including buildings, facilities and ICTs.

The interplay among various focus areas is important in achieving the ambitions set out in Unisa’s Charter on Transformation. Changing the demographic profile of staff and students has a profound influence on Unisa’s ability to provide service to diverse interests and educational needs. Nurturing diversity requires urgent attention to the language policy of the university in order to promote multilingualism and realise the embedded knowledges in South Africa’s indigenous languages.

### **3.2 Academic staffing**

The core functions of any university are predominantly carried out by academic staff. As such, they are vital for the effective running of the institution. This section considers the demographics of Unisa academic staff members.

The university budget is dominated by staff costs. In response to the socio-economic and political conditions there is a tendency to cap staff numbers and to reduce the number of course offerings. With a growing demand for access this will result in a more unfavourable staff/student ratio. In addressing this demand and also to give expression to Unisa's unique character as an ODeL institution, the university's move towards the utilisation of more independent and fixed-term academics, thus reducing the reliance on permanent instruction/research staff. The challenge with the new model is to ensure that students receive a quality learning experience. The table below demonstrates the shift within the academic sector towards a higher projected Full Time Equivalent/Headcount ratio. The steep increase in FTE staff is a result of the employment of e-tutors. This ratio will reach a point when quality will be compromised. At this point Unisa has reached that point and should now sustain its staff student ratio in line with the enrolment target. This will require an annual financial stimulus. The ratio of 1:2.63 compares well with the sector ratio of 1:2 (permanent: temporary) and is directly linked to Unisa's delivery model.

**TABLE 1: ACADEMIC STAFF COMPLEMENT FROM 2010 TO 2020**

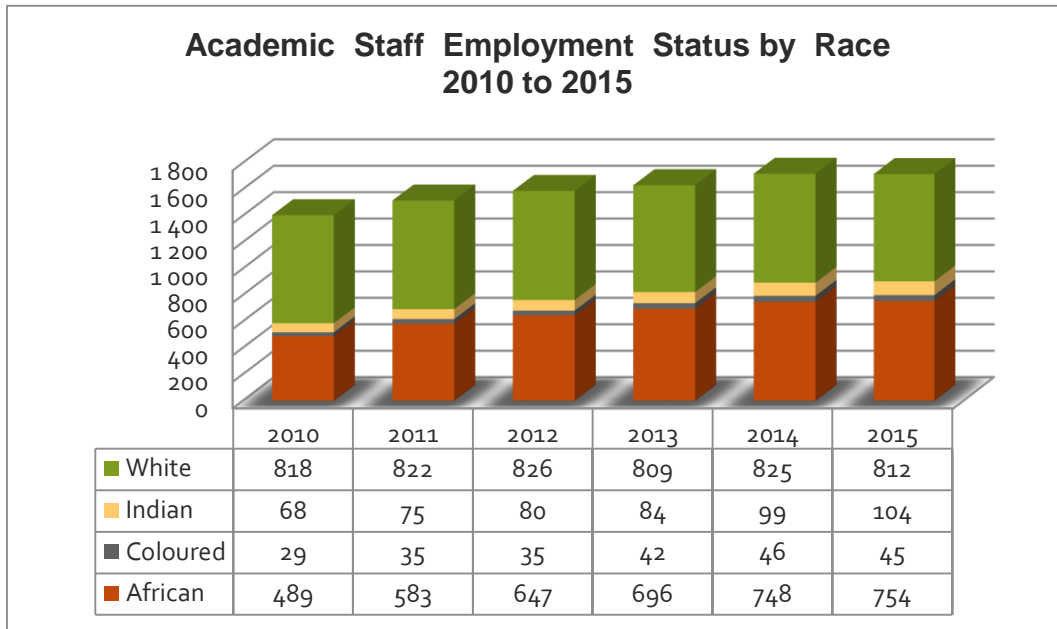
Academic staff complement	Actual						Provisional	Projected			
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Full Time Equivalent (FTE) academic staff <sup>1</sup>	1792	1937	2097	2541	3346	4130	4846	5222	5266	5327	5361
Head Count (HC) academic staff	1 404	1 515	1 588	1 631	1 718	1 715	1864	2001	2010	2030	2040
FTE/HC Academic staff	1.28	1.28	1.32	1.56	1.95	2.41	2.60	2.61	2.62	2.62	2.63

The graph below shows the racial demographics. White academics makes up 47% (compared to 53% of the sector) and African academics 44% compared to 32% of the sector) of the academic staffing sector, with fewer Indian 6% (compared to 8% of the sector) and Coloured 3% (compared to 5% of the sector) staff members.

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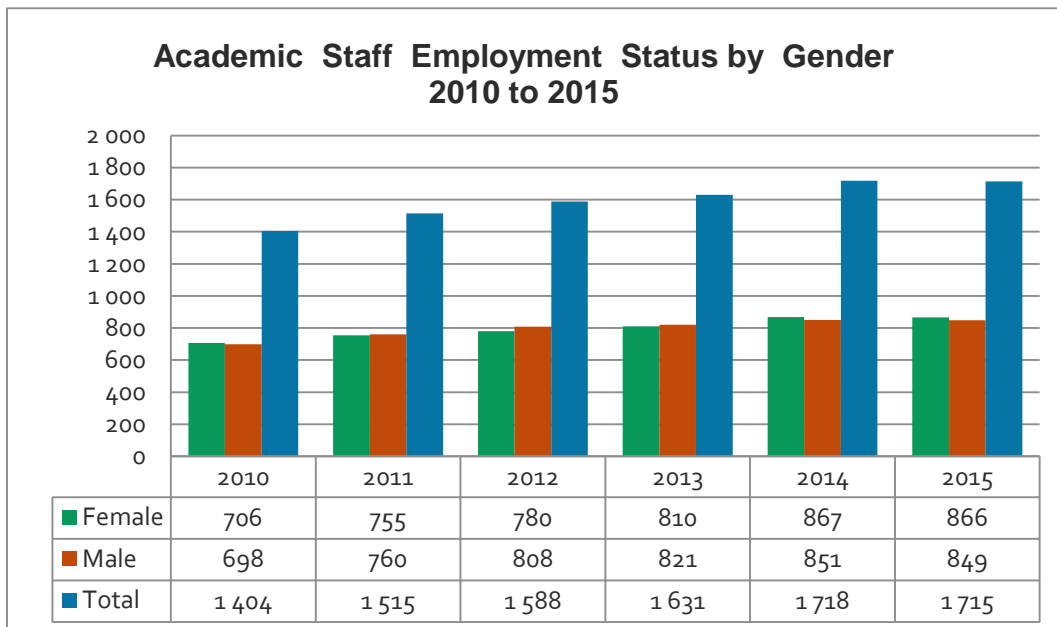
<sup>1</sup> Full Time Equivalent (FTE) academic staff is the ratio of the total number of paid hours during a period of all staff (permanent, and part time) by the number of working hours in the same period. One FTE is equivalent to one employee working full-time.

**FIGURE 1: ACADEMIC STAFF EMPLOYMENT STATUS BY RACE**



Unisa has achieved gender equality within the permanent academic core. Regarding the gender profile of Unisa academic staff, more women are employed than men.

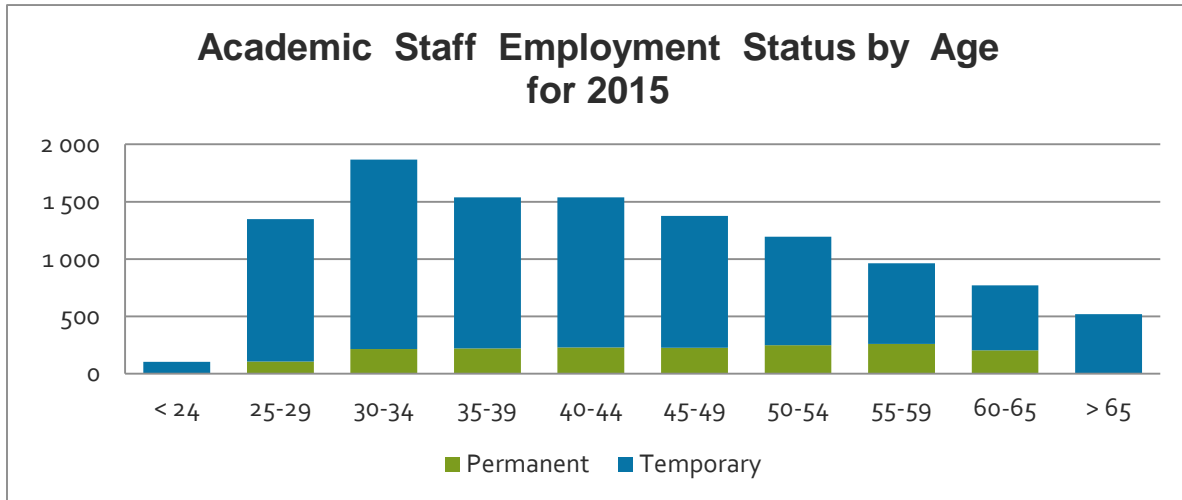
**FIGURE 2: ACADEMIC STAFF EMPLOYMENT STATUS BY GENDER**





