

# TRANSCRIPTION

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## *Commission of Inquiry into Higher Education and Training during SET 3*

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**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

### **Witnesses:-**

(1) Ms BRENDA SWART

(2) Dr DIANE PARKER

(3) Dr OLIVER SEALE

(4) Dr KGOMOTSO KASONKOLA

(5) *Mr JACO VAN SCHOOR*

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**Presentation from UNIVEN (University of Venda)**

**CHAIRPERSON:** Good Morning everybody?

**Adv. PILLAY:** Good morning Chairperson?

**CHAIRPERSON:** Ms PILLAY are you leading the evidence for UNIVEN?

**Adv. PILLAY:** Mr MABUDA will be leading the evidence.

**CHAIRPERSON:** Thank you! Mr MABUDA good morning? What do we have today?

**Adv. MABUDA:** Morning Chairperson! Today is day 5 of set 3 of the commission into Inquiry on Higher Education and Training. Set 3 is dealing with the funding of the institution of higher Education and Training and understanding the operational cost. Today will be focusing on the universities budgets.

During the course of the week we had testimony giving us a bra understanding for the money allocated by government to Higher Education institutions and the other sources for these institutions. So today we are going to focus on the way in which this things is doubt internally within the budget of the universities.

**CHAIRPERSON:** Thank you!

**Mr MABUDA:** We are starting with the University of Venda. The presenters please place your name for the record. Please give us your full names for the record.

**Dr ZAAIMAN:** I am Doctor Jan ZAAIMAN. I am the Deputy Vice Chancellor Operations at University of Venda.

**Ms MGOBO:** Morning everyone! I am NOTHANDO ROSE MGOBO from Finance at the University of Venda.

**CHAIRPERSON:** Are you both going to give the evidence?

**Ms MGOBO:** Pardon?

**CHAIRPERSON:** Are you both going to give the evidence?

**Ms MGOBO & Dr ZAAIMAN:** Yes.

**CHAIRPERSON:** Alright well! Mr ZAAIMAN, Ms MGOBO are you prepared to take the oath?

**Dr ZAAIMAN:** Judge yes.

**CHAIRPERSON:** And you Ms MGOBO?

**Ms MGOBO:** 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? If you do raise your right hand and say help me GOD.

**Dr ZAAIMAN:** Help me GOD.

**Ms MGOBO:** Help me GOD.

**CHAIRPERSON:** Thank you!

**Adv. MABUDA:** Chairperson I believe the presenters has prepared the presentation for us. You can proceed with the presentation please.

**Dr ZAAIMAN:** Chairperson, Commissioners and Advocates thank you so much. I would like to thank you so much for the opportunity to make a special presentation to the Commission. We have also instructed presentation in line with some of the questions that was sent to us but we also expanded it further into the financial of the institution.

**CHAIRPERSON:** Just remind me Doctor ZAAIMAN, what is your position at university?

**Dr ZAAIMAN:** I am the Deputy Vice Chancellor Operation. I am responsible for Finance ICT, Human Resource Facilities Protection Services. Subsidiary UNIVEN in campuses which is a subsidiary stream income generation providing short courses consulting project as well as commercial projects.

**CHAIRPERSON:** Thank you. Ms MGOBO what is your position?

**Ms MGOBO:** Thank you Chairperson. Is Director Finance.

**CHAIRPERSON:** Thank you! Yes Mr ZAAIMAN?

**Dr ZAAIMAN:** Chairperson thank you! The first slide that we are indicating there is a number of students who applied but were refused first year admission per broad field of study. When you look at the eight schools that we have in university you will see that especially in 2011, 2012 we didn't have many applications but starting from 2013 up to 2016 there was significant increased.

At about 2013 at the begging of the year we still had to go and advertised in public media to fill our courses. But as we have stabilised our university and grow our university the applications came streaming in within we have advertised at all.

You can see in 2015 there were 11 000 applicants that we were not able to be accommodated and in 2016 at about 13 000

**CHAIRPERSON:** In 2016 how many people were admitted?

**Dr ZAAIMAN:** Chairperson in 2016 the first year students it about 3 600 but we will just verify that.

**CHAIRPERSON:** I am not hearing you!

**Dr ZAAIMAN:** It was about 3 600 but we will just verify that quickly.

**CHAIRPERSON:** You have admitted 3 600 and you declined 18 000?

**Dr ZAAIMAN:** That is correct.

**CHAIRPERSON:** Not well!

**Dr ZAAIMAN:** As far as refusal on admission and progression the principle reasons for refusal and not accepting them is obviously they were not meeting university requirements. And many of them are walking students, we do not take walking students anymore because we close in August/September already for application to study and also not meeting subject requirements.

And then progression to next academic year are the reasons for filling the previous year. For what reasons mostly some of them they did not meet the requirements for

prerequisite subjects. So that is why they have to complete that before we can proceed with the others.

Just to give the indication of students accommodated in residence as provided by the institutions. In total currently we have 2 165 that we are able to accommodate in residence at University of Venda. We are currently busy with the construction of new infrastructure and we are building close to 640 new beds for 20 residences.

We also entered into R300 million loan with the Development Bank of Southern Africa that we have approached by the Minister that we can do so. We are in the process of calling another 1 800 beds. And then there is a number of so called interest outside the university for private developers. We will then support them to 70% of the capacity.

There were about 4 300 additional beds. So by the end of next year from 2 165 are former residences and few are in some private residences. We will have close accommodation in around University of Venda of close to 9 000 students. The university residence fee structure...

**Ms KHUMALO:** - Just Professor! On the previous slide, Mango Grove is the residence?

**Dr ZAIMAN:** (laughing) yes. What you will see you will also see Lost City boys and Lost City girls but this are all now changed, Council now approved formal names for all the residences. These were the informal names that students gave to the residences. Commissioner thank you for that.

**Adv. MADUBA:** Doctor before you proceed, the R300 million loan do you receive in the assistance of the department or they have to approve before you take the loan?

**Dr ZAAIMAN:** There are two approvals that need to come from the department. The first one is an approval that we my entered into discussion with the Development Bank which the Minister has approved.

Once he has approved that he must give the second approval in terms of the relevant article that we may proceed. So the Minister has two approval that they has to give before we can proceed.

**Adv. MABUDA:** So in the instance where the university is unable to pay amount will the department step in the loan or is entirely on the universities?

**Dr ZAAIMAN:** That is entirely on the university. As we have done our calculations there would be a short bridging period but obviously it is income generating and the income will basically be sufficient to cover the repayment of the loan.

**Adv. MABUDA:** Thank you.

**Dr ZAAIMAN:** Then you can see the residence fee on the next one payment and that is the University of Venda residences. In NSFAS we pay in for we have prefabricated one. We have six prefabricated units. Our agreements with the students are as when an new residences come on stream. We will demolish the prefabs so that when six of this by the end of next year come on stream this type of prefabs will be demolish.



And then the latest residence at about 17 000 per annum and for the other older residences is 14 640 per annum. Then you will see number of private residences before 2015 students did not stay outside private accommodation but the number of Developers took place.

They developed a number of residences. You can see that in 2016 there were 7 (seven) private residences and the number of students residences in this. Now there are two steps that we take. First of all that we go and accredit each of this residences together with the Municipality to ensure that they have got certificate of occupancy to ensure that there is no risk to the university.

If we do not accurate that and some students they do want to study and obviously they will like to study at the on risk. For accreditation we make provisionally accredited an outside residences on the provisional that they must make certain improvements.

At the end of the data we will send another team for assessment and decide whether we will continue accrediting them or not accrediting them. This is quite interesting that there is a number of private developers who is very interested in building out there.

**CHAIRPERSON:** This Greenstone Residence who is that own by?

**Dr ZAIMAN:** That is own by local business in Thohoyandou.

**CHAIRPERSON:** Has been constructed especially for the university?

**Dr ZAIMAN:** When Developers come and they construct and using their own fund and one of the key issue we provided them with a guideline to construction of residences

from the Department of Higher Education. We only accredited them if they meet those requirements.

**Adv. ALLY:** Doctor! Now the Norms and Standard for students housing apparently was approved 2015. Is that correct?

**Dr ZAAIMAN:** Yes that is correct.

**Adv. ALLY:** Are you now doing an audit of all these that is done to check whether they meet those requirements?

**Dr ZAAIMAN:** That is exactly what we do, many these Developers have approach us before hand and so we have handed out copies to them. If you want to plan this the only way that we will accredited that is if you comply with the specifications.

Then the next one any tuition support from university as the broader university we do not have match funding but you can see that from 2012 to 2015 from the Vice Chancellor's Merit Award Bursary base on matriculates and some and very poor students, orphan and so on.

We assist in 2015 to the number of 215 and it will slightly increase in 2016. We have also provided a schedule of our tuition fees for the whole institution that is also available which we have send through and it includes all of these.

The main consideration when we consider tuition fees we decided upon the strategic plan of the institution and we costed our budget of our strategic plan, it costed to our budget conference and we are taking into consideration entailments of the strategic

objectives, the salary adjustment that we have to do, the academic staff and support staff ratio.

Number of years ago the staff members were 60%/40%. In favour of support staff but we want that to be 60/40% the other way around and we are moving closely I think to 55% of the academic staff at the moment. Academic staff students' ratio also a very key issue.

We have taken a decision that full time appointments moving forward to focus on academic staff. And then obviously the cost of equipment are crucial for us to moving forward and equipment in our academic and we have got a centre of Higher Education academic education teaching and learning that equip our academic staff to be able to deal with hectic intervention of our students.

Fixing variable costs components, we have a student's representative council levy of R800.00 per annum and the number of students projects are funded from those. The huge investment that we are making in residences as I have indicated before. And then we are probably one of very few institutions and you will see that when we indicate the slide on students fee increases that we provided tablets.

Our agreements with students were that they were part of that to the tuition fees and university will fund the rest. There are very large number of students goes on practicals, our nursing students, our social workers students, and our school of agriculture students. So we also have to provide uniforms, books and meals.

And then obviously the other thing which are very important to take into considerations when we ultimately have to decide fees is our utility cost which has been much rooming.

If you take into considerations of the massive both programme that we have in our campus it have massive impact and utility cost.

Then broadband cost by the end of next year we will have to pay internet full cost of utilising broadband. The whole move to eLearning and our library to change over to eBooks. And then library cost as well purchasing new books and equipment for students.

And then we have a programme of regular replacement of computers and tablets so that our students can work and study at computers and not computers that are six or seven years old.

Obviously many of our laboratories they consumable for experiments that students have to use. All of these have the significant impact plus increase that we have to take into consideration in terms of determining costituation cost.

**CHAIRPERSON:** Do the money received from NSFAS make any impute into this?

**Dr ZAIMAN:** Chairperson Yes they do. So the NSFAS money pay for the obviously the tuition and the residence fees, our students mostly and also a portion of books so definitely yes that is taken into consideration when we draw the budget for this.

**CHAIRPERSON:** May I just ask? An SRC levy R800.00 of students it seems quite high?

**Dr ZAIMAN:** Chairperson yes but our SRC does a number of very good project so many of our sports activities students participating in national events and our cultural

dancing team, participating natural events, transport for those are all funded from the SRC levy.

**CHAIRPERSON:** Okay thank you.

**Dr ZAIMAN:** And then on the cross subsidisation matter we do not determine the financial viability after various programmes, there were strategic plan determine any budget through budget conference and finance committee and council ultimately approved the following year's budget.

Although we want to proceed with our situation we at least know how much each within our faculties in our schools. How much each of these schools cost us, how much each of these programmes cost us.

If there are programmes that are really not economically viable then you take the decision of these programmes strategic where they are not and if they are not those are also the measures that we are going to consider on going forward.

**CHAIRPERSON:** Are you anyway influenced by fees that are charged for similar courses than other universities?

**Dr ZAIMAN:** Chairperson we do benchmarking with our universities. We do... I haven't look and see what they do but I think our fees is still not comparative.

**CHAIRPERSON:** No! I will question that.

**Dr ZAIMAN:** But we do yes. We do benchmarking to see what other universities are charging but also what we are offering for that money.

**Adv. ALLY:** Doctor, just on this concept of cross subsidisation. Now just to see whether because we had told by other universities and Vice Chancellors from other universities that this concept it is important for a university in terms of its sustainability. And we have what they called cash cares, each university they have its own cash cares.

One of them, an example that one of the witnesses gave was BCOM. So you have that particular programme subsidising a smaller programme so that the fees at the end of the day are more or less reasonable.

And this is what I understood by what they were saying. So when you say you do not determine financial viability there is absolutely no cross subsidisation, are you saying within your university?

**Dr ZAIMAN:** Chairperson the cross subsidisation is actually happening in the sense that we know that our School of Agriculture (to take one example) is not financially viable as an entity.

I mean we have got start Bosmara, we have got start on Ngunis, we do insemination and that we do artificial insemination in the community to uplift the broader communities to the cattle that they have. Just to give you one example but to run that they are expensive.

The number of students in the field coming from the School of Agriculture cannot sustain the goat farming, their experiment in the field and extras and pay for electricity and pay for water and all that goes with that. If you then just take an example of BCOM which is a cash cares so obviously is not deliberate to decide if you are viable or you are not viable but indirectly it doesn't.

**CHAIRPERSON:** But all the faculties will subsidise the library?

**Dr ZAIMAN:** That is correct. Yes.

**CHAIRPERSON:** Okay.

**Dr ZAIMAN:** And also the rest of the support services, Human Resources, the Department of Finance, the ITC Department and so on. So that is actually when you do a full viability you must actually do an allocation of the average how much go to each of this when you do full viability.

Chairperson then here you will see how tuition fee increases where we did come from fairly low base. But what is interesting is way that we lift our fee increasing and that is where we had very successful engagement with our students in the past. It was always a quite practical. If they agreed to a fees then I say it is okay we will agree of fee increase of 10% or 11%

In exchange for that we will like to have a swimming pool. In exchange for that we will have to like another two or three soccer fields and the proper ablution facilities for visiting teams and so on.

That is something that they go and send back to the various constitutions and that is worked very well to us in the past and even before the 6% Fees-Must-Fall of the previous here we had already signed an agreement with our students.

And our students were concerned when the 0% fee increase came during last year. They said to us that they were very concern about the numbers of residences that we are building and count on this and say has the residences separately and they will pay the increase on the residences if we do not pay the 6% but obviously the decision was takes the residence decision into consideration as well. But it work very well for us to negotiate with students, give us something and then we can agree to something else.

**Adv. MABUDA:** Doctor?

**Dr ZAAIMAN:** Yes!

**Adv. MABUDA:** The last column with 0% is that accurate in a sense that we were told that there was the actually 6% increase that was the study covered by government. Did government not give the university 6% or payment of 6%?

**Dr ZAAIMAN:** That is correct. They gave us once off payment Advocate. And for that once off payment we have keep our budget on 2015 budget for 2016 as well. And the R33.9 million that they gave us we keep in a separate pool and everybody had to come and apply to us. The way that we dealt with that we haven't increase the fees in our booklet by 6% so the fees on the booklet was the same as for 2015 was for 2016 as well.

Our understanding was rightly or wrongly that we had to keep the fees as the same as 2015 and they will just make good on the R33.9 million rends which we then asked various schools in the department coming and apply for specifics coming from us.

**Adv. MABUDA:** So you are not one of the universities that was asked to contribute to the short form? Because ultimately the 6% that paid by government, a large portion was



paid by government and then some of the universities paid the shortfall of what was left over to cover that?

**Dr ZAIMAN:** We are not sure.

**Adv. MABUDA:** Alright. Thank you!

**Adv. ALLY:** I think what Mr MABUDA he is talking about is the shortfall for the 0% increase government found 83% and universities were gonna cover 17%. So from our university did you cover the 17%?

**Dr ZAIMAN:** Chairperson our tittle 6% increase the amount is R33.9 million which we claimed to government and that was paid to us. We did not cover anything.

**Adv. ALLY:** Okay.

**Dr ZAIMAN:** Then the effect to reduced tuition fees, the measures that we take to reduced tuition fees in the fields of studies where this achieved on our side because it was a very tough budget. It wasn't possible to reducing any fees and therefore we haven't made any attempt here to reduced fees. But you also letting my presentation we have got very strict survival kick programme that we are currently busy with.

This give me an indication of private businesses sponsorship the question of that as a percentage of second stream of funding. So you get the indication there on the third line item you will see NSFAS and there is an asterisk on the 2016 column of 10 195 that included 2.5 thousands students in terms of the historic debt that government also made them available. So it is important that we just quantify that.

At the bottom you can just see the second last line, the total number of registration improving up to 10 300 in 2011 to 40 944 in 2016 and the ultimate target is around 90 000 by the year 2020.

**Adv. ALLY:** Doctor?

**Dr ZAAIMAN:** Yes!

**Adv. ALLY:** Just to go through some of the items, you said in 2016, well the second item is government in terms of sponsorships or bursaries. I take it as where government it has to do with bursaries. Are you able to indicate which department?

**Dr ZAAIMAN:** Mostly is Social Work, Education and Nursing id I am not mistaken.

**Adv. ALLY:** Not... well! In your days you had Department of Justice that sponsored students to getting prosecutors as you know the rest of that. Do we have the same? Are we able to say whether Department of Justice has also given bursaries to law students?

**Dr ZAAIMAN:** Ms MGOBO you can go to that.

**Ms MGOBO:** Thank you Chairperson. Yes we do have the list like the Department of Justice they currently funding one law student. We do have list. We do have the details of actually from the Department of the Government which office actually funding who.

**CHAIRPERSON:** Does the province also fund students?

**Ms MGOBO:** Yes it does. Limpopo Education.

**Dr ZAAIMAN:** Chairperson the interesting thing was Limpopo is that our SRC is going to have a very serious discussion with our province because Mpumalanga Province are

actually providing more bursaries. They double number of bursaries to University of Venda student in our own province so that is the issue that we are dealing with.

**Ad. ALLY:** Okay the next item is the issue of Eduloan what is that?

**Ms MGOBO:** Thank you Chairperson. Eduloan is the loan. Apparently they get a loan to pay the fees. Eduloan pays the students at the beginning of the financial year. But the terms and conditions on that loan for it not to have the interest, they have to pay back within the... or the loan interest they have to pay back within 12 months. So is not the same as NSFAS where you will pay as a student once you are working. The parents actually pay the loan while you are still busy studying at the university.

**Adv. ALLY:** But where? Is Eduloan a company or are the Banks from which the parents go for an education loan or for students' loan for the children?

**Dr ZAIMAN:** Chairperson is a legal entity. I know that even the PIC has got a huge shareholding in this one. I had an interesting discussion one day with somebody from the department saying that how can the public investment cooperation investing Eduloan which must provide loans to poor students and they make money out of that for pensioners in government which was just interesting to us. But it is a registered company and it was like ABET.

**Adv. ALLY:** Thank you!

**Dr ZAAIMAN:** Chairperson thank you! The next one is in the process follows the criteria applied to our Financial Aid Office. Our Financial Aid Office is one of the quality university for NSFAS where they are testing the students' centred model. All students and all applications go directly to NSFAS and they are downloaded at NSFAS so that they don't come to us.

UNIVEN is always to send academic results, all students they accept at the end of each year for then to consider when they make final decision for the following year. What we...

**CHAIRPERSON:** - Do you push a recommendation or is a purely factual thing which you are sending?

**Dr ZAAIMAN:** This is a factual one because the bulk of... they don't post in our office anymore matriculates because it directly to NSFAS. So we have no say in those students, they decide they send us less of the particular students. What we do it make available is we provide computer access and assistance to surround students so that they can come to our laboratories and our Financial Aid Office will assist them to do online application to NSFAS.

As far as private are concern students apply directly with them and when we requested by private funders which happened in a number of cases to identify a financial need of students we are normally guided by funders requirements what they require us to do.

**Adv. ALLY:** Doctors?

**Dr ZAAIMAN:** Yes!

**Adv. ALLY:** In your discussion because you said that this is a Pilot within NSFAS. In your deliberation and discussion with them because feedback will determine the way forward. What is your feedback been on this particular system because in your presentation you gave in set one, the problem you have one is in regard to payment direct to the students?

Now this particular online one has its own problems and your students were with you the last time that gave an examples. How was the feedback session been within NSFAS?

**Ms MGOBO:** Thank you Chairperson. On this one what we do we have like... when we went for Higher Education Conference we also went for NSFAS for a meeting in terms of the status up to the applications. So what a NSFAS do on a week basis they send the list of the... I would say like statistics of how many students has applied.

And then our engagement as university is to engaged with SRC and the Communications Department to say "please just help us to make awareness to the Grade 12 student to make sure that they apply for NSFAS. And then I think from their side with the students they engaged directly with the students and they received cooperation.

We haven't received any negative feedback in terms of that they are struggling. From our side when we make computer available we make sure that they have got enough resources in terms of scanning and required documents that are required by NSFAS. There has been no instances whereby they have to follow us directly as an office

exempt that they have given us a statistics and then we follow up and say please make sure that you apply for this financial year.

**Dr ZAIMAN:** Chairperson if I can add to that as well some of the consensus we have and we think it can be achieve very easily. For our students to phone NSFAS call centre in Cape Town is very costly. And students doesn't have airtime and all are the things that we need to deal with.

