

TRANSCRIPTION

Commission of Inquiry into Higher Education and Training during SET 3

Chairperson : Judge Jonathan Arthur HEHER

Commissioners : Advocate Gregory ALLY

: Ms Leah Thabisile KHUMALO

Evidence Leaders

: Advocate PILLAY

: Advocate LEKOANE

: Advocate ZULU

: Advocate MABUDA

Expert

: Prof T Mosia

: Dr G Simpson

Witness:-

Professor ROLF STUMPF

Date: 18 October 2016

Venue: City of Tshwane Centurion Council Chambers

CHAIRPERSON: Good morning everybody? Yes Ms PILLAY?

Adv. PILLAY: Thank you Chairperson. If you could swear Professor STUMPF in.

CHAIRPERSON: What are your full names?

Professor STUMPF: ROLF STUMPF.

CHAIRPERSON: Are you prepared to take the oath?

PROFESSOR STUMPF: Yes.

CHAIRPERSON: Do you swear that everything that you are about to give will be the truth, the whole truth and nothing but the truth?

Professor STUMPF: Yes I do.

CHAIRPERSON: If you do raise your right hand and say help me GOD.

Professor STUMPF: Help me GOD.

CHAIRPERSON: Thank you.

Adv. PILLAY: Thank you Chairperson. Professor stem we are leading you this morning as and expect in the public funding of Higher Education institutions and specifically public Higher Education institutions. Perhaps we could start with you setting up your training and experiences in this area.

Professor STUMPF: Thank you very much Advocate. I was involved in the University of Pretoria in the Statistic Department when government in the late 1970s early 1980s asked me to come and help to develop funding formula for education. One was which a funding formula for university education which we then develop in the period 1981 to 1983. It was known as SAPSE 110 formula which is South African Post School System.

This Model was found over the years and eventually I became a Vice Chancellor at Nelson Mandela Metropolitan University and also chaired the Universities South Africa as it was then known as HESAF (Higher Education South Africa Finance Committee). I was deeply involved with the new funding formula which the Department of Higher Education and Training was developing in 2002/2003.

I was also involve in my capacity as Chairperson of HESA Finance Committee in moving from the old SAPSE formula which I have mentioned earlier to the new funding formula over the period of 2003 to 2005. As Vice Chancellor I also had to apply the funding formula in my own institution and therefore work together with its own arts over the numbered of years.

In the capacity as a member of Council on Higher Education I was involved in tendering review of Higher Education system in 2004. My portion was to evaluate the new funding formula for the Council of Higher Education. I neglect to mention as the member of the National Commission on Higher Education 1995/1996 I was responsible to writing the chatter on funding of Higher Education.

So my whole life long in somewhere either I have been involved in the funding of Higher Education either in Policy side or on the advocacy side and actually on the implementation and use a side its self. After I step down or just as I was stepping down as Vice Chancellor I was invited to become to be a member of Council at Depart of Higher Education again and also a member of Council of UNISA.

In both capacity the reason for my membership of CHE and my membership of the Council in Higher education was based in my knowledge of funding on Higher Education. I think that is enough for the background. Than you.

Adv. PILLAY: Thank you Professor STUMPF. I know that you prepared the presentation and we will in due course marked your presentation as an exhibits in the proceedings. I may ask you to begin with the presentation and if we have questions we will post then as you go along.

Professor STUMPF: Thank you very much. Thank you again for this opportunity to engage with you again in funding of Higher Education. What I thought I would do is to start off with the National Plan on Higher Education of 2001 and that in your exhibits will be the 3rd slide or the 3rd page.

The National Plan on Higher Education forms the background for funding as a Steering Mechanism of Higher Education. This plan was put together by the department of the widely consultative places and many of us we were involved in its drafting and formulation and it sets out three Steering Mechanisms to steer the entire Higher Education system.

These three are Funding which is the topic of the discussion today. Academic Planning is the 2nd Steering instrument and to that is couple Enrolment Planning. The 3rd Steering Instrument is the Quality Assurance. Those are the three that were identified by government to steer the system in the micro sets.

The 3rd one (Quality Assurance) is not entirely separate from the first two but it is a little bit more distance from the first two. The responsibility for Quality Assurance does not rest with the Department of Higher Education primarily but with a Council on Higher Education as a quality Council in terms of AKNF Act of 2008.

So we will not spend any time on the Quality Assurance aspect of it. However the other two, the Funding and the Programme Planning together with Enrolment Planning are very integrated with one another and to understand the funding as the Steering Instrument one has to spend a little bit of time on Programme Planning and on Enrolment Planning.

Adv. PILLAY: Professor STUMPF before you carry on can I just ask you a question about Steering because we heard quite a bit about Steering and this Commission doesn't found it.

Professor STUMPF: Yes.

Adv. PILLAY: We were trying to understand when the department steers using these three of two that you have just mentioned. What is a steering towards? In 2001 what was the Micro Policy Framework which inform the direction and in which the department was steering the institutions?

Professor STUMPF: The Micro Policy Framework which the department was steering in 2004 was mainly influenced by the National Commission on Higher Education Report of 1996 which highlighted the need mercification. Mercification has got a number of facets and aspects to it.

One of which of course is a transformation for the way in which university are run to become formal cooperative and there was a case in the past but the major aspect of mercification was that of significant increase of students' enrolment. So the Steering of 2001 was towards the following factors on having to do with the enrolment increasing the Higher Education participating rate over the decade from then the figure of around 16% to 20%.

In the process of doing so deal with equity in students enrolment especially in terms of race and gender and increase for the African Black component of the students component and woman component. Then the Steering was also towards universities becoming more productive in the field of knowledge production and Steering towards increase research output.

Finally the Steering was towards greater Public Accountability by university in the form of information systems and Public Reporting by universities. So towards greater students enrolment couple with greater success rate dealing with the equity in those improving research output, knowledge production, post graduates studies and couple to Public Accountability through though new system information.

Adv. PILLAY: I don't want to take out of your study Professor but if you could just tell us in the current context what the Micro Policy Framework which inform this Steering by the department?

Professor STUMPF: The Micro Policy Framework is at the moment under review by the department and set up the Ministerial Task Team to draft a new National Plan. At this pointing time the National Plan of 2001 has not been recall at Steer, the official Higher Education Government Policy setting out the steering Framework.

Although that is technically and legally at the correct position the emphasis in the last few years has still been in an increases access but a much larger emphasis on access for success. In the initially years the emphasis was success with not towards success, not be table of a little bit and the emphasis is on success but still providing wide access.

So at the last numbered of years and we will see it when we get to Earmarked Grant funding at a mandate emphasis that to simple brings students into the system with our taking some majors to ensure that they come out of the system successfully and in a reasonable time frame with the whole purpose of the exercise.

So at this pointing time I would be argue that the main Policy Framework could be increase success. A second aspect that has increasingly cack into the Policy Framework which we will cover very briefly later on is to deal with a changing academic population, staff population of the universities mainly around the issue of what we call Aging Professorial white male professors who are retiring and leaving a vacuum which has not been plan for and which they doesn't seems to be easy solution for at the moment.

So Advocate the Policy Framework technically legally is still one of 2001 but at the ages of new emphasis of crept in such as this. Another issue that has become very crucial over the last numbered of years is the governance of universities, the roles of Councils, the department has lodge a number of initiatives in that regard.

Then the other issues that have been under the lime light new students housing norms which is developed and approved by the Minister in 2015 because students' housing was in a dispend state. The infrastructures of the universities had deteriorated significantly and the Minister introduce a specific Earmarked funding around infrastructures development.

Another issue which we will cover briefly later which is crept in to the Steering Framework is dealing with historic disadvantage institutions background through specific financial provision in the redresses. Then they had been some changes on the programme fund and new Higher Education Qualification sub-framework was developed and accepted in 2014 which makes forms part of the bigger NQF (National Qualification Framework). Those would be some of the issues which you will be not find spell out in great details in 2001 which is started finding a way into the system.

Adv. PILLAY: Does chapter 9 of the NDP and the 2013 White Paper, did they feature in the Micro Steering Framework which drives Steering?

Professor STUMPF: Yes. Certainly the... let me start with the White Paper. The White Paper on a Post Scholl Education and Training System highlight the primary emphasis of the TVET Colleges.

Of course it doesn't say that this deprioritises the universities but it does provide a very strong pointer of creating meaningful and viable alternative study through TVET Colleges study. One way of doing so is to allow some TVET Colleges to offer some initial Higher Education quality qualifications.

TVET Colleges at the moment were not allow to offer any Higher Education qualifications and the Post School Education Training System. White Paper changes that to allow them to offer Higher Education certificate. It also put forward the building of 12 new TVET Colleges. So certainly the White Paper is framing a large amount of the activities and Policy making of the department especially around TVET Colleges as alternatives.

It also post a view of a single college system for since discussions and consultations on in cooperating Colleges of Agriculture which is processes on the way at the moment. Nursing Colleges discussions had been held but the progress has not been a significant in terms of the Colleges of Agriculture.

The NDP has frames Policy debates but probably given where we are now the targets set in the National Development Plan both for Higher Education participation of 30% by 2030. And our country put you see vastly increase number of PDH's.

As we all see at the moment they are probably not realistic and we will not to be achieved. So as far as the NDP has concern I think is the measure of realism has crept into the Higher Education Sector. I cannot speak for the Presidency itself. Thank you.

Adv. PILLAY: Thank you Professor STUMPF. If you may continue with your presentations.

Professor STUMPF: Let's start quickly with Programme Planning which is now will be your 4th slide in your hand out. In the past and I will really in a little bit because this is too crucial. In the past prior to 1994 actually up to the year 2000 the universities were free to introduce new academic programmes, new degrees programmes, new diploma programmes according to the reading of what society require and what the market wanted. They did had to submit applications to a body then known as AUT (Advice Councils in Universities and Technicons) for approval but this was mainly a post factor approval.

They will design the programme, they will do the analysis of society, the needs and extra and then advice an application for such a programmes. The rush now for moving away from the universities responding to market forces individually was mainly that, it was felt that there was a large measure of duplication or very expensive academic programme at universities.

The question was whether the State or Government in the form of the Department of Higher Education and Training was actually carrying out its Steering Mechanism function in the way in which Programme Planning used to be done in the past. So what the department did was the devise a system known as Programme Qualifications Mix Approval in which each university was asked in the year 2002 to 2004 to document all its academics programmes in terms of a template which the department had designed.

And the department entered into the discussion with the University Sector collectively and with the institutions individually around whether this programmes in the PQM template synchronise sufficiently with the institutions Mission and Vision. Although universities initially complained about this exercise and they end to prove to be very valuable exercise because it forced the universities achieve a greater amount of synergy between the academic programme profile and the institutional profile.

In the end of 2005 beginning of 2006 the Minister then approved a Programme Qualifications Mix if you like academic programme menu for each university. If the university wish to offer a new academic programme it had to formally applied to the Department for approval for that academic programme.

The department adopted this because they said that the government body responsible for Higher Education need to analyse society needs, trends and market needs and then make a decision on whether these institutions was best equipped to respond to those needs and society and the market through the offering of a new programme, what will the cost be, would be an uptake of these academic programme to enrol students and etc.

For example when I was Vice Chancellor at NMMU we had a School of Architecture and Town Planning and we wanted to offer a massive programme which is Town Planning which is a new programme.

We applied and the department came back to us and said but the University of Free State has already offering this. We should enter into the discussion with them which we did and then we could prove with the department that there was no overlap between their emphases and our emphases.

After which we had granted permission to offer this programme which also then we can enrols students and get funded for those students. So that system is still in place. Every single university cannot simple, no one on its own decide that I am going to introduce a new system degree or qualifications. They have to go through the approval processes with the department. Once the department has approved...

Adv. PILLAY: -Sorry Professor STUMPF!

Professor STUMPF: Yes.

Adv. PILLAY: May I just ask you briefly, this process about approval of academic programmes, in your view does it have an implications for the Academic Freedom?

Professor STUMPF: No. I would say not at the moment, certainly not and not in all my years as a Deputy Vice Chancellor at Stellenbosch or Vice Chancellor at UPE and NMMU. No! The department looks at the following factors when it analyses a new application. It first looks at whether this new programme represents new development for a training in society, in the job market, in business and etc. and how they linked to this development of training.

Secondly it looks at whether these institutions Vision and Mission and this new programme correspond sufficiently with one another. For example, let me make it concrete. If technically this is possible but I think that the department will probably not allow it.

If I was at UIT (University of Technology) and now I want to offer a PHD in Philosophy the department will fully and is right to say the UIT your Vision and your Mission is a technical technologically orientated Vision and Mission and how do you justify bringing a such strong component of the humanities like DHD in Philosophy into your Programme Mix?

How does this gel your Vision and Mission? And then I do not regard as intrusion in Academic Freedom but rather a request that the university gives an account of itself for maintaining cohering of Vision and Mission and not becoming a general free for all type in each institutions. The department will also ask the institution to cast the lodging of such a new application in terms of it does have available staff with recent qualification, will have to recruit that.

In the case of new qualification which is elaborated to your practical component you will be ask “do you already have existing laboratory? Do you have the equipment’s?” In the case of infrastructures requirements do you have building space? Do you have a lecture whole and etc. to accommodate these? If your answer to all that no, we don’t have a staff, we don’t have a laboratory and we don’t even have lecturers wholes and building we have to build the all of these.

The department is probably going onto enter the discussion with the institution and say “look this is not going to work now because we don’t think this is a priority for us to fund”. So the department decision around PQM approval are not around Academic Freedom issues.

They are around does the country need it, does the region need it or are you best suited to do it, do you have all the way with all to do it without at passing and on due course based on the State. The Academic Programme Planning then takes this format and once the PQM application has been approved it then goes for accreditation to the Council of Higher Education I won’t dwell on that eventually follow the registration...

Adv. ALLY: -Sorry Professor!

Professor STUMPF: Yes.

Adv. ALLY: If you can just get back to your previous answer to get the understanding that. You see in ram of Institutional Autonomy and Academic Freedom and I think this is where Ms PILLAY was trying to get some direction. When you do such application for PQM to the department, two things.

Firstly do you do it so that you can be funded? Or do you do it because you see a need in the region that you are in and that can be funded elsewhere? Now the answer I am trying to get is whether you are actually need approval from the department for you as an institution to go ahead with any programme you see in fact.

Professor STUMPF: Thank you very much Advocate. That is a very good question. When the PQM and the Enrolment Planning System were introduced initially the respond to that question was if you want a public funding and you wanted to register students for public funding you need that approval. But if you could get the Proverbial Microsoft to fund a programme you didn't need the say to the State to go ahead and do it.

This has later change somewhat and the department adopted the position even if article or IBM will going to fund a programme the university still needed to go through the approval process. The reason for that was that I has been an article as an example and I am not saying that they did this. Would not commit themselves in finiter to fund this programme. They will probably commit themselves for a start appearing of let's say a few years and after that they would withdraw because the funding priority also change.

The government starting feeling but the business is quick to come and help the university to start a programme which is in business for short term interest but it is a long term that we as the department or the custodian are. That initial reading of this arrangement was changed somewhat even if you get private sector help you still need the departmental for approval.

One of the question that the department will ask you is "what are you going to do if the private fund is withdraws? How would you ensure that the students are left higher?" The only way of course is actually to come to the department and say can you now take over the funding. That issue is to the best of my understanding and the knowledge that we are at the moment about this matter.

Adv. ALLY: Thank you.

Adv. PILLAY: Professor STUMPF you mentioned that that there was course serving element to the PQM approval process and that to prevent the duplication of expensive programmes across the universities. That component does it somehow have an implications in Institutional Autonomy o the universities?

Professor STUMPF: It may although I will always arguing even as the Vice Chancellors say that there is no such thing as an Institutional Autonomy and say is only at the relative sense. Let me take an example, when I was a Deputy Vice Chancellor at the University of Stellenbosch for the number of years.

They are four universities there. While I was in that position the department ask us to look at duplication in the field of the Health Sciences. The two medical schools at Stellenbosch and UCT and especially in the field of training nurses where all four universities were involved in the training of nurses.