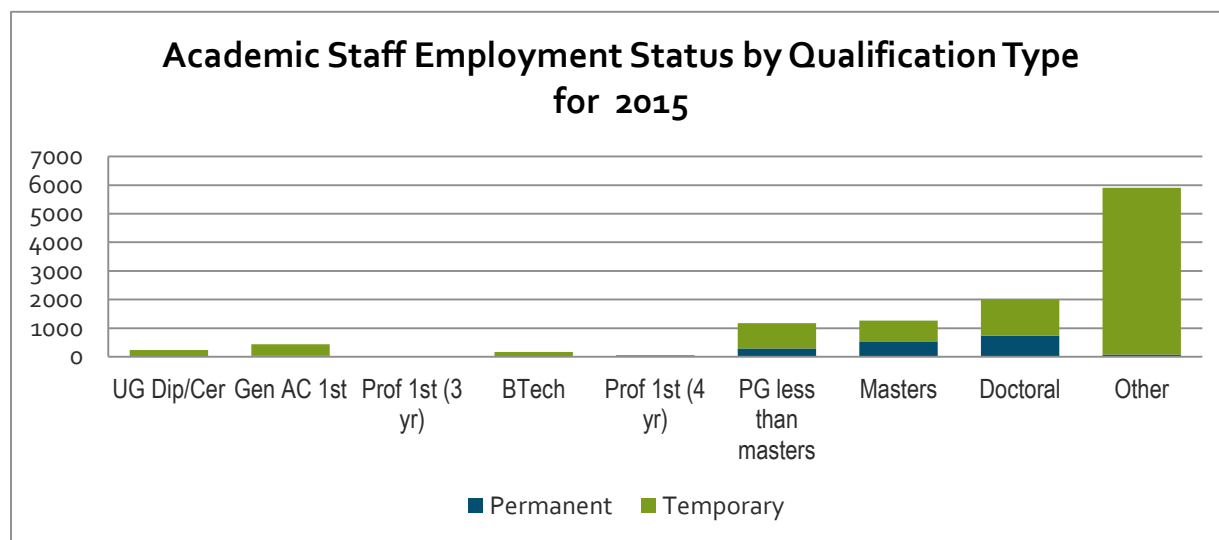
It is interesting to see the difference in the employment status of academics by age. The highest number of academics is under 34 years old, but the majority are temporarily employed, resulting in the lowest number of permanently employed academic staff being under 34 years old.

**FIGURE 3: ACADEMIC STAFF EMPLOYMENT STATUS BY AGE FOR 2015**



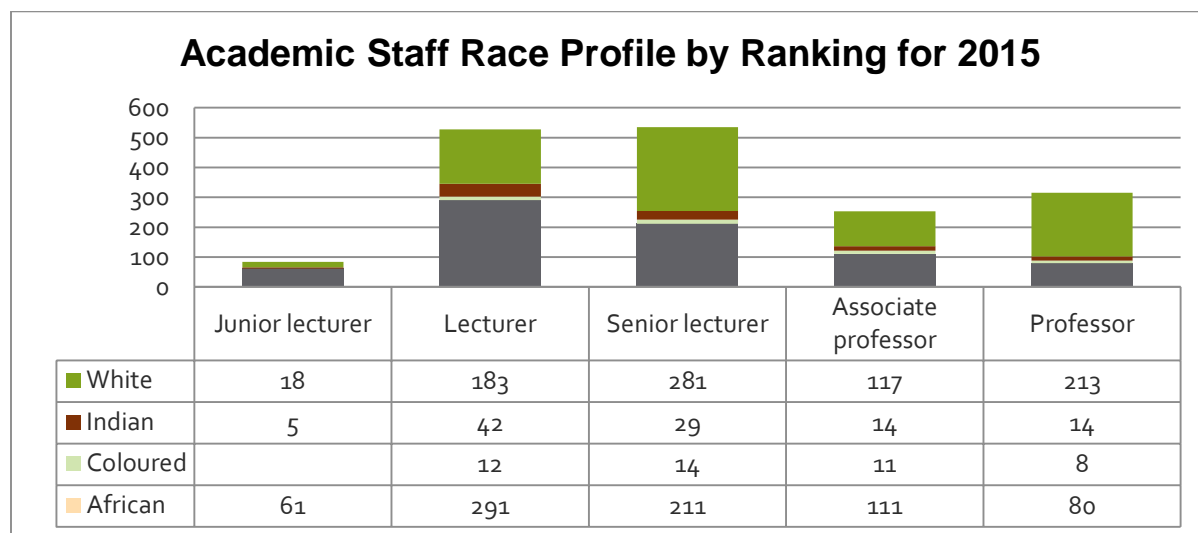
As can be seen in the graph below, the majority of academics' qualifications are captured as 'other'. This is particularly the case for temporary staff members. Academics with Masters and Doctoral qualifications are the second highest categories, and they have the highest proportions of permanently employed personnel.

**FIGURE 4: ACADEMIC STAFF EMPLOYMENT STATUS BY QUALIFICATION TYPE FOR 2015**



The following graph shows the ranking of academics by race. The legacy of apartheid still shows. Most Professors (68%), Associate Professors (46%) and Senior lecturers (56%) are white. As black lecturers and junior lecturers move into more senior positions and new academics enter the system Unisa requires additional staff development opportunities.

**FIGURE 5: ACADEMIC STAFF RACE PROFILE BY RANKING FOR 2015**



### 3.3 Investment in technology

Investment in technology enhanced products and services remains a key challenge as a result of the vast and changing educational and training needs at Unisa. More people need access to continuous learning throughout their working lives – a landscape in which the traditional models of HE will always be outside the reach of most South African citizens. Unisa is not merely alert to the need for curriculum transformation and renewal, but works towards a transformed state for the higher education landscape. Technology is central to this renewal, whether as an object of study or a root to learning; it should never be at the expense of understanding.

**TABLE 2: INVESTMENT COST IN ICT FROM 2010 TO 2015**

Description	2010 R'000	2011 R'000	2012 R'000	2013 R'000	2014 R'000	2015 R'000	Average annual % growth rate
Operating expenses	R 3 513 754	R 4 037 082	R 4 689 382	R 5 161 477	R 6 055 858	R 6 541 475	13.2%
Investments in technology	R 283 448	R 329 558	R 381 004	R 496 516	R 506 891	R 673 591	18.9%
% investment in technology	8.1%	8.2%	8.1%	9.6%	8.4%	10.3%	

### 3.4 Insourcing

The spiralling demand for insourcing has not been without its adverse impact on the already constrained finances of the university. It is envisaged that Unisa will insource approximately 780 staff who will have to be within the contract value. Insourcing poses a risk to the fiscus of the University.

### 3.5 Student debt

The levels of student debt continue to rise at an alarming rate with a direct impact on the cash flow of the institution. Insourcing, on the other hand, will erode savings over time as new appointments and the associated cost to company increases. State contributions to university education declined from 49% in 2000 to 40% by 2012, while the burden on students increased from 24% to 31% during the same period. The confluence of these factors has visited an untold financial burden on the university.

In conclusion, change emanates from constructive epistemic, pedagogical and systemic disruption of entrenched ways of thinking and knowing. Dedicated monitoring and clear milestones will map a way of reaping the benefits of this journey. Without it, reducing poverty and hunger, alleviating unemployment and fostering an active and critical civil society are unlikely and students will continue to suffer the consequences.

## **4 UNISA PROFILE**

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### **4.1 College structure**

The academic structure comprises eight colleges and the Graduate School of Business Leadership (which, for academic purposes, falls under the College of Economic and Management Sciences).

- College of Accounting Sciences (CAS)
- College of Agriculture and Environmental Sciences (CAES)
- College of Economic and Management Sciences (CEMS)
- College of Education (CEDU)
- College of Human Sciences (CHS)
- College of Law (CLAW)
- College of Science Engineering and Technology (CSET)
- College of Graduate Studies (CGS)

Each college comprises schools which, in turn, comprise a number of departments.

### **4.2 Student information**

This section provides a summary of the data from the final audited (third) HEMIS submission for 2015. The analyses are done at institutional and college level as well as sectoral comparisons.