So one of the small adjustment which we strong recommend to NSFAS and we have taken up with them is just to give limited access so that we are from outside Financial Aid Office. They can just enter into the system and see how far a particular processes is. It is much easier for us on the ground to give feedback to the students as the students to try and contact the call centre and then the call centre can't help and they referred them to somebody else.

So administratively I think this is some processes that we can put in place that can be a little more bit to trust on the Higher Education because we assisted students directly because we don't want a student to be aggrieve to by struggling to get understanding where he/she is on the process.

**Adv. ALLY:** The other issue that I asked about is the issue of paying directly to the students. How far is that discussion was in NSFAS?

**Ms MGOBO:** Thank you Chairperson! That meeting that we had recently in Cape Town we also engaged with the COO of NSFAS confirming what it was said by the colleague on the meeting for the COO's. He said no that has been scratch off because is not going to work with what currently happening outside.

So they will still pay directly everything to the university but they will give us allocations in terms of how much is tuition residence as well as how much institute for the books as well as meals. What they are normally ask from our side is the same information like for the residence, how much is costing for these particular students like they will ask a quotation for the students and then we do send that information.

But they have agreed that they will not gonna pay directly to the students. What they will trying to do as well is that they were trying to have sort of a card were the student will have something like a Credit Card where they can go and swap everywhere but apparently they are noticing like with the entirely card that we currently have the students are also misusing those cards because the card doesn't have limitations.

As long as you are at Shoprite you can buy anything that you want. So they will said that they will still continue with the card system that they have but not like a sort of credit card that they will intending to do which they will going to load money directly to the students.

**Adv. ALLY:** Thank you!

**Dr ZAIMAAN:** Thank you Chairperson! The next one is an indication and we have given that before as well the number of students who get benefited on NSFAS. In the year 2016 you will notice the figure here is lower than 10 000 because there were 2 500 student at the back lock were R139 million for 2013, 2014 and 2015 that we are dealing with it now in 2016

Then NSFAS in an actual course, what we normally agree with NSFAS at the beginning of the year, we agreed that tuitions and residence allowance also that we can assist as

many students as possible. The SRC even had a discussion amongst themselves also and I think 50% of the SRC were very positive to say that why don't we ask NSFAS only to provide tuition and residence fees, food and books and those that can come from family members and so on.

That was noble thought which we thought from the SRC but in a number of the students disagrees with those. So once we have decided how many students can be assistant so then we discussed with NSFAS on how much we are looking. And we also discussed with the students, with the SRC.

So currently they get R1.5 million for 10 months and 1 500 books allowance it sound very low but remember all our students received tablet at the beginning of the year and we have encouraged this strongly that all our lecturing staff and students utilise black pot and there is a huge drive in that direction that we can do online and remote education as well.

University Managers although we didn't have it in a shortfall and then the amount of the university Managers to contributes to tuition fees of the poor and Missing-Middle who are not supporting and we haven't made any contribution to the Missing-Middle. And some of the university money that we have used move up to about R3.8 million for a Vice Chancellors and Merit awards. Those are the amount that we have contributed at this pointing time.

**CHAIRPERSON:** Are this merit awards in fact scholarships?

**Dr ZAIMAN:** Yes.



**CHAIRPERSON:** They are based on how will the students does in his/her academics activities?

**Dr ZAIMAN:** Yes. Those who passing Grade 12 and during their study as well.

**Adv. ALLY:** Doctor you have you must have by now that of the issue of how souls has end between R120 000.00 and R600 000.00 may be considered. In terms of your database at university have you done such a study as to who will fall within that category?

**Dr ZAIMAN:** Chairperson we are busy with that process but we also found that it is extremely difficult because we have never in the past requested any parent to submit proof or any guardian to submit proof or any grandparent to submit proof. So this is going to be a means of exercise to get 15 000 students and the parent to get credible information regarding income.

What we have found is going to be an administrative nightmares to just manage that particular process to ascertain how many of them are below R600 000.00 although what we have sense is by found those kind of students residing in that particular category. Our estimation it is at least between 85% and 90%

**CHAIRPERSON:** You said it is possible to say in the social context of your students? What percentage are employed in the informal private sector as the stream of being salary of the employees?

**Dr ZAIMAN:** Chairperson are very difficult to exercise. I mean the other day we saw one of our former SRC President selling chicken next to the road. So it is very difficult to ascertain that informal trade.in the Thohoyandou Vhembe area is huge.

**CHAIRPERSON:** And Taxi owners?

**Dr ZAIMAN:** There are a lot of transport base on Taxi owners but many of them have owners and they have got Taxis or they have got a number of Buses and so on. So there is also medium class citizens that we will see in that particular area development. But that is going to be the next steam that is be difficult to exercise. But we have got the students currently busy doing doctorate I am supervising them on the contribution of University of Venda to the Limpopo Province as the whole.

The very first, very informal assessment that we have done is that university contribution to the Limpopo Province is about R1 billion and R40 million. So it is over the billion rand contribution that the university is making to the Limpopo province as university.

That comes from the visitors, from salaries, from students' tuition fees, from contractors, from purchasing of fuel, from paying utilities and all of those so that the economic impact of the institution is massive.

**CHAIRPERSON:** Have you been ever done an exercise to determine how many of your students is going to the informal sector and how many go into the salary sector?

**Dr ZAIMAN:** That is requested as our research office to get doctoral students to start with that particular investigation because we think it can be very interesting project and is definitely it is something what we are doing.

**CHAIRPERSON:** It is also possible to determine how many of your students stay within your catchment area and how many leave and go as well?

**Dr ZAIMAN:** Chairperson that is something that I think we definitely need to consider as well but it is interesting about. It is very interesting as well of the prospect that we see in our area. Many of our colleagues that study there and go back eventually they want to come home. You know in the whole Vhembe area you will never see a squatter camp. There is no squatters there. One of the interesting thing is that when I move there for the first time is a very proud people that we have in that area.

I was looking for somebody to assist me in my garden and there was no one to be found to assist you. When I asked somebody that “can you please get somebody to assist me in my garden” they said go to the Total Garage you will find the Zimbabweans to assist you but you can’t find other workers there. It is very-very interesting prospect that we see there.

**CHAIRPERSON:** Thank you!

**Dr ZAIMAN:** Chairperson the next one I give the indication of the picture of the students date flying from the NSFAS shortfall and the recovery. Our students date as 30 September 2016 has amounted to R273 million including previous balances which is amounted R31 million which we handed over to date which we are looking after our date.

They have been able to recovery the amount of R17.6 million. Now date as you can see there as NSFAS was owing us R157 million by end of September. Other bursaries is R6

million and still funded R109 million. So hopefully we will be able to recover the bulk of those before the end of November.

**Adv. MABUDA:** So Doctor could you please indicate what percentage that has been of you fees that you should normally collect. How much percentage of the amount that are owed?

**Ms MGOBO:** Thank you Chairperson! I can quickly calculate because I now the revenue figure but I can just do the calculations.

**Adv. MABUDA:** Okay that is fine.

**Adv. ALLY:** Doctor just to... there is an amount of R157 million and R836 000.00 that you have indicate is a NSFAS students debt. Now...

**CHAIRPERSON:** R157 million is that correct?

**Dr ZAIMAN:** Yes.

**CHAIRPERSON:** Thank you!

**Adv. ALLY:** Now where does this one? And I just want in context of circular 3, how these comes about? Circular 6 not circular 3 because there is three bullets or three items in circular 6. How is this one calculated in terms of the R157 million?

**Ms MGOBO:** Okay! Thank you Chairperson! The R157 million it includes every one. What we have received recently in terms of circular 6 I think it was about the students that we had registered but they had debt that are coming from the previous year. NSFAS they communicated that they will pay R41.6 million however they said they will send us the guideline in terms of how we should proceed in this project.

**Adv. ALLY:** But still how do you get to the R157 million? I am still get a lost. It is historical debt going back to 2010? The reason for me asking this is that the Minister indicated that the historical debt 2010, 2011, 2012, 2013 and those years up to 2015 have been paid. Hence my question of where this R157 comes from? Is it from qualifying students and that is where I assumed. I am just trying to get how you got to this R157 million?

**Ms MGOBO:** Okay thank you Chairperson! On the R157 bit does includes the recent historic debt not the old one. So it is the combination of the two, the current qualifying students and the students that even had the debt even from last year which were registered and NSFAS did not paid all the fees and then the tuition fees for the current year.

**Dr ZAIMAN:** Chairperson if I can assist on that one as well for 2013, 2014 and 2015 debt we had about R139 million debt. On of that R139million we already declined R72 million which is have got fund students. Our students and SRC also assisting us so that we can find the remaining of the students so that we can claim that amount of money as well. And then the remainder of that particular debt our claims that we already submitted on NSFAS which we already claim that as well.

**Ms KHUMALO:** If you say you have submitted because we have people from the NSFAS saying that varsities are supposed to submit but they have which is the non-payment, have you complied with the NSFAS?

**Ms MGOBO:** Thank you Chairperson! What happened I think it was on August there was a meeting with the NSFAS. All the universities we were sharing our frustrations in terms of the claiming the historic debt. Firstly when the list were submitted to the NSFAS it was inclusive of all the students. During the process some of the students they paid their debt. Some of the students they graduated they left the universities.

So what we are explained to NSFAS is that is not easy to get the students to come and just signs, it depend on whether the students they are still interested to still even continue with the because some of them they even left the universities. So from that discussion NSFAS had agreed that they are extending the date until 31<sup>st</sup> of October.

From your side to date we have managed to the forms which are worth like 72 million. They are in NSFAS offices. From their side I think they have recently started with the project of the historic debt. They are not yet paid anything but they promised the universities that there would be money coming in before December but they will started looking at forms that were sent by the universities.

But there was an extension I think the first deadline was on the 31<sup>st</sup> of August but the claim rate was very low. They can did the presentation to the universities then the extended to 30 September is still didn't work out and then they extended to October now.

**Ms KHUMALO:** And then the tracing of the students for the claims are you guys wining ahead quite cumbersome as you can't find another people?

**Ms MGOBO:** Is not easy because I think we are currently sitting at 60% of what we have claimed at that we are 100% sure of because even when the students submit the forms you need to make sure that the forms are in terms of the requirements NSFAS. From your side SRC have help a lot and also the communication centre has help a lot in terms of making sure that to talk to the students that are not at the system of the university. We have also tried the use of emails, private emails as well as SMS's. However and rate as well as UNIVEN Radio. However we do understand that people do change numbers, some they don't have access to emails. That is why we are also asking SRC to even create WhatsApp group to communicate with the students that were previously.

**Adv. MABUDA:** Doctor just before you proceed, are you able to indicate on an average on a yearly basis how much bad debt you write off, the University for Non-payment?

**Dr ZAIMAN:** Chairperson that will be coming in the next two slides if you will be with me.

**Adv. MABUDA:** Okay that is fine.

**Dr ZAIMAN:** Chairperson in the next slide you will see for example the first part we have already spoken about. But then in 2012 we have actually discovered the way back of study in 1984 up to 2008 we had bad debt which the tracking company referred to debt meaning that the people are just untraceable.

The problem that we have in the very old days to recall that under the old regime where the Venda Government that we had those particular students were had different ID numbers. When Venda was recuperated in South Africa all the ID numbers changed and on our system we had the old ID numbers.

When you only have an old ID numbers and just a names it is eventually impossible to trace those. So we written off R30 millions of old date from 1984 to 2008 because it was just impossible to trace those but that does not mean we are not keep on looking the remind on the record if we trace somebody or find somebody and then obviously we will ask them to pay.

Then the second payment write off was in November 2015. Pre 2009 there was R2 300 of R6 millions that we written off. In 2009 there was 284, in 2010 there was 71 and in 2011 169 that was the tittle of R12.2 million. So we clean our balance sheet as well as our concern. I think I have answer your question Advocate.

**Adv. MABUDA:** Yes you does. Thank you.

**Dr ZAIMAN:** Chairperson then the question 0% increase what we have received from State subsidies and if there is any shortfall we have received R33.9 million to cover the shortfall and that cover the total debt that require the requirements that we had.

Then we did the shortfall and what we have done we have decided is just to be careful on filling of positions although Council has approved positions. We were just circumspecting in how we are going to fill those positions because we are not certain what the future will hold.



The measures adopted by institution to increase its budget in the next five years. We have established our third stream income generating entity which is the growth company in 2010. Secondly we have done very consecutive budgeting in our institution upon here.

I have just included these two slides again which we also indicated to you in the previous one if there is a 0% increase and we are not getting any support that we will be going to deficit in 2018.

**Adv. MABUDA:** So Doctor just slide back where you referred to Third Stream income, the last two lines. What is the nature of your Third Stream income and what type of Donnas are we looking at?

**Dr ZAIMAN:** We have got two entities. We have got UNIVEN foundation. Now the UNIVEN foundation are dealing with all the nations to the institution and domain that we receive. Then the income generating company is an entity that provide short courses to the surrounding communities. They get a lot of money from the SITAS. Their turn over in this year is expected to be close to R40 million.

During the course of the year they already have a cheque of R8 million to the university. So this is an entity that paid in the market for short courses. We have got huge support from the National Skills funded as well as from the SITAS, as well as from Municipalities and we train surround the communities.

Secondly is the consulting with what they do. For instance the Land Commission we do servers and so on for them. Then commercial projects, for example we are currently assisting the BAROTA Farming Community together with the School of Agriculture and those are farms that we have taken back and we giving back to the communities.

We and the community going to be a partnership so that we can assist them to really regenerate those farms and make them available like an economic entities. So is a three block approach that we followed to that one whereas the foundation is only dealing with the nations bursaries and so on.

**Adv. MABUDA:** What percentage of your budget is R40 million that you received from the Third Stream Income? The reason why I am asking is because there is a testimony that we received that is the more rural or previous disadvantaged institutions struggle to generate the Third Stream Income. So I am trying to understand what percentage of our budget of the Third Stream Income.

**Ms MGOBO:** It is currently 5%

**Adv. MABUDA:** That is the very small amount compare to. Is the any indication that the amount will grow by any chances?

**Dr ZAIMAN:** Chairperson through you remember that entity was started 6 years ago but we were only able to really kick-start and there were formally lodge at about 2 months ago and in the last three years they have really taken off. And they are having for turnover and that is the target that the university set to them and said turnover of R200 million in the next 3 years.

And it depend on the quality of work that they delivered obviously and the value of money that SITAS get in the course that they are presented. We fell that it a very young entity still if you compare to R3 million. If you look to University of Pretoria I think this is about R400 million on their entity.

But this is massive amount for such a service in the Limpopo Province so we are comfortable with that. We will only hamper by the capacity at the moment so we don't want to grow too fast. So we are appointing people as we are comfortable because they must carry those salaries and benefit and so on. So we grow as we need to rises.

Thank you Chairperson! Then if I move on to the 8% increase tuition, if we get 8% we will be fine moving forward by 8% on an annual basis. Then obviously on the slide, income on the State subsidies and the grant and the total free education in our tuition fees.

If we have free education from 2017 we will moving to a deficit of R472 million. In 2021 the deficit of R765 million. So that obviously we will be very huge institution education if there is not support from other sources. Chairperson if I just...

**Adv. ALLY:** - Hold on Doctor!

**CHAIRPERSON:** What did you said the deficit will be in 2021?

**Dr ZAIMAN:** Chairperson the deficit in 2021 will be R765 million per annum.

**CHAIRPERSON:** So that is effectively what you are asking the State to pay to make up the gap?

**Dr ZAAIMAN:** To make up the gap if there is no tuition fees, yes.

**Adv. ALLY:** If there is no tuition fee increase?

**Dr ZAAIMAN:** If there is no tuition fees at all.

**Adv. ALLY:** No tuition fees at all?

**ZAAIMAN:** Yes.

**CHAIRPERSON:** What about the... we are talking about no tuition fees but will that also make up the gap that R765 million which the last suffer the results of nothing coming in for residence space, books, computers and all sorts of things?

**Dr ZAAIMAN:** Yes this will be total tuition fees as well as the residence fees.

**CHAIRPERSON:** This assume that then you get nothing from NSFAS either?

**Dr ZAAIMAN:** Basically yes because that is a tuition fees.

**CHAIRPERSON:** Yes.

**Dr ZAAIMAN:** So it is only a Block Grant and the subsidies from DHET that we received and now from other support also.

**Adv. MABUDA:** So Doctor you haven't factored in that Third Stream Income because I imagine that is unpredictable.

**Dr ZAAIMAN:** Yes that is unpredictable at this pointing time but we also found. We just want to see what the worst case scenario is. So we have done this as a worst case scenario without any other mitigating factors.

**CHAIRPERSON:** As far as your university is concern somebody has to going to fund R765 million in 2021?

**Dr ZAAIMAN:** Yes.

**CHAIRPERSON:** Alright.

**Dr ZAAIMAN:** Chairperson then obviously we have tried from our side as well and that is how our council has approved. You can see the University of Venda survival kit which we have on the next slide. What our survival kit indicates is that we would like to grow our income by R35 million per annum and we want to reduce cost by R33 million per annum.

So we need about R35 million per annum to survive beyond 2018 and two opportunities arise so...

**CHAIRPERSON:** Sorry! This is basis that NSAFAS to continue to operate as before?

**Dr ZAAIMAN:** Yes.

**CHAIRPERSON:** Okay.

**Dr ZAAIMAN:** So Chairperson that is when these whole Fees-Must-Fall debate started we thought that it is important to do some inspections as well to clean up our own house. So we have given a request to our income generating entity to R14 million annually to UNIVEN and to grow by 20% per annum.

To our foundation to contribute R15 million annually to UNIVEN and grow by 20% per annum. Our research and output to grow by R5 million per annum. Our UNIVEN Radio to contribute R1 million per annum through advertisements. Our lumner and we are very young in establishing lumner chapters but for them to contribute R1 million per annum and grow by 10% per annum.

And then the leveraging suppliers, contractors, service providers, staff to contribute R2 million and grow by 10% per annum. In other word staff currently are contributing toward a base scheme for students and we want our suppliers, contractors and service providers to do the same.

So they are supporting the R8 million to increase into the future which we have asked all these entities to come with plans and to indicate to us how achievable is this and how are they going to achieve that.

**CHAIRPERSON:** Is this prior to be require of the domestic targets?

**Dr ZAIMAN:** These are meet the domestic targets but our Council has approved that. So we have given this challenge to this with various entities and we said to them come up with plans and tell us what are you going to do. Then on the course serving side, manage course a financial model to provide activities analysis obviously staff refrigeration to get R20 million per annum.

Now obviously you can understand the academics where immediately are very-very concern about this particular one. But what we have said to all our staff is “come up with the ideas”. Are the ideas for example where we can merge the departments? If we have to merge the departments to small department we will need one head department instead of two heads department.

For example, the position which we wanted to fill next year that we can postponed and filling at the later stage. The whole issue of insourcing which we have agreed with our Trade Union is that we are not bring in on par mage level as UNIVEN staff. The will be accommodated at sector relate under the Third Stream Income generating entity at sectorial and sectorial conditions of service.

Utility serving to give R5 million per annum and we are strong opinion that they can be massive serving in telecommunication scores. We are also to concern on whether we are charged at the right tariff base on some of the major utilities. So we are busy on that investigation as we speak.

Then we also had serious discussion with our Facility Management Department and said but if we bright better quality (maintenance, equipment, toilet facilities and all those sort of things). If we bright better quality for now it serves you on maintenance cost at the later stage.

Also furniture specifications we had the relooked at those and we think that they can be a serving and also we feel that the existing furniture has been replaced too soon so that is something that we are investigating. As to serving millions per annum we are far away from here but our ICT environment is also up to the scratch that we can do much more. We are escaping instead of travelling up and down.

And then training and conferences that we really have a serious look obvious is conferences and training that we provide the staff and make sure that it is very targeted. That we provide training and if there is any that we have to look at those. So this targeted servings from the above of R33 million. So what we have seen...

**Ms KHUMALO:** So Doctor on the furniture specifications do you maintain an assets register?

**Dr ZAAIMAN:** Yes.

**Ms KHUMALO:** So it is furniture only or?

**Dr ZAAIMAN:** It is furniture and equipment.

**Ms KHUMALO:** And equipment?

**Dr ZAAIMAN:** Yes.

**Ms KHUMALO:** Okay. So if it is added there could be more serving.

**Dr ZAAIMAN:** Yes.

**CHAIRPERSON:** The water and electrical bills for the university residences is paid by the university?



**Dr ZAAIMAN:** They are paid by the university yes Chairperson.

**CHAIRPERSON:** Okay. I don't see any point, any attempt to serve on that.

**Dr ZAAIMAN:** Chairperson what we are doing is if we are talking about the utility servings those are actually what we brought in. We are putting up the heat pumps instead of geysers at all our residences. We also have a lot of solar heating and we are also busy doing research on solar heating to see whether we can use those.

We are replacing bulks with the energy serving and the same as shower caps and someone to see whether we can use those. Obviously those will cause significantly in the residences area.

**Adv. MABUDA:** So Doctor on the first bullet point under Manage Cost, I imagine you are referring to the Support Staff, the Academic Staff because you have to reconfigure Academic Staff that are not compromise quality?

**Dr ZAAIMAN:** I have been indicated as we talked about Admin and Support Staff but the staff reconfiguration if we can reconfigure our schools and probably make them less faculties.