As part of the PQM clean out (before I can use that word) they asked us a very valid question, they said if you are a university you should do both diploma training as well as degree training and should then they were still known as technikons (the two Technikons) they are not doing the diploma training and then you do the university training.

I don't regard then as intrusion into Institutional Autonomy. I regard that exactly as the question, the custodian of the public interest should be asked here. What then emanated out of that is that the four institutional institutions dot together and we spend and by now you can understand that the academic takes a long time to resolve these issues at the best of its interest.

At the moment, at that pointing time the one university (I won't mention names). One university said we are willing to let go to our of diploma training in nursing in the public interest to strengthen the two Technikons in that training. The other universities said we are not willing to. The department in no way force this issue.

There were no solution to that and the department did not take the next step of issuing a decree if you like of simple saying that we are disappointed that the university couldn't reach an agreement in this issue and we failed in the national interest, should be able to but they left it at that.

I had not had personally experience in Institutional Autonomy intrusion. Academic Freedom of course I regard this and the government to the best of my knowledge had tried to prescribe content or the way you should teach content.

It does asked for approval in a very broad sense of a curriculum but not as the syllabus. PQM Approval was not contained a details syllabus but were contained the programme desire by the programme, the module levels at which the teaching role takes place and some broad content issues. But absolutely not in terms of details syllabus.

Adv. ALLY: So in respect of these negotiations I will recall in the late 1970s. We had and I don't know if they still have, the University of the Western Cape had Dentists, University of Stellenbosch had Dentists. Was that question ever raised and dealt with it in a same manner as you mentioned now?

Professor STUMPF: Yes it was. For example when I was at NMMU and then UPE we offer Geology and Rhodes University also offer Geology and the department as to the universities to engaged into the discussions around the offering of Geology. We did find between these universities the resolution to this duplication.

The Dentist issue was resolved in 2002 to 2005 though the merger process where the Dentists School at Stellenbosch University was merged with the Dentists School at UWC and Stellenbosch has no longer have a School of Dentists.

The discussion around collaboration to make Medical faculties at Stellenbosch to UCT as one of the example they neither really achieve much. There is a lot of collaboration especially research collaboration sharing expensive research infrastructures but the two are Medical Schools still essentially operate individually but no longer Dentists. Can I move on?

Adv. ALLY: Thank you. Yes.

Professor STUMPF: Thank you. The next that we need to understand is the Enrolment Planning because the Academic Planning is couple to Academic Planning. At the same time in the year 2003 to 2005 (I am on a next slide now) the department lodged a system known as Enrolment Planning. They wanted the universities to plan better for enrolments in terms of national needs.

Now we are not at talking of the old Soviet Style Central Planning Approach but government felt that they couldn't simple let individual universities and the individual students to the number of students set up are being delivered in certain areas leading to under supply in certain vocational areas and over supply and others. That they should play a larger steering role which they initiated in the PQM approach.

The second one is to asking the universities to exercise about better planning around enrolment and not simple on what we see it happened on the day the universities opens and the students send to register.

They again developed the template of the enrolment planning and we engaged in this discussion with a certain individual universities around planning for enrolment and of course academic were just because they said how can we determine the choice of the individual, they have arrived here they want to study Law but we must tell them the space in Law has been taken out so they must have to study something else.

So all of these took a very long time to settle down and is taken more than a decade to the universities to actually come to groups with the Enrolment Planning because it is difficult. How do you tell a student, in my case at NMMU from a poor imp overage background we did know up to a week ago that an auklet study would assist in study and now they arrived at your door?

We called those students work in, they didn't filled an application form the year before, you didn't know about the existing space, here where they are when the university open for the registration, here they are.

So it is very difficult to tell a student such as that and my personal view also will not be remain thing to do. In any event the universities will wanting to widen access and increasing to enrolment.

So is taken a quite a lot of time for this whole system to settle down but the universities have gradually decreased the number of walk in. They were able to do this as the National Students Financial Aid Scheme got stronger and stronger. In so many universities have now have now introduced cut off applications date by which you have to apply.

You can't do proper Enrolment Planning if you don't have that. For example, let's say the university said 15 October of 2016 is a cut off application date for studying in my institution in 2017.

Then you get the application and what the universities have done over the last numbers of years is that they have analyse the number of applications that they get because they cost in supply in various institutions in the hope that if you don't get the first choice I will get the second choice or third or the fourth choice.

The universities have analyse the number of applications that they get with the number of registrations, number of student that are eventually registered. And then the final enrolments is actually students that registered in that pitch physically in the class room. I have be able to say if I get 1000 applications I can expect roughly 800 to enrol. So universities have got more adapt that Enrolment Planning.

And the department requires universities to submit a three year Enrolment Planning's each time they previously force off and then you add a new year in three circles. And it is in terms of approved Academic Programme so the department and the universities was sit down developing an Enrolment Plan to extend the consultation with the schools faculties.

You and the department you will sit down and you were saying that I expect enrolment in this so many student's qualifications at this level, undergraduates, post graduate and whatever. The department will say we thank you, meaning this is not gonna happen, is a wish for thinking, we suggest to cut down in any case. Our enrolments are growing by 7% and that is too much, you can't maintain quality grows by 7% so you must bring the growth down.

For one institution they can say we should grow by more than 3% and another one can say by 4% and another one may say 2%. So this bilateral discussions takes place between the department and the universities and the background is the Programme Plan.

In terms of the Programme Plan you will saying these are student that we are going to enrol. Eventually an agreement get reached. So far in my experience of all these years I have not heard Vice Chancellors likely to complained, this is not auto cranial process at all.

The two parties sit and reach an agreement a given time take. The university may say well if you won't allow me to enrol more student for this post graduate qualification I am actually have to shut it down because it is not economic viable. Then the department may say okay is well, let's do a five year trial. We say enrol for five years and see how it goes after that.

Eventually the department signs off on university access Enrolment Plan. Those Enrolments are the one that the government says that we will fund. We committed ourselves to funding this because we think that these Enrolments are in the qualifications which society needs and we think that the Enrolments are number that which the job market need.

This is widely actually very important to bring elements of skills training, vocational training and job related issues into the Higher Education Ministry. The greater synergy could be occur so Minister each and every year publish hundreds top scares areas and universities are expected to take that into account in their programmes and in the enrolments.

So if I take law is law which I have identified in the area of Scarcity University should enrol more students proportionally in the law they may have enrol, let me say in Biblical studies. So in this one the universities are expected to respond to the market and to the society needs not only to the nature of the programme but also to the number of students that are delivered.

Of course in the professional areas such as Nursing and Doctors the professional Council also play a role in terms of how many students they would like to see delivered not to flat the job market that are provided in the needs in a manageable way. So these is how Enrolment Planning works. Enrolment Planning forms the backbone of one of the primarily measures in the funding formula, that is why I am emphasise on that so much.

Your teaching inputs are derived from your Enrolment Plan. So you can see the teaching input which makes up to 70% of the university funding are linked to the Enrolment Plan and the Enrolment Plan is linked to the Programme plan again. That is the linkage between all these.

Adv. PILLAY: Professor STUMPF if you mentioned that you may have Over Enrolment or Under Enrolment. I am given the fact that Enrolment Plan is an agreed plan ultimately. When will we have Over Enrolment and when will we have Under Enrolment?

Professor STUMPF: This information are very-very difficult matter to manage. The universities has to get a system in order and I am now are going to write down to the bottom level. What we would at NMMU when on day of registration we would have a vast of computers set up in our indoor sport centre which can has 5000 people.

And students would register there and these system would all be linked to a central database and we will able immediately as was to enrol each students in this area know that we are approaching close to the limit of our Enrolment Plan. Of course this does happened over the years and there number of 92, the numbers of viewers to find in the system.

But is now the point where we can say the quota is full we cannot enrol you for your first choice, what is your second choice and student will say that my second choice is this. It wasn't like that and it is not like that at all universities. Some universities is still struggling hence you find Over Enrolment and also find Under Enrolment.

What is the significant of both Under and Over Enrolment? If you have been...

Adv. ALLY: -Before you get the professor!

Professor STUMPF: Yes.

Adv. ALLY: The question from Ms PILLAY is: - this Enrolment Plan is signed off and the point is at which point is Over or Under because both we have agreed as these are the Enrolment and these is size of the Enrolment in the institution?

Professor STUMPF: If I have been given a permission to enrol a 1000 of students in total and I am end up enrolling 1100 and Over Enrol. If I get a permission to enrol 1000 and end up enrolling 900 I am Under Enrol. But my funding is based on the 1000. Is pre-determine on the 1000 that I have been approved so if I over Enrol, I have got 100 students that are funded in my university, I must find money for them.

If I am Under Enrol I am actually get money for a 100 students and I only have 900 which I don't have. So in the one case I get too little and in other case I get too much. The department didn't clear that initially because it was too difficult to a system to be done. But a few years ago the Minister came at 2011 and said "I will not allow a 5% deviation either above or below".

That come about at 4% and his aim it was to bring it down by 2% and that it would be allowable range. Anything outside of that range, let's say either enrol 900 students instead of the 1000 and is outside that 2% range I have to give the money back to the department who would use it to fund some of the universities who have Over Enrolled but not beyond the 2%.

So at the moment and this was a first year three universities Under Enrol money was taken away and give to the universities where there were too many students. So at the moment the Minister is mainly dealing with the Under Enrolment side but gradually as soon as that is managed properly he will moved with the Over Enrolment side as well.

Ms KHUMALO: Yes Professor!

Professor STUMPF: Yes!

Ms KHUMALO: When that has happened maybe you are Under Enrolled and has to return the money to the department, does it means on your next planning you can't get that back?

Professor STUMPF: You can't get that back, is gone.

Ms KHUMALO: I am saying maybe the following planning, the following year you get the dust on the road?

Professor STUMPF: No! Each year has got its own enrolment target. Let's say the following year I was approved the again I was in places and now I enrol 980 and the 24 within the 10% deviation, nothing happened to me I am fine.

Professor STUMPF: And argument it can't to be maybe a 1000 for your capacity, is the wrong figure? Who made that determination in that institution?

Professor STUMPF: Each institution is supposed to do its Enrolment Planning not only in terms of society needs but in terms of its infrastructure capacity. How many students can you actually carry we call it the carrying capacity of the university. The carrying capacity of the university is largely determine by staff availability, how many staff member do you have and by infrastructures and equipment's facilities.

If you only have lecturer space for 1000 students perfectly you can't enrol 2000 because you would have a lecture hall for the additional 1000. If you only have two staff members perfectly you can't enrol 2000 students because they will be each teaching a class of 1000. So universities have to take into account the space and the teaching. Both staff and the equipment actually such as library, computers, etc. in determining the carrying capacity.

Again I must tell you Commissioner that not all universities are equally advice in this but some universities have got marvellous interactive optimisation programmes to determining the carrying capacity because of course a new building, new staff members means the carrying capacity increases.

If you won't mind I will mention one university, the University Of Pretoria is got a marvellous system whereby at any time they can tell you that at this pointing time our personal staff members or our personal infrastructures and we at a present time table and roster we can carry so many students in total and so on in all our campuses.

Ms KHUMALO: I am just thinking maybe in a geographically not like Pretoria varsity where the carrying capacity potentially is 1000 but you find that the learners are not enough but there is potential grows in terms of the area.

Does that get reviewed often in that maybe before masification the Enrolment Plan was different, so can that be apply maybe in remote areas where there is a new varsity but the learner are not enough or the qualifications from Basic Education doesn't allow them but there in an opportunity for growth?

Professor STUMPF: If I understand you correctly and maybe I am not. The department has not yet done what does happened in other countries to sign students in particular institutions. They leave that choice to the individual and they can advise an individual through a central application and information system that you want to study, let's say information science, the following universities offer it.

Your best chances if you can't get at A and B it would be C, D and E. but so far the department is not ever entertain any thought of telling a student. You will go to that university because they have got space and not enough students in that region. I am not sure if they would do that easily because it does raised an issues around the accommodation, cost and etc.

But each university has the right every year to revise its Enrolment Plan either upwards or downwards in terms of change circumstances, dropping students' numbers.

University of Kwazulu Natal for example has had under enrolment for large numbered of years.

And NMMU as well they had to revise the Enrolment Plan downwards. At TUT has always had under enrolment and they has to revise the Enrolment Plan upwards. So each year the university can adjust to the previous year in relations to that.

Ms KHUMALO: And this is the priority of the Council and then it goes to the department?

Professor STUMPF: The Enrolment Plan is developed differently in different institutions but the developed process is for some and some of them are very consultative start at the level of the lecturer saying how many students can you teach in your class.

The Lecturer can say “I have got space for 60 in the class but to if you get me a better class to whom is a larger class so that I can get 80 or whatever”. So it start at that level and input can be made in very basic level.

Some universities have actually measures this space, they measure the teaching space and they have got what we called Sign able Squire Met rage to each space one and half square meter per student and they can calculate exactly. If we run time table form 08:H00 in the morning to 17: H00 in the afternoon or 22: H00 at night this is how many students we can accommodate.

Some have set a student staff ratio and said we will not go beyond and every for the universities let's says is 25 to 1. 25 students and one staff member. As soon as the average go to 26 they will appoint a new staff member to bring the average down again.

So the universities are learning and the different level is a highly sophisticated process what we called Multivariate Analysis Process which mean you have to get a Model which takes an account in advance number factors simultaneously.

Adv. ALLY: It sound to me that we need to get Doctor Dean in university planning!

Professor STUMPF: It is very interesting and a various observation there because up to above 2003/2004 no university had a division or a section for Institutional Planning. Now most universities would have section for Institutional Planning which does Teaching Planning, does Academic Planning, does Enrolments Planning, does PQM Planning and so there are many institutions that have established this sections in the institution to respond to the change Policy environment coming from the head.

Adv. PILLAY: I think the last point you needed to deal with Professor is your evaluation of the Enrolment Planning system.

Professor STUMPF: My evaluation of the Enrolment Planning was that I initially when we engaged the first time with the department was a best start kicking that this wasn't going to work because the social dynamics that was for the Eastern Cape was very different. From the social dynamics let's say Western Cape.

Initially of course we felt this was an intrusion on the individual choice and how we could tell an individual who dream the whole life long, the fashion they study on TV characters that we have seen and suddenly they arrived there and you tell them no you can't study this because we fully subscribe.

As the programme Planning the department didn't and I don't owe anything from the department in terms of giving compliments. But I never used either Programme Planning or Enrolment Planning in a very restricted sense. I used it as a guided steering sense to try and match the public personal needs with society and business needs and the economic needs.

So my evaluation of the Enrolment Planning actually been very-very good instrument because typically for many of you now universities signed out. Academic started a new programme and you asked then but you have done in the analysis. So is to introduce a very greater amount of realism into the system and is in able universities should what to have badly and not to be badly.

Let me give you an example, when Programme Planning and new Funding Formula Framework was introduced in the old SAPSE Formula that I have mentioned earlier (APSE 110) there was specific component to deal with growth of students, the new Funding Formula Framework they don't have that.

So in the first year after the new Funding Framework was introduced there were two universities (I won't name them) who grow the one case by 16% and in other case by 12%.

I was Chairing the HESA Finance Committee and suddenly these universities the one that grows with 16% and 12% were taking away such a large cheque of money that they were damages other universities.

My argument to the department was particularly this happened, no university that can grow by 16% and maintain quality, you can't, is not possible. We know that for the international studies the benchmark figures run to 3% to 4% that is max and even if higher. Go beyond that your quality system can' cope because it takes time to adjust and to develop.

You can't do this! The official set that do you or are you then saying that we should steer down on the access of growth and we said yes absolutely. If you are going to steer the system you should make sure that Under Enrolment are too large and Over the Enrolment are too high.

Out of this debate came the whole exercise of a putting eventually arrange which is not suited 2% above or 2% below. These two universities were actually, I won't say by designed to do this but certainly they thought well the only way to get more money is to get more students. It is the department job to see what is dealt with is rationally and properly.