**TABLE 3: PROPORTION OF TOTAL STUDENTS BY RACE AND GENDER - 2010 TO 2015**

Race	Gender	2010	2011	2012	2013	2014	2015
African	Female	40,3%	42,7%	44,7%	45,1%	45,0%	45,9%
	Male	26,3%	26,7%	26,5%	26,3%	26,1%	26,1%
Coloured	Female	3,5%	3,7%	3,8%	4,2%	4,0%	4,3%
	Male	2,2%	2,0%	1,9%	1,9%	1,9%	2,0%
Indian	Female	5,2%	4,7%	4,5%	4,5%	4,5%	4,4%
	Male	3,1%	2,7%	2,4%	2,4%	2,3%	2,2%
White	Female	11,5%	10,6%	10,0%	9,8%	10,0%	9,6%
	Male	7,9%	7,1%	6,5%	6,3%	6,2%	5,7%
Total	Female	60,5%	61,4%	62,5%	62,9%	63,3%	63,9%
	Male	39,5%	38,6%	37,5%	37,1%	36,7%	36,1%

The Unisa student body is predominantly African (73%) and Female (64%). The individual demographic groups are African women (46%), African men (26%), White women (9%), White men (6%), Indian women (4%), Coloured women (4%), Indian men (2%), Coloured men (2%) and the remainder are unclassified (1%). These students come from a wide variety of backgrounds: 169 nationalities are represented from 5 continents, the vast majority from Africa (99,6%), the remainder from Europe (0,2%), Asia (0,1%), the Americas (0,1%) and Oceania. In terms of residency, the majority of the students are in South Africa (96%) followed by Zimbabwe (1,4%). While the proportion outside South Africa is proportionally low, the quantum remains significant (14 823 in 2015) and equates to the size of the Central University of Technology (14 193 in 2015) or the University of Venda (14 145 in 2015), and is larger than the University of Fort Hare (13 445 in 2015).

**TABLE 4: PROPORTION OF TOTAL STUDENTS BY AGE GROUP - 2010 TO 2015**

Age Group	2010	2011	2012	2013	2014	2015
< 18 yrs	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
18	0,5%	0,5%	0,2%	0,1%	0,3%	0,4%
19-20	5,5%	5,5%	5,3%	4,5%	4,3%	4,7%
21-22	9,2%	8,9%	8,9%	8,8%	8,6%	8,4%
23-24	11,1%	10,8%	10,9%	10,7%	10,8%	11,0%
25-29	24,3%	25,3%	25,6%	25,4%	25,6%	25,4%
30-34	17,3%	17,5%	18,4%	19,1%	19,4%	19,8%
35-39	14,1%	14,0%	13,8%	14,1%	13,9%	13,6%
40-44	9,3%	8,9%	8,8%	8,9%	8,9%	8,9%
45-49	5,3%	5,2%	4,8%	5,0%	4,8%	4,7%
50-54	2,4%	2,3%	2,2%	2,3%	2,2%	2,1%
55-59	0,8%	0,7%	0,7%	0,8%	0,8%	0,8%
60-65	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%
above 65	0,1%	0,1%	0,0%	0,1%	0,1%	0,1%
Total (N)	293,437	328,864	336,286	355,240	328,492	337,944

This diverse background means that Unisa services students with 31 different home languages from varied age groups, mainly between 25 to 29 years of age (25%) with the younger group 18 to 24 years, making up 24%. The age group 30 to 34 years contributes 20% and the older group 35 to 39 years, 14%. The remainder (17%) are from the age group 40 and older. The different age groups mean that students enter studies from a variety of secondary education backgrounds. Thirteen different matriculation statuses were recorded in 2015, with 26 different matric certificate types, clearly indicating that only a portion come with recent NSC entrance credentials.

In 2015, Unisa registered 2 655 students (0,7%) with a range of disabilities. While the proportion is small, the quantum remains significant, as these students need to be serviced in particular ways, thus adding to the complexity of service delivery.

The overall 2019 targets are presented in the table below and detail analyses are followed.

#### 4.2.1 Headcount students

Unisa recorded an increase in student headcount of 3% from 2010 to 2015.

**TABLE 5: ACTUAL HEMIS HEADCOUNT STUDENTS (HC) FROM 2010 TO 2015**

College	2010	2011	2012	2013	2014	2015	Average % increase per annum
CAS	34264	34650	34209	36751	33390	33147	-1%
CAES	5341	6947	8798	9834	9711	9662	13%
CEMS	99218	105079	98539	93303	84666	81921	-4%
CEDU	49393	64790	72615	81695	75376	84273	11%
CHS	41912	48167	51132	55994	51953	51533	4%
CLAW	29008	32585	35454	38921	37320	41121	7%
CSET	19335	21627	21232	22900	21804	21853	2%
OCCASIONAL	14966	15019	14307	15842	14272	14434	-1%
<b>Total</b>	<b>293437</b>	<b>328864</b>	<b>336286</b>	<b>355240</b>	<b>328492</b>	<b>337944</b>	<b>3%</b>

Unisa has seen a substantial drop in enrolments from 2014 onwards and this is ascribed to the progression rules and new admission requirements. In 2016, the introduction of a new technology-enhanced application and registration system has brought about a further drop in enrolments.

#### 4.2.2 Enrolled Full-time Equivalents (FTE)

The increase in HC enrolments is mirrored by an increase in the FTE count. Unweighted FTEs increased by 5,0% showing that students are taking a higher course load. In 2010 students enrolled for five modules per annum on average and in 2015 an average of 5.6. This is the result of the new progression rules, indicating that students cannot be retained within the system if they do not progress academically.

**TABLE 6: ACTUAL FULL TIME EQUIVALENT (FTE) ENROLMENTS PER COLLEGE AND COURSE LOAD FROM 2010 TO 2015**

College	2010	2011	2012	2013	2014	2015	Average % increase per annum
CAS	11882.17	15810.5	20847.41	25352.8	24858.12	23131.28	14%

CAES	3084.32	3822.947	4629.334	5741.295	5444.357	5727.191	13%
CEMS	51997.26	50779.56	43146.13	45443.89	41277.57	39743.85	-5%
CEDU	24123.44	32480.03	32231.84	38557.26	35385.02	39136.76	10%
CHS	28.5124	24.093	24.799	19.606	16.124	20.994	-6%
CLAW	26142.68	30152.28	34658.69	40291.82	39741.29	42425.66	10%
CSET	20304.17	23057.3	24204.55	27318.57	26673.38	26459.56	5%
CAS	10712.48	12552.3	12561.2	14376.59	13646.88	14232.54	6%
<b>Total</b>	<b>148275</b>	<b>168679</b>	<b>172304</b>	<b>197101.8</b>	<b>187042.7</b>	<b>190877.8</b>	<b>5%</b>
<b>Course load</b>	<b>0.51</b>	<b>0.51</b>	<b>0.51</b>	<b>0.55</b>	<b>0.57</b>	<b>0.56</b>	<b>2%</b>

### 4.2.3 Student success rates

One aspect of student success is determined by the completion of modules and represents the performance of the examination process. The table below shows an increase in Unisa's overall student success rates per major field of study of 3.3 percentage points. Study fields, such as business management and sciences and engineering require substantial investment in time and resources to provide additional quality student support.

**TABLE 7: ACTUAL STUDENT SUCCESS BY FIELD OF STUDY FROM 2010 TO 2015**

Major field of study	2010	2011	2012	2013	2014	2015
BUS/MAN	56.15%	57.78%	56.17%	46.83%	55.58%	55.42%
EDUCATION	78.85%	79.96%	79.89%	74.96%	84.84%	83.14%
OTHER HUM	69.15%	72.19%	71.46%	61.60%	69.90%	68.52%
SET	52.17%	56.71%	59.87%	49.47%	57.60%	58.44%
Total	63.03%	66.19%	66.60%	57.96%	66.72%	66.36%

### 4.2.4 Graduates

Throughput is the key measure of success in the academic endeavour. The number of graduates increased by 5,7% from 2014 to 2015. For the first time Unisa has recorded over 40 000 graduates in a single academic year as part of the HEMIS submission to DHET. This resulted in a 11,8% proxy graduate rate (PGR) for 2015 and is a positive continuation of the growth in PGR reported in 2014. The relative changes in these metrics do suggest that throughput initiatives in the colleges are bearing fruit.

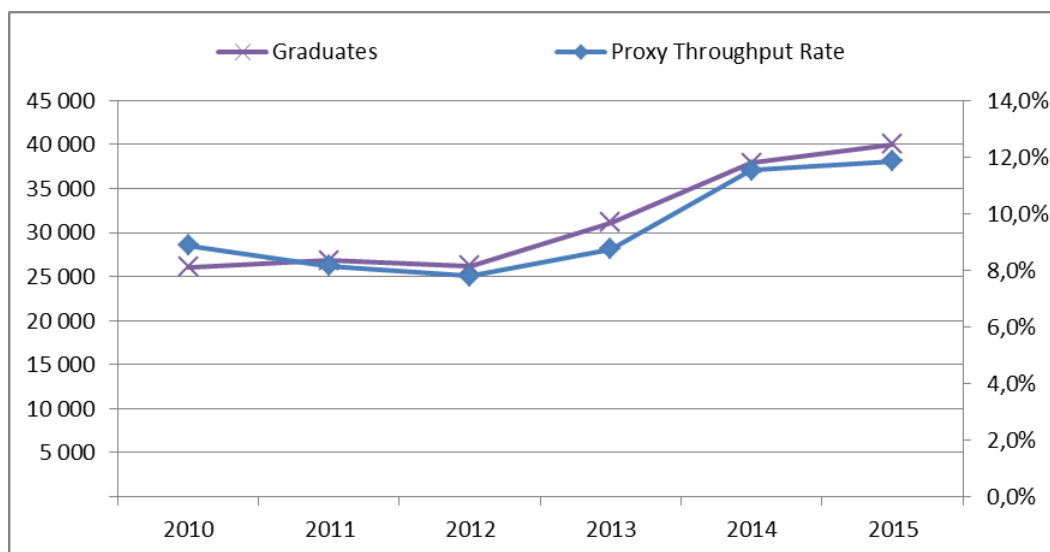


**TABLE 8: THE NUMBER OF GRADUATES AND THE PROXY GRADUATE RATE FROM 2010 TO 2015**

	2010	2011	2012	2013	2014	2015
Number of graduates	26 073	26 808	26 210	34 934	37 896	40 046
Proxy graduate rate	8.9%	8.2%	7.8%	9.8%	11.5%	11.8%

The changes in these trends are depicted in Figure 6 where the number of graduates (left axis) and the Proxy Graduate Rate (right axis) have markedly increased from 2014 and continued in 2015.