So we have got 8 schools now and you might get four faculties or five faculties or less but they are currently have 6 heads of the departments but less say we have four heads of the department that are moving forward. That is the process and is a debate that we want to open with our academics so we will not compromise quality but we must be open minded to see that do we have an effect that we can cut anyway.

Then the impact on the employment whether the 0% fee increase of 2016 had any impact on an employment. No it did not have an impact on the employment of staff registration.

We used 2015 budget for 2016 and all additional requirement had to be motivated separately so there was probably more than slowdown in recruitment than cancellation of recruitment as we are speaking because there are too many uncertainties in this pointing time that we can say we can proceed.

Then the issue around student staff ratio, we had our student staff ration is not up mule and that is need to corrected our time. You can see in School of Law we are sitting to 1 to 44 and School of Education 1 to 64. So those are the issues that we have to look at. Ten we had the independent assessment on the next slide, the designed staffing needs.

You can see in School of Agriculture we already class to ideal, the independent analysis that are done by our consultants have indicated that most our other faculties and schools are way below the desired student staff ratio. So as council we have taken a decision of say that the focus for appointment will be on the Academic Staff and this is on Admin and Support Staff.

But we take this and we analysed them and we will be very careful on how we move forward and we will also obviously prioritise. Then the income impact of staff remuneration, our views is that we UNIVEN has way back taken a decision that we paid our staff at the 50% remuneration channel scales.

Between us and the Department of Labour we are talking about the possibility of moving to CPI plus other ½% of 1%. Some universities are on CPI plus 3% we tried to see where the content is below that. The guideline set by the Department of Higher Education for staff cost has percentage turnover is between 58% and 62% minus Third Stream Income and Research Income.

You can see at the bottom there that our staff cost in 2014 was 55% and in 2015 was 57% so we are still below the lower band that are set by the Department of Higher Education. If we fill the academic position which we have identified we might move away to about 61%.

**CHAIRPERSON:** Do you provide accommodation for your staff in campus/

**Mr ZAIMAN:** Not on campus but we have 60 staff houses which we maintain and we are currently in a process of building another 38 staff units. We do market servers as well also so the rank of the staff pay are market related as well.

**CHAIRPERSON:** You couldn't explain to our staff that during the process?

**Dr ZAIMAN:** No we cannot, unfortunately the accommodation in Thohoyandou there is no enough for staff members to come and stay.

**CHAIRPERSON:** Is this a problem that other universities have as well?

**Dr ZAIMAN:** I think that is the problem that we have found in many rural universities.

**CHAIRPERSON:** Okay!

**Dr ZAAIMAN:** Because the number of staff members come from far, some of them they don't bring their families for example and therefore they will need one bedroom flat or something for them to stay in but here is the problem to retain staff if we don't provide at least safe and proper accommodation. That is a cost factor that is not supported by DHET at all in financially.

**CHAIRPERSON:** But not a factor that I expect you to have a new university like WITS for example. I may wrong?

**Dr ZAAIMAN:** What do you mean a factor like WITS?

**CHAIRPERSON:** I mean there is factor in WITS budget that they have to bring the accommodations for the staff.

**Dr ZAAIMAN:** I don't think so at all but it shouldn't. It shouldn't be a problem. I know that Fort Hare University, I think the University of Limpopo also has, ZULULAND University also has. I think you will find that in rural universities, I don't think you will find that in the urban universities.

**Ms KHUMALO:** Thank Chairperson! I think the most important part when it comes to the staff accommodation is to try to match your cost to the revenue that you are getting from the staff so that at the end of the day the university doesn't need to pay for them.

**Adv. ALLY:** Please just explain that again!

**Ms KHUMALO:** Thanks Chairperson! I am saying when it comes to staff it is important to match your... I will say the rant that you they are paying to the cost of maintaining that residence that residence that they are staying on.

**Dr ZAAIMAN:** So it doesn't back the initial capital outline Chairperson.

**Adv. ALLY:** Okay!

**Dr ZAAIMAN:** Then next slide I will give you the indication just to the salaries distribution between Admin Support and the Academic staff. The red one you can see the Academic staff and the green one Administrative and Support staff. There you can see that we would like to move the situation to about 60% of our salaries of our academic staff and 40% of Admin and Support staff. And we are approaching that.

Then insourcing we will only do on our invited growth company as sectorial rates that is the one thing that we are assisting as well is to provide some medical and provident contribution for them. So we are going to our next Finance Committee with this proposal which is fully supported by NEHAWU and the rest of the staff associations.

Then the big question on the 1.6 million students by 2030. Do we have capacity on accommodate more enrolments? The answer is No. UNIVEN was initially build for 5 000 students. Despite the multimillion of expansion at University of Venda over the past 9 years we were catching up on back lock.

The number of classes especially the first year students they still have to stand in the classes. Those are particularly to service courses like English Communication, Biology, Maths and Chemistry which is offer by one school across a numbers of schools like Agriculture, Heath, Maths and Natural Sciences.

So we still have an immediate need for 6 lectures halls for 500/600 capacity. And the second large need is the 50 staff officers to release Academic staff. Particularly on support staff is our Human Resources staff and our ICT staff who currently staying in unacceptable condition.

So if a client come to see our HR staff member there is absolutely no privacy to speak to them on personal matters. But Council has committed themselves to 35 academic posts and the commitment of the growth of 10% at annually. Obviously provided that we can afford moving forward.

**CHAIRPERSON:** Can I come back right in relation to the first question hereby capacity? Can I come back right to the question 1 that you have answered?

**Dr ZAIMAN:** Yes.

**CHAIRPERSON:** You told us that there were 18 000 declined and 3 600 roughly admitted and you have told us that the reason for refusal is that they are not meeting the university requirements or not meeting subjects' requirements. You didn't said one of the reason of refusal was lack of capacity.

**CHAIRPERSON:** Yes. That probably is oversight. Lack of capacity obviously. If we have to build for the staff obviously we have to...

**CHAIRPERSON:** -Well! That raises the question, if you have roughly 18 000 declined and 3 600 admitted what percentage of those who were declined because simple could affect not because of academic qualifications or not meeting the university requirements.

**Dr ZAIMAN:** I don't have a figures with me but I can estimate in this side, it could be 20% of those. There is a large number that they tried to enrol but not meet the requirements at all. That is probably the bulk of the applications that we received.

**CHAIRPERSON:** The reason why I ask the question is this "everybody have a free education". How many people are going along and say "well now I have the right of free education, I have got the money, I don't have to pay money, now provide me with the free education". How many will you be turning the way because you simple can't fit them in?

**Dr ZAIMAN:** Chairperson it will be a massive of number that I can't tell you at the moment.

**CHAIRPERSON:** Well! What percentage would you guess on it? Or you can't guess?

**Ms MGOBO:** Thanks Chairperson! I think it is difficult to guess because I think considering what currently happening on campuses in terms of the capital projects, building some of the lecture halls trying to make sure that we have got capacity for going forward we have taken that into consideration. For those lecture halls that will be ready for 2017/2018.

How many students we can accommodate and how many students we have rejected so far because yes they meet the requirements but we don't have the enough capacity.

What we can check is because we also have the list like a waiting list so that if the students which we believe that they are the right ones they don't come we consider on the waiting list so I am sure the waiting list could be the indication that those are students those we rejected but they were meeting the minimum university requirements.

**CHAIRPERSON:** Bear in mind if you are going to have on the basis of free education you will have a large number in the R120 000.00 to R600 000.00 level who will seek admission and then you will have some proportion of the students below R600 000.00 who will be seeking admission as well who were previously rejected because you couldn't fit them in. Does this mean makes you feel the possibility of free education?

**Dr ZAIMAN:** Chairperson if I can try to respond we have got about 238 projected plans and we are currently busy with the R900 million of capital infrastructure and that is for the plan of 19 000 students that we will have by the year 2020. So our strategic plan catered for what the Department of Higher Education has given us as a target of 19 000 students. We have planned our infrastructures role out to cater for those.

If those change and there is a large number then obviously massive impact on staff, massive impact on staff housing and massive impact on infrastructure. If those funding is available then we can increase the 19 000 to the 40 000 students as well. We have got land so that is not a problem but for the reminder is all of these come together, the funding for the infrastructures otherwise we back where we have infrastructure for 5 000 students and we sit with 10 000 which we have in the past.

**CHAIRPERSON:** For gather what you tell me that you really don't have any idea on how many students should require over and the above those number you have planned for this coming 4/5 years.

**Dr ZAIMAN:** No! We only planned as we contacted with the Department of Higher Education. We haven't planned beyond that.



**Adv. ALLY:** In your discussion with the Department of Higher Education and Training, now the issue here has to do with the NDP and the White Paper. Now the Department of Higher Education and Training has come here and said they were because of the economic circumstances they have to change targets as it were. Now your agreement with them was based on what targets?

**Dr ZAAIMAN:** The agreement that we had was 19 000 by the year 2020 and to grow from the current 14 000 that we have today.

**Adv. ALLY:** You got that part. Now what we are trying to get is you know whether the Department of Higher Education and Training used some basis. We know you have enrolment planning and so fold. So each university gets a target from the department. Do you know whether those targets were based on the White Paper and the NDP or based on something else? You just took that number as it is was given to you?

**Dr ZAAIMAN:** I think that number was more negotiation between us and the Department of Higher Education and Training so it wasn't given to us by department but I think it was an engagement between us and the department on what we are able to deal with.

**Ms KHUMALO:** Doctor just on this slide the DT funds is the Earmarked Infrastructure Grant have you been able to access that?

**Dr ZAAIMAN:** Chairperson yes, through you the year the Earmarked from the Department of Higher Education and Training has assistance us significantly over the last numbers of years to deal with this. In my final slide I will give you an indication of the infrastructure role that we have.

**CHAIRPERSON:** Okay!

**Dr ZAAIMAN:** Thank you Chairperson! Then the White Paper and the target that we deal with, what we have given you is we have given you a separate list of all the current infrastructure that we are currently busy with which the amount is about R891 millions of current infrastructure that we are dealing with.

Over and above that there is a need for additional lecture course (Engineering building, Science building, ICT building, Management building and School of Law building) combined the value of R429millions that we will also require moving forward of which we are busy engaging with the department. So the infrastructure, and it is difficult for us coping in Venda because there is long distances that many of the material s must be bought but I thing we are coping.

**Adv. ALLY:** Just to clarify, you said the issue of the infrastructure is where? On another slide or another page? I am not sure where you getting your information for now.

**Dr ZAAIMAN:** Chairperson there is a document that we... not a slide document but there is another document that we also sent to you.

**Adv. ALLY:** That is why I am worried that the one we have received is the estimation of fees payable per annum. Is there another one?

**Dr ZAAIMAN:** Yes. There is one with the heading questions of universities.

**Adv. ALLY:** Oh that one!

**Dr ZAAIMAN:** Yes.

**Adv. ALLY:** Okay! And yours in respect of University of Venda?

**Dr ZAAIMAN:** Yes.

**Adv. ALLY:** Okay!

**Dr ZAAIMAN:** So we just completed that in a column but the every last page which is given up the list of all the projects. On this slide, the last slide.

**Adv. ALLY:** I am afraid I don't have that.

**CHAIRPERSON:** Sorry do we have that one?

**Adv. ALLY:** We don't have that one. The only document that we have or the presentation that we have is two pages that were changed and then estimation of fees payable per annum.

**Dr ZAAIMAN:** You can take this one as well.

**Adv. ALLY:** No we can get them afterward but I am just saying I don't know where you are reading from and we have no insight to it.

**Dr ZAAIMAN:** Apologies Chairperson! But in the slide that we have on question 9 continues considering the 2013 White Paper it start with B and C in the presentation.

**CHAIRPERSON:** Which line is this?

**Dr ZAAIMAN:** The third last line.

**CHAIRPERSON:** Thank you!

**Dr ZAAIMAN:** So the presentation is the summary of what we have indicated on those in this document.

**Adv. ALLY:** Thank you Doctor.

**Dr ZAIMAN:** So that gives an indication of what infrastructure which is a massive infrastructure and obviously huge risk that we also have to deal with on the R300 millions loan from DPSA. Obviously we have to receive NSFAS funding for students in residence so that we can also payback that particular loan.

Then we have got our propose 2017 budget that we also given our indication. I am going to ask the CFO to take through that. You will see the total adjustment column for 2016 are very modest increase in income and the expenditure because of a certain things and what we regard as the council to control the projected budget as well.

**Ms MGOBO:** Thank you Doctor! On the budget for 2017 what we have done we have followed the budget process which normally start on August during the financial year. We consult with different departments and the schools to understand their needs in terms of the following year.

We also review their business plan to make sure that the needs are align with the business plan and it is in line with the strategic objectives of the university. Also what we have done during the presentation Doctor ZAIMAN has highlighted the survival kit for the university.

We have also considered some of the survival kit and that had been approved by the council. We have also considered the capital projects that need to be happen in 2017 however in terms of the costs, the costs has been a portion that means the costs that we will be cater in 2017 financial year.

And then the kit things that we have been considered in terms of the income there will be residences that will be completed which should be like around about 2 400 residence. Then we will be receiving residence fees on those residence. Then also 9 more buildings that we are busy with should be completed in 2017.

Those buildings will also have an impact in terms of the maintenance cost that we need to care in going forward. We have also indicated that we have received the loan from DPSA. From our budget if you look at the finance cost has increased compare to the previous financial year because we need to start paying back the loan as from next year.

So the interest we have got grace period of 12 months on the capital portion and then we will start paying together the interests with the capital on 2018. In terms of the operational cost we have applied the average of increase of 5%. The Management and the Council with are still busy with the salary negotiations in terms of whether it will be CTI plus certain margins.

And then once that decision is reached then the salaries will be affected according to that decision. In terms of the operational cost the budget what the kit thing has been considered there is possible inflation that could be charge to the university by the suppliers however what we are trying to do with our current suppliers is to engaged with them that they are considering Fees-Must-Fall.

They should at least negotiate the inflation, we can't just do things as we use to do before because if we don't have money is gonna be impossible for them to just think that they can just inflect the price as they pleased. Also another thing that affect our budget will be the library.

And then with the vitality of exchange rate we have also considered that if things go wrong on the exchange rate we would have reflected cost in that area and we still need a lot of investment that we need to do in the library in line with the strategic of the achieve of the university.

If I were to quickly share obviously the major operational cost currently that for the university the salaries are number one, the research cost, the administrative cost, the students projects, IE at the beginning of the year we have to buy tablets for them, is plus or minus R15 million for 3 500 tablet that we are buying every year for the students.

The library cost as well are also major cost for us. The printing and stationary as well as the maintenance of the lecture halls considering the area that you are in we have to make sure that our Air conditions are working. With the high volume of students we have to make sure that the lecture halls are clean so that they are able to study on those lecture halls.

**Ms KHUMALO:** So on the tablets do you have to buy them annually and not use the one for last year?

**Ms MGOBO:** Thanks Chairperson! They receive one tablet during the duration of the university. That means if you have receive it at the first year until you finish your degree you will use that tablet. We don't give them every year (the tablets).

**Ms KHUMALO:** So is for the new intake?

**Ms MGOBO:** Yes.

**Ms KHUMALO:** Okay!

**ADV. ALLY:** And what happen to the outtake? The students that they leave they leave with your tablet or do you give to the first? What is the system?

**Ms MGOBO:** There is a Policy in terms of the cancellation. What happen to the tablet if you cancel during the certain period. We try to get them back however also the students they pay for the tablets on the fees so we try to balance everything. Thank you  
Chairperson I think that is all from my side unless there are questions.

**CHAIRPERSON:** Thank you very much!

**Adv. MABUDA:** No further question for me Chairperson and no further questions from the Evidence Leaders as well.

**CHAIRPERSON:** Thank you very much indeed I realise the great work that you have done as we gone in this presentation and we really appreciate it.

**Dr ZAIMAN:** Thank you Chairperson and thank you to the Commission. I wish you the best of all your hard work.

**CHAIRPERSON:** Thank you!

**Adv. MABUDA:** Chairperson with your permission would be a convenient time to take the tea adjournment. I know we run about 30 minutes over the allocated time.

**CHAIRPERSON:** Is your next witness here?

**Adv. MABUDA:** I am not sure.

**CHAIRPERSON:** In the event we take the tea adjournment. Thank you!

**Adv. MABUDA:** How long time?

**CHAIRPERSON:** You will tell us when you are ready.

**Adv. MABUDA:** Okay I will do that. Thank you Chairperson.

***End of presentation by UNIVEN (University of Venda) Representatives***

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## **Presentation from TUT (Tshwane University of Technology)**

**Adv. PILLAY:** Thank you Chairperson! The next institution which we will be looking at is Tshwane University of Technology. I just ask the person who is presenting TUT just identify yourself. Just Say the full names for the record.

**Professor VAN STADEN:** Good morning Honourable Judge and colleagues my name is Professor LOURENS VAN STADEN. I am the Vice Chancellor of the Tshwane University of Technology.

**Mr MAHLALELA:** Good morning Honourable Judge and the Commission. My name is S'CELO MAHLALELA the Chief Financial officer of TSHWANE University of Technology. Thank you.

**Mr MADURAI:** Good morning Judge. My name is THEO MADURAI. I am a Director Financial Controller.

**CHAIRPERSON:** Does any of you have an objection of taking the Oath?

**Professor VAN STADEN:** No objection from my side Honourable Judge.

**CHAIRPERSON:** And from others?

**Mr MAHLALELA:** No objection Judge.

**Mr MADURAI:** Do you swear that every evidence that you will be give will be the truth, the whole truth and nothing but the truth? If you do raise your right hand and say help me God.

**Professor VAN STANDEN:** Help me God.

**Mr MAHLALELA:** Help me God.

**Mr MADURAI:** Help me God.

**CHAIRPERSON:** Thank you very much! Professor VAN STANDEN are you going to start?

**Professor VAN STANDEN:** Yes I will start. I will just do an intro here and I will hand over to the CFO Mr MAHLALELA. Thank you for an opportunity to make presentation here today. Indeed the privilege for us which we will be share our situation at the Tshwane University of Technology.

I just want to briefly mention that we are matched institution to former Technikons disadvantage institution located into Township Tshwane Technikon Northern Gauteng which is been situated in Soshanguve South and North and then the former Northwest Technikon situated in the Ga-Rankuwa and the various campuses in the Tshwane CBD as well as three distance side, one in Mbombela, one in Limpopo or Polokwane and one in Emalahleni and the two side of delivery one in Cape Town and one in Durban and we specialise in policing.

We have around about 60 000 students. Our projections are to grow to 63 000 students. And I think this context it is important because we are fairly new institution as a University of Technology just 11 years old. So when we look at our financial position it is important to notice that we have been through ups and downs.

At one stage TUT was put under administration and we had Administrator Professor TEMBA MUSIYA. He is one of your Commissioners. He was the Administrator at the time. The university senses inception. There was not a single Vice Chancellor who really completed the full complete contract at the university.

There was a number of Vice Chancellors (three to four) who actually all left before the contract expired. That is the thing that we need to put that in context. Beside that it is a reputation, the university with a good reputation in terms of the academic projects. We are offering a wide variety of programmes right from Diploma to Doctorate level full accreditation.

We have higher research output of Universities of Technologies. If you believe in ranking we are the number one University of Technology according to the SHANGAI ratings. We are number 1 in Africa and number 25 in terms of African ratings. So we are also doing very well on the extra curricula side.

We are few people who participated in the recent re-Olympics. Some of our staff members empire there the finals. In Hockey for instance we are the Word Champions Mr MAKOKA. So we are wide variety of people who are...

-We won the Varsity cup recently, varsity cup for soccer in both women and men. So we have a lot of things to boost the university in very areas. I just wanted to contextualise that. Despite the good performance of the university academically and also on the extra curricula side we are frequently portrait as the university that have challenges with strikes and protest overtime.

Last year during the Fees-Must-Fall our university actually being amongst the leaders whose going to the Union Buildings. This year we turn the table around, the university is very stable, we haven't shut down this year.

We are setting an example, you can look at the Media we have already small incidence and some of our campuses but as we speak as supposed to other universities this were fairly stable and we did not actually suspended the academic activities accept for this little extended re-sense period recently.

So currently we are very stable and we are hoping that this will continue. Those with the few introductory remark and I will hand over to our CFO Mr MAHLALELA who is the Chartered Accountant by profession. Thank you.

**Mr MAHLALELA:** Once more good morning Commission and the Honourable Judge! That is the Vice chancellor has alluded. Indeed I am responsible for the oversight function of the university functions and other functions.

Firstly Honourable Judge one would like to say the budget process of Tshwane University of Technology its strategic function of the Executive Management of Tshwane University of Technology is owned, directed, guided including Council at that level. It brings controls and grounds at that level and then operationalize downwards.

It been Strategic Planning. What it means is we have a unit that focuses at re-planning including our portfolio co-join with finance but grounds with directorate. That unit champions the outline of the strategic priorities for the upcoming year having regard to the previous year and other developing issues. Having done the...

**Adv. PILLAY:** -Mr MAHLALELA maybe I can just interrupt you for a second! Just to understand the broader context of what you are describing now. The Strategic Planning Process how often does the university undergoing to the Strategic Planning Process?

**Mr MAHLALELA:** Thank you Chairperson! The university does its annual Strategic Planning twice. At minimum one per year due to ongoing developments in the sector. The major one is to plan for the next year but we do meet if there are new significant developments that we need to reflect on as they adjust or quite adjustment into the finances or the operations of the universities. Thank you.