So if you ask me to give the present kinds of the Enrolment Planning I will say I actually can't see it as managing the system at the moment on these two, the Enrolment Planning and the Programme Planning.

CHAIRPERSON: This seems to have substantially implications for increase in numbers resulting from Fee Free System!

Professor STUMPF: Yes it would. I talked of Fee Free System with untainted Enrolment system will probably cause...

CHAIRPERSON: -Well! It would be possible to accommodate...?

Professor STUMPF: -No!

CHAIRPERSON: I mean would be possible to accommodate within the existing Planning System a titled Free Fee System?

Professor STUMPF: Yes it would be but students of course would exist a lot much more pressure because they are now able to study financial constraints are no longer affected. They will simple argue but why do you tell me I shouldn't be studying law because there was too many Lawyers already around. You are now in panging of my Constitution right to decide what I want to study.

So I suspect a lot of pressure would engaged from a Fee Free System on Enrolment Planning particularly. If the product doesn't cost anything everybody can have it. How can I tell somebody that you can't have?

Adv. ALLY: Can you assist them accommodate a Fee Free System?

Professor STUMPF: No!

Adv. ALLY: -Because you are saying you have got kook at capacity in terms of the infrastructures in terms of staff and maintain quality?

Professor STUMPF: Mm!

CHAIRPERSON: How long would take that to accommodate such a system?

Professor STUMPF: It depend on the funding available because for example university operate on a computer to students ratio as well. They have so many computers accessible general because not all of them they have their own laptops or iPad. So they typically operate it very some of them use one of the three computers or three students per computer and other are little bit higher at eight.

So Judge it depend on how quickly additional funding can be made available to keep those standings because if the standing are on kept you would have more people in the system but a lower quality education.

Chairperson: This assumed that you can buy anything that you want? Maybe staff can't buy that is not exists?

Professor STUMPF: Yes. That is very interesting observation because the debate of course nowadays is with the technology can't accommodate a larger number of students you are able in the past which you are typically of talking chalk which most of us will exposed to.

Ms KHUMALO: But Professor is we limit ourselves to qualifying our students, it is still not calculable?

Professor STUMPF: No because at the moment you only need a National Certificate to study at University of Technology, you don't need Matriculation Examination. You can study Higher Education Certificate, Higher Education Diploma with a National Senior Certificate.

You can study a Degree with Matriculation Exemption Certificate. At the moment they are still many both with Matriculation Exemption and National Senior Certificate who are not at universities. So we have not exhausted at all the number who qualify on the basis of school results.

Ms KHUMALO: Maybe if you rely on the potentially the central applications and maybe just draw from there. Are we not able to make an assumption of what possible enrolment is qualifying maybe by too wide but is qualifying and willing because an applications will constitutes the willingness?

Professor STUMPF: Well! If I can draw the analogy, if I run a shop and I sell goods, I employ staff and I have got an equipment and infrastructures to help me to sell those goods. I have got 100 clients, I can't increase my client base to 200 or 300 without doing something about more staff to sell this clients, more equipment to serve them, better system to serve them and even more shops.

Is exactly the same as the universities, you can't just add students. You could have new infrastructures, you could have more staff members, and you have got computer system. So these two work in tender and they cannot be something like unlimited access to university system without providing additional resources to finance more staff, more equipment, more buildings to have to match one another. If they don't then the quality goes down.

Chairperson: And the amount of finance required will be different in relation to each institutions?

Professor STUMPF: Sorry I didn't get that!

Chairperson: And the amount of finance required will be different in relation to each institutions?

Professor STUMPF: Yes it would be very different to each institution because certain areas are very much costly to study in in other areas. For example, surprisingly one of them cost area is the performing arts and creative arts. If you want to study music (jazz, turbo or whatever) is one on one.

It is ridiculous you can't simple double or triple your number of students' music using staff members and more instruments otherwise these students they are going to get a poor education. Is different and not all university do performing in creative arts. Maths is very expensive, agriculture is very expensive and all do. It will differ very much from university to university.

CHAIRPERSON: I assume perhaps you could tell me how it would work out that.

Supposing one had wide ranging increasing in enrolment as a result of free education. How would this impact in different areas? I mean would you have a faster higher rates of additional enrolment in Johannesburg by comparative with what you have in Bloemfontein or would not work like that?

Professor STUMPF: I have not done a study on that Judge. This is a very difficult question for me to answer. I suspect with urbanisation you may be right. Maybe a bigger attract in urban areas than in the rural areas. Although in the rural areas on the other hand job opportunities are very limited. Student they finish school and they sit at home, there is nothing for them to do.

So is a hard one to say the attack on fully free education will be bigger in rural or bigger in urban areas but what I do think (and I'm emphasising what I do think) is that if you have fully free education at unlimited enrolment you probably you have a quite a drop, a quite a larger number of students who is dropping out of the system. We already have large number of drop rate. I demonstrated that in the previous workshop that we had.

The reason why I am saying so is generally your well performing students is better able to find finding financing then the one who is barely scrap trough, who just made it. But know you are saying all of you you can come as long as you have made it you just made it whether a skins of your teeth you done very well you can all come is free.

Many of the one who previously were able to qualify for NSFAS funding and other funds of funding like Bank loans will now come. So I suspect and this is our limit I think. The number of students who are not well prepare to cope with a higher education studies will increase automatically.

That means your success rate will come under pressure, your dropout rates will increase more students for drop out and not completing their studies because of the academic reasons. No longer because of financial reasons. Those are sonorous that I think one have to investigate in the Model more carefully.

CHAIRPERSON: I am thinking I heard to the question of funding supposing one fund the money is available somehow or other is available. I am not sure if that is in our mandate to actually lay down how the planning should then take place in order to best accommodate the spending of the money but it will be seems to be disasters to say here is the money go and spend it without knowing exactly how the planning should take place.

Professor STUMPF: It would be certainly. Let me take certain case which often used as illustration. If you open the day of learning for all in the sense of Free Higher Education for all whether you are wealthy or whether you are poor and you didn't have a planning instrument in place. What will prevent many of the new from entrance studying the Proverbial Biblical studies and after three years becoming a liability for society because there is no job for that.

So I will think even though it might not part of your mandate if there is money for free education or even only for the poor I don't think you can do your way of planning system.

Chairperson: In our country the planning system will have to be amended?

Professor STUMPF: Yes.

Ms KHUMALO: With the assumptions that are just come up are you able to cost it? Maybe to advice the Commission to say...

Professor STUMPF: -You can cost it to gain the university very there are one of two universities that they have implemented activities costing whether can cost every activities they know exactly what does it cost, what students cost in the Accountancy and what students cost in BSc Science and what students cost in Agriculture. Other universities are not so advised but they could give you a fairly indication of what additional students in the various areas will cost it.

In the Funding Framework there is already have an attempt to model that, we discussed that last time. You get funding in various funding intensity cost factors. For some study areas you get a lower amount like other areas. So universities would be able to cost it with very degree of accuracy.

CHAIRPERSON: Do you think is a real danger from your experience for people would attempt to fatten to non-productive process for one to do?

Professor STUMPF: Students serve to become far more astute now and there were many years ago and it generally especially if you need to pay before the product of education. They will want to know in advice that the education that I am going to get is going to give me a job.

So many students as part of preparing exercise a choice of to study Law or to study Accounting or I want to study Architecture will look at the job market and will look at the job opportunities and will look at the placement rate of the university.

If you like is standing and extending the society in terms of insuring them over a job. So students have become far more or fair and they have access to far more knowledge and then certainly we had in the past.

So I think you will not have as you may have 30 years ago a said students taking Biblical studies and Psychology or Biblical studies and Anthropology which are the two favourites and they being end up in the liability society but it could be still be some who would take that simple because they could be argue a Higher Education which is true.

In any field is better that they are not having Higher Education. But I think Judge that the ever large would be tempted by students' access exercising more inform choices that in the past.

CHAIRPERSON: Do you think the universities should be more publicity where in the sense of making it known to students that certain courses are more productive than others?

Professor STUMPF: Yes I do think so some universities do that. The universities have by and large especially the more better run ones have accepted that their job doesn't end when the student is kept and get certificate. Their job entails making available measures for the student to transition into workplace and so more-more universities are establishing offices.

Even at NMMU we had one at 2005 already graduates post office to assists graduates to be in place in society. As part of that whole exercise you have what we called study and career guidance and most universities will offer this, if a student come to register and Anthropology and Biblical studies in most universities which says well you can do that but you have be thought of what career you want to follow. So more and more that will have to happen and that have to biff up in the in the industry of free education system.

CHAIRPERSON: Thank you. Is this convenient moment to take a tea break adjourn?

Adv. PILLAY: Yes.

CHAIRPERSON: Thank you.

CHAIRPERSON: You still under your Oath Professor STUMPF and you will be kind after you continue with your leisure!

Professor STUMPF: Thank you very much Judge. Let me just quickly conclude on where we left off with one or two more remarks. At the moment technically entrance into Higher Education is determine by so call entrance requirements which students have to meet. For the Diploma programme the minimum is National Senior Certificate. For Degree Programme is Matriculation Exemption which is at the higher level.

Universities however they have the right to set additional entrance requirements for additional for specific programmes which they do. So most universities for example will be require very much higher achievement in Mathematics if they wish to study Engineering or Accounting etc. then would be the past mark either for National Senior Certificate or for Matriculation Exemption.

If one therefore to open up education in the sense of Fee Free Education, there are many students at the moment who meet the minimum of those requirements but they would not meet the requirements for the specific programmes such as Engineering.

CHAIRPERSON: Which means you will need them?

PROFESSOR STUMPF: Yes. I am linking to your earlier remark. Because I don't need for example the 60% marks required for Accounting or for Economics or for Mathematics studies or Architecture they will be then be force to what I will call the Softer Areas. If one way to open up without any further Regulative System I think you do run a risk of having over supply in Soft Areas where specific achievement are sets by the universities. So that is the first point that I want to make.

The second point that I want to make is that Enrolment Planning is not unique to South Africa. In fact the form of Enrolment Planning benign compare to that which is for some other areas countries experience in the past. Of course the most regent example of this was for the former East Bloc countries whether this was plan centrally and universities were literally informed and told the day will enrol 20 students in Mathematics and that is not one more not one less.

In new countries such as Germany, Germany use to have a very strict, they called it Students Placement System where universities were each given a number of student places based on the carrying capacity of that university. So Fryberg will have a capacity of so many students And TBN have getting on ant they will all have different government determent carrying amount capacity amount. TBN for example, let's say would be awarded 1000 spaces, Fryberg will be awarded 800 and getting 1500.

That system is still operating so if I am a student wishing to study at TUBING of course this is apply more strictly at undergraduate level, the post graduate level is likely way. If I was a student studying in TUBING then TUBING will then inform me that the student place are full they can't take me I need to go to get some.

So South Africa by no mean unique in this respect and in all these countries is an effort to match society, economic needs for certain kind of graduates with the public post, with a manageable amount of Institutional Autonomy and Academic Freedom couple to the freedom of the individual to make second choice.

To bring all those together universities generally will have been subject of system of planning. Of course in very infant countries such as the USA especially in the private universities where money is not object this Planning System doesn't functioning well.

CHAIRPERSON: Do you think the recommendation were made along the line that is feasible that one should either rather that before any money is all disperse there must be a satisfactory, mention planning system in placement?

Professor STUMPF: Yes. The admission system is one aspect of the whole parcel and certainly what universities have found is goes and it is a difficult argument but universities have founded they higher the making admission requirements, the greater the success rate is for the student because of the poor quality of our school system.

So when the government says we want you to sicrunise access for success or whatever and this is a paradox. One of the way is actually to grow this to few students but to better prepare students and then they can get through.

The other factor in this whole argument is that some universities are over stressed in terms of the carrying capacity. They have got more students and they should have.

UNISA for example, I was in a Council for many years at UNISA. What do you do if you have got 30 000 students in Economics studies? How do you manage the standing of 30 000 students with either how many students of lecture who have to mark assignment.

So the question is you also have to take education into your account. You can't just add on the input side without making sure that the output that you are going to put are still valuable for society.

You can argue for example TUKS (University of Pretoria) I think 54 000 students gave them 74 000 students but when the UP graduates be able to render the contribution to society that they now render if you are up the intake by 20 000.

My answer is "No" unless you correspondly increase the infrastructure, the number of staff members that they have, the number of computers that they have and all the systems that deals with education. So you can just let more students in. You have to do something to match that higher intake. That argument I think is probably not well understood by some.

Ms KHUMALO: On that argument you saying access must compare with success and you saying that can be achieved if the number are smaller. Is that general view of all varsities or is based on a certain Pilot or where does that come from?

Professor STUMPF: I am not saying all of that at that all of that we should do but what I what the universities have found (I presented in that workshop last time) shows that for the professional studies that is the Doctors, Nurses, Architecture and Lawyers etc. where the entrance requirements are typically higher the success rates of students are much higher. In programmes where the entrance requirements are lower such as Humanities, Social science etc.

So the argument of some universities is “Yes success and access are highly correlated and correlation is actually through the admission requirements. The higher the admission requirements the more realistic of the chance of success. The lower the admission requirements the greater become a students will not succeed.

I am not saying what universities should is limit access. What I am actually saying is if you simple open under the existing school system with the quality of matriculates that universities received. The problem of dropout is likely to become much larger than it is at the moment. At the moment already we run a gross in efficiently Higher Education System in terms of students taking too long to complete and too many dropping out.

Ms KHUMALO: Just, maybe your opinion on the quality of students from our schooling system. What do you say that?

Professor STUMPF: Well! I can only speaks on my days at managing the universities and that ended in 2008. So things have been changed today. But universities generally have found the quality of the level of preparedness of the school leaver for the regard of Higher Education is getting worse rather than better. This of course varies between Provinces and varies between schools.

You do have excellence public schools where the materials that is delivered to the universities is wonderful. You do have private schools where this is true but they are also private schools where there is not necessarily to. So it is hard to generalise the whole system but I understand how if you ask me make a general assessment I will say understand how the rural schools to arrive at the university is we can prepare for higher education study that the urban one.

The reason are in the schooling and in the urban environment these students are far more open to other information resources so this true in the rural environment. Quality of Students University all found that they have to administer their own admission requirements that simple can't take the Matriculation Exemption requirements anymore or the National Senior Certificate anymore.

So universities South Africa developed the benchmark test which most universities would administer which then they apply in addition to the normal matriculation scores that students has.

The correlation between Matriculation Exemption and National Senior Certificate achievement at universities in terms of success of studies is low which have lead many universities to say that Matriculation Certificate is not good protector for university success and had having their own requirements.

Some universities have actually eventually dispersed with Matriculation Exemption they nearly use that as initial shifting instrument. For the actual admission they require their own additional test.

Ms KHUMALO: Minister was here the other day and he was even suggesting that he will introducing an equivalent of A Level in that other countries they have got longer period of schooling. And then we do?

Professor STUMPF: It could be true some proponent people had argue long for the introduction of the thirty year in our schooling system which is causing the increase of the cost in Basic Education system.

The third will be voted to the high level preparation for the university studies and it could be true. In Germany they have so called Abattoir Examination, the A Level 1. It could be true that other system were thirty year of schooling deliver better students than we do.

Adv. PILLAY: Thank you Professor. Before we move on to the next topic I think just finish off at the topic of the Enrolment Planning. You have explained to us that the Enrolment Planning is a central future of the Micro Policy Framework. Maybe if I could put up the Higher Education formula of 2003.

Let's just check on the document. Just to amend that can we go to 1.2 of this document? You will see at 1.2 Professor the following illustrated the 1997 White Paper argue that new Funding Formula Framework must be go orientated, performance orientated in order to be able to contribute to fulfilling the vision and goals of the transformation of the Higher Education System which includes:-

- (1) More equity to access.
- (2) Improve quality of teaching and research.
- (3) Increase students' provision and graduating rates.
- (4) Greater responsiveness to Social and Economic needs.

I know that you have cover these already. I can just ask you in summary fashion to link that to the discussion on Enrolment Planning.