**FIGURE 6: GRADUATE COUNT (N) AND PROXY GRADUATE RATE (%) FROM 2010 TO 2015**



### 4.3 Unisa student information compared nationally

It is important to provide a national context for the 2015 HEMIS data submitted by Unisa in the last submission to DHET (July 2016). Comparisons with other universities enable the placement of Unisa nationally and allow observations of important trends in the HE sector. The purpose of this analysis is to observe the relative size by number of students and the number of graduates.

National HEMIS data<sup>2</sup> are used to make the comparisons and selected measures pertinent to Unisa are included. The proportional contribution to the sector is determined by the number of Unisa HC relative the entire HE sector of public universities. Note that the national data may change with the release of the final 2015 figures submitted by all institutions.

First, it is interesting to compare the contributions by institution type – institutions are clustered into a number of categories.

**TABLE 9: HEMIS HEADCOUNTS (HC) PER INSTITUTION CLUSTER FROM 2010 TO 2015**

Cluster Description	2010	2011	2012	2013	2014	2015
Comprehensive Universities	14,2%	13,8%	13,3%	12,9%	13,5%	14,0%
Traditional Large Universities	29,7%	28,7%	28,8%	28,4%	29,3%	29,2%
Traditional Smaller Universities	6,1%	6,1%	6,4%	6,4%	6,7%	6,3%
UNISA	32,9%	35,1%	35,3%	36,1%	33,9%	34,3%
Universities of Technology	17,2%	16,2%	16,2%	16,2%	16,7%	16,3%

Note: Larger = student headcount enrolment >= 25 000, Smaller = student headcount enrolment < 25 000

Unisa contributes more students to the system (34,3%) than all the large universities put together (29,2%). The contribution is also greater than all Comprehensive and UOTs put together (30,3%). This shows the significant impact Unisa has on the sector in terms of student numbers. Note that the overall contribution has declined from 36,1% in 2013.

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<sup>2</sup> National HEMIS data are from the Peer Data Sharing project (facilitated by IDSC) and include the final submissions of years 2010 to 2014 and the second submission of 2015.

**TABLE 10: HEMIS GRADUATES PER INSTITUTION CLUSTER FROM 2010 TO 2015**

Cluster Description	2010	2011	2012	2013	2014	2015
Comprehensive Universities	26,1%	19,2%	20,1%	15,7%	16,0%	14,6%
Traditional Large Universities	67,3%	47,3%	46,7%	37,7%	35,9%	36,8%
Traditional Smaller Universities	12,5%	8,9%	9,2%	7,8%	8,2%	7,9%
UNISA	28,4%	19,9%	18,8%	19,3%	20,4%	21,8%
Universities of Technology	32,9%	23,9%	24,0%	19,5%	19,5%	18,9%

Note: Larger = student headcount enrolment >= 25 000, Smaller = student headcount enrolment < 25 000

While the HC proportion of Unisa is 34,3% in 2015, the graduate contribution is 21,8% for the same year. Table 1

The Unisa contribution is also viewed from a degree-level perspective (Table 11). Unisa supplies the majority of occasional (NDP) students to the system (67,1%). This proportion has declined from the high in 2011 of 87,0%. It is also likely to decrease further as the planned NDP enrolments decline over time in the approved enrolment plan.

The contribution to UG diplomas and certificates has increased from 27,8% (2010) to 32,4% (2015), while the contribution to UG degrees has declined from 45,1% (2011) to 36,6% (2015).

There has also been a significant increase in PG diplomas and certificates from 32,1% (2010) to 54,0% (2015) – Unisa registers more than half the entire systems PG diplomas and certificates, and has done so for the last three years.

**TABLE 11: THE PROPORTIONAL HC CONTRIBUTION BY DEGREE LEVEL FROM 2010 TO 2015**

Unisa	2010	2011	2012	2013	2014	2015
Occasional	54,5%	87,0%	63,2%	68,3%	65,8%	67,1%
Diplomas and Certificates	27,8%	29,5%	29,8%	34,3%	30,0%	32,4%
Degrees	37,4%	45,1%	39,8%	39,7%	37,1%	36,6%
Other Postgraduate	32,1%	38,8%	48,6%	53,5%	51,3%	54,0%
Honours	35,1%	37,2%	31,3%	32,6%	27,2%	27,1%
Masters	11,7%	12,1%	10,6%	12,2%	11,3%	10,1%
Doctoral	8,8%	9,8%	8,4%	11,7%	12,8%	11,1%

A significant reduction in the proportion at Honours graduates is evident from a high of 37,2% (2011) to 27,1% (2015). The proportion at masters level has declined slightly from a high of 12,2% (2013) to the latest 10,1% (2015). At doctoral level the proportion increased markedly from a low of 8,4% (2012) to a high of 12,8% (2014), but then dropped to 11,1% (2015).

**TABLE 12: THE PROPORTIONAL GRADUATE CONTRIBUTION BY DEGREE LEVEL FROM 2010 TO 2015**

Unisa	2010	2011	2012	2013	2014	2015
Diplomas and Certificates	20,4%	17,7%	15,2%	18,5%	21,3%	25,7%
Degrees	14,3%	17,6%	14,2%	17,5%	19,1%	20,1%
Other Postgraduate	18,4%	23,3%	32,9%	38,5%	37,9%	38,2%
Honours	21,5%	2,6%	16,2%	21,1%	19,8%	15,6%
Masters	5,5%	7,0%	8,0%	7,4%	8,9%	8,5%
Doctoral	3,9%	5,9%	8,1%	9,8%	11,9%	9,7%

The graduate contributions to these areas are all lower, but note the marked improvements in all categories over time.

The contributions are also viewed from a Major Field of Study (MFOS) perspective (TABLE 13), the MFOS is just a grouping of the CESM categories recognised in the HE sector and allows direct comparisons between very different institutions from a course content point of view.

**TABLE 13: THE PROPORTIONAL HC CONTRIBUTION BY MAJOR FIELD OF STUDY FROM 2010 TO 2015**

Unisa	2010	2011	2012	2013	2014	2015
BUS/MAN	44,3%	47,0%	45,9%	45,7%	43,1%	41,6%
EDUCATION	32,5%	39,4%	42,8%	47,3%	45,6%	49,8%
OTHER HUM	40,7%	40,6%	41,5%	41,7%	39,5%	40,5%
SET	13,6%	14,7%	14,5%	14,9%	13,7%	13,3%

The Unisa contribution exceeds 40% in three of the four categories, only SET is markedly lower at 13,3%. This value has also declined from a high of 14,9% in 2013. The proportional contribution to students in education has increased very significantly

from 32,5% (2010) to 49,8% (2015). The business/management component has declined from a high of 47,0% (2011) to only 41,6% (2015). The other humanities (Human Sciences, Law) remain fairly constant over time at around 40%.

**TABLE 14: THE PROPORTIONAL GRADUATE CONTRIBUTION BY MAJOR FIELD OF STUDY FROM 2010 TO 2015**

Unisa	2010	2011	2012	2013	2014	2015
BUS/MAN	18,8%	19,7%	17,9%	21,3%	23,1%	26,1%
EDUCATION	30,8%	28,4%	28,7%	35,5%	37,7%	40,8%
OTHER HUM	16,8%	17,4%	16,1%	19,5%	21,3%	21,0%
SET	3,3%	3,7%	4,2%	5,7%	5,9%	6,1%

The graduate contributions to these areas are all lower but again note the marked improvements in all categories over time. From the above it is clear that marked differences in the funding groups are expected.

**TABLE 15: THE PROPORTIONAL HC CONTRIBUTION BY FUNDING GROUP FROM 2010 TO 2015**

Unisa	2010	2011	2012	2013	2014	2015
FUNDING GROUP 1	38,9%	42,5%	44,9%	47,1%	45,3%	48,9%
FUNDING GROUP 2	41,6%	43,2%	42,7%	42,9%	40,2%	39,0%
FUNDING GROUP 3	11,3%	16,6%	12,5%	13,6%	12,8%	13,0%
FUNDING GROUP 4	9,3%	8,6%	10,7%	10,7%	9,6%	9,0%

The vast majority of the Unisa contributions is in funding group 1 – this given the large proportion of education students – noting as well that this area is improving. The Unisa contribution to the other three funding groups continues to decline.

The graduate contributions to these areas are all lower, but note the marked improvement over time.