**Adv. PILLAY:** And your presentations mentioned that the Strategic Planning Process is a functional the Executive Management Committee. Who makes up the Executive Management Committee?

**Professor VAN STANDEN:** I will answer this one. The Executive Management Committee is the Vice Chancellor, Deputy Vice Chancellor, CFO, the CIO as well as Executive Director, Human Resource Management and Transformation. However below Executive Management Committee of the university this is a small Committee looking at the strategic and policy issues of the university.

Due to the size and complexity we have instance below that the Institutional Management Committee comprises of people at management level (Directors and Deans and so on). That level it mainly responsible for the implementation of the strategies and policies and also advice the Executive Management Committee.

Below the Institutional Management Committee there is CMC (Campus Management Committees). The Chairperson of those Committees are normally the campus the campus Director. They also have small little Committee looking at the operational issues and implementation.

And the reason for that is the rest opportunities is at the various side. We have eleven sides of deliveries, are not the same and the opportunities are not the same. And also the development aspects that require attention of the major like Township campuses there is a still a lot of work to be done to elevate that to the Pretoria, the Tshwane side campuses. So it is quite a feedback look form CMC to IMC and from IMC to CMC to Council. And that are more or less on the way they functions.

**Adv. PILLAY:** Just on my next question Professor VAN STANDEN. What is the role of Council in the Strategic Planning Process?

**Professor VAN STANDEN:** What we do is this days we are quite, is quite regulated by the Department of Higher Education and Training. We annually have to submit our Annual Performance Plan and Mid Term Review Plan. What we do is we normally submit our Strategic Plan to Council and that not could that normally we followed with workshop with Council at that level.

So it is a workshop to get ownership and to identify strategic priorities, a Long Medium and for the Short Term period. Is just to confirm to get the ownership and to have transparency at that level.

**Adv. PILLAY:** Can you give us idea of some of those strategic priorities that are dealt within the Strategic Plan?

**Professor VAN STANDEN:** One of the strategic priorities of our university is currently our Human Resource component, the Human Resource of the university. If you would look at the presentation here the elephant in the room for TUT is the salary budget. The benchmark for the salary budget as we all know is between 55% and 62.5% that is the DA guideline.

Our university is currently setting a formal 78%. That is to the detriment of maintenance and buying capital equipment and the rest. So this is the elephant in the room for the university and we have now developed Financial Growth Strategy and in short I will say we are very soon embark on...

-Let's say a right sizing exercising because I don't want to use negative words. Right sizing but be also realising that we need to increase our Third Stream Income because this is where weak with. We have establish this year what we called Business Development Unit at University to improve our Third Stream Income of the university.

The Third Stream Income is almost none existence if you look at our slides. So is both ways, is not about cutting expenses but is also to grow your income because if you grow your income then the 78% obviously we drop. We are not over staff in the academic environment.

Our staff students' ratio is on average 1 is to 6 that is very high for a university that is specialising in science, engineering and technology. This is the normally the case where the staff students' ratio is much lower. So we are sitting with the situation when this aggregating the budget. The portion of the budget 52% of our budget is allocated to support administrative support and only about 48% to the academic project.

Now the benchmark is roughly is also 60/40. A good price is to allocate at least 60% of your distributable of your income what we called the academic project and the other 40% to support. But I need to say do to mutable campuses it requires more administrative than university with one of two sides.

I mean if you look at the spiciness of our campuses they at various provinces at actually put a slight in a corner in terms of administrative support in terms of cutting year down. Okay! So the HR is quite a critical area for us. The other area is to (in better word) label the plain field of the various campuses.

Go to Soshanguve and Ga-Rankuwa you will find the facilities on those campuses. Is a typical facilities like in most the HDI (Historic Disadvantaged Institutions). So is not developed in the level of the Pretoria sides and that is frequently leading to tension.

So there is deliberate strategy from the university to improve the facilities at those, let's call them Township campuses and I am saying this with due respect. So there is a vas different between what you find in Pretoria residences and you will compare that with Soshanguve and Ga-Rankuwa. Our students are talking that there are 5 Star Hotel in Pretoria and 2 star. This is our kids playing with words but they are right. So those differences is creating tension for us. Another risk of obviously...

**ADV. PILLAY:** -Sorry! Can I just have one second also?

**Professor VAN STANDEN:** Yes!

**Adv. PILLAY:** Does that entails Infrastructure Development in this remaining campuses?



**Professor VAN STANDEN:** Yes it remains by large Infrastructure Development. Yes it will be the back locks. The other ongoing priority for the university was also... okay! We got the finances because is linked because we are currently sitting with defensive budget this year of R62 million. if you look back in the history you will see that actually this year for the first time in the history of this 11 year university to have defensive budget and quite significant defensive of R62 million.

Over the past years we used to have break even and some small suppresses. Okay! Our reserves we are one of those universities that not immediately in trouble to speak but if you don't have a proper turnaround strategy which we formulated now we need to steer that. This is like big ship and it takes time to steer it. I don't want to compare it with the Titanic but it is a big ship.

We are steering it in a safer words as we have time. We sitting at with a reserves of about a R1 billion which R400 million or R500 million is reinforce is not staff that can touch. So we need to get this right not to be in trouble here because we are already having a budget for next year and we have especially Council yesterday. Next year we are decreasing the defensive budget from R62 million to about R42 million and already. But I just want to contextualise the defensive budget (the R62 million) it does a lot to do with the Labour Legislation.

**Adv. PILLAY:** Professor I don't want to interrupts you but you have a long presentation and you will get to the defensive budget in 2 seconds.

**Professor VAN STANDEN:** Alright!

**Adv. PILLAY:** I just want to understand because part of the process of this set is for us to get inside into the planning that happens in institution and how that implicate funding. When you said example one of the proprieties which you have identified through your Strategic Planning Process was to level the plain fields amongst the various campuses. When that priority has identified? How does that? How happened? What is the next stage? How do you work out of plan to address that and how does that get fit into your Planning Process?

**Professor VAN STANDEN:** Alright! The typical example is once we conceptualise that prove by Council then we write proposal for funding. An example is we received addition R64 million from DHET this year. This is now to do refurbishment and so on at the Soshanguve and Ga-Rankuwa campuses. We also embark in BBBE exercises in terms of residences. So we are various mechanism to fund the plans.

**Adv. PILLAY:** Professor may you just go back to the R64 million that you received for the Soshanguve campus. What did you? What was the process initiated result in R64 million additional money that you received from DHET?

**Professor VAN STANDEN:** Alright! What we did is that we did an extension in an infrastructure order on the campus. We started with the residences and we actually went from residences' room, bathrooms, showers, toilets, your extra curricula areas, you TV rooms.

And we looked that everything thing and we actually quantify that so the R64 million is not some suck is a very feral exercise by our Architectures and so on and then we quantify that and then we submitted that.

**Adv. PILLAY:** Was that amount applied for R64 million?

**Professor VAN STANDEN:** Yes. As the first round we have received R64 million. We also through our planning receive more money in the IF Funding from the BHET for the Soshanguve and Ga-Rankuwa campuses. When you look at the funding, the bulk of the funding is Earmarked for those campuses.

I must say since the inception of the university those campuses look much better now. You can quantify measure but it is still requires more work.

**Adv. PILLAY:** In terms of your ongoing Strategic Plan, for example those two campuses. At what stage will be at the level where you will want them to be the infrastructure perspectives?

**Professor VAN STANDEN:** In terms of our 10 year plan we already moved quite significantly. We said if we get the require funding which is more difficult these days because the upgrading has the lot to do with more trend bricks. People think these days to invest in universities through other means and they want to return on that, so to get money in for our case unfortunately is more challenge to break here.

So is more difficult but we convince the DHET through our planning and therefore they are designed allocating the bulk of our E-funding to those sides.

**Adv. PILLAY:** In terms of the plan that you put in place to fund the Infrastructure Development of those two campuses do you rely on State funding or will you seek other source of funding as well?

**Professor VAN STANDEN:** Well! We seek other sources of funding. I think the CFO can give an examples here but I have to admit that when you look at TUT the bulk of our funding is State funding. We are not really received large amount from the private sectors and maybe the CFO may have a good example but I don't know about tem and is significant one.

**Adv. PILLAY:** How much is the Infrastructure development Project will be funded from your own funds?

**Professor VAN STANDEN:** Well! As university it is the 10% that we normally contribute.

**Adv. PILLAY:** Just final question around the Infrastructure Development. This 10% that you would contribute will that come from tuition fees or the university increase the tuition fees to accommodate that?

**Professor VAN STANDEN:** No! What we are currently doing is that we are funding in our currently reserves. If I can just mention tuition fees our tuition fees in the UOT sector is the second lowest. If you look at our current tuition fees is the amongst the lowest in the country and you can compare them.

For us unaesthetically and immoral to mark the poorest of the poor to fund that is not something. That is why when we are increasing our fees we are always very moderate taking mindful where the bulk of our students are coming from.

**Adv. PILLAY:** What percentage of your tuition fees percentage income is compare of NSFAS funding?

**Professor VAN STANDEN:** Currently is 45%. 45% of our tuition fee income is for NSAFAS. What I can further say is those are the successful NSAFAS students. If you take all the successful applications in mind then it comprises 76% toward 80%. About 80% of our students will be categorise as NSFAS students however we don't get funding that we required.

**Adv. PILLAY:** Can I just understand what are you saying about 80% of our students population could qualify for NSAFAS or should qualify for NSFAS

**Professor VAN STANDEN:** They qualify but we only get the funding of 45%.

**Adv. PILLAY:** And how do you determine which of the students to provide the NSFAS funding to which of the 80%?

**Professor VAN STANDEN:** Mr MAHALELA can you assist please?

**Mr MAHALELA:** Thank you Honourable Judge. Basically what is happening is there is NSAFAS criteria or guideline of determining the students and ranking them. However because of the limited size of the funding TUT engaged NSFAS on internal process or mechanism to try and fund more students. If you follow pureness NSAFAS process mechanism would fund about half of the current number that we are funding.

That process internally results and we normally get an average base on the current numbers R477 million. If we use our mechanism we are able to fund about 14 000 students. If we use or we adopt the pureness NSFAS process you find only 7 000 or 7 500 in terms of number of students.

**Adv. PILLAY:** Can you please explain what the mechanism is?

**Mr MAHLALELA:** Yes Honourable Judge! The mechanism involve criteria or elements of tuition funding, accommodations, books and meals. Typically on the tuition our rate will be in total for the whole basket would be 36 500. The NSFAS basket as the whole would be 64 500. So you see the other one is like half of the other in trying to accommodate as much as possible of our students.

**Adv. PILLAY:** Can I just understand what that mean? That mean that in relation to NSFAS qualifying students that you lower your tuition fee? Is that what you are referring?

**Mr MAHLALELA:** Not necessarily, we try to fit tuition and accommodation as priority and to accommodate the rest of the money to more students funding in that process. And NSFAS has supported or approved the TUT approach. Last year for example we had total of over 6 000 unfunded students after the full allocation.

Those students were fully qualify for NSFAS but we couldn't give them more but we called them during the year to source more funding such as that 6 000 reduced by year end where sitting about 2 000 students through the other means of further engaging with NSFAS.

**Adv. PILLAY:** So this is a kind of talk slicing?

**Mr MAHLALELA:** -In a reprioritisation to accommodate more than to have more sitting in the university. The philosophy of TUT is that dates are open for learning and we would like to assist in all respects that every deserving qualifying students is in class.

**Adv. PILLAY:** Can you just have an understanding effective to what you called reprioritisation. What is the effect of that on an individual students who qualifies for NSFAS? So in the ordinary course what does that students will be entitle to and then as a results of reprioritisation what does that students actually gets?

**Professor VAN STANDEN:** Honourable Judge in terms of I would like to speak now that the academic part of this approach. This approach is a... when you look at the academic is a detriment of a students because you don't fully cover all the costs. So it could mean that if you don't fully fund residence and food is might mean that your students you might sit with a student that is not worth might be hungry.

So if you don't sponsor the food package it impact on the academic performance and we have realised that. Due to pressure on the system and pressure from students, students are actually pressurising us to assist more than instead of assisting a full package.

So what we are currently doing, academically speaking is not the best way to deal with the problem because this is leading to other issues (social issues).

**Adv. PILLAY:** Before we get there Professor! Maybe we can have to understand exactly what you are doing. In terms of reprioritisation what exactly what the outcome is for the students to qualify for NSFAS funding.

**Mr MAHLALELA:** Basically when I said we prioritise tuition is that tuition will be funded in full for the students the same with the residence will be funded in full but only residences that are owned by TUT. We don't fund the private residences outside the university because those are away of priced.

We encourage all our students, we try to accommodate them without price them to take up the TUT owned residences because of the accommodation within the owned TUT residences. The balance them become (like what the Vice Chancellor said) the lower amount on the books and the meals. So to say we are in trying and balancing...

**Adv. PILLAY:** -Sorry! The first one you said books and what was the last one?

**Mr MAHLALELA:** And the meals.

**Adv. PILLAY:** Meals?

**Mr MAHLALELA:** Yes.

**Adv. PILLAY:** Okay.

**Mr MAHLALELA:** That is why the Vice Chancellor said suddenly we will just starving the students.

**Adv. PILLAY:** Can I just understand? In relation to books and meals does that means that students get no funding in relation to books or it is reduced funding and the same with me also?

**Mr MAHLALELA:** Basically what happen is with those two classes it does not get the full funding like the first two. It is a limited scales. For example books is about R4 000.00 and then the meal is R20 000.00 but not the full pack of it.

**Adv. PILLAY:** When the students specifically the poor students who can't afford meals from any other sources and then NSFAS allocation they reduced NSFAS allocation has run out, what happen to that students?



**Mr MAHLALELA:** Honourable Judge those are the categories that in my earlier presentation I said last year they were about 6 500 which we then engaged NSFAS again. Personally myself with my team we went to a Cape Town to meet with NSFAS the CEO and the COO in the finance team to NSFAS to table the request for the additional support.

They did give us some additional money to reduce from the R6 000.00 to about R2 000.00. Some other funds that remained on portfolios e.g. other bursaries, we meet motivations to those bursaries schemes to foster funding from those elements and those assistant.

We could not assist the whole lot due to the funding too because of our deficit. The own internal fund for bursaries were so limited that we could not assist all the whole lot of students in that current year.

**Professor VAN STANDEN:** Can I just add that we have established scholarship and bursaries fund pertains at the Deputy of the Higher Education and training and our Chancellor Mr GWEN RAMAGOPA. And various stakeholders ALONA and so on are contributing monthly to this fund including university management labour. So this fund is stately growing, I don't know the exact number currently.

It might be around 5 million but is in a term from university from our side to mobilise funding for poor of the poorest will be like a growing scheme. And we have Merit Bursary Scheme for those students who are excelling and we make R20 million available for that fund.

**Adv. PILLAY:** Just on that Professor, eligible access of bursaries and scholarship fund is that based on need or is based on merit?

**Professor VAN STANDEN:** There is a merit scheme that is a separate one where the part of the tuition fees or students we are creaming of these R20 million so that we reward to satisfied the students who are performing. But the scholarship and bursary fund will be like almost using the criteria of NSFAS. It will really go in to allocate the poorest of the poor.

**Adv. PILLAY:** In terms of the percentages how many students do you think you will be able to accommodate in these scholarship and bursary fund?

**Professor VAN STANDEN:** Well! Mr MAHLALELA?

**Mr MAHLALELA:** Honourable Judge the basket of all our bursaries annually who was around 3 to 3.5 percent. All the basket combined that turns to be 46 million but there is a lot of basket for those bursaries involved there including FUNDA LESHAKA, our own funds, etc.

**Adv. PILLAY:** Thank you. I will take you out of stride in your presentation. Maybe if we can just go back to your presentation in your Strategic Planning Process.

**Mr MAHLALELA:** Okay.

**Adv. PILLAY:** You mentioning in your slide that the EMC identified the priorities which you dealt with and performance targets. Maybe just talk about what performance targets are and what informed those targets?

**Professor VAN STANDEN:** I can just give the intro here Honourable Judge. This whole process of determining identifying strategic areas is due to performance management system. So in terms of the Vice Chancellor there is a Performance Management System of the EMC members.

What we do is beside the normal Strategic Planning which is prioritise those issues and we formally performance management in a developmental way. So there is a system in place where the Council is looking at my performance through performance system and likely the same wise as EMC members. Just to give an example so that they are really focus.

When we identify strategic priorities there is a very clear budget link ward and we normally don't have a long list of the strategic priorities that it is basically up to. Even if it is seven then is many so we are normally look at about five also and then we really focus on those issues. In our Executive Management Committee agenda outstanding item where the various members are frequently feedback.

**Adv. ALLY:** Professor! I think what you are getting to is not your Personal Performance Plan. Ms PILLAY she is getting to in terms of our strategic session you get to an enrolment plan that you started where you get from the Department of Higher Education and Training. That is a performance plan that you derived from that and then it goes down to each and every person officer.

So in terms of your Strategic Planning you get something from the Department of Higher Education and Training and this is where Ms PILLY she was driving you to where you continue next not to your Personal Performance Plan in terms of the priorities but how you take the department or agreed performance targets into your own plans?

**Professor VAN STANDEN:** Well! That Students Enrolment Plan is one of my areas where I have to account that is why I started there. I am automatically accountable for the reaching of the Students Enrolment Plan as the CEO. So this plan is cascaded to the various faculties so each Dean has a target in a various fields and they are accountable to reach those numbers annually.

**Adv. PILLAY:** In terms of your... if we are in Enrolment Planning now. Just to understand how the Enrolment Planning Process works within the university. Who determine your kind of enrolment targets and extra?

**Professor VAN STANDEN:** Is quite a process. It starts with a programme label, the departmental label, faculty label. Overall we have the Students Enrolment Plan that are approved by the Minister but it is not something he dumped on us. It is something that we compile and he automatically agreed or disagreed and it covers a various categories.

In our Students Enrolment Plan we need to enrol about 42% of our students in Science, Engineering and Technology. That obviously these aggregate is going to Engineering, ICT, and Health Sciences in the faculties. Then there is the area of management in Humanities. There is a percentage let's say 30% in other Economics and so on.

So it is well inform scientific approach considering at the lowest level at the university. The infrastructures are available, the Human Resources available and so on. And also in line with the Programme Qualification Mix the SCP is estimated the link with PQM. So as we enrolling the students we are actually performing or trimming this plan to what the need as it is agreed with the Minister. So there are various levels of accountability in that plan.

**Adv. PILLAY:** Can I just understand? Once your Enrolment Plan has been approved by the Minister, what steps does the university employ to ensure that the enrolment match up to the plan otherwise doesn't either under enrol or over enrol?

**Professor VAN STANDEN:** Here we have very sophisticated approach. In other words when we have open days at the university, what we then do at the faculty level each faculty at the departmental level exactly make sure that the number that enrol. By August of the year we already have a good indication whether we will reach our target. Just to give an indication we get about an average of 100 000 applicants to be enrol for 15 000 spaces. So those things will be distributed at the disseminated to faculties. They have applied all sorts of criteria or mechanism or to identify these necessary students. This is feedback to the intro system to the registrar so that when they click off the button a Vice Chancellor or CFO can see while we are busy with registration the numbers. So in the case of TUT we don't likes numbers because we have these 100 000 students who wants to be enrol in 15 000 spaces. We never have that chance. We are a challenge of getting application that we can handle. And all our applications is online. We don't accept walking. Everything is online.

**Adv. PILLAY:** Jus in terms of your enrolment numbers and your probably Medium to Long-term Planning, what target do you use for your enrolments numbers?

**Professor VAN STANDEN:** We have a 5 year plan. For instance the current plan indicate that by 2019 we need to reach 63 000 students. We are currently this year in 2016 at 59 000 students and it almost 60 000. So on average for the next 3 years we will increase the headcount by 1 000 but link to specific fields of our specialisation.

**Adv. PILLAY:** Can I just understand the policy reason for increase the enrolment over that period of time?

**Professor VAN STANDEN:** Well! At TUT the policy actually directive of how we grow and the agreement is coming from the National Department of Education. They have a national Development Plan. Currently university education is about a million and they want to grow this to 1.6 million at about 2030 so each university is making a contribution.

When we made the TUT by nature we are inception of big university. So our growth is also then linked to our ability to grow. We would not agree to grow or increasing areas where we don't have the required infrastructures, staffing and so on. So it is a very scientific process where you grow, where you can afforded and also link to our quality circle because as a big university faculty of Engineering is 10 000 students.

The council of South Africa has overseen that. They also wouldn't you. Likewise in the Health Sciences we have got Nursing and so on, Pharmacies and so on, Dentist Technology. All of that so all of that you will allow to growth at the proviso that the quality Council will also accredited you.

**Adv. PILLAY:** If I can just understand correctly Professor, you are saying the period of it from the department that they should be growth in the enrolments?

**Professor VAN STANDEN:** Yes. In my experience not only at TUT last year when we started to face some challenges (financial challenges) we wrote a letter to the Minister of Higher Education and Training. So he invited us to a meeting with a big team of people, the experts. Myself and the Chairperson we engaged them and we indicated to them that as much as you want to grow our resources in terms of the first time having a deficit budget.

And the challenges that we have that we might consider not growing so fast so probably also indicate that in terms of events almost unforeseen like in labour legislation we find ourselves in a financial position that we could not foresee few years ago like labour legislation that is impacted and insourcing. That is a big issue.