Professor STUMPF: The Enrolment Planning lately but initially a large part of the emphasis of the Enrolment Planning was be at equitable students profiles. Universities were assessed in terms of widening access especially for members previously disadvantage communities.

Certainly Enrolment Planning dealt with more equitable students access in terms of race and in terms of gender. Gender of course in South Africa we are close to 60% woman students so that is no longer such an issue. 72% of our students are African or Black African which is probably still little bit low compare to the population distribution but certainly advice had been made.

So that is the first aspect is dealt with improve quality teaching and research is that institutions would enrol in terms of the ability to deliver quality education to the number of students set in enrolling. So the example again, if I have only got one computer and one Lecturer I shouldn't enrol 500 students because I can't deliver quality. I should only enrol 30 maybe or 25.

So the Enrolment Planning play a big role in matching quality of education with the resources available (both physical resources, building infrastructure, equipment and human resources). The increase students progression and graduation rates part on the Enrolment Planning is true that the university have to show the graduation and the progression rates.

There is a very rough formula which the department has calculated for this which they used. If you are too low the department want from you plan on how are you going to prove your success rates of our students as part on the Enrolment Planning exercise.

Lastly, Greater responsiveness to Social and Economic needs. That is exactly the department is not going to allow you to enrol 20 000 students in Biblical studies. They will simple going to say “what are the students going to do”. Society will have to support them. You must manage better the social needs and translate them into the kind of programmes that you are offering.

So part of the Enrolment Planning has been in the last numbers of years is that the department will identify few priority areas. I am not sure exactly what they are now but the Mathematical sciences, technology, engineering, mathematics was differently:-

Teacher education was one for the large numbers of years. And then they have five areas which we called areas of emphasis or area of priority.

They expect institutional Enrolment Plan to reflect this areas of priority in there, specific Enrolment Plan. If they don't they would simple going to say “well you could take little students in Psychology that is not a priority area” and more you gonna find more students in the system.

CHAIRPERSON: In the Medical Faculty, we have been told in the early stage of this proceedings that WITS gets 9000 applications for Medical Faculty and MEDICAL Faculty can provide space for 200.

Professor STUMPF: Yes is possible.

CHAIRPERSON: Is be able to manage that sort of imbalance in medicine? Why can't we done equally in our Faculties?

Professor STUMPF: The fact of the matter is this country that they can't accept 9000 medical students because would do medical training and now would wanted to be operated by students. If they were 9000 to graduates at WITS with the present facilities and the present staff and the present capacity.

CHAIRPERSON: That one I understand but if they can effately 9000 to 200 in medicine why can't they just do this in other disciplines as we?

Professor STUMPF: They can but of course in Maths there and the Professional Board. Health professional can also play a big role to setting intake limits on the various medical schools because they are going to register as a Professional Practitioners that a students to come out of that school.

So they are not going to say eventually we can enrol 9000 because they know that registering that students is probably going to cause them and society a lot of money in future. So in the professional areas Judge is the Professional Councils that plays very large role in determining the intake number for the various courses.

Adv. PILLAY: Thank you Professor. We have doubt with the link between the Enrolment Planning and the Micro Economic Policy Framework with the content of Higher Education. I just want you to brief in terms of the link between Enrolment Planning and Micro Economic Policy Framework. If I go down to 1.10 of Higher Education Funding Formula document.

You see paragraph 1.10 the following stated: - the new funding Framework and associated funding processes align with the government Medium Term Expenditure Framework which under the National Budget Process. The MTF involve the development of fee enrolling budget which are adjusted updated and revised annually based on a review of factors that is the growth of the department on budget and the content are generation and the affordability.

The relationship between the department were policy priority and government strategic objectives. Expenditure budget inflation and adjustments and sector specifications. In case of Higher Education for example, such factors specific issues are enrolment and output and training cause precious and efficiency measures in particular in relations to personal and infrastructures especially policy initiated such as the current institutional risk structuring process.

Do you have a comment on that Professor? And the link between Enrolment Planning and the broader Micro Economic Policy Framework?

Professor STUMPF: One aspect which I hadn't mentioned so far in the National Plan on Higher Education of 2001 part of it forms a framework of the numbers of enrolments government would like to see in various knowledge areas. They divided the knowledge areas up into four initial. One was the social sciences excluding education and Humanities.

The second one was Teacher Education Programme. Then they had Business Commerce and Management studies as a single category and then they had Stem Science and Technology in Engineering and Mathematics which would include the Health science as well.

They have enrolment figure for each of these and targets to be reached. Part of the funding frame work link to the Enrolment Planning was to improve the number of stem graduates and that always be part of the Enrolment Planning exercise how would institutions enrol more students in stem and relatively less in this some of other areas.

So institutions has responded in terms of that part of the Funding Framework to special enfant to attract students in stem areas and to especial programmes that they lodge.

The Minister himself (we will get that later) through the Ministerial funding statement which is on your Policy document which gives if you like a rolling of effect to the broader Policy each year as highlighted and does highlight particular areas for specific attention and the cases.

He does highlighting Earmarked funding and we would talk about Earmarked funding. You will see if you go to the document for example that the Minister of Health as argue that we need more Medical Doctors. The Minister of Higher Education said but we haven't got enough money so there is transfer payment of about R30 million for Health to education specifically to be able to enrol more Medical Doctors. That addresses one of the social need that government has identified.

Adv. PILLAY: Thank you Professor. We may then move to the presentation.

Professor STUMPF: Thank you. I am now going back to the slide to find the page Judge which has funding Model Higher Education Training one. I am going to get through this very quickly largely because a lot of it is very technical and also because we dealt with much of these in the previous workshop but please stop me whenever the need is.

We are moving to the actual funding Model which I indicated already that it was introduced in 2003/2004. Its basic principle is that Advocate PILLAY was also announced which Public subsidy is allocated in line with public priorities. The Minister has reviewed the Funding Model through a Ministerial Review Committee.

The status of that is little bit unclear I think eventually over taken it but they have suggested minor cosmetic changes to the Funding Model which are not fundamental at all and which are not detract from any of the principle position which I am going to outline.

Government subsidy are given into two forms. You either get Block Grant or you either get Earmarked Funding. The different between the two as I appointed before. The Block Grant is the discretion on how it should be spend is that of the Council of the institution. The Earmarked Grant dispensing is describe by the Minister and the institution has no freedom.

The Block Grant has made up, if you want to turn to the slide which marked Funding Model Higher Education two. The Block Grant has got four component, teaching input and the teaching input arise from the Enrolment Plan that we have now discussed.

The teaching output take the form of graduating students. Here there of pressure on universities to graduates students to improve the teaching output component.

Research I put in research masses, doctors' qualifications and research publication.

There is a forth part of the Block Grant. These are institutional factor grant. One is for institution that enrol more disadvantage students. The other one is the scare factor to assists small universities who cannot have the benefit that larger universities they can.

As you can see that this is an output and input driven model. Input are approximately 70% total amount. Output makes up approximately 30%. So not at all that happen at university which is only have teaching input students and doesn't graduates single student.

Doesn't have any research masses or doctors' publication and get zero on the institutional factors, will only get money under teaching input side enrol students. It will only get 70% or more or less on what it could get.

So 30% if you like of the block Grant is up for grab to achievement through performance. 70% it depend on the Enrolment Plan agreement between you and the department. If you can turn the page, the teaching input matrix the drive of this matrix are the enrol students and this is wise such an important matter and it takes a form of matrix.

It is distinguish between content and the distance education. Distance education is funded at 50% level of content education. So UNISA, North West University and Pretoria University are one who have both (UNISA obviously by far as majority).

They would for those distance education students get funded by 50% level of the content simple because is cheaper, they can't take face to face education.

Then as I have mentioned last time at the workshop study fees has been classified when coming to that. A cost analysis was done in 1997 across over knowledge fees and from that knowledge fees were categorise into various cost categories. If you turn to page 4, they are cost factors for full time equivalent enrolment in terms of your Enrolment Plan.

The reason for that simple is that they cost vary according to the field study and according to the level of study. PHD study is much more expensive than the undergraduate study because is one on one relationship between a supervisor and a student. Typically your Economic class, your Psychology class would be 200,300,400 or 500 at least.

In my Physics one class we were 500. If I were to do Physics doctorate I would be in one on one relationship. There is a cost factor between undergraduates, postgraduates and also between what kind of field you are studying in, the expensive skills, Architectures, Life sciences, performing arts etc.

Here is a matrix on page 4 which gives you the cost factor that apply at the moment. If you look at the matrix this mean a university which enrols a PHD's at level 4 and in field 4, let's say field 4 is Agriculture, we get 14 times amount per students.

Then university enrol a student in Psychology undergraduate level that is level one field one. So the larger your postgraduates component the more rewarding it is for you in terms of your input matrix.

The larger your undergraduates component the slower your post graduates component the less rewarding it is for you. But each institution has to try and achieve a balance and this is where the Enrolment Plan comes in.

And institution can't simple decide on this is the case I am going to make money. I am now going to postgraduate. The department Enrolment Plan does not allow you to do that unless you can save the quality of your postgraduate education. So the Enrolment Plan also present institutions from playing a game with this parameters which would determine the student in terms of quality education.

If you turn to page slide marked 5 at the top, this are the level in its undergraduate to meet a post graduate on a postgraduate diploma that is to mean the masses level, the doctor level. And if you turn again page 6 this is the classification of knowledge areas in terms of course. Please don't this this is a merit judgement on the knowledge areas. Is a cost judgement and that is all.

It tells you what does it cost to produce a student in this area compare to a student into another area. You may be quite surprised to find in field 2 (computer and information science) you may thought that should be a much more cost area. The reason for that is the large number of introductive to the course offered by the universities which brings the cost down.

So this cost analysis takes the whole universities offering at all the level into your account and this is how they are divided at the moment. You may also think if you look at field 3 Engineering should be probably be expensive.

Yes when we do this analysis we used a Statistical Techniques Cluster Analysis.

Engineering was right at the end of cluster 3 but its cost was brought down by the Technokons which offer Engineering at lower levels than the universities.

So when we put all this into one cluster Engineering barely near the edge but it was in cluster 3 but not in cluster 4. Much of the debate of course around academic issues are trying to move this from one cluster to another because somehow academic has realised that the universities must also use this to make internal allocation so that they think they can get money to move from lower for example.

Okay! Slide 7 gives you an example which is have mentioned earlier. Here I am I can manage the enrolment. (Sorry I forgot to move on). Slide 7 here is the example of the enrolments. Undergraduate in the soft sciences may wait as one. Undergraduate in the hard science (3.5)

So now it pays to the universities to offer summer courses and go to schools in Grade 12 in the outline areas surrounding universities and teach Mathematics and Sciences to those Grade 12 because they end up in meet those enrolment targets. So interesting enough this was probably an unintended consequence.

This is resulted in many universities taking up responsibility for additional work in Grade 11 and Grade 12 in outline schools or local schools to improve the stem input because if in interest they will get 4.5 students in the stem fields compare to one, let me say is Psychology or languages or something like that.

If you look at level 4 in the soft sciences for a Doctorate you will get a waiting of 4 and in the hard science like life science you will get a waiting of 14. Again so universities have gone that far, they offer better Doctorate financial support for students in the hard sciences than they do in the soft sciences because this will able them to move toward to the higher level of 14 compare to the 4.

Interestingly as I want to conclude this part the universities, and we did this at NMMU, we identified a number of schools and we lodged winter and summer schools and additional classes in Mathematics and Science because we wanted a larger intake of science students into our science Diploma and Degree Programmes because of this factor.

So there has been a positive social spend off in terms of assisting the school system form this particular arrangement.

I am moving to on to 8. For every student that graduate successfully you a certain waiting and then there are differently but you can see. For example, a professional first Bachelor Degrees for four year or more here get 1.5. For postgraduate Post Diploma, Diplomas here you get 0.5

For Post graduate, Bachelor Degrees, your old model of the LLB, the three year passing LLB will giving you a waiting of the one of the three year Degree and then two years later you will get another one waiting for the LLB part. In your four year model you will only get a waiting of 1.5 at the moment. This is how it was.

CHAIRPERSON: What is a Medical Degree here almost?

Professor STUMPF: Medical Degree would also be a post graduate Bachelor Degree.

Medical is also two which are:-

(1) MB

(2) CHB

So they come twice. Then the research output the wait are if you publish an article in accredited journal you will end one year later from your university. If you supervise a research Masters student you will in one unit and graduate a Doctoral students you will be end in three year.

And so I was an academic and I produced one paper graduated one Masters as a research Masters Student and one Doctoral student I would add five research output units my university in that year.

This particular aspect has been managed very-very well by universities and you will see from some of the later data. The greatest growth in terms of performance has occurred this area, in the research output areas. There is a system of a credit journal so I can't just publish in the new Magazine and that is not accredited, is not been allowed.

There are rights of accredited journal, data bases, ISI (International Scientific Institute) they published a list that is largely used plus the department add some South African journal to that.

10 the Disadvantage Student Factor Grant. The Disadvantage Student are defined as an African or Coloured citizen so if you are an Indian student you don't qualify. The factor value there they are: if you have less than 40% of those students in your profile you get nothing. Stellenbosch University at the moment get nothing. Pretoria University I think is close to zero as well.

So this is a measure or if you like could be the one perhaps of a measure transformation which you affected. If you have between 40% and 80% the factor wait increased linearly up to that value and it stay there even if you go beyond 80%.

So this is to help universities to transform. Remember this is one of the original goals of the National Plan on Higher Education which was setting in 2001. Then the economy as a scares factor, if you are less than 4000 students FTE's and I think at the moment Rhodes University is probably the only one that comes to that. Your factor value will be 0.15

If your size is between 4000 and 25 000 it decreased linearly to zero and if is more than 25 000 you get nothing. Economy scares I think we are all familiar with that. Large universities can buy paper in bulk, massive bulk which small universities cannot do for example.

How does your Block Grant put together on 12? You simple add the four element together. You add your teaching input allocation that is from the Enrolment Plan, that students. You add what you earn to graduating students together. You add what you earn from your research outputs. If you get anything under the institutional factor to allocation you add that together.

Page 13 here is an example, I simple choose CPUT not for any particular reason. The Block Grant for 2016 was R917 million. The teaching input might up 16%. The enrolled student might up 16%.

The research output was fairly low only made 4%. The teaching output that is the graduating students those who have Certificates and Diplomas might end up at 21% and then they received 7% under the institutional factors. This is how the R917 million was made up.

The Council can decide how that R917 million is spent obviously in terms of Council approved budget. If you go to the University of Pretoria they are very much Larger Block Grant nearly 2 billion rends, 1.7 billion rends. The teaching input is over a billion makes up 67% of a total Block Grant. The research output makes up 21% total different CPUT is earning 4%

The teaching output makes 12%. They get zero under the institutional factor. So very interestingly this Model is actually quite effective in accommodating the institutional profiles. CPUT is not a research university but University of Pretoria yes. The University of Pretoria makes up what it loses in other areas through high research output. Both makes very larger amount through inputs. In the case of University of Pretoria the teaching input is a lower proportion.

Then in the case of CPUT if you ask if I was Cheryl de la Ray (the Vice Chancellor of University of Pretoria) I would probably argue that we should improve on our teaching output, we must get more students graduated, our success factor are too low and we need to improve the 12% should be a higher factor.

That is probably what I would argue from this and then I would be argue from the institutional factors which still haven't enrol enough black students, we must enrol more black students.

Slide 15 simply shows some of the issues that I have already mentioned but on the very right hand side you will see that the research output per academic staff members of the CPUT is 0.4% whereas is compare to University of Pretoria 2.4% and that explain the major different between these two universities. The one is Research University and the other one is not. And the formula takes an account on that without penalising anybody.

Slide 16 we need to come to Earmarked Grant and I need to spend more time there because this is a very strong steering instrument which the department have. The underline racial and the principles are Earmarked Grant funding is the prioritisation of national impurities.

In a system, ideal system where all universities responded perfectly and 100% to national impurities prioritise them you will need Earmarked funding. In some ways Earmarked makes up for the slowness of response of the universities to national priorities.