**TABLE 16: THE PROPORTIONAL GRADUATE CONTRIBUTION BY FUNDING GROUP FROM 2010 TO 2015**

Unisa	2010	2011	2012	2013	2014	2015
FUNDING GROUP 1	28,4%	27,1%	26,5%	31,3%	32,4%	34,7%
FUNDING GROUP 2	16,7%	17,0%	15,6%	19,5%	22,0%	23,9%
FUNDING GROUP 3	1,9%	3,9%	3,2%	3,7%	3,8%	4,9%
FUNDING GROUP 4	2,9%	3,1%	4,2%	5,8%	6,8%	5,1%

An interesting statistic is the contribution of other universities (in terms of numbers) to distance education (as defined by the DHET). Unisa clearly dominates this space (89,0%) but what is interesting is that the contributions of all other institutions together has not increased in 2015, but marginally declined. More significant, however, is the fact that the trend over time reflects a decline from 15,5% (2010) to 11,0% (2015).

**TABLE 17: THE PROPORTIONAL HC CONTRIBUTION TO DISTANCE EDUCATION FROM 2010 TO 2015**

Unisa	2010	2011	2012	2013	2014	2015
All other universities distance	15,5%	13,8%	13,1%	11,8%	11,8%	11,0%
UNISA	84,5%	86,2%	86,9%	88,2%	88,2%	89,0%

The graduate contribution is much lower than the HC and is 79,7% for 2015 – note the marked increase in the graduate proportion over time.

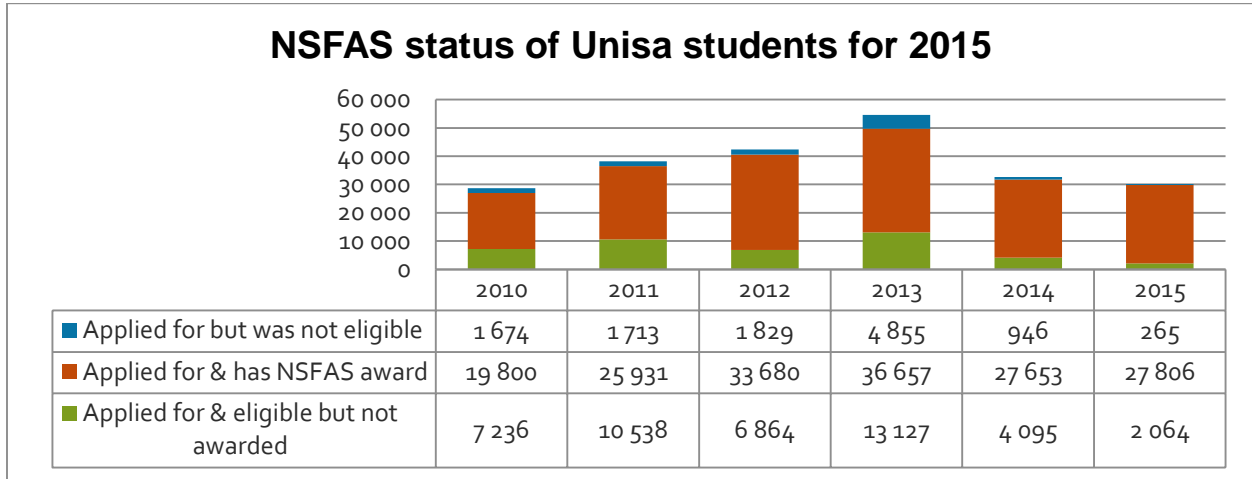
**TABLE 18: THE PROPORTIONAL GRADUATE CONTRIBUTION TO DISTANCE EDUCATION FROM 2010 TO 2015**

Unisa	2010	2011	2012	2013	2014	2015
All other universities distance	36,8%	34,3%	33,1%	26,4%	20,6%	20,3%
UNISA	63,2%	65,7%	66,9%	73,6%	79,4%	79,7%

#### **4.4 Financial standing of Unisa students**

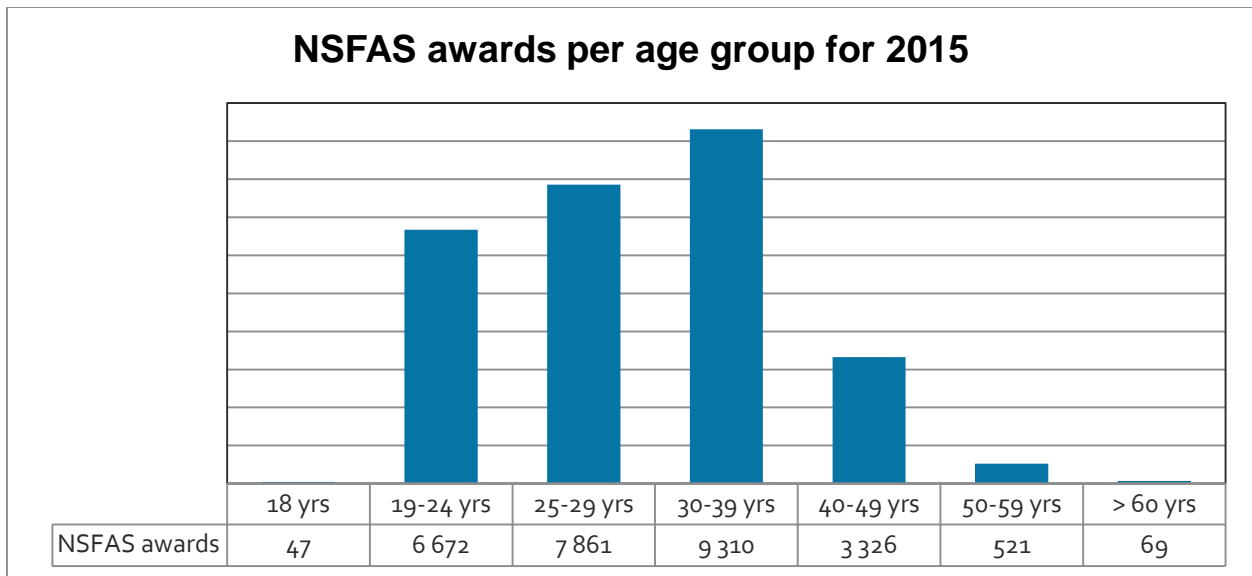
The graph below demonstrates an increase of 7% of students requiring NSFAS loans. What is worrying are those students who are eligible for funding but who were not awarded grants. Furthermore, it is clear that there are inconsistencies within NSFAS as the data fluctuates substantially.

**FIGURE 7: NSFAS STATUS OF UNISA STUDENTS FOR 2015**



An analysis of the number of NSFAS awardees per age group demonstrated some interesting statistics. More NSFAS awards are granted for the age group 30-39 which shows clearly the poor economic status and inability to afford student fees.

**FIGURE 8: NSFAS AWARDS PER AGE GROUP FOR 2015**



Interesting information around the NSFAS loans awarded by age group and years of study shows that 15% of first years are awarded NSFAS loans compared to 26% entering their fourth year of study. Once again the age group is predominately between 30 and 39.

**TABLE 19: NUMBER OF NSFAS LOANS AWARDED BY AGE AND YEARS ENROLLED FOR 2015**

Years Enrolled	18	19-24	25-29	30-39	40-49	50-59	60-65	> 65	Total	% of total
1	42	1894	1167	895	311	41	7	4	4361	15.68%
2	5	1578	1572	1799	678	133	14	7	5786	20.81%
3		1264	1086	1263	517	90	11	4	4235	15.23%
4		1421	2259	2773	889	130	4	1	7477	26.89%
5		416	1167	1621	572	73	6	2	3857	13.87%
6		89	430	628	226	34	3		1410	5.07%
7		10	135	208	75	12	1	1	442	1.59%
8			34	72	32	6	1	1	146	0.53%
9			8	27	12	0		1	48	0.17%
10			3	14	6	1			24	0.09%
11				5	4	1	1		11	0.04%
12				3	1	0			4	0.01%
13				1	2	0			3	0.01%
15				1	1	0			2	0.01%
<b>Total</b>	<b>47</b>	<b>6672</b>	<b>7861</b>	<b>9310</b>	<b>3326</b>	<b>521</b>	<b>48</b>	<b>21</b>	<b>27806</b>	<b>100.00%</b>

Occupational sector analysis confirmed the reasons for the NSFAS awards within the age groups 30-39. The unemployment rate of Unisa students is 37% of total enrolments. Some students merely indicated “other”, which is the second highest occupational group. It could be that some of these students did not want to admit to unemployment and if so the percentage could increase to 50%. Should a zero fee increase be announced and top-ups made to universities, without any additional financial investment in NSFAS, such a practice will adversely affect Unisa students. This age group has responsibilities whilst being financially vulnerable.