**Adv. PILLAY:** What was the respond from the Minister and the Experts?

**Professor VAN STANDEN:** What they have done is they have assisted us and we have a look at our Strategic Plan. The Strategic Plan in terms of our Enrolment Planning in terms of Students Enrolment Planning is a very technical plan. Just very briefly you headcount of 60 000 you can translate that in fulltime equivalent and that might be in our case 45 000.

And then each of those programmes are in a funding category. If you are in a Science, Engineering and Technology you can get also Teaching Input Unit. All those things has values. If you are not on top of your game you might reach 65 000 students but might enrol for 30% these subjects so then you will miss your target. The university was penalised last year with R31 million because we didn't reach our Teaching Output Unit.

And then also in terms on the enrolment we were supposed to have 60 000 Teaching and we came in at about 55 000. For the first time in the history as far as I now we have been penalised for R31 million. So we went to the Minister and said Minister did you know what have been under the administration. When it came out of the administration is about your image.

When certain people look at about sketchily about university and some of those things were not on the control. What the Minister did was later on assisted us in terms of the penalties. He made it better easier for us to say okay we will check you next year and what are your plans to get out of it. So what I want to say is that the Minister and his team (the bureaucracy) were very helpful.

**Adv. PILLAY:** Before you move on I think it is important that we can just understand that because we have the tearing as far. If you do under enrol that the department will clue back some of the Bloch Grant Funding that has been placed on your Enrolment Plan. Can you just explain the TUT experience last year?



**Professor VAN STANDEN:** We have been penalised and the evidence is there severely. Actually we have been penalised two times. We thought, I mean I am long in university and I never thought this can happened but the Minister was staff anise to penalise us.

**Ms KHUMALO:** I see on the slides going forward, I don't know if you are following the presentation as it is. On the TUT funding resources Earmarked Grant is 7% in 2012, 10% in 2013, 11% in 2014 , 12% in 2015 and it is 12% this year. Is it that because it is quite minimum?

**Professor VAN STANDEN:** No! The subsidy was cut by R31 million. The Block Grant, we have cut there of R31 million.

**Ms KHIMALO:** Is it the Earmarked Grant are not the dependant like you first get the 20% and then the rest is depending on whether you are following through? It is not like that?

**Mr MAHLALELA:** Earmarked Grant is the rein fence one specifically for the function of programmes. The Block Grant is the one that funds the operational activities of the investing which you look at the trends. Hence the Block Grant is been going down from 93% to 88% when we are talking to the penalties as well.

**Professor VAN STANDEN:** The typical example of the Earmarked Grant which will be the current Developing Grant, Research Development Grants. There is a number of grants that is Earmarked which you cannot use for the day to day operation of salaries.

**Adv. PILLAY:** Professor Can I just ask you to go back to Block Grant funding? You have just testified that on two occasions that you clue back to the department in relation to the Block Grant Funding. I did however pick a document for... according to this document in 2012 to 2013 there was a substantial amount. I think was probably around R18.48 million that was given to TUT that had been in fact been clue back than other universities. Does that ring a bell?

**Professor VAN STANDEN:** I am supposed to be count during those time. Those two years has been up and straight at Walter Sisulu University, I am not sure whether Mr MADURAI because the CFO was recently appointed, I think Mr MADURAI can respond if you say it is okay.

**CHAIPERSON:** It is okay.

**Mr MADURAI:** Yes Judge. There was a time when we did get special Teaching Input Grant. I think it was around the time 2011 but I think it was for one year if I am not mistaken. However the penalties, the first penalty that we have got in 2015 and you will see that percentage drops slightly. As we got that funding that percentage were be closer to 89% in 2014. In 2016 then the penalty was more than the penalty was for 2015.

**Adv. PILLAY:** I just want to understand because you are just trying to work out exactly how this work. So the R18 million that was given over and above your usual Block Grant Funding.

And it was apparently the transfers was made to it was allocated to you owing the substantial decline in funding Teaching Input Unit to give numbers to 92 000 in 2013 to 83 000 summary in 2014. So because of the decline in Teaching Input Unit these amounts was given to TUT. Is this over and above your Block Grant Funding?

**Mr MADURAI:** You see during our time we never meet an Enrolment Plan. The time was in 2011 maybe in 2012 I think we were below the 65 000 Teaching Input Unit at TUT. So what happened is that the Minister funded us up to the maximum amount even although we didn't meet that Enrolment Plan target.

I think that is the different that you are referring to. It came like a special grant. I think we show that at separate line if I am not mistaken in the budget during that year. I hope I am answering your question.

**Adv. PILLAY:** I think I get the explanation Sir. That amount that you are referring to is the amount which has been clue back to from other universities who were been under enrolled?

**Professor VAN STANDEN:** I don't think that is something that we can confirm. We get funding and where the Minister get it from it will be arrogant for us to say something about...

**Adv. PILLAY:** I think it something that is reflecting in the Financial Statement of the department that the nation has been given. If you can then Professor go to the meeting where you express to the Minister and his Experts that you may have to cater your enrolments because of your funding constrains. What was the respond from the Minister?

**Professor VAN STANDEN:** We have given an opportunity because the new planning cycle kicks in now to revise our targets. Indeed what we have done is to at the more expensive areas (AST) and have slightly streaming down in that side to maintain quality and standards.

He gave us in that way to say “okay you are already massive university, maybe you take it a bit slower because we are just out of administration and just established”. So he allowed us on that.

**Adv. PILLAY:** And then you were dealing with the Enrolment Planning process generally. Alright! Let’s go back to the slide, I think is the one of the concern raised by the Commission to say we should stick to the slide. I think we were dealing with the budget process.

**Mr MAHALELA:** Honourable Judge I will pull back to slides and move forward. After the steps of the Strategic Planning Process what then happen is firstly within the Finance Department I then set up Budget Task Team.

As I look at earlier on this Task Team includes the Executive Director for planning as well, including myself and my colleague next to myself (Mr MADURAI) who is the Director of Financial Control as well as the EDHR. This year we have included the EDHR and another Director from planning as well called Strategic Management Services.

That Task Team is due to the context of the university which the Vice Chancellor earlier on alluded that we have multi-provincial footprint. Because of that we have tried to ensure that the budget its stakeholder informed and more consultative in its approach.

From that perspectives Judge we then engaged the Strategic Management Team jointly which includes Finance and the Planning Team to draw up the marker plans that drives that budget which culminate to projection's base on the current year. In this case which would have been 2015 up to the August that year which is the actual versus its budget.

That fits into the various environment into the university which then given an opportunity to engage based on developments informing the upcoming year in terms of activities of funding requirements including reprioritising funding activities of their budget line and their call centres.

Once that is done and given to the environment it rolls back to the Budget Task Team which then consolidate reviews, further plans sessions by environments of engaging the budget. When I am talking about the budget Judge I am referring to the expenditures which includes personal (our cooperate expenditure). When we talk about cooperate expenditure we are talking to the big plan of energy and related expenditure apart from your normal apex.

Individual sessions are planned through set meeting where we sit e.g. environment where the period of 1 and half hour to 2 hours interrogating and engaging those departments. With the view which is adopted in our budget approach which is zero base budget or activity base budget to say that you are not budgeting as a fact base approach.

But we want to hear you, what are the priorities that the operational plans that you have been seeking to funding their upcoming year. So they make presentation costed, discussions to the certain extend that some activities reviews or even decisions of roll back reprioritisation and cuts are then taken.

And that culminates to a draft budget which will fit to the Executive Management Team of the university which further deliberate reviews. And even send back for further considerations if it so deems that under the current environment like we are in the deficit that we are not realistic with the priorities.

We have done that process, we have recently done one that informs 2017. We have done the same in 2016 in trying to assist the university fund its programme of their academic project and support cost within the spectrum of the limited resources that we have. That is the key aspect of the budgeting process.

Once that is considered and recommended by the EMC for council. Under the council of the governance we have the committee of the Finance Committee of the council which organogram the budget goes to that committee (sub-committee of the council) and get engaged, reviews considered.

And for further other measures of control including efficiency programme because the budget cannot go alone, it has to go with some measures to assist recovery of e.g. in a case of deficit that we pull back out of that deficit position. Last year we have identified some measures which in the current space we are now considering them into the big Macro Financial Strategy and turn around that the Vice Chancellor alluded to.

**Adv. PILLAY:** My I ask a question? In this slide you said that you make a calculation based on available revenue resources. Is that limited to the subsidy from the State or do you include tuition fee and probably or possible NSFAS allocations?

**Mr MAHLALELA:** Honourable Judge the income as you saw on the slide is formed by the three broad lines, the subsidy, the tuition fees and other sun re-fees and the Third Stream Income as small as it is but it is also been grown gradually.

**Adv. PILLAY:** So in other words three Streams Income that can be taken into account when you makes your calculation?

**Mr MAHLALELA:** Yes.

**Adv. PILLAY:** Sorry! You said you subtract the Earmarked portion of the funding from the calculation. Here the other process is available maybe a Third Stream Income. So how do you deal with that?

**Mr MAHLALELA:** Thank you Honourable Judge. Indeed the budget because it is mainly focus to fund the distributable part of the activities of the university. You reinforce or separate the Earmarked funds because those are designated. The focus to the distributable aspects of the budget is to ensure that those are the monies that the university by the authority of the department and council can utilise to fund operations.

The Third Stream Income aspects of it their policies is in place where there is approved council shares split which currently as we sit as the SLP (Short Learning Programmes) is the 10%. We are currently making some review considerations given to the environment that we are in to assist with to eject more in the operational budget or this stable budget.

**Adv. PILLAY:** But you can have Earmarked portion in First Stream and Third Stream Income. There could be Third Stream Income that will also Earmarked?

**Professor VAN STANDEN:** Yes they are Third, they are Earmarked Funding. Third Stream Income funding becomes Earmarked. Often income you get from companies for research and the other projects. Is like Trust Fund.

**Adv. PILLAY:** I just want to understand, in relation to the point under A that DHET subsidy is calculated to government framework funding base on the PQM. Just a question around your PQM process, do you ever have a look at your programme mix and assess whether this all programmes are efficient or cost effected?

**Professor VAN STANDEN:** Yes. We are currently using at the university, we have recently implemented the business-like approach. What does that mean? We offer Mechanical Engineering (the three year programme). You can calculate your income through your Teaching Input Unit over the three year and projected to tuition fees.



So it is possible for either the department to calculate its income very precisely. And then also look at the expenditure site staffing and other expenditure. So what we are now doing for faculty in terms of we have now implemented the decentralise management. When we look at unfortunately we have to do it now, we manage like as a business because this is how the government is doing with us.

So if there is a faculty or the department is not breaking at least even this however still in the faculty the cross-subsidisation and the ideal ultimately is the foreign department like mechanical engineering and for the programme that is balances the project it does not balance that previously.

**Adv. PILLAY:** I just want to ask a question on that because I am just trying to understand what policy perspectives. How much tolerance is going to the system? For example how long are you prepare to cross-subsidise a programme which is not cost effective? What are the factors that you are taking into account to deciding whether to continue?

**Professor VAN STANDEN:** This is very typical of the university. Is a very slow process. Once you have enrol the students as part of a group, let's say in an engineering mechanical you have a contract with them. You are sitting with a group coming in year axe and we have to see them through. So you need a face out plan, you need to inform the students. Is a very sensitive programme so unfortunately is a very turn around.

For a three year programme students in terms of policy and let's say a five year to complete the programme so you need to make provision for that. So getting out of the situation where are not breaking even it is quite a process and it takes time, there is no shortcut there.

**Adv. PILLAY:** The part of practicality of having students enrol in a particular programme, what are the factors do you consider in deciding whether or not to reduce cut out of the programme?

**Professor VAN STANDEN:** Oh yes! The main thing is obviously economic need of the country to human resource need of our country. Our CSP or PQM inform by the human resource need in South Africa. That is why we focus on certain areas. So you will hardly rather in area where the so called cash care programmes (I am sorry to mentioned that). Is those areas where you know that unemployment is the is the challenge or...

-So you could rather look at areas where there is almost and over production (sorry to use those technical words, I don't like to talk about people and training at education).

But you will rather to say the country is in need of the Engineers, Nurses and so on and rather than instead of.

But if there is a section generating the require income even in Humanities and so on. I am not saying Humanities is not important but you will rather the tolerance thre will be less.

**Adv. PILLAY:** Can I just understand from Institutional Autonomy Perspectives? What extent does the university have the Autonomy, the freedom to decide its PQM and make commercial decision in respect of this PQM?

**Ms KHUMALO:** Before you respond! Just to follow up on that, I just be wanting to know whether the control measures is then Audit Committee or Finance Committee that controls this process at that point?

**Professor VAN STANDEN:** There is at the governance level we are almost killing at the TUT. Besides the Planning Committee there is a planet and the Resource Committee would like to see the budget. The Planning and the resources Committee will look at the master plan and aspiration of the university and so on.

Then there is an Audit in this Committee who is looking at those all aspects. So it is a multi-disciplinary approach taking PQM and your plan through. Finance Committee is the easy one. Is very mechanistic and straight forward but the other ones are asking the more difficult questions in order to risk in planning and resources.

**Adv. PILLAY:** Just to get back to the question about PQM. I am trying to understand what extent the institution has the freedom to take commercial decisions in respect of the programme in this process?

**Professor VAN STANDEN:** Well! There is a lot of freedom in my view because when you initially consider possible PQM for the university you take it through the entire process at the university through which I call washing machine. The department obviously having in mind the inspiration of the country and the needs so you have that freedom.

I have not in all my year at number of years at the university where the DHET will force you to go to the particular direction. Ultimately in terms of governance your senate is your highest academic, is a governance body. It is even difficult for council to turn down the decision from senate. Normally will rather refer it back. So I have never experience a situation where you have been force by DHET of programmes not even 394 I have never seen that.

**Adv. PILLAY:** I think you are still at (a) of the slide!

**Mr MAHLALELA:** Honourable Judge I would also like to say that apart from the expenditure the university has got a council to approve investment strategy which also seeks to improve that part C general income in terms of the investment returns. The purpose of the...

**Adv. PILLAY:** -I am sorry Mr MAHLALELA! I don't want to interrupt you, you are done with (a) because I have a few questions on (a)? And now you just approach the Block Grant Funding.

**Mr MAHLALELA:** The key issue on (a) is mainly to say our grants are driven indeed from the CPQM and which therefore culminate to the Teaching Input, Teaching Output, Research, Institutional factors as well.

**Adv. PILLAY:** Can you just start with Teaching Input and the teaching Input portion of the Block Grant Funding? What I want to understand in the institution, do you have discussion how you optimise what you get from Teaching Input in terms of your Block Grant Funding and how do you operationalize those discussions?

**Professor VAN STANDEN:** I will come in here. We have got a mechanisms where the value of the Teaching Input is not a constant. In fact I want to mention this to the Commission, the Teaching Input Unit over years never re-increase. That is one of the reasons that we are underfunded but we have...

**Adv. PILLAY:** Can I just come to that Professor because it is very important point? Maybe you can just explain what you were talking about the value in concern for the numbers of years. Just tell us exactly what do you mean?

**Professor VAN STANDEN:** The Teaching Input Unit, my memory tells me about three years ago it was roughly about R10 000.00 for the Teaching Input Unit. If you look at the university the High Education Price Index of the inflation that is higher than the CPI. The CPI let's says is around about 6% and the Higher Education Price Index is about 8% Now if you look at the university like us the Teaching Input funding is what it says is input, tri-put, output. This is the input funding, about 57% of your income is the input size. Our Teaching Input Unit is what we called waited FTE. So ways for Science, Engineering and Technology is a heavier weight than these areas.

So the fact that if us that we are sitting with (let's say) 40 000 students in SET where you need the state of the arts equipment starting at technology. So the require funding at the Teaching Input size did not increase in line with the CPI and Higher Education Price Index. So on an annual basis we are getting poorer and poorer and the funding is eroding our ability to deliver quality education (relevant education) because we have to do more with less.

Also cooperate account like CFO mentioned we are importing our equipment. We are competing with the rand-dollar exchange. Our overhead electricity ESKOM. So when you look at all those increase of running a varsity and the income requires comes from the State. I think the State with due respect lot stanch with the funding required to run in particular Science, Engineering and Technology programmes.

The bottom line as if you can't in our equipment train Engineers (sorry I am understandable I am always go there) but you can't do that. You might be a Philosopher and you can forever talk philosophy, you don't require equipment and maybe you can just hold out. I am straight now!

In Science, Engineering and Technology if you want to be competitive we need the state of the art. For the big university like us having in almost all the discipline (Mechanical, Electronics, Architecture, etc.). We offer all those programmes and many to the doctoral level.

So if we don't have a serious injection in those areas you can call these areas whether equipment and so on. Also the other challenge for TUT as well we are here in Gauteng in Tshwane, let's say Gauteng, the competition here is severely. Staff are moving between us and UP and WITS and UJ and VUT.

You don't event to relook at it. So is a competition of salaries. What I have noticed this is I am asking myself the question of "why is the State are increasing Earmarked"? I will tell you why. The planning and steering mechanism from the DHET slowly maturely, they are planning for you and then they are steering.

You can see in your income, your income is dwindling. The money there were discretion is dwindling. They are frequent new projects like in gap. I am going to be straight in this so called in gap. They crept of your own money and they put in into in gap. They re-earmarked so that you are force to do certain things. I am not saying that they are intension are bad.

**Adv. PILLAY:** I understand Professor. What is wrong with that concept of moving money from Block Grant to Earmarked Grant with the view to steering?

**Professor VAN STANDEN:** We are undermining Autonomy and Freedom in my view because we have listen less space for Mino vary because we are after all state university and that income. So when they fund you or whether they steer you has a serious impact at the university. I am not under sector.

**Adv. PILLAY:** Can you just go back to Teaching Input, are there any special initiatives which the university is employing in order to enhancing this Teaching Input Unit?

**Professor VAN STANDEN:** The Teaching Input Unit, the only way where you can optimise your Teaching Input Unit is to meet your enrolment targets. In other words you need to be mindful that you might enrol 60 000 students but you will shortfall on Teaching Input Unit. So you need to take your headcount enrolment, you need to translate that into FTE's.

You translate the FTE's Teaching Input Unit into the funding grant because in your planning there are the three numbers, the headcount, your required FTE and Teaching Input Unit. So as you fast asleep you think enrolment sis good but you translate that to FTE's and then Teaching Input Unit.

If you do that exercise then you might have to decide I need to increase my enrolment to get more head so that they are increase FTE's.

But if you does not do that that is what TUT does not do. They was fascinated by bodies instead of this aggregating and looking at the technical things. So is a very sophisticated approach which your academics are not always top of. You go to psychology lecturer or your staff in the Arts Faculty they are not interested.

When you talk of improving Arts and Teaching Input they don't know what Teaching Input Unit are. They want to sing and play the piano. I am serious, they are very good and intelligence people. So the technicalities of the funding framework in my view is unnecessarily complicated. These things is very technical how it is work. It is extremely technical.

**Adv. PILLAY:** Professor if you can go briefly to Teaching Output, that portion of the Block Grant. Are there any specific initiatives which TUT is employed to ensure that they get maximum Teaching Output Unit?

**Professor VAN STANDEN:** What we annually have is DHET is using all sorts of concepts. One is success rate. That has a definition, you can't compile your own definition is for the system. A success rate mean year to year all you subjects (the thousands that you have) the students has passing them. Then they say the benchmark for success rate is 80%

Obviously when your own university like us is sitting at 74% then you now on the subject basis if you don't move not to the lower standard, to the 80% your income will be.



So if your success rate on year to year basis, if you are under performing you will not have the desire graduation. The more subjects you are passing then you can graduate. So there is a conscious decision within the interventions. We have Academic Development Unit looking at reading, writing, and psychology issues. You know what package view when children are coming from to improve your success rate. So we have that in place but we also do it as a graduation. We do what we called tracing studies impacts studies.

So on graduation even afterwards we already where the students is graduating he/she is completing there are questions there “are you employed, are you creating employment”.

So we are using that and we are making use of what we called advising committees. So when you determine the curriculum of Electrical Engineering University is not just sitting under the tree and think what the curriculum of Electrical Engineering is. Students that are completed so that we look at the relevancy of the content of the curricula and so on. We are in touch with that and I am not saying we are doing perfectly but it is attempt to be very relevant.

**Adv. PILLAY:** Can I just ask you around Academic Development and the Unit that you mentioned? Specifically what kind of the initiatives are introduced and have been this costed and what kind of cost implication do they carry?

**Professor VAN STANDEN:** We are currently having three major units in academic.

- (1) The Curriculum Development Unit,
- (2) Students Development and Support Unit

(3) And the Teaching and Learning Unit with technology.

On line all of that we need to move more word to. I mean the new generation are gradually orientated. Chalk and talk is no longer their style. So the Curriculum Development Unit will work with the faculty students, look at the relevant, how they assess and so on. They look at success rate. The Students Development...

**Adv. PILLAY:** - Before you go to Students Development while you are on Curriculum Development. You know the facets of the Fees-Must-Fall demand is around decolonisation?

**Professor VAN STANDEN:** Yes.

**Adv. PILLAY:** Is that considered in the context of the Curriculum Development?

**Professor VAN STANDEN:** What we are currently doing is that this decolonisation aspect is very complicated issue, not complicated in some areas. However we are having a team now looking at the transformation of TUT sense the measure.