For example, if the Minister were to say we need more Engineering graduates and the universities were not to respond meaningfully the Minister could devote a certain portion of funding for Engineering specifically under the Earmarked Grant to give that imperatives a stimulus.

So here if you like is a direct stimulus compare to the Block Grant where the Council decide what should be spend where obviously the Council is trying to balance the very in trick sector budget requirements in a complex environment keeping everybody reasonable happy. The Minister has a right to Earmarked Grant to say this is important for government by awarding the fund specifically for that purpose.

How do Earmarked funding get to introduce or prioritise that? This is not very clear, let me firstly say that. I am not aware of the CHE for example being ask for advice on which category should qualify for Earmarked funding but the Minister uses inputs from the various resources to determine which category should be Earmarked.

And also analysis the annual data submission of the universities for identify a short coming and weaknesses of the universities system and then award Earmarked funding for that.

The ratio of the two, the Block Grant to the Earmarked Grant is at the bottom there at page 16, slide 16 in a table. When the new system started it was 87%/13%. It is now on 68%/32% that is a bit misleading because if you exclude NSFAS (National Students Financial Aid Scheme) which I have done there it becomes 80%/20%.

If you take National Students Financial Aid Scheme money one side the Minister directly determining how the universities will send 20% of their money. The Council determine how they will spend 80% of the sector's money. I do not know what the correct ratio is between these two but there were those who said that 80/20% is probably as far as we should go.

If Council go below 80% will lose the ability to manage this complex budgets. The Minister probably need 20% for all the impurities that government want to see funded. So 80/20% is probably good relationship as one could find. At the moment this ratio is not a hot topic in the universities sector. Nobody who is saying that the Minister he's got too much power. He should only say 10% or 5% say. So they are quite happy with that.

If you turn to the next page you will see and we will go to this in the Ministerial funding statement. These are the categories of Earmarked funding for 2016 with the amount link to it. I will not going into it in great details now because I will do it as part of looking the Ministerial funding statement.

But you can see it covers a wide range of issues which are all met to improve that overall health of your universities system. For example, if you look quite close to the third one from the bottom the two new universities will received R1.2 billion rand in this year. That is an Earmarked category which will be probably only be with us in the next 5, 6, 7 years and then it will face out when those two universities will be treated like any other university.

A Veterinary Sciences Grant over R149 million (is there in the middle of the page). It mainly goes to the University of Pretoria because there is no government department which actually takes care of Onderstepoort Veterinary Hospital at the moment. So that grant is made to make up that of that market or failure in the market. We are going to this and if you want to ask I will answer any question now as well.

Adv. ALLY: Professor! As you picked it on slide 17 as you indicated, is probably changes to because they had to find money for funding the 0%?

Professor STUMPF: Yes.

Adv. ALLY: One of them as the department and the Minister indicated to us last week Teaching Development Grant as we are taking away to fund the 0% now whether is the teaching or some other part of it but I am not sure.

But there were certain amount set site for development of the Teachers as they put it whether they are within this Earmarked Grant or not I am not sure. Would some of these grants they have not be implemented as a result of that or do you have knowledge of that at all?

Professor STUMPF: Yes! If you open the Ministerial Funding Statement on your computers or on your hard copy you will notice that section in right on your computer. The Minister issues in the Ministerial Funding Statement run at about November/ December of the year prior to the next year. This year the Minister has to revise that statement.

The one that you have is not a draft statement is the revised one which was issued toward the middle of this year. The reason why the Minister had revised it was precisely what you pointed out. He needed to make provision for certain funds to fund, for example R300 million tends for the 0% fee increase.

The previous year in 2015 the Minister did use some of the HTI Development Grant to pay for the zero fee increase. This year they hope not to do so but you are perfectly correct. What you have in your computers and the hard copy that is not yet printed already. The right indicate the revision which the Ministerial Funding Statement had to undergo because of the changes occurring because of the 0% fee increase toward the end of last year.

CHAIRPERSON: The hard copy it is printed already.

Professor STUMPF: Oh! Is it in?

CHAIRPERSON: Yes.

Professor STUMPF: Okay. So the right part is the changes to accommodate the issues. What we have actually here is the final Ministerial Funding Statement.

Adv. ALLY: Thank you.

Professor STUMPF: Can I move on?

CHAIRPERSON: Yes.

Professor STUMPF: If you move on to slide 18

Ms KHUMALO: professor before you move!

Professor STUMPF: Yes.

Ms KHUMALO: I see there on the right they are talking about using students' fee income as a base and as Block Grant calculations based for State budget calculations for 2016/2017. How does this affect the Medium Term Budget and everything? Does it mean you have to go back to Parliament for...?

Professor STUMPF: -Would you mind if we dealt with it when we go to the Ministerial Funding Statement? Because I will come to that particular issue. Is that possible?

Ms KHUMALO: Yes is fine Professor.

Professor STUMPF: Thank you. If you go to slide 18 you will public funding. These is Block Grant funding and Earmarked Grant funding. We call it first stream income for the universities. In the year 2000 it made up 49% of the total income of the universities.

In the year 2013 it only made up 40% of the total income of universities. So government has become a Minority Shareholder in terms of the total funding of the universities.

Where did they get the money from? From tuition fees and from own income.

As we saw it last time in that workshop and I didn't have the slide here again.

Tuition fees in this period increase from 24% of total income to 33% of total income.

Ms KHUMALO: Professor Do you have a data score like 2016?

Professor STUMPF: In 2016 tuition fee would makes up 33% of the total income. You will get 40% from government. 33% from tuition fee and the other 27% will be own income. Those are research contains bequest donation and all like that. If you move to page 19 you will see here public funding as a proportion of total income for a few selected universities.

The reason why I am putting it here you will see the decreases in public funding hit some universities harder than others. For UNISA public funding only makes up 32% that is the Block Grant funding and Earmarked Grant funding of the total income.

Stellenbosch University it makes up 33%. UCT only 34%.

Mangosuthu University of Technology is 52%. So if there is a decrease Mangosuthu University of Technology is going to fill it very high. TUT is going to fill it even more, 54%. Central University of Technology even more nearly 60% of their total income come from the public funding.

So the decrease is going to hit the right hand three institutions much more than the left hand. The left hand three are more resilient in terms of changes in income than the right hand three. So one has to understand that the universities are at different level of resilient in coping with budget changes from the FISCAS.

Some can handle it better and some can't handle it. Is typically the Universities of Technologies, smaller universities and some of the historic disadvantages universities who was struggled if there are decreases in public funding.

Adv. ALLY: But Professor!

Professor STUMPF: Yes!

Adv. ALLY: This particular slide, let me ask you. Does it take into consideration government funding to NSFAS because CUT is mostly funded by government through NSFAS according to their Vice Chancellor. So those Mangosuthu, TUT and CUT is not corrected there?

Most of their funding is the State funding (NSFAS), is funded through NSFAS now. NSFAS has increased overtime while your State subsidy have gone down from whatever it was to 40%. When we read this particular slide should we not take the NSFAS funding in an account or you are making a certain point with this?

Professor STUMPF: Is a very good observation. No we don't have to because this slide is around First Stream Income. If we look at Second Stream Income (tuition fee income) we will have to do exactly what you are saying because those universities received tuition fees payment by NSFAS.

But this is only Block Grant funding and Earmarked Grant funding. It doesn't include tuition fee income at all. So this is actually how it is. Some universities are more valuable than others for government changes, for changes in government funding.

If you still have courage can we start with Ministerial Funding Statement because I need to spend more time on it. That is document that was handed out to you, is the hard copy document. This document represents an Annual Policy document issued by the Minister. As I indicated it is normally get issue around November.

In this particular case you will see the date is July because of those comparative areas that we refer to around the 0% fee increase. You will see on the cover page, it is cover and what it is in the document. Is actually indispensable document for every universities Managers (Vice Chancellors and Finance Managers and Deputy Vice Chancellors Managers).

We will go through page by page obviously not reading line by line but it illustrate a special concepts that are crucial to understand around how money arise at universities.

If you turn to page 2 not a cover page, the first page of your document.

You will see it got an introduction, it got a context on page 2 paragraph 2. If you turn to page 3 of your document is paragraph 3 which speaks about Review of the framework and the changes to funding allocations that I mentioned earlier.

Paragraph 4 is a fundamental paragraph.in paragraph 4 the Minister set out the guidelines and principles for the Medium Term Expenditure Framework (MTEF) budget allocations for 2016/2017 and 2017/2018. Just one explanation, government financial year run from the 01st of April to the end of March. This is why you have 16 slash 17 and 17 slash 18.

Universities financial year runs from 01 January to 31 December and we will talk about that a little bit later. Paragraph 4 have the whole set of notes which are crucial for universities. Administrative and normally advice information is given in notes about changes that will occur in the future.

One such change is the Teaching Development Grant and the Research Development Grant will be combine into university Development Grant and that dealt with the second bullet point on you notes.

If you turn the page, page 4 and I know is very-very tense of figures. Table 1 include that State budget for the universities sector after effect of no fee increase had been included. This is how it works. You will see at the left hand side you have Block Grants which is four categories which we discussed earlier. If you go across you will see the budget totals for 2014/15, 2016/7.

On the right hand side figures are increases in the budget. E.g. the Block Grants increase in 2014 by 6.1%. In 2015 by 5.0%. In 2016 by 5.5% and it is visage that it will increase by 16.8% next year. If effect of the no fee increase. Similarly there are Earmarked Grants and they are listed and we will go through in details later on.

On the right hand side in bold you will again see increases in Earmarked funding and they are large 16.3%, 23.5%, 10.2% and then suddenly there is a switch because now most of the money has gone to the Block Grants increase money and less to the Earmarked Grants.

This is simple to help the universities with the date to the expenses arising from the none payment students debt and students fees. Then the third part is Grants to Institutions. If you look down at the bottom left hand side NSFAS get larger amount and then there is Historic Debt Relief. Then there are two smaller institutions which we will cover in details later.

Fourthly, there is a Sector oversight. That is the department Monitoring role and they given themselves R10 million for that. Here you see an overall sector approach. From here you can't see what an individual university is getting but you can see how budget has changed from 2014 through to 2017.

From this you can actually see that government priority in funding was Earmarked Grants up to 2016 and in 2017 its priority switches to Block Grants and lower to Earmarked Grants. That is precisely because students are suffering because even if fee increases were to results for next year students have not being paying because many of them they will simple saying is not going to be happened is going to be zero again.

And so they are running into trouble, they have got money to buy bread and butter anymore. There is an explanation on this table which is given at the bottom of page 4 which we don't have to go into any great details. It tells you which amounts are going where and what the reasons are for that.

If you turn to section 5 of paragraph 5 of page 5 of your document you will see there is a section of the impact of no fee increase in 2016 and how that has worked into this Ministerial Funding Statement.

Here is the issue that was raised earlier on in the middle paragraph of section 5. Funds will source from universities contribution, the universities were expected to make good some of the loss of the income. Reprioritisation of the HDI Development Grant. That is the Grant that you mentioned earlier for one year only.

So for one year the HDI Development Grant was used to pay for the no fee increase and it was defer and we will deal with that later.

Reprioritisation of other funds within the Post-School Education and Training (PSET) system they took some funds from the National Scheme Skills Fund (NSF), some from the National Revenue Fund and the National Treasury fund R300 million.

All these sources combine provided the 2.3 or 2.5 billion that was needed because of no fee increases for 2016.

If we go to paragraph 6 on the document. We can go to that quickly. Table 2 simple give the various parameters of your funding framework from the whole sector. They will see all your teaching input. You will again at the right hand side see the growth in teaching input. 4.5%, 4.6%, 4.5%, 3.6%

Institutional factors hoe that is vary from year to year 6.9%, 9.5%, 2.8%, and 5.0%.

Teaching outputs they are also vary on percentages that are given 5.5%, 9.7%, 3.2%, 5.0%.

The Research output (this is what I marked earlier) has changed from year to year tremendously as universities has concentrated on Research output. UWC now is one of our top research university and can hold its own with the UCT and Stellenbosch as well where in ten of fifteen year it was not the case.

Ms KHUMALO: Professor!

Professor STUMPF: Yes!

Ms KHUMALO: On the research is that effect undergraduates?

Professor STUMPF: No! Normally what happen is that the universities simple tight up their performance measurement systems and academic have to do what they were paid to do and they have to do more research work and less private work. Most universities have tightened up considerably on private works done by academic staff and the Model.

More and more that put in terms of Research and Masters and Doctorates graduates. But you can see that as far as knowledge are puts in concern and as far as producing Masters and Doctorate graduates our system has done very well. As a developing country we really done well.

Adv. PILLAY: Professor I am sorry!

Professor STUMPF: Yes!

Adv. PILLAY: Just to go back to page 4 of this document please.

Professor STUMPF: Yes, page 4

Adv. PILLAY: I just want to have a look at the table 1 on page 4

Professor STUMPF: Table 1 is that big one?

Adv. PILLAY: Yes. You will see the first point Block Grants universities.

Professor STUMPF: Yes!

Adv. PILLAY: It reflect a sizable increase in 2017/2018 of 16.8% and you pointed that there that in fact there is a decreased in Earmarked Grants for the same period. This growth to what extent is that nearly reflective to the carry through impact of the 0% increase? If you take that out is the any...?

Professor STUMPF: -It will be very lower.

Adv. PILLAY: But it is a substantially lower or it doesn't really makes such a different?

Professor STUMPF: I have not done such calculations but it will be lower.

Adv. PILLAY: Alright.

Professor STUMPF: -Because what is happen with the 0% fee increase is that apart from the present students that we have many students simple stop paying and the students who owed money simple say this is not gonna be written off we are not paying.

So universities income has decreased and universities are finding it very difficult to pursue payment of students' debt. In any cases students' debt is below a certain value pursue at debt collectors.

So universities had been hit hard. Many students simple says no well we are not going to pay application fees or registration fees because they are all going to disappear. So there is a carry through effect in the students interpretation that the 0% fee increase that has applies is certainly going to be with us in years to come and it was not only a once off.

Part of this massive increase is it tensive acknowledgement, you can't say a 0% fee increase in one year only and the next year and then in next year you back to normal. I think this is where we are at the moment.

The 0% fee increase had lead the expectations and students are now demanding more and government can say universities you can leave the fees increases as long as is not more than 8% but is very difficult to do that in that environment you didn't have to pay anything and suddenly universities is going to say next year is going to be 8% again.

Adv. PILLAY: Do you invaded that the 2017 decision, the 8% recommendation on fee increment whether that may not carry through to it?

Professor STUMPF: I find it. If I was a Vice Chancellor now I would say probably and the Council asks me that are you going to implement a fee next year, what is your advice to us. I would probably say no we can't do this now it will just cause additional money.

Or I would say we should implement fee increase only for the none missing group or anybody who can prove that he earn less than R600 000.00 in family income, no fee increase for them. Everybody is beyond that fee increase.

I think no university who is going to succeed in getting in getting a fee increase through of 6% or 8% for the whole students population next year.

Adv. ALLY: Professor it depend on how you evaluate Intel legated. If the government says you can increase the fees and we will pay for the students of not to R600 000.00. That is the way I understand the Minister to be saying because if you doing in the other ways we had submission from one of the Vice Chancellor and said a differentiated fee in an institutions is not workable.

The issue here is that if you were the Vice Chancellor and you have got the think of your institution as well as going forward and your student community. You have got... how do you put it and your accountable to your Council.

You have got a reasonable and realistic in terms of what you present to them. Obviously at the end of the day is not your decision it exactly the Council. Isn't?

Professor STUMPF: I will fully agree with you. If government come and said we will subsidise any fee increase up to a maximum of 8% for anybody who falls in the missing middle or below category then I will increase the fees. Because why should the wealthy people who are leaving in luxury place like in Cape Town or Waterkloof are not paying? They can pay.

For many cases they pay R200 000.00 per year in Michael Hilson at the end. For them university education is cheaper. R80 000.00 or R100 00.00 is cheaper. Why should be the wealthy be subsidise through the taxes of the poor so that they did not pay for education.