**TABLE 20: ENROLMENT PER OCCUPATIONAL SECTOR FOR 2015**

Occupational sector	18	19-24	25-29	30-39	40-49	50-59	60-65	> 65	Total
Unemployed	703	39393	36289	35058	11502	1968	148	52	125113
Other	312	17062	12132	12763	3948	645	40	15	46917
Finance and Insurance Activities	18	3139	6593	9837	2903	471	33	14	23008
Public Admin and Defence	1	267	1529	8545	5812	1332	90	9	17585
Secondary Education	90	3758	2369	3840	2898	943	68	12	13978
Tertiary Education	34	3473	4353	3551	1613	536	69	14	13643



<b>Occupational sector</b>	<b>18</b>	<b>19-24</b>	<b>25-29</b>	<b>30-39</b>	<b>40-49</b>	<b>50-59</b>	<b>60-65</b>	<b>&gt; 65</b>	<b>Total</b>
Professional Services	1	1148	2813	6100	2739	590	68	22	13481
Primary Education	11	1759	1890	3305	3091	951	71	9	11087
Hospital and Health Services	5	533	1418	3272	1940	710	46	10	7934
Manufacturing	2	568	1622	3693	1577	295	19	5	7781
Wholesale and Retail	12	1420	1948	2725	809	119	20	5	7058
Admin and Support Services	10	1466	1835	1931	447	59	5		5753
Mining	2	371	1195	2504	950	177	16	1	5216
Transport and Storage	0	296	865	1965	832	154	7	6	4125
Construction	4	482	1107	1701	473	95	7		3869
Education	17	1395	739	758	295	51	8		3263
Agriculture, Forestry and Fishing	2	397	734	1210	482	109	4	4	2942
Business and Repair Services	2	434	737	1063	440	92	9	2	2779
Information and Communication	1	465	854	1075	228	32	2		2657
Service Activities	10	675	631	785	291	45		2	2439
Welfare	1	156	360	951	573	175	28	11	2255
Personal Services	4	385	537	900	337	67	6	4	2240
Electrical	0	138	524	1023	342	47	4		2078
Technicians	0	147	421	1011	240	34	2		1855
Entertainment	0	298	467	734	221	38	2	2	1762
Telecommunication	0	87	250	743	295	38	4		1417
Accommodation and Food Service	7	565	330	272	50	7			1231
Human Health and Social Work	9	355	310	371	123	28	1	1	1198
Research and Development	0	79	273	511	157	26	6	1	1053
Arts, entertainment and recreation	2	293	223	169	39	7	2		735
Cultural and Sporting Activity	0	162	133	113	32	11			451
Water Supply; Sewage, Waste	0	52	99	101	35	2			289
Real Estate Activities	2	77	72	94	31	8	1	1	286
Household Goods and Services	3	90	65	63	15	2			238
Prof, Scientific and Technical	1	30	55	83	35	6			210
Extraterritorial Org/Bodies	0	9	1	4	3	1			18
<b>Total</b>	<b>1266</b>	<b>81424</b>	<b>85773</b>	<b>112824</b>	<b>45798</b>	<b>9871</b>	<b>786</b>	<b>202</b>	<b>337944</b>

## **5 UNISA'S PROGRAMME QUALIFICATION MIX**

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The comprehensive nature of the Unisa PQM meant that in order effectively to enrol the 2015 cohort more than 700 qualifications and over 3000 module/semester combinations had to be set up on the various systems to accommodate the intended studies. The majority of students were enrolled in Professional 1<sup>st</sup> Bachelor Degrees (4yrs) (27%), followed by the General Academic 1<sup>st</sup> Bachelor Degrees (21%). Undergraduate Certificates/Diplomas (3yrs) made up 17% and the UG Certificates/Diplomas (1-2yrs) comprised another 15%. Professional 1<sup>st</sup> Bachelor Degrees (3yrs) contributed 7% to the total followed by Honours & Equivalentents (4%) and occasional studies (NDP) (4%). Postgraduate Diplomas were 2% along with Masters studies (2%) while Doctoral studies contributed 0,8% t the total. This means that Unisa can be described as being 87% undergraduate, 9% postgraduate and 4% occasional. When these percentages are expressed in numbers, Unisa represents a very important part of the postgraduate community.

### **5.1 Classification of Subject Matter (CESM)**

The CESM categories provide for a sector-wide framework for all approved qualifications and fields of study. The CESM forms the basis of course offerings within academic programmes and the courses for which each student can register as well as the fields in which each academic/research staff member may be active.

This framework allows for market segmentation and provides meaningful information to address the market share per field of study.

Unisa's PQM stretches across all 20 CESM categories with the majority contribution in Business, Economics and Management Studies (33%), Education (25%) and Law (9%).

**TABLE 21: ENROLMENT PER CESM IN 2015**

No	First Order CESM	Head count enrolments	% of total
01	Agriculture, Agricultural Operations And Related Sciences	4023	1.19%
03	Visual And Performing Arts	603	0.18%
04	Business, Economics And Management Studies	114526	33.89%
05	Communication, Journalism And Related Studies	8405	2.49%
06	Computer And Information Sciences	11397	3.37%
07	Education	84820	25.10%
08	Engineering	11322	3.35%
09	Health Professions And Related Clinical Sciences	2308.5	0.68%
10	Family Ecology And Consumer Sciences	920.5	0.27%
11	Languages, Linguistics And Literature	3973.5	1.18%
12	Law	32628	9.65%
13	Life Sciences	1430	0.42%
14	Physical Sciences	5359.5	1.59%
15	Mathematics And Statistics	2724.5	0.81%
17	Philosophy, Religion And Theology	1405	0.42%
18	Psychology	15049.5	4.45%
19	Public Management And Services	11957.5	3.54%
20	Social Sciences	25091.5	7.42%
<b>Total</b>		<b>337 944</b>	<b>100.00%</b>

The size of the PQM can be measured against the number of qualification offered as well as the number of modules.

## **5.2 Number of qualifications and course offerings per approved PQM**

In 2015 Unisa offered 728 qualifications and 3 182 modules this gives expression to Unisa's comprehensives and unique ODeL character and nature. Curriculum transformation is on the agenda and will remain a key change imperative over the next 10 years.

**TABLE 22: NUMBER OF QUALIFICATIONS AND COURSE OFFERINGS PER APPROVED PQM IN 2015**

<b>Levels</b>	<b>Number of Qualifications</b>	<b>Number of modules</b>
Undergraduate	224	2097
PG less Masters	156	598
Masters	190	304
Doctoral	158	182
<b>Total</b>	<b>728</b>	<b>3182</b>

## **6 BENCHMARKING WITH SIMILAR ODEL UNIVERSITIES**

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In 1971 the Open University of the United Kingdom (OU or “Open University”) began teaching its first cohort of 25,000 students (OU 2009:4). (Although Unisa predated the UK Open University by 25 years, it only began modernising its operations post-apartheid, more particularly with the restructuring of the higher education landscape occasioned by the NPHE (2001)). By 1980 student numbers at the OU had grown to 70 000, with some 6 000 graduates each year, and by 2009 had more than 180 000 students. By comparison at that stage Unisa had 263 500 which grew markedly in 2010 to a total of 293 400 students.

Any interrogation of distance education should properly be prefaced by a definition of the concept ‘Distance’ to enable a clearer understanding of what it is that distinguishes it and makes it so unique and different from the more traditional notions of education. Numerous definitions of distance education have emanated from the various stages of its evolution and over the course of its development, but all definitions are consistent in their assertion of one main characteristic of distance education, and that is that teacher and learner are separate. Keegan (1995:7) (cf. Par. 1.5.1) offers one of the most modern and generic definitions when he asserts that distance education and training result from the technological separation of teacher and learner which frees the student from the necessity of travelling to a “fixed place, at a fixed time, to meet a fixed person, in order to be trained” .

What makes distance education, especially Open Distance Learning, so unique and enduring is its flexibility. It is a mode of delivery that constantly reinvents itself and is capable of being adapted to the peculiar circumstance of the institution or country that adopts the model. For example, despite the giant strides that have been made in technology, correspondence systems, which originated at the end of the 19th century are still the most widely used in less developed societies, and yet even in these less developed societies, where sophisticated facilities do exist, they are quite easily harnessed in the service of innovative and creative programmes that enjoy international recognition and endorsement. This reinforces the notion that distance learning is indeed flexible and that its application is constrained only by externally imposed financial constraints or self-limiting mindsets, and perhaps even a reluctance to move out of traditional 'comfort zones' into new territory.

An analysis of the evolution of distance education indicates four main phases (Moore and Kearsley 2005: 23-24). A closer examination will reveal that each of these phases has coincided more or less, with the evolutionary development of technology at that time. Each phase has been informed by, and derived its organisational form from the predominant mode of communication at that time. This phenomenon continues even today and speaks to three other characteristics of distance education, that is, its inherent link with and dependence on technology, its evolutionary nature and its ability to adapt to prevailing conditions.

The term distance education is now generally regarded as being too restrictive, even outmoded, because of its emphasis on the distance between the teacher and the learner. ODL on the other hand, captures the evolutionary changes to distance education provision brought about by increased access and openness to students of all ages and walks of life, as well as technology and its concomitant systems, and is increasingly the preferred term. The body of ODL learners includes mature learners, post graduate learners, lifelong learners, occasional learners, employed learners, unemployed learners and school leavers.

The above discussion indicates that little in terms of appropriate benchmarking is available worldwide in order for Unisa to determine best practice in ODL.