Now for us we said we are transformed but we are not. The fact that we don't have statute and Afrikaans that is in our way and staff like that. So we relaxed. We are saying "look as black as we are we have not transformed". We are African male dominated university and 90% of the students are blacks. Is not, is a black university.

As black as were are what are the areas and we are engaging students, we have the individual deriving having conservation. I mean students are saying decolonisation but when you calling what do you mean chief. They talk like this these days. What is

decolonisation? Or what is a curriculum transformation. We are throughing ideas around and around, is not my speciality but I work with endues.

But this guys we are throughing ideas around. They are writing at up, we are meeting students, institutional forum and on a serious forum. Is not for me laughing but sometimes beyond me and I will tell you why if you have time but we are now conceptualising what is decolonising, decolonisation? What is curriculum transformation? What is this? What is that?

I have established the committee naming and re-naming at TUT. There are few buildings at Pretoria that is hating the feelings of our students' names. We have appointed this committee and they are now re-consider naming and renaming.

That is the easy part of TUT but the deeper thing of society where students are coming from, why are they angry because our students are... I am working with the students because from here I am going to George Hotel, we have a straight plans with the students. Now the students are angry. I spend always with my students, I love my students.

What they are saying last week and this week I was with the South African Council Churches (SCC). I was one of the few elected Vice Chancellor to go there with few Chairpersons the of council. We asked them why are you protesting and so angry? Then they make reference of this Commission. They are very angry so the use is after 1994, 2012, MANGAUNG, you can go on and on. They all write of the politicians all these years. I worked with students.

So the promise has been made and if you are seriously undermine they are angry. The use is very angry. So let me take it a bit further. When and this is irrelevant but I think you as a Committee you must also hear what is been said about you out there. We have there a big meeting before we meet with the Cabinet in the Ministerial meeting.

This committee is featuring. What the kids they don't understand (I will call them kids because I am MADALA). Right! They argue last year the fee free so there was a grant to all universities also included the rich. Okay! They really thought that a mix, this called an auditorium of fees increases that the Minister announced his statement on the 8% they feel it should be rather be this year funding should have come to the university in the same way.

What is the problem with the current approach from the Minister? I spoke to the Minister one on one. Took it little bit because I reported to him. When the students they don't want for the big university hence our voice I made it to the print. What the students don't want is that the allocation been made from government to the individual because that is against the philosophy of fee free.

So why submitting for the Missing-Middle the income of your parents and you speak about an increase or Gap Funding or use another funding to avoid the word increase is..

**Mr MAHLALELA:** -Is adjustment.

**Professor VAN STANDEN:** Yes adjustment. Students are highly intelligence. What does adjustment mean? So they don't want the adjustment. They fell fee free. So we have agreeing to that is ultimately whether there is a grant and not a loan. So this is the just of the issue when I speak to...

**Adv. PILLAY:** - So that you are describing the deco modification?

**Professor VAN STANDEN:** Well! It could be. But what they are saying is they wouldn't be a verse. Our council yesterday is the same quantum. The quantum allocated to TUT for NSAFAS is 8% and for the Missing-Middle based on the 2000. They wouldn't be post that if you come in the former grant to the university. The argument there is said that the university have efficient operation but no way.

Even the poorest of the poor, the NSAFAS kids they don't want this adjustment because is at principle level they want it free. Now adjustment is coming along. I am giving you because I am in those meetings and later on those. The issues about this Commission is not my issue, the issue is from the kids and is going to take too long.

Yes it might be long because is complex but in the meantime there should be an announcement and settle that. They Wanted allocation like 2016. This is what our students are saying and they are many.

**Adv. PILLAY:** But you are dealing with the Students Support. I think you must just done...

**Professor VAN STANDEN:** Oh yes! The Curriculum Development Support is looking at the Curriculum. Then the Students Development and Support that is the section that is looking, if you got psychology, educational psychology, clinical psychology and students there they have relationships and they are worried about what is happening in MAKWELARENG.

So we have these services looking at that aspects. Then you have got the other group that would assist them, we have reading the laboratory. Is this guys are coming from Bushbuckridge school, they don't read properly but they have got the potential of reading lapse, writing lapse.

So we are looking at how do we arrived at the point that we know how to render the services? Every students enrolling at TUT is going through a potential assessment test. That is not apartheid time mechanism to labour your IQ's. No, no, no!

We are saying even if we rise with your seven symbols we say No let's look at the three aspects and we all know the English and the Maths and so on in all where you want to go. Then we do the risk assessment. Is compulsory so the risk assessment will then be handed to the department and the students will be going into our session.

As we move our students through the various years we have risk tracking system so that we can see that our students is performing. In other departments we have Higher Education Development Support we called it Teaching and Learning with Technology. What we are doing in other departments is to see how we can improve the efficiency of the output, the success rate using technology which our students like a lot.

**Adv. PILLAY:** just on the technology do you also consider which aspect of your business can make more efficient to the use of technology?

**Professor VAN STANDEN:** Yes. What we are doing there is like now in they are protest a lot of students might tutor online can continue with their studies at home. The only challenge is in Science, Engineering and Technology where we all know is a bit of challenge. Some of the laboratory works on staff.

Even the professional bodies having an eye on whether those things are simulations while you are doing in an area. So that is indeed what we are trying to do in more to become more efficient by using technology. But we are not saying technology is the issue. Technology is just there to facilitate and help you, we can't really replace any of the lecturer for instance.

**Adv. PILLAY:** Professor Can you give us an idea of the kind of cost that the Academic Development Programme that you have just mentioned?

**Professor VAN STANDEN:** Yes. The salary budget there can help me, I like numbers, is about R45 million per annum on our salary budget that we are spending. That is the budget operational and salary. And is not centralised. We are the central unit in Pretoria but then you have some delegations.

Pretoria is fine, you can share your nurses, we also have medical doctors and then we share those services but on the distance side we have a call of basic the support which a students required.

**Adv. PILLAY:** I mean just to look briefly at the Research Output portion of the Block Grant. What is the institution is doing just to ensure that it is maximising the Research Output?

**Professor VAN STANDEN:** This is an area where I can speak really until the time comes out. Is an area where I am stand in South Africa but let me tell you about TUT. TUT if you want to conduct a research. I am scholar, I mean I studied at University of Pretoria.

If you want to become a scholar and you want to be excellent life as an academic it requires any specialisation, it requires patience, and it requires a lot of things to be academic because there is not money at the areas of work, not much. What we did at TUT is that you cannot be everything to everybody in life. TUT must become known for something. Therefore we developed focus of these areas.

We decide upfront what is that we want to know for. That is fairly stupid and my apology. How do we decide? What are the priorities here in Gauteng and the country? Is water, is energy and so on. We further look at economic growth point automotive engineering, you got BMW in Roslyn so that you can go on.

You need to start on focusing and doing research on why this engaged to us. So you focus your research and I call this concept and I also did in my post doc in the USA. You focus on what we called regional embedment. What are the economic growth point of the region?

You are a national assets is fine so you guys from KHAYALICHA you can come to us is fine but you need first of all to look at the regional embedment and find strategic vibrate partnership. Then you go to the BMW you will have a programme of component manufacturing and then BMW will come and buy. We look at blue IQ or the Regional Development Plan.

Then you increase your income because you cannot rely on this Block Grant, there are the other players like your private sector and they are willing to come to the party to contribute. But I am starting to implementing in TUT wine.



Stellenbosch and UCP is for wine. So what the country like is there is a study in HOVET. I am not saying that USA is also falling apart by the way but there is one stage not to do that.

There are these clusters in the USA, you have got your banking cluster, wine cluster, jewellery cluster and etc. And in that part of the state like in South Africa we need to serious analysis what is that the region would requires because if you are relevant in your region in your city other people will contribute. Is a natural married, is like people choosing partners. Here would be easy. I am just highlighting on that.

When it comes to Research Output why we are excelling on this I think is because we have a numbers focus in these areas. We have to have the guards to tell Professor BOTHA that Professor BOTHA you are public management so you look at areas. TUT there is an evidence where we are selling water and energy and so on. Likewise that should be in all universities. How do we improve your Research Output is obviously getting critical mass.

Critical mass do you have the required Experts Professors in enable the environment. Do you have a state of arts equipment on your campus? And the synergy you are getting there but you can try to be a champion in all your areas. You will be a champion to nobody. So by clustering these things we focus on trend funding. Once you are staring with something that is a really aloof.

The problem I have with South Africa in the system is not through warding innovation part enough. It is all about publications that are on the shelf that are gathering dust. The more you can just have this publications about topic that is not assisting Socio Economic Growth creation we are chasing Europe or USA at some reasons in terms of how we want to reward this research.

We are impatient about this one about this one. I don't say research is waste of time if you research something in the blue sky. I am not saying but we are the development place in South Africa where we need to come to the basic and look at the basic need (clean water, housing and etc.). The staff that is irritating our nation.

**CHAIRPERSON:** Ms PILLAY we have spent sometimes pushing cash cares trough washing machines and getting one. I think we need to break.

**Adv. PILLAY:** Thank you Chairperson.

**CHAIRPERSON:** I suppose we take the lunch adjournment now.

**Adv. PILLAY:** Thank you Chairperson.

**CHAIRPERSON:** We should come back as soon as we get ready.

**Adv. PILLAY:** Thank you Chairperson.

***End of presentation from Tshwane University of Technology***

**Presentation from NMMU (Nelson Mandela Metropolitan University)**

**CHAIRPERSON:** First on record the previous witness is standing down.

**Adv. PILLAY:** Thank you Chairperson. The witnesses from TUT will resume the evidence on the week of the 07<sup>th</sup> of November. We have just confirm that.

**CHAIRPERSON:** Week of the 07<sup>th</sup>?

**Adv. PILLAY:** Yes the week of the 07<sup>th</sup> of November.

**CHAIRPERSON:** Okay.

**Adv. PILLAY:** We have just confirmed from the Executives.

**CHAIRPERSON:** Thank you. Yes.

**Adv. LEKOANE:** Thank you Chairperson. The next presenters are from the Nelson Mandela Metropolitan University. I will ask the presenters to put themselves on record.

**Mr MONAGHAN:** Good afternoon Judge.

**CHAIRPERSON:** Good afternoon to you.

**Mr MONAGHAN:** Thank you. My name is MICHAEL MONAGHAN. I am the Executive Director of Finance. I have been with the university approximately 16 years. I hold BCOM Honors qualification. I am the member of South African Institute of Professionals.

**CHAIRPERSON:** Thank you Mr MONAGHAN. What I have to do in this circumstance is to put all witnesses under oath. It is your attention that all members of your team should give evidence themselves or not?

**Mr MONAGHAN:** Yes that is true Judge.

**CHAIRPERSON:** Does any of you have an objection on taking the oath?

**Mr MONAGHAN:** No.

**Prof NEL:** No.

**Dr BOSIRE:** No.

**Dr SHEPPARD:** No.

**CHAIRPERSON:** Do you swear that everything that you are about to give will be the truth, the whole truth and nothing but the truth? If you do raise your right hand and say help me GOD.

**Mr MONAGHAN:** Help me GOD.

**Prof NEL:** Help me GOD.

**Dr BOSIRE:** Help me GOD.

**Dr SHEPPARD:** Help me GOD.

**CHAIRPERSON:** Are you going to begin Mr MONAGHAN?

**Mr MONAGHAN:** Yes I will begin.

**CHAIRPERSON:** Okay. Would the next witness he/she speaks please place he/her name on record. Thank you.

**Adv. LEKOANE:** Chairperson NMMU has prepared the presentation for us and I supplement the documents with some doter and I suppose they will proceed with the presentation and we will ask questions as when they are rise. Thank you.

**Mr MONAGHAN:** Thank you. Just in terms of the overview of the presentation we are going to just give a view of overview of NMMU and what type of institution it is. We gonna talk a little bit about the Integrated Planning and Budgeting Approach of the NMMU, Incoming and Expenditure trends and then Financial Sustainability measures.

The NMMU is one of the 6 comprehensive universities in South Africa. We come about after the merger of Port Elizabeth Technikon which is the former UPE that corporate with VISTA at the VISTA campus.

We have approximately 27 000 students of which 70% comes from the Eastern Cape. 1 525 is international students from across 65 counties. We have approximately 4 600 staff, 7 faculties and 6 campuses.

**Adv. LEKOANE:** Mr MONAGHAN before you proceed! May I ask what type of institution individually before the merger? What type of institution were this?

**Mr MONAGHAN:** We had two historic wide disadvantaged institutions been the PE Technikon and then the UPE (University of Port Elizabeth) and the VISTA campus which was previous disadvantage institution.

**CHAIRPERSON:** Located where?

**Mr MONAGHAN:** In Port Elizabeth.

**CHAIRPERSON:** Thank you.

**Mr MONAGHAN:** There was George campus as well that was a part of former PE Technikon that is be one of our campuses.

**Adv. LEKOANE:** What type of... or how many students do they have in each of the three institutions?

**Mr MONAGHAN:** I think the Technokon and the UPE had about 8 000 or 9 000 students previously and then the VISTA campus was about 5 000.

**Adv. LEKOANE:** And the PE Technokon?

**Mr MONAGHAN:** Around about 9 000

**Adv. LEKOANE:** So the University of PE was 9 000?

**Mr MONAGHAN:** Yes and the Technicom with similar number.

**Adv. LEKOANE:** And the Technikon with similar number?

**Mr MONAGHAN:** Yes.

**Adv. LEKOANE:** Thank you. You may proceed. Thanks.

**Mr MONAGHAN:** Thank you. With a multi campus obviously they come certain challenges and we will talk about that later. The vision and mission of our institution is really got sustainability at the core of it and offering a wide diverse range of quality educational opportunity that makes a critical constructive contribution to the region national and then global and as I mentioned sustainability been a future there.

How does NMMU contribute to national priorities? In terms of Scores Skills and the NDP targets we are... beside all our faculties is contributing significantly around Science, Engineering, Health sciences, Education and they are increase in the MND's.

**CHAIRPERSON:** Sorry what is MND's?

**Mr MONAGHAN:** Masters and Doctorate students. Apologies!

**CHAIRPERSON:** Okay!

**Mr MONAGHAN:** We are also making a contribution in terms of operation PAKISA and in two major areas. One been in the Ocean Sciences and the other actual for Health Science as we will now become the 10<sup>th</sup> medical school. Those two are major projects that at least we have infrastructure implications but we are away down the lines in terms of driving this into a strategies.

Access for success is very important. Being in one of the poor provinces of the country we look at to offer curricula, Access testing (you will see some interesting later on), Students Developments and Teaching and Learning Support.

Moving along I can just give state around that. About 50 to 52% of NMMU intake is admitted to study after admission testing. So generally these students went to be accepted on their results. We offer the students chance of admission testing and we see the success there.

**CHAIRPERSON:** Sorry! What you decide if somebody will go to test or not?

**Professor NEL:** Judge HEATHER NEL speaking. I am a Senior Director of Institutional Planning at the NMMU. What we do is we have admission point scores of each of valid qualifications. If the students force outside of the director admission criteria we have what we called the Testing Band. So each admission point score should be 40 and you have below that that is 38 we then refer that student to testing to see if they have the potential to succeed.

**CHAIRPERSON:** Thank you.

**Mr MONAGHAN:** Each year graduation we see around 35% to 40% of all NMMU graduates into the university on a basis of admission testing. NMMU has improved students success rates from 73% in 2005 to 81% in 2015 with significant improvement in the success rates of African and Coloured students.

**Adv. LEKOANE:** Sorry Mr MONAGHAN! If I may go back to the first bullet point, what is the demographic spread for this 52% of students who are tested for admission?

**Mr MONAGHAN:** Can we go to the next slide I think we will get the all detail.

**Adv. LEKOANE:** Thank you.

**Mr MONAGHAN:** On the next slide you will see that we have 31 000 proximately applicants. 23 000 of those students are in process of no testing. 8 700 proceed after testing. In terms of the total number there is 8 500 so this is are intake in 2016 we will accept that.



Interestingly 785 will accepted from the after testing band of which 22 969 of 78% registered and we can see the demographic there. So with the success rate that we have seen we obviously getting a lot of Blacks, Coloured and Indian students in the system as when to qualify just on the marks.

But of course the success is also a key factor and we will have to look at that on the next slide. So if we looking carrying out at about brooding access and impact on gradation we can see in 2012 37% of our students who graduated entered the university through a testing process and this is increase to 45% in 2014.

It is a clear indication that it is working in the success of this coming through in our graduations. The NMMU as a comprehensive university and aligning with the national requirements we see obviously we have got three policies students' access for success, programme mix and staff profile.

We think this is where the cost come in into as the comprehensive. Students' access for success as I mentioned this takes significant resources in terms of students' development, realistic support for indigenous students because often we get the students that we allow through access that possible may not have NSFAS funding and we need to provide reasons for those students in terms of the support.

Higher Education certificates in the curricula is the extended programme because of the funding implications. In terms of the Funding Programme Mix there is national process underway in terms of looking at the Programme Mix and across all institutions.

One of the BTECH is really affecting comprehensive as they face us they would not be a diploma level which will be find at a different level. So there were is a severely consequences in terms of subsidy. In terms of our staff profile, as a former merger of institutions from Technikon and the University as the demographic profile and equity is require attention predominantly white.

And also in terms of qualifications we have to put significant investment in terms of upping that qualifications of our lecturers. We also putting strategic money funding into developing and growing our own new generation black academic staff. The link between Planning, Budgeting and Reporting so the DHET set Reporting Regulations.

The key requirement there is the Strategic Plan and Annual Performance Plan, Financial and Cash Performance for three years and Medium Performance Plan. You will see how we are going in terms of you Annual Performance Plan. And Annual Report will be the final audit. In terms of the Strategic Planning you must set up the vision, mission, policies, priorities and project plans for at least 5 years.

Must be supported under pin button Financial Plan and forms the basis of developing the annual performance plan of your predetermine performance projective. We have always took had a philosophy around Integrated Planning Budgeting and looking at Risk Management.

We feel like we have gone down the line before the speaker regulating about linking our Strategic Plan, looking at our Risk Management and Budgeting resource allocating and then Monitoring and Evaluation of the Reporting processing place.

**Adv. LEKOANE:** If perhaps she can just take us through the process of planning from who does the planning? What is the council role in the planning and so on?

**Professor NEL:** If I may Judge! In terms of our planning called vision 2020 which was drafted in 2010. It is a 10 year planning with two 5 year throngs. We have second cycle now from 2016 to 2020. So that is our 5 year plan and it was developed through a very democratic consultative process involving all our stakeholders following which it was approved by the management committee and the senate of our university.

The role of the council is obviously to take advice from the management committee as to the strategic plan, the priorities of the university. We have sufficient resources to fund that plan following they will they will make the decisions on that.

So we free on how we are doing our planning and then when it comes from the operational annual plans our management committee members in our faculties Deans are in developing the own Annual Performance Plans. Using that as a basis we integrate that into the university and your Performance Plan.

**Adv. LEKOANE:** And these priorities how they are identified?

**Professor NEL:** Following the consultations with various stakeholders like staffing students and external communities we do what we called Thematically Analysis so we see what the expectations are about different stakeholders. What they have in common and then we meet different priorities from that. We also look nationally to see what are the national development priorities in the National Development Plan, various policies, the growth path, etc.

We communicate that to our Deans and our management members. Following that we take from the top down so that the institution, national priorities and we still own our own institution from there.

**Adv. LEKOANE:** What about priority right now under your 2020 vision?

**Professor NEL:** We have a Strategic Priorities. The first four relates to academic co-business so it is around Academic Planning to ensure that our Programme Qualifications Mix is keeping with our identity as comprehensive university.

We have 2<sup>nd</sup> priority focusing on excellence of Teaching and Learning. The 3<sup>rd</sup> priority is looking at cultivating research innovation culture with the consequent outputs. The 4<sup>th</sup> strategic priority is around engagement and ensuring that when university does excellent and is known for engagement with the external communities nationally, regionally, locally and internationally.

6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> priorities relates to the resources required to be able these academic priorities. So it is around about the transformative institutional culture. It is around Financial Development Plan which ensure us our sustainability maximising the talent and potential about staff and attending to the infrastructure and business policies as need to the university to ensure that there is a support for academic excellence. Thank you.

**Adv. LEKOANE:** Thank you.

**Mr MONAGHAN:** In terms of our internal budgeting process I think I will begin by just explain the types of fund that the university deals with. One is obviously unrestricted funds and these are pre-definition in the Higher Education Act. Unrestricted funds which is decimated funds and restricted funds.

The university budget is really focus on unrestricted funds because the restricted funds will have contract. E.g. contract research, research in deliverable and those the funding that is not used it has to go back to whatever the institution fund comes from.

In terms of budgeting for that that will be in terms of the funds as those contracts coming to be with lot of funding and monitoring and spend according to those contracts.

**Adv. LEKOANE:** So what will be so called the Third Stream Income will fall under this?

**Mr MONAGHAN:** Yes.

**Adv. LEKOANE:** Okay!

**Mr MONAGHAN:** Under the unrestricted we really look at the main streams of revenue for the university will been subsidy, tuition fees and other income. So even under the unrestricted you have the Third Stream and unrestricted funds as well and that will includes your investment income.