It doesn't make sense. So I will argue if government comes out with a firm guarantee we will subsidise the increase up to a maximum of 8% for missing middle and below.

Absolutely that will clear the way of all universities to increase tuition fees. They still have some difficulties but morally is defensible. Can I move on?

CHAIRPERSON: Yes.

Professor STUMPF: Okay. Can we move back to paragraph 6 of the page 6. Then you simple have the teaching input parametis and I am not going to that in any great details. Then if you turn the page, section 7 of your Ministerial statement deals with the reliability of higher education management information system (HEMIS) data submitted by universities. We are in the fortunate position of...

-I think the only country in Africa that I know that have excellent university information on an annual basis it is a marvellous data base. Not all universities has equally reliable and not all the data is equally usable and the department has sometimes to make the adjustment.

But is far by the minority and the majority of the universities together in the institution of planning section that I spoke of it earlier we have Higher Education Management Information System staff. At NMMU we had three or four people whose only job was to managed the information that were supplied to the department and we used for ourselves.

The marvellous thing of this information system is as valuable to the department as it is to the institution. This is good example of good Policy works to the department, helps institutions to understand themselves and run and analyse themselves. That section deal with reliability of that information.

Section B deals with the Block Grants calculations for universities and we can go to that point quickly too. Paragraph 1 of section B deals with the teaching input units there they are. You will see in our content this is separated from one another. You will see again in the first cell value 1 and last hand right side is the value 14 which we already covered so I don't have to go to that.

Then you will see the knowledge feels on the next page which we already dealt with how they are categorised. Then 1.2 and 1.3 we just need to stop there for a short while. 1.2 deals with approved teaching input units. 1.3 deals with Over Enrolment and Under Enrolments.

For the last two year the Minister is effectively taking steps to implement Policy around Over Enrolments and Under Enrolments. At the moment the emphasis is on Under Enrolments but it will shift to include Over Enrolments. At the moment the Minister is granting 4% range but he will move to a 2% range.

We must move this slide to 24 on page 9. 1.3 deals with corrective measures taken concerning unacceptable deviations between actual and funded teaching input units. Actual is your actual enrolment. The funded one is the one that is in the department that we agreed that we will have.

You can see if you can turn the page, on the top of the page 10 the Minister is aiming of the 2% range, it is right at the very top, align on that page. At the moment the 2014 allow 5% deviation. 2016 allow 4% deviation. Do the Minister is slowly tighten up on the learn way which universities had around not bordering too much about Over Enrolment or Over Enrolment.

Here you have table 5 this are the teaching input units approved by the Minister for those years for the various institutions and these are now going to be a subject to a range control which at the moment is 4% when eventually is 2%.

If you read on the top of page 11 the first paragraph there starts for those universities who are in Under Enrolments in teaching input units by more than 4% of the 2014 Ministerial improve teaching.

One third of the units exceeding 4% will be removed from the funded units. So the Minister he is still lining, he is only taking one third away but the Minister message is loudly clear, you have got income with line.

Teaching input grants will be distributed amongst all universities base on the reduced total Ministerial approved teaching input units. This year as we will see it later Tshwane University of Technology was a recipient of some of these money that was through back.

Is this a new thing in in Higher Education? No! Mechanism is existing and other systems too were they manage their enrolment so it is not a new thing, it is a part of public accountability job of the university. Then on page 11 also of your statement you will find teaching output sub-block grant.

And you turn the page to page 12 they are (it look a little bit small) the ways that we look at that earlier for every graduating student that we get. Paragraph 3 of section B deals with the research output grant...

Adv. PILLAY: -Professor sorry to interrupt you! Just go to page 10 and the last paragraph on page 10

Professor STUMPF: Okay.

Adv. PILLAY: You see it state there that the focusing of the universities who is under-enrol, as it impacts on providing access to students, in particular disadvantaged students.

Professor STUMPF: Yes!

Adv. PILLAY: Do you interpreted this disadvantaged here to mean that it will be African and Coloured students?

Professor STUMPF: Yes.

Adv. PILLAY: Is there anything in the Enrolment Planning processes that focus on students who qualify for NSFAS funding under the universities should accommodate a certain percentages of students who qualify for NSFAS funding?

Professor STUMPF: I can't recall unless of the later enrolment template. I haven't see that! I have never seen that the emphasis has to be on this first. I think the assumption is that if you are Africans or Coloured the likely being hood of it is the correlation between race and financial strength is quite high in the case of Africans or Coloured. Of course is not always true. Many of the Africans students at UCT are certainly not disadvantage by and large. So they haven't try to do that yet.

Adv. PILLAY: Because you said one of the reasons you went through some of the data put forward by the institutions.

Professor STUMPF: Yes.

Adv. PILLAY: Certain institutions have very low percentages of NSFAS qualifying students amongst the students' populations.

Professor STUMPF: Yes.

Adv. PILLAY: Is there anything in the Enrolment Planning process that refers to disadvantage in the economic sense in other ways who can't otherwise afford the universities fees?

Professor STUMPF: No! But it is a very interesting point. Many of us argue long ago with a NSFAS review of 2010. I had to write to HESA for the comment on that. Argue long the at that stage already racism becoming a relevant factor and we should actually measure economic background directly rather than assuming that a race is a proxy for social economic background precisely because of the factor that you have mentioned.

There are universities with very low numbers of disadvantage students economically and therefore they loans NSFAS for enrolment and they are one who's very high.

NSFAS, the argument from the Universities South Africa was race of the criteria should be abolish as far as NSFAS is concern.

Because NSFAS still operate on the basis that they used to. They change it now and White students who shouldn't qualify. So even if you are very poor white student you couldn't.

That have shifted you now get poor white students who get very wealthy African students. I think your point of view is well taken that Enrolment Planning should not in terms of race anymore but rather in terms of social economic standing.

Adv. PILLAY: Or even both.

PROFESSOR STUMPF: Or both?

Adv. PILLAY: Yes.

Professor STUMPF: Okay.

Adv. PILLAY: I am sorry Professor for disrupted you.

Professor STUMPF: Okay is fine.

CHAIRPERSON: I assume that how would one change it.

Professor STUMPF: Of course measuring economic standing is very difficult because unfortunately there is a single fraud and corruption in our society and then people lie to NSFAS about the economic standing.

At NMMU if I can use us as an example, eventually we employed two people in the NSFAS office whose their only job is just to check on the veracity of the data provided by NSFAS applicant.

We discovered one applicant stated that both Father and Mother are unemployed and her Uncle and her Aunty that she is staying with also unemployed but we discovered that she actually was a Captain at South African Police Force but she had submitted an application in zero family income and she was herself unemployed.

This is what happening and unfortunately is rough around NFSAS that people represent the social economic standing in order to qualify for NFSAS. So one would have to find...

CHAIRPERSON: What are really in directing the question to that?

Professor STUMPF: Pardon!

CHAIRPERSON: What are really in directing the question at? Was if this require a new approach where did this comes from?

Professor STUMPF: I will argue that we have to deal with South African Statistic. And South African Statistic does already have information of social economic background of health science and of regions. But it would require (I do think) a consulted involve STATS (South African Statistics Services) to obtain more reliable data together with SARS.

This is where the tricks is. SARS will not release data on any individual and they cannot. So Judge I haven't get a clear cut answer for you. If you are able to use the information at SARS and SA Stats you should be able to fairly accurately with in balance of course determine this social economic standing of a particular family or individual from a family.

Adv. PILLAY: But for purposes of Block grant allocations I mean I can understand in the context of NSFAS qualify funding and that could be crucial. But for the purposes of qualify for Block Grants funding we could nearly cross reference to NSFAS criteria so in other words those whose been disadvantaged students.

Professor STUMPF: Of course there would be some students who slept through the NSFAS criteria who should lie about the income but the time being although we find the mechanism to deal with that fraud we have to take that. If you qualify for NSFAS then you are poor. Okay! Can we move on? We were on page 12. I will need your hand when you wanted to break for lunch.

CHAIRPERSON: Well I do prepared break in two minutes.

Professor STUMPF: I am happy to break in two minutes. Let me just see where we were. If we can just go to page 13. That deals with the two grants. One for the universities with large proportion for the disadvantaged students and how that is managed and then for that size of the universities.

That is as far as the background to the Ministerial Funding Statement as far as I concern. The rest we will do after lunch is actual allocation to institutions and how the money goes to institutions from the Block Grants to the Earmarked funding. Thank you Chairperson.

CHAIRPERSON: Thank you very much. Well! We provisionally take half an hour but if anybody need more than half an hour we will come back when we are ready. Thank you.

CHAIRPERSON: Thank you Ms PILLAY!

Adv. PILLAY: Thank you Judge! Professor you were I think at point 5 on the Ministerial statement. Thank you!

Professor STUMPF: Thank you. We don't have to spend much time on paragraph 5 on page 14. There is a tactical issue when the amount which made up the loose income for 0% fee increase was distributed amongst the universities was used the tuition fee distribution as the basis.

Section 5 just deals with the distortion that is made the Block Grant and how that will be corrected. It says one thing which it have to appear again in the Ministerial Statement. If you go to page 15 section C

Ms KHUMALO: -Just Professor before we move there, I wanted to asked before lunch on page 13

Professor STUMPF: Yes.

Ms KHUMALO: In calculating these grants, last proportion of disadvantage students. What is the criteria here? Do you cross them with the NSFAS criteria to say disadvantage?

Professor STUMPF: No! As long as you are South African citizen Coloured or African you qualify, you are classified as a student in terms of this and then universities simple add together the total amount of the disadvantage student basis on that whether they get award or not.

Ms KHUMALO: It has nothing to do with the income?

Professor STUMPF: No!

Ms KHUMALO: Okay!

Professor STUMPF: That is why many universities are arguing with outdated because many of the African students are no longer economically disadvantaged. Okay! Page 15 deals with the Earmarked Grants. I am going to make one or two general remark about that because they all apply to the very categories of the Earmarked Grants. Firstly Earmarked Grants have to spend for the particular purpose of which awarded.

So the universities cannot received an Earmarked Grants and spend it for something else. Earmarked Grants do received an initial upfront payment, universities does receive that just to get them going but after that all payment are made basis on the progress report accompanied by audited expense account of the Earmarked Grants.

The sad truth is some universities have not be able to take up the full Earmarked Grants. They have a potential award, let me say R200 million. They can't get a deduction on a row and they only take R50 million and the R150 million goes back into... we know how National Treasury will works, goes back to state cost.

Universities vary in terms of the managerial capacity to take up the full portion of the Earmarked Grants which also of course a facts in universities. Unfortunately is very often that the universities they needed Earmarked Grants most that are unable to get the system in order and in place to capitalise on a full value of Earmarked Grants.

Ms KHUMALO: Professor how would be have to be allocated in the first place?

Professor STUMPF: What happen is that university will receive for example, let's take the first Earmarked Grants. Infrastructure and Efficiency Grants on page 15 paragraph 2. A university has to submit a master plan and the department analyses this and then we would award money for building infrastructure and for system efficiency improvement for specific things which could example be a new information system or a time table system or something that will improve efficiency or the institution.

The institution will receive an upfront payment vary from 20% to 40% to kick start the project. But after that, let's say they get money to build new building they will get 20% to 40% to kick start the process. After that any further dispesement are only made on the basis of satisfactory progress support accompany by audited statement of the expenditure to date.

And is here with some universities files, they can't get going in terms of the progress report and the expense to put in the expense account. The department makes no further payment until those are in order.

Some universities get that in order amount of two before the year has filed and then they also in trouble. They might get one more grant but they will not spend the whole amount that they entitled to.

The first one is the infrastructure and the efficiency grant. This is the grant that used to be quietly large. There is very interesting way of how it work. Wealthy universities were require everybody have to contribute some.

No university received 100% grant. Some universities had to contribute 50% of the value or whatever what are they going to do. Some had to contribute on by 10%. The department use the financial statement of the universities to determine what their own contribution should be of the universities. Like for example, Stellenbosch University, Pretoria University, University of Cape Town, WITS University they will only to contribute on 50% sometimes 60% and the State will contribute 40%.

Fort Hare University, Water Sisulu University will contribute 10% or 20% and the State contributed 80%. That is how infrastructure and efficiency grant work. It was made to be awarded only after you have completed your Campus Master Plan which also was a difficult thing for some universities to do. Then there is the grant for two new universities (Somplasy and Mpumalanga University) which I am not to speak about. The 4 is the foundation provision...

Ms KHUMALO: Sorry Professor!

Professor STUMPF: Yes!

Ms KHUMALO: The two new universities, where are these be allocated?

Professor STUMPF: The two new universities?

Ms KHUMALO: Yes. I am saying the grant, who does it goes to?

Professor STUMPF: Sol Plaatjie University in Kimberly and University of Mpumalanga in Mbombela.

Ms KHUMALO: Are there for buildings and...?

Professor STUMPF: Yes for buildings campus were established.

Ms KHUMALO: So there is an existing Council for that? Where is goes to?

Professor STUMPF: is goes to them but you can't be spend by the Council on anything exempt campus buildings. Then 4 is a Foundation Provision Grant. Foundation Provision Grant is not to help Grade 12 or Grade 11 school students but students who already meet the admission requirements of the universities but that who need academic help.

Universities can enrol them in a four year programme instead of three year programme, is called an Extended Curriculum Programme. In that four year programme and certain foundation mode are built in to strengthen academic performance. This grant is to help universities to establish four year standard curriculum. If is three year Bachelor of Science you take four years.

Part of your programme are specific around improving your new literacy and analogical abilities etc. university qualify for this. I think on the next page you will see what universities got for the Extended Curriculum Programmes is listed there for 2015 and 2016.

You will see that is not possible to say oh there is Extended Curriculum for a study disadvantaged universities. Now they are differ. Even Cape Town University got R18.5 million grant in 2015 for Extended Curriculum Programme. Four year programme is made to improve the chances of your success of the students.

The 5 is a Teaching Development Grant. These grants aim at anything that improves your teaching and learning and then by rendering a better education service to your students. You will see the Teaching Development Grant in page 19 of the Ministerial Statement to the various universities.

You will see some got fairly large Teaching Development Grants. UNISA got a Teaching Development Grant of R133 million. Remember these money a cheque doesn't arrive at the university for R133 million. They get 20% of it to kick start and the rest is drawn down on the basis of progress reports.

I know that UNISA was not able to spend its R33 million, they give it back a certain amount that are not drawn down a certain amount of that money. Then if you move to another Earmarked Grants is the Research Development Grant which is to enable institutions to the research output.

On page 20 you will see that every institutions will have Research output norm that is the first Column. For CPUT the department expect 0.7 Research output per annum in academic staff members. For Stellenbosch University I bit down a line is 3.1

So here there is a differential set of Research output norm. On the right hand side of that table you will see the allocations for 2016. Again this is drawn down. A university, let me take the first one CPUT doesn't get R9 193 million handed through, it get 20% to kick start Research Development and the rest is drawn down on the basis of progress report with financial statement accompany it.

That hence you can see that it improved our Research output norm. Then 7 it simple a note the teaching and Research Development Grants replaced by the single university Development Grant from 2017/2018. Then 8 is a Clinical Training Grant.

In the health professions most of the health profession students have to perform some more other clinical duty either is Nurses or Physiotherapists or Medical Doctors. This is to assists the universities to pay because the government doesn't pay for them while they are doing that work over the weekend in hospitals.

This is assists the universities to cover the cost of some of the Clinical Training of each student. You can see is a sizable amount and of course those with the Medical Schools they even get more.

You can se SEFAKO MAKGATHO University get R44 633 million. Stellenbosch University get R39 134 million. Cape Town University get R41 711 million and etc. simple because Medical Doctors get so much.

The 9 on the next page is an HDI-DG development grant for historically disadvantaged institutions only. They are listed in the first paragraph. What they have to do is that they have to submit a five year business plan which should be evaluated by the department and we have done that for all those universities and we have workshop early in November.

There is for the HDI Grant which was used last year to pay for the 0% fee increase effect in the first few months this year. We hope that this will not happen again and this money will actually now reach those eight universities to be used in the area approved in the business plan.