## 7 THE FINANCIAL POSITION OF THE UNIVERSITY

### 7.1 Financial analysis

Virtually all universities are facing the challenge of revenue enhancement and cost containment. A new balancing act will require innovative policies to increase revenues, but to do so in a manner that does not deny access to students from low income households.

In real terms subsidy and fees did not keep abreast of the actual cost of educational offerings. Increased investment in technology, student support through technology-enhanced support services, investment in Science Engineering and Technology, as well as an increased academic staff complement to retain a more favorable staff-student ratio contributed to the increased costs.

Economies of scale will be realised in time, but at this point more investment in technology will be required to move towards a fully fledged ODeL institution.

**TABLE 23: INCOME ANALYSES FROM 2010 TO 2015**

	DEC-10 R'000	DEC-11 R'000	DEC-12 R'000	DEC-13 R'000	DEC-14 R'000	DEC-15 R'000	% increase
<b>INCOME</b>	<b>R 4 012 007</b>	<b>R 4 365 597</b>	<b>R 5 441 166</b>	<b>R 6 142 303</b>	<b>R 5 715 243</b>	<b>R 5 854 000</b>	<b>7.85%</b>
Subsidy income	R 1 319 888	R 1 514 349	R 1 704 563	R 1 893 431	R 2 022 989	R 2 283 615	
Study and Other Fees	R 1 828 607	R 2 181 896	R 2 438 394	R 2 888 449	R 2 784 394	R 2 994 139	
Other	R 863 512	R 669 352	R 1 298 209	R 1 360 423	R 907 860	R 576 246	
<b>EXPENDITURE</b>	<b>R 3 214 322</b>	<b>R 3 725 659</b>	<b>R 4 371 630</b>	<b>R 5 083 836</b>	<b>R 5 634 997</b>	<b>R 6 212 577</b>	<b>14.09%</b>
Personnel	R 2 103 370	R 2 344 755	R 2 764 310	R 3 193 454	R 3 497 472	R 4 031 120	
Academic professional	R 698 566	R 898 826	R 1 122 952	R 1 304 743	R 1 520 517	R 1 657 075	
Other personnel	R 1 404 804	R 1 445 929	R 1 641 358	R 1 888 711	R 1 976 955	R 2 374 045	
Other operating expenses	R 1 110 952	R 1 380 904	R 1 607 320	R 1 890 382	R 2 137 525	R 2 181 457	
<b>NET SURPLUS/(DEFICIT)</b>	<b>R 797 685</b>	<b>R 639 938</b>	<b>R 1 069 536</b>	<b>R 1 058 467</b>	<b>R 80 246</b>	<b>-R 358 577</b>	

## 7.2 Pricing strategy

Following the major restructuring of HE, Unisa embarked on a process to position itself in the HE landscape through (among other imperatives) its pricing strategy. The intention is to position Unisa as a single dedicated ODeL University. The pricing strategy aims to achieve an optimal balance between study fee income, subsidy received and the total cost of tuition.

During 2014, the pricing strategy was reviewed to express the unique needs of Unisa as an ODeL institution whilst still in support of national focus areas in regard to critical skills. In this regard, the following proposals were presented to and approved by Council during 2014 and again in 2015:

- A full-cost-of-tuition pricing model for foreign students (thus inclusive of levies) with a pricing differentiation in the following broad geographical groupings, where nationality and contribution to the national fiscus will be an important driver:
  - SADC countries including RSA (Input subsidy + Fees = Cost),
  - Other African countries (Fees = Cost). This will mean that the fees will be calculated to make provision for input subsidy recovery (currently around 35%) + projected UPI, and
  - The rest of the world (Fees + Margin = Cost + Margin). This will mean that the fees will be calculated to make provision for input subsidy recovery (currently around 35%) + projected UPI + margin. It is proposed that for this first phase the margin be set at 12.5%, which is based on 50% of the current SA service industry profit margin of 25%.
- At least 50% of the Unisa NSFAS top-up as well as Unisa bursaries be allocated annually for support towards post-graduate studies (Honours, Masters and Doctoral studies).

The pricing strategy to date has resulted in fee increases across the CESM categories and funding groups have been differentiated. Therefore, for the last number of years there has not been an across-the-board percentage increase, as represented in the table below.

**TABLE 24: PRICING STRATEGY AND FEE INCREASE FROM 2014 TO 2016**

Level	Funding group	Pricing level	Fees 2014	Fees 2015	Proposed Fees 2016	Increase amount	2015-2016 % Increase
Undergraduate	1	6	R 650	R 695	R 750	R 55	7%
Undergraduate	1	12	R 1 300	R 1 390	R 1 500	R 110	7%
Undergraduate	1	24	R 2 600	R 2 780	R 3 000	R 220	7%
Undergraduate	1	36	R 3 900	R 4 170	R 4 500	R 330	7%
Undergraduate	1	48	R 5 200	R 5 560	R 6 000	R 440	7%
Undergraduate	2	6	R 635	R 680	R 735	R 55	7%
Undergraduate	2	12	R 1 270	R 1 360	R 1 470	R 110	7%
Undergraduate	2	24	R 2 540	R 2 720	R 2 940	R 220	7%
Undergraduate	2	36	R 3 810	R 4 080	R 4 410	R 330	7%
Undergraduate	2	48	R 5 080	R 5 440	R 5 880	R 440	7%
Undergraduate	3	6	R 615	R 675	R 730	R 55	8%
Undergraduate	3	12	R 1 230	R 1 350	R 1 460	R 110	8%
Undergraduate	3	24	R 2 460	R 2 700	R 2 920	R 220	8%
Undergraduate	3	36	R 3 690	R 4 050	R 4 380	R 330	8%
Undergraduate	3	48	R 4 920	R 5 400	R 5 840	R 440	8%
Undergraduate	4	6	R 560	R 640	R 700	R 60	9%
Undergraduate	4	12	R 1 120	R 1 280	R 1 400	R 120	9%
Undergraduate	4	24	R 2 240	R 2 560	R 2 800	R 240	9%
Undergraduate	4	36	R 3 360	R 3 840	R 4 200	R 360	9%
Undergraduate	4	48	R 4 480	R 5 120	R 5 600	R 480	9%

This only expresses the increases across the funding groups for UG courses. The increases across the groups varied between 7.33% and 8.57%. The proposals for Honours, Masters and Doctoral reflected more or less the same tendencies. However, over the last two- to three years the strategy also changed especially at Honours level, but more specifically at Masters and Doctoral level. Here the endeavour shifted towards aligning our fees more closely to those of other SA HEI, firstly because we were still charging significantly less than all other HEIs and secondly because (especially at M&D levels) there is a close correlation between what is required from academic members of staff to produce M&D graduates.

### **7.3 Scenarios analysis**

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Three scenarios have been prepared as follows:

- Scenario 1: 0% fee increase with insourcing
- Scenario 2: 6% fee increase with insourcing
- Scenario 3: differentiated fee increase with insourcing.

The table below summarises the net financial impact. Various financial strategies informed these scenarios, which include both income optimisation from other resources and cost containment. The differentiated fee increase over a four-year period will re-establish the financial position of Unisa. The differentiated fee increase includes the following percentages:

- 2017 = 8%,
- 2018 = 7.5%,
- 2019 = 7%
- 2020 = 6.5%

**TABLE 25: FINANCIAL SCENARIOS FOR 2017**

Scenarios	Categories	2017 R'000
Scenario 1: 0% fee increase with insourcing	Income	R 6 466 905
	Expenditure	R 6 971 274
	Net Surplus/(Deficit)	-R 504 370
Scenario 2: 6% fee increase with insourcing	Income	R 6 605 397
	Expenditure	R 6 833 747
	Net Surplus/(Deficit)	-R 228 350

Scenario 3: Differentiated fee increase with insourcing	Income	R 6 672 757
	Expenditure	R 6 855 895
	Net Surplus/(Deficit)	-R 183 138

## 8 FEE INCREASE – THE REALITY FOR QUALITY EDUCATION

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Education cannot be commodified to provide learning opportunities that can be afforded but education that is deserved. The quality of Unisa’s teaching and learning opportunities must contribute to a quality of a life experienced by all students. The curriculum needs to promote graduateness, instilled with societal values, ethical conduct, honesty and integrity.

Unisa must produce quality graduates who contribute to society in positive ways and therefore directly influence the social, political and economic development of the country.

A fee-free higher education system without additional sources of funding will impact negatively on the quality of Unisa offerings, especially in respect of the following categories:

### 8.1 Academic talent

- Academic talent is attracted and retained through appropriate incentives and rewards and this applies aptly to academia, with limited resources Unisa will lose talent for the private sector.
- The loss of talent will contribute to an inequitable allocation of work within academic departments.
- Working conditions will be impacted and will continue the brain drain dilemma. Universities will therefore struggle to develop sufficient young academics to replace the aging academic cohort
- The role of academic leadership will be challenged to reclaim academia as an attractive, esteemed and prestigious profession.