Then we have another funding group that stands alone is your students, staff accommodation. The revenue that comes from the students and staff accommodation should set off cost and should generate reserves in terms of covering investment and new infrastructure around students' residences.

The university then set budget directive that was approved by the management and this gives direction for the institutions and gives high levels allocations around operational car pecks, staffing and strategic allocations.

**Adv. LEKOANE:** Sorry! When you say the university who are you referring to exactly?

**Mr MONAGHAN:** The management set the budget directives but of course we go through the process however the Finance Committee sign on the budget (three year budget) and the ultimately council will approve the budget at the end of the year.

The higher level allocation of resources, block allocations and this are always responsible to changeable into input factor. So basically what to do for example, we look at the block allocation for academic salaries. We have the sustainability indicator of 65% of the current in capping fees and subsidy.

It mustn't confuse the total income if we have to look at our Financial Statement. We look at what is the subsidy allocation, what is the fees that are generated, these are your First and Second Stream Revenues and that we look at if you have got increase in a number and we look at subsidy and tuition and the response in terms of the allocations made to the academic projects.

We takes as a sustainability indicator of 65% are called salaries budget. 62% to academic block, 48% to pass which is at administrative support. We then use various models in terms of allocating. Form the salary budget as I mentioned we get it as higher level budget allocations and we will then allocate the money that we are using in resource academic allocations models.

So what we do is we look at the total amount that is goes to the salary budget for academic. We then look at how is that revenue generate and we waited 50% of how is generated in Teaching Input, Teaching Output, the Research Output and the fees that the faculties is generate and also waited 50% how we should fund the faculties base on the acceptable students' staff ratio for that faculty.

It is a waited one in terms of the reward and output model and 50% how we should fund faculties in terms of students' staff ratio.

**Adv. LEKOANE:** How do you assess the sustainability? What are the considerations?

**Mr MONAGHAN:** If I can just as Dr Charles Sheppard to talk about students ratios.

**Adv. LEKOANE:** Okay!

**Dr SHEPPARD:** I am the Director of Management and Information. What we have done this year is to go and look at what is the students' staff ratio of the contact university because we are basically become a contact university. We have got five distance enrolment left of the whole system so I calculated from all the contact university, what are the students staff ratios in the different major fields of study like science, engineering and technology and business education and other humanities.

Then I took each faculty and then work out where would the FT'S and which fields, what percentages and then gave a waited accessible ratio base on the average race of the system.

Basically I took average of the system as a reference point because we have equally well resource and less resources university in the mix and then we are using review report that we have recommended (the Ministerial Committee) but those are not rely available anymore because of the funding of the university itself.

**Mr MONAGHAN:** If I can continue with the salary budget of the institution. I have mention about the academic salary allocation. What we do before we applied the model there would be a top slide because there is cross subsidisation that happens. So the DVC Teaching and Learning together with the DHET forum will look at how the top side will be allocate to the faculties. Maybe the funding formula doesn't really accommodate.

In our university for example science is one of the faculties that is requires in a cross subsidisation of faculties as well. In terms of that very one on one type of the music programme that... maybe financial not available but academic strategic available.

In term of the administrative portion of the budget we track 48% and what we do we give high level of allocation to each mica member which is your Executive Management. There we look at what is the costed staffing structure of the post structure that they have. If there is a vacant post they will look at what they can accommodate in terms of that budget allocation.

And continuously review in terms of the overtime budget, what are the part-time budget to balance within that. We track the 65% since the basically, since the measure. And say if you want a new post and we are the budget of 65% we don't accommodate. But as a mica member you can relook at the allocation and have a best fit structure if you want to move around within budget allocation.



In terms of the car pecks budget that use as a salary budget. In terms of the car pecks budget we have 5 year computer replacement cycle that we fund. So after 5 years your laptop or PC get automatically replaced. What we do if there is a Lab that could have computer that could go to another year we look at the 6 year PC make a decision around the aging of the infrastructure.

In terms of the capital resource allocation committee they sit at the end of the year, the subcommittee they do a lot of work. So is a zero base, if you put on the request for car pecks. The subcommittees, there is a Teaching and Research subcommittee, there is a Furniture and Equipment subcommittee and there is ICT and Media subcommittee.

That rely look at the request with details motivation and have a look at what the equipment have gonna replace and what new equipment we can introduce on the assets register and the business around that. What we have then over since the measure is to build the Teaching and Research Equipment and separate ICT and Media replacement reserves.

The council is sitting at 5% to 10% reserve accumulation so to budget for a simplest. We have funded various reserves to be able to deal with our Teaching Research Equipment over 250 000 have got electro, micro escape, etc. And we do have 5 year enrolling plan to see whether this pieces of equipment they are going to need to be replaced because you will not be able to do that in your normal operating budget.

We need to plan and we have plan over the period of 10 years to try and build this reserves. Obviously this year the exemption will be because of Fees-Must-Fall we will be able to top up these reserves that we have in place. I have spoken about the academic resource allocation models and the drivers. We used the same model to distribute the operative block allocation to determine those budgeting directives to the faculties as well also with the top slide.

In terms of the administrative (as I mentioned is an administrative academic support structures). What we do is we look at our overhead and obviously your electricity, water and various other head of the institutions that we will have and we will look at the zero base approach. We look at statutory increase there, what is the contract say in terms of the increases and we would fund to those budget.

Then we look at the block allocation and we give operation budget to the rest of the Executives. They need the Strategic Plan go allow those budgets in terms of the strategic plans and allocate operating budget within the directives. We then have other business models which will generate revenue and then we need to be sustainable in terms of the revenue that they generate. E.g. students' accommodation. Facilities on campuses we put in separate costing of the revenue that they generate. What are the direct cost and in overhead we need to contribute contribution back to the central FISCAS and same as our International office and our Trust office.

**Adv. ALLY:** When you say International Office what do you mean?

**Mr MONAGHAN:** What I mean by there is that there is a levy that is charge for International students and that levy need to be run all the expenses of that office. So the person who is operating car pecks cost at that office need to be decide or to draw the normal for more instruction budget of the institution.

**Adv. ALLY:** How do you distinguish because in your Block Grant everybody is taking into account whether is a foreign or local? Is this only dealing in your own university budget or tuition fee and therefore that office?

**Mr MONAGHAN:** What this deals with in that office when I mentioned the levy that raised is for example the national students who does BCOM those fees go to the faculty resource allocation model and the institution set a budget as well as the subsidy. There is a levy raised, if is SADAC or non SADAC is different rates. There was a levy because is an additional cost that a person touch to an international students.

That additional levy over and above the tuition and subsidy is what drafted models in terms of funding that office. Our strategic allocations we as an institution we were top slicing we tried at least 3% of our revenue budget to allocate for strategic resource allocation committee and that to drives the strategy of the institution.

A lot of cost the costs are fix in the institution. Salary budget being the most biggest part of our budget. Overhead to run the institution and the operating budget is not that significant in terms of teaching and obviously the support functions. But we believe that the strategic allocation is imperative especially looking at new programme development.

Subsidy is kicks in the 2 years later so they need to be some state funding for this programme to go for at least 2 years to fund the cost involves in that programme. Within 2 years that funding forced away and get funded via the research allocation model. So state funding is also driving our imperatives as an institution.

Basically we also look at around 3% historically disadvantaged. We also have a reserves that we build over the last 10 years to fund capital maintenance plan. We spend a lot of investment into getting our plant, different matters in afford to purposes, we are still busy with that process but we feel that we have put aside quite a bit of investment each year to grow reserves to ensure that we have sufficient budget on a year to year funded from reserves and the operation budget to ensure that our plant is maintained.

I think this is critical in any institution. If you take your finger of this path you have got a major back lock and the major programme down the line. In terms of provision, we budget for provision for defecation and accumulative leave and our finance cost is prioritisation table in terms of our long our terms.

Our income ratios over the last 5 years and this is all income so across all fund groups in our financial statement. We can see from 2010 the mix been subsidy around 46% coming down to 38% over total revenue when fees going from 30% up to 33% of our total revenue.

Stream income revenue hovering around the same ratio. Investment income grow slightly to 5%. That is really results in some of the reserves are built up and we reinvested incoming running with the inflation and topping on your annual basis.

**Adv. ALLY:** Is the reason for you distinguishing between Third Stream and Investment because I understood in my ignorance Third Stream Income to consist of various aspects investment is one of the more some?

**Mr MONAGHAN:** We could include that as one line I thought just to give a little more details to say because if we have to look at our projection going forward it makes a significant impact on institution. They can't break even or generate for future programmes.

What we tract as a sustainability we indicated on the income streams that we are current predictable (well they were predictable) but what I am saying is these are the two revenue main streams that we can plan around look at the enrolment plan and our strategic plan.

We base what we called co-expenditure budget central budget base on those two revenue streams and that is where the 65% comes in. This is looking in our expenditure ratios across all expenses. You can see that we hasn't exceeded the 58% and here the other expenditures is around 48%

**Ad. ALLY:** Mr MONAGHAN there is kind of terms and rule in the public service that your personal budget should not exceed 62% so some say 55% to 62% and some say 58% to 62%. I am understanding that your other percentage of 65% is something else because is called sustainability in terms of that you don't go beyond that but you have tried to keep it below the 62% also.

**Mr MONAGHAN:** If we look at our expenditure budget here in terms of 62% we are below. That is looking into our consolidated income statement. In terms of our budgeting the 65% might be about 62% but only your revenue streams and that is fees and subsidies.

Why we do that is that we want our salary budget to have flexibility. E.g. if we have to grow in students' number and our subsidy in 2 years' time follow that growth we won't be able to adapt special academic projects to keep in track whether are students staff ratios.

So we need mechanism that the 52% of the 65% is valuable as a revenue to increase so that our salary budget will be indirect correlation and we will drops accordingly as we will manage in a basis.

This put I our personal costs. If you look at our financial statement you will see that this council controls which is unrestricted. The restricted which is contract research and the revenue that we generate through a contract that as I mentioned is not our revenue to hold that funding and we have to deliverable and then our residences.

These is as a percentage of income. This is where the 62% in the back of our money we look at the government sector and in terms of that benchmark. Another council controls 54%. The restricted is around 16%. Our residence is around 12% of total and we respect that because we don't what our staff component to be in 65% because you will be in trouble. So we looking at around 50%.

That is an interesting ratio. What is our simplest strategic funding groups? If you recall I will mention that council has an objective of 5% to 10% generating simplest in able to grow reserves and to be able to find different maintenance, teaching, research equipment and ICT replacement. We also generating the new reserve for equity development as well. Those are the main reserves.

**Adv. LEKOANE:** What are the sources of those reserves? How did you manage to that?

**Mr MONAGHAN:** Those reserves will be in simplest that we had at financial year. Majority if you have look at analysing financial will be investment income really that we generate. It helping to top up those reserves.

So council you can see we made exempt for 2013. We were making between 5% and 10%. We had 7% in 2015. 2% on restricted. You might say why then go to 44%, 18%, -16% and -32

There is a time and different there, you might get grant funding. On the residences we make quite healthy simples in 2015 and overall because all revenue streams is 7% simples

The two main challenges that we found in the 2016 budget.

- (1) The impact of the 0% fee increase. 30% shortfall to be funded by the institution and the DHET subsidise 70%. That left us at R15.6 million shortfall
- (2) The impact of our own debt relief of our own intervention into 2016.

To date we have funded around R47.1 million. Possible R31 million to be consider. That R31 million is currently the students that we tracked this year and we allowed into the system according to academic deserving financial need.

We kept our Missing-Middle at R300 000.00. If you are a student that academically deserving, you family income was up to R300 000.00 we allow you into the system up to minimum down payment. We have be tracking those students as well as NSFAS approved unfunded. We are very grateful NSFAS says as injected another R37 million it was about R16 million we had in this car hold.

NSFAS approves unfunded as well as our own Missing-Middle as now around R31 million. We have our council now has committed to look at each case of this students if is an academic deserving we were not clearly on that but we will after the NSFAS loan and our own funding.

That is the strategy that we have approached because we feel the poor of the poorest students who get NSFAS funding they shouldn't be students on Missing-Middle getting up to R300 000.00 not academic deserving. So we offer them in the same terms as NSFAS loan.

**Adv. LEKOANE:** What percentage of your students' population on NSFAS?

**Mr MONAGHAN:** It is around 26% but 55% of our students are entitled unfunded.

**Ms KHUMALO:** On the austerity measures, I wanted to check. The moratorium what effect does it have on throughputs? Have you stated feeling the pain on that?



**Mr MONAGHAN:** What we did is our austerity measures for 2016 we put as fees moratorium on administrative post only. We didn't have directive effect on academic project. We thought it is a bit soon to start looking on that. Now we have vacant post (administrative post). We put a hold on this because it comes to our sustainability plan. One of them is to looking at fit for purpose structure, 10 years, 11 years on austerity measures.

It is our administrative structure that support academic project. It is fit for purpose. Look at the vacant post moratorium is helping on that. If is a key area like LAB technician we will fill it at a contract as we are going through sustainability on that plan in the process. So I don't believe it has. It is critical administrative post that will be filled on a short-term contract.

**Ms KHUMALO:** So you still have the full complement of the academic staff?

**Mr MONAGHAN:** Yes absolutely.

**Ms KHUMALO:** Okay.

**Mr MONAGHAN:** So there is no austerity in terms of the academic staff component.

**Adv. LEKOANE:** Sorry! Just to steer on NSFAS, you said 26% of your students received NSFAS?

**Mr MONAGHAN:** Yes.

**Adv. LEKOANE:** Now did those students received the full cost of tuition?

**Mr MONAGHAN:** Correct. What we do we don't... we are under the pilot programme, we are now become the final programme next year. What actually happen is NSFAS also allocate with students so they apply but NSFAS would obviously go down as funds come available as at the next year of funded and at full cost. We don't give half funding or percentage of funding.

**Adv. LEKOANE:** So how do you deal with the balance of 55% that you are funded?

**Mr MONAGHAN:** They are the private bursaries or bursaries to our trust or they fund themselves as they will fall up to R31 million that is outstanding now that we have. So we now through our debt relief intervention we have a group called Missing-Middle. I realise is not now the new definition of Missing-Middle. But we calculated this with our students' Fee-Must-Fall after the Fee-Must-Fall begin last year.

One of our intervention as a council was to not that academic deserving but financially need students to be amended into a system in 2016. So we said we calculated criteria and the process of how this students could apply for debt relief. When currently go to NSFAS so we have NSFAS approved unfunded and then we have our debt relief intervention. They have applied debt relief intervention to the institution.

Tuition they were R300 000.00 family income. If for example they were about R300 000.00 (let me say R400 000.00) we have a pure process. We have a pure committee that will look at case by case and say this family is earning R50 000.00 but they have got 3 children at university and academic deserving so we have got a selling of R300 000.00 and maximum of R399 000.00 in a pure process.

That has come down from R61 million outstanding, down to R31 million. We are happy to say we are letting 5 000 students without minimum down payment. This is now we still owe the fees of R31 million.

**Adv. LEKOANE:** And the repayment terms different from NSFAS?

**Mr MONAGHAN:** So what we gonna do with these students, at the end of last year we helped 2 500 students to the tune of R21 million with 215 debt. We have very restricted policy at NMMU. We believe we need that intake to stay in check because we historically have a very good track record in terms of our debt management and bad debt.

We don't allow you to register if you have any bad debt. To keep that activity in check we will rather clear your account with NSFAS loan that is funded by the NMMU. So when NSFAS holds a credit for us the students owe NSFAS and NSFAS owe us that money.

When eventually come back we can offer that to more students to build other credit with NSFAS instead of writing off that debt. Is not been a credit provider we don't entered into agreement term loan and etc. with our students. Obviously with the recoverability of NSFAS will pay that in our financial due to the recoverability but we are confident that the recoverability for various intervention is going to approved.

If it doesn't approved we see that flow back to be sustainable flow back for generation of students account.

**Adv. LELOANE:** How many students benefit from your Trust? Students who otherwise qualified for NSFAS?

**Mr MONAGHAN:** The Trust allocate about 10 million but is not just for various staff. Some of that could be merit. So it is difficult to say that but at the top there we indicated about 10 million toward the university award merit and financial bursaries.

**Ms KHUMALO:** Are that process that you are explaining of how you deal with debt how far back have you started this? Are you saying results as now?

**Mr MONAGHAN:** As an institution we in 2015 was the first year after Fees-Must-Fall council pronounced on. One obviously the insource to about debt relief. And the resolution was run academically deserving financial need and we have to go and look what financial need mean and we can create as our Missing-Middle. That was the first year.

Historically as an institution we mop up and looking at what space base on the next financial year. We have to provide NMMU NSFAS funded loan not at this quantum but R5 million, R4 million or R3 million every year for academic deserving students but we are not be titled as description of the institution it was not really a national call at that stage.

We look at it was very good student, we wouldn't denied access if that student is passed all the subjects and has got R5 000.00 outstanding debt. We in the past using that practice converting that into NSFAS loan but not to the scares where we are now. Obviously the main challenge in the 2016 budget the fee increase and the impact of the debt relief and the impact of insources.

The NMMU has committed to insourcing, previously outsource functions. Catering and security have been insourced and the next contract run out be gardening and cleaning. Historically if we look at this we had a look at the whole process and one of the reason council looked at the minimum wages that is work. I think it is in the beginning of Fees-Must-Fall.

If we look at the service of the benefit of the institution you have a measure on cost in terms of bringing those services into your benefit of your scares. What we have done you can see that this year budget impacted R34 million. We are also topping up those staff or that worker that wanted R5 000.00.

It was about R11 million in the R35 million that we are paying monthly to start and still outsource to top up those contracts. If a staff earning R3 500.00 the R1 500.00 is the NMMU contribution and is going back in the payslip to that worker. What we look...

**Ms KHUMALO:** -So when you do that don't you recover to from the service providers?

**Mr MONAGHAN:** No! If a service provider's contract into a year. e.g. R20 million that top up back to R11.5 million across all those service providers. The service providers will added as non-pensionable allowance to that service worker but that is claim by invoice as an additional invoice as a contractors. So we pay that differently because we committed to that R5 000.00 it wasn't in the contract.

**Ms KHUMALO:** So there will be the sectorial determination?

**Mr MONAGHAN:** Yes. There will be the sectorial determination correct we are topping up to minimum of R5 000.00

**Ms HKUMALO:** Do you terminate the contract of the service provider?

**Mr MONAGHAN:** We have the cleaning and the gardening that still running. We have pressure because we also form the Concretion Task Team to look at how do we go about this. We have students and workers in quite contested space in the last year and we are looking on it. We did bit of benefit analysis and is be too expensive. Obviously

(a) To buy off other that contracts.

(b) Taking that cost this year.

In terms of our sustainability plan however we went out on request for proposal and quotation. We are looking at what is a Blue Print Office Security because currently when we are doing security we are just insourcing and its double up your costs. So obviously there is be a huge challenges in terms of insourcing because for example the security will quite align with our students who promoted this and obviously campaigned for this.

Now our student our students are protesting and the security feel quite align with our students. We have major problems with that. So we are looking at security, what does the Blue Print Security mean and what is that business process can look like? So in the future we knowing that this by insourcing current model is not an effective model of doing it.

**Adv. LELOANE:** What does this resolution due to your salary bill? Does it take it close to the ministerial norm percentage or not?

**Mr MONAGHAN:** It will have quite significant.

**Adv. LELOANE:** Bhave you calculated it?

**Mr MONAGHAN:** We did a calculation. As I have mentioned we have taken two previous outsource (the catering and security). And we can see the impact in that R35 million. R11 million is topping up still but the bulk of that is the additional salary cost. We are sitting on cost of R20 million this year and next year. In 2018 is when that contract run out.

You almost doubling our salary bill if you are insourcing of that. Those contracts are run at about R54 million for all the contracts. We are looking at doubling so another R50 million it can impact on your balancing budget. There is 832 staff members in NMMU took place.

Huge challenge I think for institution but as I say we are relooking at each business model to say “what is that Blue Print Security going forward” and looking for medium to longer more sustainable solution to do that.

**Ms KHUMALO:** What is requires now is just matching the sectorial determination or you have to add the medical aid, the bill, the allowance for students?

**Mr MONAGHAN:** Catering was the first to be insourced and we have to go with our one month service those staff came into our benefit which look at doubling up the cost of the company with all our medical aid, retirement, housing allowance, etc. With the security we didn't go the one month service, we terminated the contract and we offer employment for those workers.

But we had a bit of protest action and is huge resistance around it didn't come in all the benefit. We said we want to hold them up to R6 200.00 in our cost company. They come out with about R5 000.00 and we added housing allowance but not medical, not our retirement fund. We keep in the same sectorial provident fund etc.

We added about R6 millions of course for this year but they were not happy. They want to be on the full benefit. We said hold on to that until we introduced new model and then we can look at the post structure and we can cost that.

**Adv. LELOANE:** And this will be the further cost which you pay from the reserves?

**Mr MONAGHAN:** No! in terms of our reserves the reserves should be once off. We can't fund the current operation. So we got sustainability plan. We looking at the new business model. We have done in scenario planning 0% fee increase, 8% and 6%. We can see we have to possible with some other areas that we are concentrating we must be in a defensive position that we might have to draw reserves, budget need to be assistant to make a model going forward. We will break at our operational budget model.