Then 10 is a Veterinary Science Grant. That goes to the University of Pretoria for Onderstepoort. Then 11 is the transfer payment from the Department of Health that is to enrol Medical students simple because we need more Doctors. Section D are Earmarked Grants to other institutions, one is NSFAS that is spell out there at the second right on the bottom page.

The National Institute of Human and Social Sciences which is established to promote studies in Humanities and Social sciences. They get R25 million also. The third one is aimed the African Institute for Mathematics sciences which is in Cape Town and is a joint venture between three universities and initially they work together is the University of Oxford to established this. Is a very excellent collaboration mechanism.

May student from other part of Africa coming to do the Masters and Doctorates in Mathematics and that institution. That Earmarked Grants funding, and I want to repeat again although technically a university can bank on that total income it has to end the right this business to be made and this is where many universities simple be failed and then some of that money gets pay back to National Treasury.

Ms KHUMALO: Just Professor!

Professor STUMPF: Yes!

Ms KHUMALO: For clearance, the universities they ask this Earmarked Grants? They make a request for this?

Professor STUMPF: No! Those categories and those amount are available. You don't ask. You submit a project and they will say "yes we will pay for that project". And they give you 20% for it. Now you say I better need 80% of that project they say give me a project report and the audited financial statement then I will give you more.

Ms KHUMALO: But the actual project are created by the university?

Professor STUMPF: Yes.

Ms KHUMALO: Okay!

Professor STUMPF: In the various fields. Of course the department can say "no this project doesn't fit with this Earmarked Grants, it fit to this one".

Ms KHUMALO: Okay. What about the unused one? Is going back to National Treasury?

Professor STUMPF: The unused is going back to the National Treasury yes.

Ms KHUMALO: Okay!

Professor STUMPF: That is a PMA rules. Okay! I want to now come to price inflation which is very crucial for all of us to understand is a slide and you need to mark to move to Higher Education price inflation 1. Universities South Africa Commission Price Inflation Report for universities in 2014.

We must quickly the concept CPI (Consumer Price Index). Some of you you might heard about CPIX is Consumer Price Index minus more gage cost. Housing more gages and other more gages will be taken away.

We are working with CPI simple because universities are large financing cost which they have to enter into. Happy Higher Education Price Index. Consumer Price Increase Index and Happy Higher Education Price Index to Price Index.

Methodology followed was that set down by the International Labour Organisation Price Index Methodology. Worldwide Happy Higher Education Price Inflation is about 2% higher than your CPI.

It vary from year to year but rough figure is about 2%. So CPI under measures Higher Education price increases by roughly 2% per annum. You may ask why is this so and it will become clear. This is mainly due to the large proportion of the expenditure on staff. I will make demonstration to you on how this affect the cost.

Research supplies and services, laboratory supplies and services and research equipment. Research equipment is 99% important. Then you have rand-dollar exchange rate problem and your costumed are high. This are the main contributing factors to the different between CPI and Higher Education Price Inflation.

If you turn page you will see price inflation for Higher Education institutions and for Health science depend on the basket of a goods. In your slide there you will see basket of the goods which STATS is a uses on the left hand side. None durable goods for Health science that comprise 38.3% of the basket.

For Higher Education institutions that is not a very big part of the contracture it only makes 6.6% of the basket cost. Semi durable goods 2% versus 8%. Durable goods 2.1% versus 6.8%. Services 27.8% versus 39%. Fixed capital formation here they are higher because they do a lot of fixed capital formation 4% versus 1.6%. And then local staff 57.5% versus 6%.

So you can see that the cost basket of universities is totally different from the cost basket of the average health science, the average consumer. That is why you cannot actually compare CPI with universities cost, they are not based on the same cost patent and that is prove quite exclusively here.

If you turn the next page you will see that for 2014 CPI for the whole year was 6.1%. For smaller university it worked out at 7.6%. For medium university it worked out at 7.5%. For the larger university it worked out at 4%. For all university from small to large there was a cost differential of approximately 1.4% between CPI and Higher Education price inflation.

This means if on that page CPI was 6.1% and the Block Grants increase by 6.1% institutions were actually losing money by 1.4%. If you turn on the next page here I compare Higher Education price inflation and we used average figure of 7.5% for 2014 for all the other years as well. CPI was 6.1%.

The Block Grants, remember earlier on I show you on the right Colum of the Ministerial Statement percentage increases. If you look there the Block Grants increases in 2014 by 6.1%. Some will say why the universities they are crying about? They got 6.1% CPI but actually that should be 6.1% plus 1.4%.

The Block Grants should haven't increase by 7.5% that year for university to break even. If we use the same different for 2014 between CPI and happy in 2015 CPI was down, was 4.5%. The Block Grants increase by 5.9%. If you now at the 4.4% to the 4.5% the actually in 2014 the Block Grants broke even. What the picture...

Adv. ALLY: Professor!

Professor STUMPF: Yes.

Adv. ALLY: Let's just go back a bit. Perhaps look a bit deeper because as you know we all suspicious of this happy. We get strone around so many times and am still trying to get it around my head and now you have indicated on slide 2 the issue of distinction between Howsells and Higher Education institutions. So can you explain and you said fixed capital formation a lot of them that are doing there. Can you explain what do you mean by fixed capital formation? Does that have to do with the infrastructure or what is it?

Professor STUMPF: Yes. Fixed capital formation has to do with financing infrastructure...

Adv. ALLY: -Right.

Professor STUMPF: -And the equipment. The equipment about certain level is regarded as fixed assets.

Adv. ALLY: Okay. Now in accounting terms and I am not an Accountant, I never understood this. You buy something in a particular year and it has a life spend of so much.

Like you buy an Aircraft and they tell you that your life spend is 30 years on that not taking maintenance and so on. So that fixed capital formation of 4.0 why would it remain like that continually?

Professor STUMPF: It may not!

Adv. ALLY: You see and this is where because when they then discussed it, it become an issue of why do you say happy is 7.5% and consumer CPI is 6.1%? In that particular year it could be the same.

Professor STUMPF: It could... okay let me go back!

Adv. ALLY: So I am saying somewhere they need to be an understanding in the given year what it is because a university doesn't buy a laboratory every year.

Professor STUMPF: Yes!

Adv. ALLY: The University also in some cases does not get funding for that laboratory. For instance, as a matter of argument the NRF (National Research Foundation). So in us differentiation and using this things as a mean of understanding funding don't we need accurate comparable data?

Professor STUMPF: Thank you very much. Well! Firstly price index is based in the basket. The value or the increasing component in the basket vary from year to year. The same is true with Higher Education Price Inflation.

The basket is fixed but the cost of things in the basket vary from year to year. So you actually have to just like CPI valid only for one year. Higher Education Happy is valid for only one year.

And you are perfectly correct. In 2013 the fix capital formation was 4% but the value of the price increase in fix capital formation for 2016 can be different from 2015. For 2014 Happy had a value of 7.5%.

For 2015 it probably was a bit lower because CPI was only 4.5%. For 2016 is going to be higher because CPI is estimated a lot higher. So Happy is linked to each year just as CPI is linked to each year because one year full price is raises more and then another year one year petrol price is escalate differently and etc.

In that respect you cannot actually apply Happy for 2014 to other years, it only valid for that year.

Adv. ALLY: I understand that. In the basket for instance, and hence your issue it would vary from year to year as CPI vary from year to year. In your basket you have got stuff for instances.

Professor STUMPF: Yes!

Adv. ALLY: When taking that into consideration the stuff don't necessarily ask for an increase of more than inflation all the time. They usually do but they get less on that. I am just trying to get... have they ever been, has Happy ever been lower than CPI?

PROFESSOR STUMPF: No!

Adv. ALLY: -In your 30/40 years' experience?

Professor STUMPF: It can't!

Adv. ALLY: Now explain to me why it can't.?

Professor STUMPF: Okay! I was going to come to that growth a little bit further on but let me come there and then I will come back there. If you go to the slide 5: Effect of salary increases on increase university costs. We know that the salary bill according to the basket is about 58%, it makes 58% of the cost of the university.

For some universities is a little bit lower, for some is higher 70% of the cost the staffing. Here are have got three possibilities. The universities of which is your salary bill is 50% of your total cost 160%, 170%. Here we take three salary increase scenarios. One is staff salary increase by 6%, one 7%, one 8%.

What is the effect on the total cost increase of your institution? If you now look at the entries of the table. A university of which the salary bill is 50% of its total cost which growth an 8% increase is going to find that its total cost is increased by 4% before is even pay a piece of paper or increase rates of electricity bill is already 4% more expensive than the last year.

A Block Grants which is at least 4% better than the previous year went even cover its increase staff costs. How do you got the 4%? Is an easy some, you take 8% and 50% and that gives you 0.4%. If the salary increase is only 7% it will need at least only to a salary regarding to any other cost increases, 3.5% more money.

If 70% of its cost are staff and it gives an 8% salary increase which is not on uncommon. Its total cost already were already rise by 5.6%. This is true of all labour intensive entities. If you could calculate a price inflation for a government department such as DHET it will also be higher than CPI because staffing is your most expensive component because of the size in relation to the institution.

You can see that the smaller your salary bill of your total cost the lees effect is. The larger your salary bill of your total cost the more the effective. So I will argue now and in this sense I often told students who are arguing for 0% fee increase.

You can't argue for the 0% fee increase because we have to give the staff 8% and you actually support the staff. When you support them with 8% you are actually supported a fee increase.

I do these calculations for them and one day told the Politician that you must be careful of this Vice Chancellor. But now it cannot be lower than CPI because of the simple factor that staffing is a big component of the basket for the universities. Okay! Let's go back.

Adv. ALLY: Thanks Professor.

Professor STUMPF: Okay!

Ms KHUMALO: Professor, on that when you say staffing forms a bigger cost will online be alternative here?

Professor STUMPF: Will online?

Ms KHUMALO: Yes. Study online enrolment.

Adv. ALLY: Distance education through the internet.

Professor STUMPF: Not really. UNISA staff cost 73% of the total cost. They are the highest.

Ms KHUMALO: Where does this come from? Is the support?

Professor STUMPF: Is all the support and all the administration involved.

Adv. ALLY: You must remember that UNISA is not only...

Professor STUMPF: -Is not the most efficient institution as well.

Adv. ALLY: Secondly, it also has countersanctions.

Professor STUMPF: Yes it does have.

Adv. ALLY: -And therefore the staff also use for that.

Professor STUMPF: Yes. UNISA has more context students than the Rhodes University. It got about 11 000 students who study full time. They come there in the morning, they sit in the library, they sit in the cafeteria and they went to the lecture room. Rhodes University have got 9 000 students.

Ms KHUMALO: But I heard that Pretoria University has started classes now on line.

Professor STUMPF: Pretoria University they study online yes.

Ms KHUMALO: Has an assessment be made how does that work?

Professor STUMPF: Look online of course has the way to go but the jury is out on online replacing. Fully face to face contact education simple because is stuck on me, the jury is out and working from home together and whether one should have to make sure of the two.

You have an office at home but you go into the office for two days in the week because you need social content and people need to see one another. The same is true on online given being not only for the information and also to social interaction.

In many ways the education is the role model and so the jury is out on how to combine these two in the cost effective way. There are universities in UK that are experimenting in home office to save one infrastructure cost.

Then you can work at home, let me say three days a week and then they organise that not everybody is there on the same two days of the week and they shares offices because students also need to talk to you. They need some appointment around study. So I don't think you will ever able to replace face to face fully. But to supplement it with online yes.

Ms KHUMALO: My next question in the next Enrolment Plan, is there any possibility that we supplement that or is an alternative?

Professor STUMPF: At the moment the Enrolment plan doesn't distinguish forms of the education and delivery. If I can divert a short minutes there are universities even one in south Africa that in Mathematics for example, you get different components of Mathematics cost in your first year, you get trigonometry, you may get analysis or Anthropology or something else.

There is one university that is experimenting. I am now mathematics one student, I want to do our anthropology online but trigonometry I want face to face. So I will only attend trigonometry classes other I do online with a learning system called black pot which is also make me to interact with my lecturer.

I do classes for trigonometry but for analysis I don't need a lecture I will do online and again for the anthropology I need the lecture. They beginning to experiment to what we called forms of customise learning where the students actually construct his/her own learning package which is consists of element of face to face and element of online. But that pilot work is not.

Ms KHUMALO: Can it be costed or has been costed?

Professor STUMPF: Yes it can be costed.

Ms KHUMALO: Possible it will reduce some...

Professor STUMPF: -initially online is more expensive. Some of the course is more expensive because to develop a proper online course it require a lot of expertise where base expertise...

Ms KHUMALO: -Professor if you are using the current curriculum is just a matter of doing it? Isn't?

Professor STUMPF: No! Too little not! Absolutely not! That is a fundamental mistake. People think oh! You just take a class notes is totally different note. The online has to be interactive all the time, interactive with the student is access as he/she goes along.

You cover with one little bit, you access your understanding and you are not to allow to go to the next but unless you have demonstrated that you have grant this specs.

So is very-very technical and very demanding to put together the online programme that is equivalent in quality and value to face to face interactive. On that there is a lot of work, most universities are found that they don't have the resources to invest in online.

I do think that is the way to go because many of our students are actually bright in class because a lecturer normally pitches through the media so the bright students cant probably go quicker that the medium students in class.

But it takes time and it cost money initially. Okay! Then...

Ms KHUMALO: One is up running is cost efficient?

Professor STUMPF: Yes it should but obviously you have to maintain and update that but you start recovering your cost of about three to four years of development for work. Universities in the USA have successes and very bad fillings with online learning.

So is a whole new area of learning because learning, you don't just learn by having someone who repeat something you could listen the CD. Learning is a highly complex interactive process and to simulated online what happened in real life with you and me interacting, you are a teacher and I am a student. That is not that simple.

Ms KHUMALO: What is happening in Pretoria now is the potential failure?

Professor STUMPF: They are doing this as immediacy and the measures to do with the unrest. Some of them will be okay and some of them will not be okay.

Ms KHUMALO: So we can't learn from that?

Professor STUMPF: Yes we can but the main lesson we can learn there it takes time. I have listen to an interview this morning with the interview asked exactly this question to this university that is experimenting in this customise online learning and by far must advise to the country.

The interview said all I can tell you is taken us at least four to five years to get to this point where we can do this. That is only in a few courses not even or together.

Ms KHUMALO: You Professor you would support that is an option into cutting cost?

Professor STUMPF: Is a long term notion.

Ms KHUMALO: I am saying if you were to provide as Commission a long term solution, would not be part of that to looking to it?

Professor STUMPF: universities they have to go there in any event simple because information is being packaged very differently. 20 years ago the lecturer was the veritable inside the pedia, the lecturer and in everything. Now the students who should and who can access the information can quickly find out that the lecturer doesn't know as much as he thought they do.

The lecturer role is changing to towards the results of facilitated of knowledging information rather that the conveying of knowledging information. But this things takes time and many of the older generation, your 40 years upwards they will struggle online teaching.

Is your younger ones who are growing up more with the innovative, ICT connectivity platforms who able those lecturers to move in there. I said I don't see this as a solution for the fee crisis, it takes too long.

Adv. PILLAY: Professor, doesn't the viability of the option of online learning, doesn't that depend on large extend on demand that students will prepare to Further Higher Education and Training in that manner?

Professor STUMPF: Yes.

Adv. PILLAY: Have been any study done on demand for online learning?

Professor STUMPF: That I know in South Africa, most universities are experimenting with that. All your top universities will have learning systems. E-learning system such as Black pot for all and they will offer form of what we call Blended learning that is do you learn at home. E-learning Black pot in the class and it is get blended together.

There are very few universities that have stick and chalk only. But I do not know of the demand study that is been performed. In the USA there are some universities that are have started and some they have stopped that actually because that because the uptake for the students are start highly worried the actual cost outline.

Okay! If we go back on the inflation slide that is slide 4 you will see that for 2016 the latest estimated of CPI is 6.7%. if and I fully agree that you can't do that but if you say the Happy will at least 1.4% higher, then a Block Grant increase of 5.5% will leave university shot by 2.6%. Where do I get 5.5% Block Grants increase? At the right turn column in your Ministerial Funding Statement.