## **8.2 High dropout rates**

- A high drop-out rate in the first year is evident within the sector. Many students pursuing higher education drop out as a result of the financial constraints.
- The financial drop-outs are a result of the increases in student fees because of the consistent reduction in government subsidies, there has been an increase in student fees, thus creating financial constraints on students.

## **8.3 Relevant and quality curriculum**

- Quality curriculum is required to maximise its potential to enhance the overall quality of education and its relevance for students and societal needs.
- Student-centered curriculum must create a socially and economically prosperous future while respecting our country's past, hence the curriculum must be contextual and inclusive
- The curriculum must be open and flexible and reflect the ODeL context of Unisa
- The curriculum must be coherent and consistent across different levels and learning outcomes
- Within a state of financial constrains these three critical quality standards will be under siege. If not maintained the student learning experience and the quality of education will be compromised.

# **9 POLICY ANALYSIS OF FEE FREE EDUCATION IN SOUTH AFRICA**

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Many people are calling for free education for the financially needy, while others are calling for free education for all. It is widely recognised that the cost of higher education is a barrier to access to higher education and that this should therefore be made available to all academically deserving South Africans who qualify to enter tertiary institutions. Free education in South Africa is an inspirational-goal worth pursuing, especially for students who are poor and who qualify for access to higher education institutions. Some even regard this as a right and development imperative for the country: "Money spent on higher education is an investment in the economy from which

the whole country benefits, not just students paying fees. It is one of the surest ways of achieving social mobility and addressing inequality” (Financial Mail, 2016).

## **9.1 Constitutional Imperative**

Sub-section 29(1) of the Constitution of the Republic of South Africa (1996) states: “Everyone has the right (a) to a basic education, including adult basic education, and (b) to further education, which the state, through reasonable measures, must make progressively available and accessible.” In other words, basic education is a fundamental right, while further education (i.e. higher education and technical and vocational education and training) must be made progressively available and accessible. What does this mean? To be “available” means the system must grow to provide sufficient spaces for study. “Accessible” means it should be affordable.

Individuals should not be denied access on the basis of financial need. Before and following the promulgation of the Constitution, the issue of whether or not university education should be made free to all was extensively debated, but it remains unresolved. It was acknowledged that university education is expensive to deliver, and that, in a developing economy and fundamentally unequal society, yet still affordable. The call for implementing free education would not further advantage the wealthiest sections of society especially as the zero growth was meant to be a temporary measure in 2016.

The poor would in effect subsidise the rich, and the quality of public higher education would be severely compromised. Langa et al (2016) is of the view that “many countries that once offered free higher education such as China, Australia, Mozambique, Kenya and England, have since implemented cost-sharing policies and models of one form or another. Kenya, for example, introduced direct payment of tuition fees in 1991 and abolished all personal allowances that university students had hitherto enjoyed. This was followed in the late 1990s by the so-called dual-track tuition fee approach in which universities enrolled two types of students: highly state-subsidised students selected on a *numerus clausus* basis, and a second group of ‘unsubsidised’ students who paid market-related fees.

## 9.2 The Complexities for free higher education

In South Africa, students' demands for free higher education have become strident over the past two years and, the reasons for it are not far to find. University education in RSA has systematically been underfunded. Government subsidy per student has declined substantially, while inflation in the tertiary sector has grown percentage-wise. In other words, universities have been receiving less subsidy per capita – lagging behind in their annual budgets. Yet, it is estimated that relative to RSA's GDP, spending on university and tertiary training is still modest, merely at 0.75 which is lower by international (OECD 1.59%) and African standards – with average middle-income African countries around 1%. To mitigate these falling subsidies (1.1% from 2000 to 2012), universities were thus forced to raise their fees and hence the current call by University South Africa (USAf) for a fee increase of not less than 8 percent.

However, if the National Student Financial Aid Scheme, or NSFAS, contribution is included, then the government contribution is well over 1%, but there is still not enough funding even with fees. Universities have been increasing tuition fees to mitigate shortfalls and related vulnerabilities. On the other hand, the NSFAS is unable to provide financial support to all the deserving poor – families with an income below R130,000 (US\$8,500). Outstanding debt for universities is estimated at around R5 billion (US\$329 million), while for NSFAS it is over R15 billion.

On a political level, students have also argued that charging fees is against the spirit of the Freedom Charter of 1955. Such political aspirations were not formulated in the context of political, economic and educational realities in South Africa in 2016. The case for free higher education is based on two main premises:

- (a) Social justice: increasing higher education access for the poor, especially previously marginalised communities, in the face of increasing tuition fees, and
- (b) Growth externalities. Given South Africa's high levels of skills shortages, free higher education is deemed necessary to get human capital investment to efficient levels.

These premises are exactly the same ones that informed the free higher education experiment in other African countries

### **9.3 The Commission of inquiry into Higher Education and Training**

The Commission of Inquiry into Higher Education and Training (“the Fees Commission”) was established in January 2016 to inquire into, report and make recommendations on the feasibility of a fee free higher education and training in South Africa. Various submissions were made to the commission and the final report from the commission will be concluded in 2017. Two submissions that have been made to the commission, namely “Universities South Africa” and “National Treasury” views are briefly reported on below.

#### **9.3.1 Firstly: Universities South Africa highlighted the following consequences**

*1. Possible distortion of the social justice agenda in the sense that subsidising students who are fully able to afford higher education releases the wealthy from contributing to the functioning of the system. In a real sense, in very unequal societies such as South Africa, a conclusion may be reached that this is a case of subsidisation of the wealthy by the poor*

*2. Impact on cross-subsidisation. Our current arrangements are quite tolerant of some internal cross-subsidisation of fees across disciplines and levels of study. Accounting Department income, for instance, may contribute to the cost of Humanities (say) and undergraduate income contributes to postgraduate costs. This is because the factor allocations to different areas of university activities in the funding formula do not (and cannot be expected to) account for real costs across disciplines and universities.*

*3. Possible distortion in the construction of the block grant. In the absence of “Fees” the likely scenario will be a single block grant, which will be intended to cover all of this. The simple use of the funding formula on an expanded block*

*grant may create distortions since current fees at individual universities cannot be a basis for a future sharing of the block grant. The sword may also have a second edge when one thinks of funding as a “steering mechanism” in the hands of the Minister – no fees will strengthen the mechanism.*

*4. Fees for postgraduate students. Student fees for postgraduate studies cover a smaller proportion of costs compared to those for undergraduate studies. This is also true for part-time studies. This means that a fee-free system may result in a distortion of the size and shape of the universities.*

### **9.3.2 Secondly: Submission and recommendations made by National Treasury on a fee free**

*Higher Education and TVET system was made within the context of the White paper on Post School Education and Training (PSET) and they concluded that “achieving the full policy scenario is unaffordable and trade –offs between the ability of the State to expand the system while improving the quality of education and training have to be made”. Hard decisions have to be made.*

*South Africa's Constitution explicitly recognizes the right to education, but not free education and yet most of South African schools and higher education institutions fall far short of quality and affordable education and the challenge is, however, how to make this a reality? South Africa can just not afford free education for all but a solution is awaited from the Fees Commission.*

In the long term, fee free education is unsustainable and puts most South African universities financially insecure unless Treasury is able and willing to make up for the shortfall. It is estimated a fee freeze for 2017 will almost immediately cost the university sector close to R2.5 billion for the next three years. Similarly, by agreeing to a fee freeze for 2017 universities will make university education cheaper for children from better-off households, whilst rendering university incapable of providing financial aid to children from poorer households. Cloete (2016) argues; “Often overlooked is the evidence that no fees in an inefficient university system characterised by low

participation and inequality will benefit the country' elite and further dampen the contribution of higher education to development”.

## 10 CONCLUSION AND RECOMMENDATIONS

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Based on the factors discussed above, Unisa advocates **Scenario 3: a differentiated fee increase with insourcing for 2017** in order to remain financially sustainable. Given the large number of students already registered at Unisa, any other position on the matter would put these students at risk.

While every effort is being made to reduce and contain costs and to increase alternative revenue streams, the cumulative effects of the zero fee increase in 2016 coupled with the decline in registrations and the unforeseen increase in long-term expenses due to insourcing of non-core services means that Unisa is already in a vulnerable position. Any other position could make the university in jeopardy, even to the point of collapse.

This would be detrimental to the current students and staff but even more so to the country and future generations of students.

In summary, Unisa favours a fee increase in 2017 because it serves a very large student community which relies on its ODeL flexibility to offer a chance to work and study for a qualification. Its infrastructure is huge, including regional centres across South Africa and Ethiopia. The changing pedagogies associated with e-learning require considerable investment in technology and training of staff to teach in virtual environments. The unexpected insourcing of non-core employees has placed an extra burden on Unisa's reserves and our low tuition costs inhibit innovation in more effective teaching and learning modalities. Moreover, third-stream income is very difficult to generate in a non research intensive university that has done remarkably well in advancing postgraduate performance since 2010. Most of all, the growing cohort of young students who, under better economic circumstances in the country, would have



chosen to study at a residential university may be denied the chance of a higher education because Unisa will have to limit its enrolments to maintain a semblance of quality education through a reduced staff-student ratio.

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