So we now did slide 5. If we can we can go to slide 6. Here is the effect of a negative real increase in the Block Grant for a university budget. What will be a negative impact increase is if the Higher Education price inflation is higher than your Block Grant increase. Let's say is different by 1%, 1.5% and 2%.

If my Block Grants is R1.8 billion and the Block Grant is not match by Happy but it is 1% lower than Happy I will lose R8 million in that year. I will lose R12 million if it is 1.5% lower and R16 million is it is 2% lower. This is for one year in universities.

If my Block Grant is R1.6 billion and there are universities with those Block Grants. Then you will see the figures become R16, R24 and R32 million. So you may say that that is a smaller amount compare to the budget of some universities that they should be easily be able to absolve it.

The next slide, I said to myself that what will be effect of such cuts on the numbers of students I said I could admit to the universities? On the left hand side I said okay let be the study cost be R30 000, R60 000 and R80 000. If and this is for small universities with the Block Grants of R1.8 billion. If it is 1% lower and the university students study course of R40 000 I can admit 200 students less.

If it is 1.5% lower 300 students less. If the Block Grant is 2% below Happy is 400 students less. This is one university. This figures you have got to multiply by 26 to get the cumulative effect. Of course the universities they don't do that. They admit the same number of students even more than the year before.

So want happen if you increase your number of students but your Block Grant stays as the same it is the same with us. If I increase the size of my family I have got two children now, I have three or four children but my salary remain the same. What is going to happen? More and more pressure on my daily cost of buying bread and butter.

This is how the universities are suffering from now. They will admit the same or even more number of students but now they can't come out on Block Grant anymore. So what are universities doing? They are selling off their investments to buy petrol, to pay rent and to buy food in the comparative of the helson.

Adv. PILLAY: Professor just on my own understand. Can I just get a sense of what comes first? Does the finalisation of the Enrolment Plan comes first and your Block Grant allocations comes later?

Professor STUMPF: Yes because remember if I don't enrol the number that has been approved I will get penalised under enrolment.

Adv. PILLAY: Okay Professor!

Professor STUMPF: Yes! So that the Enrolment Plan is enrol so many. Now I get the Block Grant but the Block Grant lower than Higher Education Price Inflation. The only thing that can happen is I have got less money to spend than I have before.

Adv. PILLAY: And of course at that stage universities are unable to change the enrolment budget to accommodate the Block Grant.

Professor STUMPF: Yes the worst part of it is that the students are there.

Adv. ALLY: Then this brings back my old question of chicken and the egg. The cost why it is necessarily for one university and they give the argument of cross pollination or cross subsidisation.

Why would an LLB cost R20 00.00 in one university and R65 000.00 in another university? So if your Block Grant is so much and you are taking into account what I am saying about the cost of providing an LLB or BCOM and that is across the board kept at so much with some universities are talking about.

Then at the end of the day the system will be able if you are only talking about the fees and so fold, the system will balance out. But the argument given to me is this: I have got 20 buildings on my university, University A that I need to maintain and I need to have students in to come and learn.

University be has four buildings and therefore they say where I draw up my course for a particular programme I need to take into account all these other factors and whether we will be able to come at the end of the day to one system I don't!

Professor STUMPF: This is very interesting point to view. Of course cost differ, University of Cape Town is the most expensive university in the country at the moment. And then institutions like WITS University and Stellenbosch University will be below that. Then your cheap institution from my cost point of view would be places like Fort Hare University, University of ZULULAND, and University of VENDA and so on.

Many prospective students will wrongly but they do that and no matter who much you and I pitches but they still do that access that value of what they are going to get to its cost. Is a bad luck you and I when we want to buy a car we realise that TATA is large cheaper than TOYOTA and then Macitis Benz.

But we are thinking that if is so cheaper there must be wrong with that so we buy the most expensive one because we make the assumption which is often correct the quality of the cost or highly correlated. And it is true to a degree but you can't drive this in an absolute way. So if you and I are going to say all universities should have the same contracture University of Cape Town will argue that this impossible.

Because, and I move to Cape Town recently and I am shocked by municipal bills they are much more higher than Pretoria. UCT was saying number one, my electricity is more expensive, my rand water are more expensive, and my municipality services are more expensive. If I am allow to charge what fort Hare University charges for all of that I am suck, I can't survive.

UCT will argue I only appoint a person to the rank of Senior Lecturer who had the Doctorate for 5 years in terms of public publications and that cost me money because that person is expensive. They will say the other universities will appoint somebody who have only got a Maters who is cheaper.

The contracture is do vary whether there should be vary as much as they are at the moment is a moot point. But I can't see a case being made that to study BCOM Accounting should cost the same as every single university across the whole country

Adv. ALLY: The means to end this is the same and that is the only point that had been made about the cost of the education in that debate. The debate about the municipal bills and that is another one also because those can be sec averted.

If successfully sec averted then you can put it to practise the issue of one system and whoever want to go to other system like then you pay for that system. That which the government provides you. You all have the same fee that you pay and you will come out at the same because the impute will be the same in towards your particular programme.

Professor STUMPF: If you read the review of the National Students Financial Aid Scheme of 2010 that was one of the proposal. At the moment NSFAS funding to the very rich universities is based on the tuition fee at that university.

So the NSFAS funding for BCOM Accounting at UCT is based on the UCT tuition fee. The SFAS funding for BCOM Accounting at Fort Hare University is based on the Fort Hare University tuition cost.

This one is much lower than that one. The argument was that NSFAS should provide one single value for BCOM Accounting and the UCT want to charge more. The UCT has to find the way for students out of its own pocket to subsidise those NSFAS students. That was an argument but is never gone any further in that proposal of 2010 precisely because of the argument around that differential cost factors.

The one university and obviously one has to check this things it may not always be true but one university will argue. I have got 3 students per computer at my institutions. Why do you want to compare me when this only got one computer for 10 students?

So obviously my education has to be more expensive than that one because I have got more infrastructure and supplies that I must cost and fund than the other one has.

So the universities were had endless argument, many of them I believe they are correct and some may be spurious on why a single cost structure on one university sounds utopian, sounds very nice but cannot work.

Adv. ALLY: Yes we will be... I am told interrogating in these factors down the line but I thought as we are dealing with this particular issue now perhaps I should start my chicken and the egg again.

Professor STUMPF: Well! Let me just say that I may have mentioned before that there is a person who is a Professor of Accounting at Rhodes. He did his PHD on analysis that university financial statement is a very-very first I think in PHD.

He is done some subsequent research in publications and he has found that given the present funding model and making certain assumption about either no fees increases or very model increases there are five universities that are going to be bankrupt in 2018.

Because by that time they will spend all the investment that they will liquidated the investment to buy and pay for the daily running course and they will end having going to the bank for overdraft to meet the daily running course.

That is the present situation which to carry on and the present funding we have to carry on. There are some universities that are extremely wealthy. There are some universities that have got large investments.

But by and large no university can survive on its Block Grant anymore. That is why the proportion of tuition fee income is going up beyond where it should be. So that is why the pressure on when is com to so much because the Block Grant is too low.

I can move on to the next slide with your permission. What happens now the Ministerial statement has been published? What then happens? By that stage Council will approve final budget. It will done so at the recommendation of the Finance Committee which is one of that mandate that the Committee and Council had to have.

Most universities will have an Internal Location Model. The allocation to academic faculties are mostly based on the departmental model. This is one that we are now dealing with it. So the universities will distributed that money to that various faculties on that basis.

They were typically engaged budget cycle which looks better like this. They will have the estimate of the expected income. Remember that they are now already what the Enrolment Plan is going to be. They will makes some assessment around MTF expenditure, tuition fee income and etc. so that they will make an estimate of what are they going to have.

They would estimate State funding, they will estimate tuition fee income and discount students' debt, and they will estimate Third Stream Income. Then they will put together a set of budget guideline and prescriptions and tell the various units in the institutions going budget.

They will either have a zero budgeting process or incremental budgeting process. Incremental budgeting means your last year budget is simple adjusted slide up or slide down. Zero base mean you have got an argue then over that you should be funded even help for whether you should not simple be scamp.

Then there will be some cross subsidisation rules and you may argue what on it is that. No university can exist without cross subsidisation. Cross subsidisation arises from what the universities policy has known as more caws of the institutions to fund those who find hard to produce more.

More caws are typically your commerce faculties. Large numbers low cost so accountancy is very expensive, large number of students. The commerce faculties are normally seen as the More caws and those you cross subsidise the one that you can't make it.

Agriculture you can never makes it experimental forms is too expensive, Maths you can makes it and so on. So there will be cross subsidisation rules. This can lead a lot of animosity in the institution around cross subsidisation are very often in the commerce faculties.

I won't say they will revoke or rebuild but it comes close to that. They argue simple because they are able to attract so many students. They should be penalised by taking their money and paying those can't attract so many students.

Of course that is not real argument. The real argument is the course of some areas that are just so large and so high and their contracture are lower. But cross subsidisation is the fact of life.

Finally, there are budgets developed by a budget units and they are fund by in the Senior Management for Council stamp net and the university starting spending the money. How does it get State money? I mentioned earlier that the State and the university financial year is close to inside.

Normally on the 1st of April a university gets 4/12 of its Block Grant. It will get its portion for January/ February/ March and the advice portion for April. So those first three months the universities have to live on its own need and the department of course will actually say but you actually do get 12 months money, you have get to compress into nine months so you could serve from the next three months.

Do you know how hard it is? It is a bit hard to do that. It is bit like expiring of a credit card and suddenly you want to get off the credit card and you suddenly discovered that is gonna takes two months not only one moth to get off of these things.

So universities funds on the first three months is quite hard and that is when the person have to be paid, the application fees have to be paid, registration fees have to be paid, resident fees have to be paid and many of the universities have an agreement with these banks around overdraft facilities to pay staff salaries in those first three months.

Then I want to quickly move and I am nearly done. I ask for two hand outs be given to you. The department publishes a very-very valuable document for those of us who likes numbers and data is called University State Budgets and is a set of... oh! I haven't count them but they must be 80 tables.

The one that I have got there, the first one is called Micro Racial for University State Funding. The next one is called Details State Budget for 2016. If you have the first one, does everybody have it? Micro Racial, I am not going to all these columns. The first column is not a great interest.

The second column, the total universities State Budget as a percentage of GDP I am sure you see that a lot. There you can see the well-known chat, type of diagram is there. The third column is quite interesting.

The third column tells you what Higher education priorities is within government. That says the university State budget as the percentage of total State finance. In other words here you can see our important Higher Education is or isn't.

You see we started off and this is in 2004 with 2.68% then it drops to 2.59%, 2.5%, 2.41%, 2.36%, and 2.24%. What this actually means is in those years government was spending proportionally on other social needs (housing, sanitation, water, roads, communication and whatever) and what is maintaining its expenditure in Higher Education.

In the last few years is suddenly realised that this is now a crisis and now is suddenly short up to 2.1% and 2.77%. This mean again government is now decided we take money from elsewhere and put it into the Higher Education budget because we created a crisis in Higher Education.

What the correct figure here is? Because of course is not possible for me to say but here you can see the value of the government through the Minister of Finance and Parliament places on Higher Education as a public function in terms of the total amount of available for Public Good. If you look at the next column (is column 4) is titled State Finance as percentage of GDP. You can have a look at that it is not that interesting to me.

Column 5, university State budget as a percentage of the GDP normalised. That mean we took 2004 and we gave it the value of 100 and then we calculated every single related to the value of about 100. You can see that it went down and then it is started going up again as percentage of GDP.

Look at the next column, percentage of the total State finance normalised. You can see it went down consistently from 2004. Right down to close where we are when done 100 to 91 at one stage it was even 83. The last two years when government is waking up and realises a crisis is suddenly short up by 105 and 103 again.

So if you look at this is clear that in terms of government priorities universities lost grant in terms of reprioritisation. And other competing social issues gain grants at the expenses of the universities. And so, do students has a case? Yes they have. But not as far as building buildings and all like that as is concern but they do have a case.

Government should be spending more on Higher Education as a public priority unless it was the private sector like PSG is just announced to enter into the field of Higher Education and to allow private Higher Education institutions to develop our Masters.

CHAIRPERSON: What do you say is announced?

Professor STUMPF: PSG.

Chairperson: Okay.

Professor STUMPF: They are very strong, they run curious schools.

CHAIRPERSON: Oh I see!

Professor STUMPF: -And then they announce that they are going to move into the private institutions.

CHAIRPERSON: When was this announcement?

Professor STUMPF: I saw it in a newspaper in Cape Town last week Thursday or Friday.

CHAIRPERSON: Okay!

Professor STUMPF: And they were amorously successful with curious schools. Euro curious school was a fastest great stock on the JSE. They have capital, they have something alike but I don't know how many buildings of rand or cash and they Earmarked universities.

CHAIRPERSON: PSG?

Professor STUMPF: Yes.

CHAIRPERSON: They are financial services company?

Professor STUMPF: Yes they are financial services company.

CHAIRPERSON: Alright!

Professor STUMPF: I can also tell you that I personally with approached by two different companies earlier this year about the establishment of private universities. The one is anything even stronger than PSG.

They wanted to do this in the health sciences field. Then if you move to the next column is marked percentage growth in total State finance as percentage of GDP, we can skip that.

The next one percentage growth in total universities State budget as percentage of the GDP. Here you can see that as a percentage of the GDP the university budget declined the first few years. Then it went up by 4.4% which was sitting below CPI. Went by 4.5% below CPI. Then went by 5.6% any claim down then going to a minus.

Here there is a figure of 12.8% recently which shows you that this is the time government will wake up and we can carry on with this. Then the very last column, how has the university budget in terms of completing the State budget? There you see the changes and you can see the minus by 4 pluses and where the number pluses 15.5% they are generally below CPI the along happy.

This gives you indications and then official publication from the department. You can go down, this is what it looks like. Micro economic indicators according to year and it is consists of three sets of table. The next hand out is not the one I am going to do in any great details.

But here you see the detail budget for each university in terms of Block Grant, NSFAS money, building and infrastructure awards, development fund, veterinary science between the two new institutions in Northern Cape and Mpumalaga and then you will see sub-total and totals.

From here you can see that the total State budget for 2016 and this includes all the 0% fee increase adjustments was R36.858 billion. You can see that on that of that the Block Grant made up R21.678 billion (right on the left hand side at the bottom). The bold printed column are row gives you the some total of each column, you can see NSFAS R8.89 billion.

For infrastructure funds R2 billion. Interesting redemption of government loans (let me just explain that to you) in the past a university were taken out a more gage. They will take out the more gate in those year from united building society and whatever the government will guarantee the more gage and will pay the interests and redemption according to the fixed scale.

They don't do that anymore. Government doesn't underwrite any more gage loans anymore. So this will disappear but this is simple the repayment of the last more gage if is still exists. Then you will see the foundation provision that is the extended curriculum (Teaching Development Programme, Clinical Training and then Research Development Grant.

Veterinary Science between the two new institutions and other and the HDI Development Grant they group into the other which is this R433 million. This gives you a breakdown of the budget for each institution across. If you want to follow, Cape Town you will see exactly what they got and if you want to see the total of the various funding groups or categories you can go down in that way.

I think I have done Judge with very long and very technical presentation on a whole host for technical information. I am very happy if there are any further outstanding questions or any issues which anybody wishes to address to do my best to assist. Thank you very much.

CHAIRPERSON: Thank you! You will be still at least, we are alive...

Professor STUMPF: Yes.

CHAIRPERSON: Let's see if anybody is still alive after asking any question. Is there anybody from the evidence leaders who feel to move?

Adv. PILLAY: Chairperson I don't have any question but let me just check if anyone else who got any questions. No further questions.

Chairperson: I think we need to perhaps to draw this topic more.

Professor STUMPF: I think so.

Chairperson: Yes.

Professor STUMPF: My apology has been so much that is so quickly.

CHAIRPERSON: We thank you so much and we appreciate! Thank you.