**Adv. LELOANE:** Thank you. You may proceed!

**Mr MONAGHAN:** Okay! So the austerity measures are mentioned the vacant posts. The investment came. As we are Finance Committee we have to hear any of the year to year, any of the used money in come to balance operation budget because that investment come in use to transfer our reserves and grow our reserves that are mentioned previously.



But for 2016 we have no option because of this interventions to utilise when it comes to balance our operations. The only reserve that we did transfer to was Academic Development Staff that I have mentioned earlier. We also reduced the amount from our operation budget that we used to top up our capital reserves to R5 million used to be around to R10 million to R15 million from our normal operating budget.

We funded very that spend this year. Coming out from our sustainability measures and this are the broad high level areas that we concentrate on. The first part is reviewing financial and strategic viability of all academic programmes. I want to just touch a bit on this. HEATHER (Professor HEATHER NEL) she mentioned and she is our Planning Officer.

Planning and finance has been on extensive roadshow to all the faculties. We have costing data for many years. We look at what are the cost of the programme direct and indirect. What is the finance viability of the department and the faculty? Why it is not financial viable and the drivers there are workload and space? Those are the two big drivers.

What we have done we have the financial view but we have not spend another. There is another works in terms of looking at what is the criteria to be the academic viable because there is rentable full of cross-subsidisation. What we need to look as a programme and planning.

Is it is not financial viable but academic viable we still need to at it and say well this is look at the students' staff ratio, the workload of the professors is been involved here and other occupied space because we have done a space optimisation and we will looking at the utilisation and optimisation over our space, this is a critical driver.

If a space allocate on this programme then we can take a space away and look at using it better. The workload if there is 3 Professors to say to 20 students why? Is this professor holding is arm in terms of workload and he is busy with consulting?

If they check whether we are happy with financial they say look this is not gonna be financial viable because can't charge double upon the fees for music but is one Professor on 1 to 3 students and strategically available and imperatives in this institution hence to our institution and hoe to integrate.

That is a piece of work that we are doing now so the Executive Deans need to look at this because when we allocate resources and I mentioned the cross-subsidisation. I talked nicely to that and I make it clear to Dean not so longer ago to say "we are not gonna cross-subsidise the business case. Yes look at the results in terms of our financial and our academic viability".

We believe that is a lot of work that we already although the tuition and the subsidy might not change about how we allocate this resources more effectively and effectively.

**Adv. LELOANE:** What will be a case of cross-subsidisation? An example of that, when you feel like it might not be financial viable without the cross-subsidisation but then the light of the strategic planning is still require on you?

Mr MONAGHAN: Can you just add on academic viability?

**Professor NEL:** Okay! One of the major criteria for Strategic Academic Viability is the relevant on responsiveness of that programme to national, regional and institutional needs. So we have Enrolment Plan, we have priorities in terms of our growth areas. So we want to grow science, we want to grow health science, we want to grow selected part of education.

If the academic programme is been offered at most of those priorities areas is addressing national needs, is align so the professional bodies need particular skills. Is highly unique and is not offered that in other regional or national universities in the country. It is known nationally. Is got a reputation for being one of our flexible Architecture could be another one.

It is a programme that are quite capital intensive. They also staffing intensive because you can't take too many students to a lecturer professor but they are in priority areas. So you would want to be sacrificing anything in terms of quality but constraining those programmes with just the resources that they are entitled with the cross-subsidise.

**Mr MONAGHAN:** I think that talks quite a bit about the first piece of our Financial Sustainability Plan. The second one is the re-measuring the Revenue Mobilisation Strategies.

This is led by our Vice Chancellor (Professor Derick Swart). We have Doctor Motwa who is our Acting Vice Chancellor at the moment. Professor Swart he is looking at the ways of embarking about the Third Stream Income and our Revenue Mobilisation Strategy around there. We are looking forward to creating and recovering our Third Stream Income and Revenue Sourcing as an institution.

**Ms KHUMALO:** Just on that, have you given any thought on how you are going to do this? Is gonna be by loans or are going to form a company? How do you proposed that you have created?

**Mr MONAGHAN:** There is a few areas. We have got very decentralise Short Learning Programme. I think what was started historically was faculties to offer Short Learning Programmes. Our Business school has really come on lips in terms of offering how are they doing for businesses.

But we are looking at possible and at this stage it is still in full process but at looking at how should we offer our Third Stream. Should we forming our company? Should we consolidate our Short Learning Programmes? We are looking at various model around those other revenues that are generated not the First and Second Stream.

**Ms KHUMALO:** Maybe online courses for business schools or something like that?

**Mr MONAGHAN:** Absolutely. I don't have anyone here, if you got anyone on that but certainly there is a research in the way on that. Professor NEL do you have an idea?

**Professor NEL:** So in addition for the Short Course Learning Programmes there are also quite significant opportunities in terms of Commission Research and Contract Research. That is currently been managed by what we called our Innovation Office. That office use potentially especially for us as a comprehensively university because we haven't inherited some programmes in engineering and science which being themselves in the innovation.

If you improve the model of how that is managed and optimise going forward that is also be a Potential Income Stream. We also restructuring our Trust. Another aspect is our venues and facilities, how we commercialise the utilisation of that because as you know university don't operates 12 months of the year 24/7 so when is not been use academic, this how could be use optimally.

So that we can also generate some revenue and link to that is improve efficiency too. As Mike (Mr Michael MONAGHAN) said if the infrastructures is optimally utilised how can we improve that going forward so that it free up space for revenue generation and opportunities.

**Ms KHUMALO:** I suppose it will be wedding venues on the weekend!

**Adv. ALLY:** Mr MONAGHAN just to go back to your previous point.

**Mr MONAGHAN:** Okay!

**Adv. ALLY:** When you say you are including Affordability Modelling and Dashboard you are talking about car dashboard?

**Mr MONAGHAN:** Sorry about that! The idea there is very term, each and every Dean have a sort of dashboard available. So the dashboard we get it in our consultant. They talked about dashboard. Is very about having various indicators that you can see grow and graphic matrix that you could see on a screen that really like you can see a car dashboard how is your oil, how is your heat, your petrol, vacuum how are they looking.

So is very about rolling this to our Executive Deans so they have this information really available in real time on the PC in front to them so that the way of this they can be monitor and controls their business.

**Adv. ALLY:** Thank you for that.

**Mr MONAGHAN:** And of course there is also have got a tangle ability to say what you can do in planning and dashboard. If I increase my number by X and my staff students' ratio by Y and my work labour what will be going to impact over a 3 year period. So it is a planning too.

In terms of implementing course serving measures, we have mentioned about the remodelling of insource services and of course we are looking at. For this austerity measures I don't get all the details but we took an operation budget not an overhead but operating budget and administrative staff we gave them 2% cost to and banned manufacture to say they need to do more with a little bit less and look at the efficiency.

In our strategic budget we look at ways that we can use technology in terms of reducing our operating cost not so ongoing process that we are looking at. We are obviously looking at the other initiatives. The one is activate that we are looking at as also to going into the grade and looking at long-term return on that as well. That is the measures that we are looking at.

In terms as I have mentioned the last one is our fees for purpose organisation structure. We are starting with our newly insource services but each executive is looking at the portfolio how should finance and what type of finance looks like over the 3 year base on certain scenario. And obviously looking at reducing, increasing efficiency and reducing the cost of our support structures.

**Adv. ALLY:** Mr MONOGHAN!

**Mr MONAGHAN:** Yes Sir!

**Adv. ALLY:** One would have thought because this is basically BPR exercise that you are dealing with. And overtime you would have going this but let me ask this.

**Mr MONAGHAN:** Okay!

**Adv. ALLY:** It Fees-Must-Fall movement that took you here which I would have thought but this is more to refine because your called it sustainability measures as if it is only now. It is always be there?

**Mr MONAGHAN:** Absolutely. I actually made point that we were quite far down the line before Fees-Must-Fall happened. So this is been a part of our planning. Is been ongoing as just accelerant now obviously. I said don't waste a good crisis and this certainly a time to drive this done if some of our manager and staff have lecturing to move forward of this programmes that they set up the time to keep and meet on this.

**Adv. ALLY:** Just for the record BPR is Business Process Reengineering.

**Mr MONAGHAN:** Thank you. In the concluding remarks. Fees as a source of income obviously is very-very important and I have mentioned. We have done some scenario planning. The impact of the 0% where we accumulated last year just end us at R400 million over the next running away over the next 3 years. The university need fees obviously insourcing income, mitigate raising national and to mitigate raising nationally and internationally and inflation cost.

**CHAIRPERSON:** (He is asking question while his microphone is off so we are unable to transcribe his question because he is not recorded).

**Mr MONAGHAN:** Absolutely yes.

**CHAIRPERSON:** (He is asking question while his microphone is off so we are unable to transcribe his question because he is not recorded).

**Mr MONAGHAN:** Yes when that fees or funds are presented in that gap.

**Mr MONAGHAN:** Absolutely yes.

**CHAIRPERSON:** (He is asking question while his microphone is off so we are unable to transcribe his question because he is not recorded).

**Mr MONAGHAN:** Correct.

**CHAIRPERSON:** (He is asking question while his microphone is off so we are unable to transcribe his question because he is not recorded).

**Mr MONAGHAN:** Absolutely.

**CHAIRPERSON:** (He is asking question while his microphone is off so we are unable to transcribe his question because he is not recorded).



**Mr MONAGHAN:** The NMMU support free higher education for the poor and financial assistant to the Missing-Middle. Financial Sustainability we have touch a bit on that I have mentioned the runaway accumulation that is the 0% fee increase. And interesting here with the students leaders that we have met we engaged quite a bit as an institution over the last month until this week.

They seems to be... the concept of the 8% the students didn't want to support that but they were happy to accept that but it doesn't make sense because they then end up of hearing a fees but we are quite happy that we set the 8%. That is the leadership that was in control of the mess of Fees-Must-Fall movement not overtime that doesn't seen.

The other interesting with the fairly engagement when we offer the R31 million debt resolution process not wright off they were seen quite happy that we use the first approach not to wright off because next year business first to wright off those businesses so anyway that is quite interesting.

Investment in Higher Education. Provision of Higher Education contribute firstly to the greater social justice who fairly believe in that transformation in development. And we support government business and other service of the society to invest more in Higher Education given this a social benefit. I thank you.

**Adv. LEKOANE:** Mr MONAGHAN you have given us additional document here which answer specific questions that were put to you by the Commission, I don't know if intend to take us straight!

**CHAIRPERSON:** Mr MONAGHAN you can read it out but unless you have specific questions for him of something you that you don't understand or you think need

explanation then I don't see the point of leading the evidence which you can read for yourself.

**Adv. LEKOANE:** Yes Judge perhaps possible he just handed the document and we had not have sufficient time to engage with that. Will be very difficult to...

**CHAIRPERSON:** -He doesn't assists you?

**Adv. LEKOANE:** He doesn't!

**CHAIRPERSON:** I am afraid now!

**Adv. LEKOANE:** So perhaps Judge after we have received the document there would be anything else we will require from Mr MONAGHAN and the team.

**CHAIRPERSON:** You might going to ask him questions in writing if you have to.

**Adv. LEKOANE:** Yes. Thank you.

**CHAIRPERSON:** Thank you. This is something which you are specifically when you say about it.

**Dr BOSIRE:** Judge just one on NMMU fee increases over the last 5 years. Number 5 of the document, question 5 sorry of the document. We indicated our fees increases in 2011 8%, 8%, 7.5%, 9.5% and of course 0% in 2016

What is interesting we is we just look at the Higher Education Price Index. On that graph in figure 1 and this was the source from KPMG calculation based on STATS. We can see the tension to education inflation. We were basically in those limits so that is some quite interesting how are we when we set those fees that are around the Higher Education.

**CHAIRPERSON:** I am afraid I don't quite follow. Are you saying that on you on the Minister's invitation to go as high as 8% you agreed to go to 0%?

**Dr BOSIRE:** No! That was for was for 2016 and the 8% will be for 2017

**CHAIRPERSON:** Okay is see! So did you charge the fees for 2016 for which you received the subsidy from government?

**Dr BOSIRE:** No!

**CHAIRPERSON:** No?

**Dr BOSIRE:** Baseline the 8% for 2017 will be based on 2015 fees. Our fees based on 2015 remains no fees increases. But the government did asked what is our calculation. They funded R52 million and they funded 70% of that that amount which we couldn't have received yet.

**CHAIRPERSON:** Do you have received these fees increment in subsidy or you do not?

**Dr BOSIRE:** In subsidy correct yes.

**CHAIRPERSON?** In subsidy?

**Dr BOSIRE:** Yes in subsidy but not in fees.

**CHAIRPERSON:** By subsidy?

**Dr BOSIRE:** Yes.

**CHAIRPERSON:** Okay thank you.

**Dr BOSIRE:** Judge we will be happy if we can leave our email addresses and we will respond on any question.

**CHAIRPERSON:** Is that acceptable Ms PILLAY?

**Adv. PILLAY:** Yes that is perfect. Thank you Judge.

**CHAIRPERSON:** Thank you.

**Adv. PILLAY:** And if we need to we will engage with you further.

**CHAIRPERSON:** Thank you very much. Mr MONAGHAN you have to find time to read this to try to understand it but for the moment thank you and thank you for the delegates that you have. Thank you very much.

**CHAIRPERSON:** Thank you. Is 17H: 00?

**Ms KHUMALO:** Mm!

**CHAIRPERSON:** Yes is 17H: 00 We will adjourn for 5 minutes.

**Adv. MABUDA:** Thank you Judge.

***End of presentation by NMMU (Nelson Mandela Metropolitan University)***

***Representatives***

**Presentation from SUN (University of Stellenbosch)**

**CHAIRPERSON:** Who is leading this witness? Mr ZULU are you?

**Adv. ZULU:** Yes Judge.

**CHAIRPERSON:** Thank you.

**Adv. ZULU:** Thank you Judge.

**CHAIRPERSON:** What are your full names please?

**Dr LOMBARD:** My full names are ERMANES ERBARTES JACOBUS LOMBARD from University of Stellenbosch.

**CHAIRPERSON:** Are you happy to give evidence in English?

**Dr LOMBARD:** 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? If you do raise your right hand and say help me GOD.

**Dr LOMBARD:** Help me GOD.

**CHAIRPERSON:** Thank you very much.

**Dr LOMBARD:** Thank you.

**Adv. ZULU:** Mr LOMBARD is it correct that you are the Chief Director Finance at University of Stellenbosch?

**Dr LOMBARD:** Yes is correct.

**Adv. ZULU:** You have prepare the presentation which I believe should before Chairperson and the Commissioners. Can you just take us through your presentation that you have prepared?

**Dr LOMBARD:** Yes thank you. I have address set of questions that was sent through to us. If I can start off on a focus more on a later slide explaining the Budgeting processes in the Stellenbosch University. Firstly, our applications and we provided you there with the newest figures for 2017 as well with some other information going backwards but for 2017 we have received 17 000 students.

**Adv. ZULU:** Dr LOMBARD just before you start can you just tell us what is the total enrolment of students at the University of Stellenbosch?

**Dr LOMBARD:** Approximately 30 000

**Adv. ZULU:** What percentage of the 30 000 students are Black?

**Dr LOMBARD:** That is roughly about 35% and the biggest portion of that is at postgraduates.

**Adv. ZULU:** At undergraduates' level do you have a figure or not?

**Dr LOMBARD:** I do have a figure with me.

**Adv. ZULU:** Okay thanks! Can you just proceed with your presentation?

**Dr LOMBARD:** In terms of the 17 000 applications that we received for 2017 we pay faculty there what is there at end of September the 9 500 applicants that we have received information that they were successful of that normally about 5 000 registered at the beginning of the next year. The reasons for refusal is basically that they take up another offer at other institutions, the cut of the mark for the programmes, the selection criteria and the programme could be full.

Our capacity in terms of accommodation we have sign to you again for the years. In terms of our own residences is about 7 400 students. Now we got for performance high performance sport. For international students 153. Then we have started in 2014 accrediting private accommodation that basically not talking about rooms is 30 units and more comply with the university standards.

The cost for accommodation we have given you the tariff for the different years. We look at the 2016 tariff for double room is roughly about R32 000.00 that includes the fix portion for providing meals. So the students can add another R15 000.00 for the meals for a year. That is on the basis where they can choose if they want to make use of that. We also given you the tariff for target bed that is a little bit lower at about R25 000.00

At the bottom there we indicated to you that we actually doing our budgeting for the students' housing as a separate reign fence budget. Currently the cost for providing our students' hosing is about R35 600.00 per student. The reason is about more than amount living for student housing is increase in students especially a tiger bed.

We are building new residence currently. The finance cost for that is be spread longer term so we are not leaving that on the students so is putting our budget for students housing in a bit of deficit. It is small but is a planned deficit for about in the next 6 years.

**Adv. ZULU:** Who covers the different between what the students' accommodation actually? What the students pay and the figure of R35 000.00 which you have indicated? What actually cost the university?

**Dr LOMBARD:** That is right! That is mainly the finance increase in our capacity.

**Adv. ZULU:** Does the university covers in different ways?

**Dr LOMBARD:** That is correct. We cover that because we are not living only the next year students. So we spreading it out in future over the longer term so the university is covering that for the interim. Then we indicated the year in terms of the question about financial need students.

The NSFAS award that is been awarded first year for the tuition fees but Stellenbosch University is topping up for those students and I will come to that in later slide. The question of the students who receiving in our case is not a matter of discount in our students' fees but we work it out to what that amount be.

In our case we are giving them bursaries for merit so we indicated to you that for the first year students obtaining a minimum of 85%. In case of senior students we are looking in a minimum of 75%. For you our first year students that are receiving 40% or the calculation of the bursary become 40% of tuition fees. For the senior students is coming to 25% of the tuition fees.



**Adv. ZULU:** How did you cover the difference?

**Dr LOMBARD:** Sorry come again!

**Adv. ZULU:** Because you are saying is the bursary but is not a full bursary. Who cover the difference?

**Dr LOMBARD:** The students pays for that.

**Adv. ZULU:** Thank you.

**Dr LOMBARD:** Then at the bottom we have just given you the indication of the number of students from 2011 so you will see that especially for the students coming from school system that figure almost double from 472 in 2011 to 815 and our senior students also increase to just over the thousand.

Then we have given you the information regarding our real students' fees. So I am not going to go into the lot of details there but you will see it differ but is not calculated and I will come to that now in terms of the full cost for specific cost. In other word if I am referring to medicine and health. You will see the first one be occupational therapist R38 500.00 for 2016 the same as 2015 because is the 0% fee increase.

While for the NBCHB currently the 1<sup>st</sup> year is R51 000.00 and between R46 000.00 and R64 000.00 for the following year to 6<sup>th</sup> year. On the next page we just carry on giving you for the different faculties. If I look for instance to Engineering which is a...

**Adv. ZULU:** Sorry! The First column where is written 2016, the first column on slide 4 A. If you are say R32 886.00 it means for BA in 2016 it will cost R32 000.00 for a BA?

**Dr LOMBARD:** That is correct.

**Adv. ZULU:** Okay I understand.

**Dr LOMBARD:** I am just referring at the bottom there the engineering for instance, BA Engineering is R48 000.00 so that is more or less your different between your more expenses courses engineering and MBCHB and BA BCOM Degree. What is the different between this R31 000.00?

**Dr LOMBARD:** They are running for the BA Degree R32 000.00 up to R51 000.00 for the MBCHB

**Adv. ZULU:** Why is the Engineering Degree so expensive than the BA for example?

**Dr LOMBARD:** I can move to that one and explain. I have just move on now. How the cross-subsidisation is been calculated? In other words if you look at that and we called it the operational targets for each faculty. Is for how tuition fee cross-subsidisation is decided on.

If you look down we have done calculation and up to 2018 for that but if I state to the 2016 line where Arts and Social Sciences is list at R21 000.00. You move to the right you will see if you go down Engineering –R17 million. What we have done there that is coming to our budget at university for a different faculties.

We gave you the example

- (1) How it was calculated.
- (2) For the faculty of Agri-Sciences.

What we have shown there is the students' fees, the state subsidy and the indirect recovery. So that is the income that we calculated per faculty in the budget. So your students' fees is actual students' fees for the faculty. The state subsidy is been calculated as been end in terms of the 4 different categories of the state subsidy.

Indirect cost recovery is we have put in place in Stellenbosch University in 2013. That is also in term of the legislation. We will leave it in a percentage of and that is a calculated percentage in terms of audited Financial Statement of expenditure for Third Stream that is your recent contracts. The subsidy and the student fees they don't subsidise those contracts. That is specifically for the faculty of Agri-Sciences.

Then on the spin side we have got a contribution of support institutional expenses. That is calculated and I have not have too much details but we have got a lot of deferent to agree on cost drivers. If I can give you one example, for instance we have calculated our space cost of the university and we have got different category for teaching facilities, laboratory facilities, office space and that is been allocated to each faculty and then get the direct allocation for the faculty. You get the operational targets.

To explain that is when we got the new subsidy formula in 2003 applicable to 2005 for universities we did a full analysis of all our faculties putting this model in place. The management agreed with the Deans that we can't recover the full difference between the subsidy and the allocation for the faculty and the institutional cost from students.

That is how we derived at the operational targets.

For instance the faculty of Agri-Science has got negative operational targets of lease R6.7 million. That is been on an annual basis agreed upon. Basically is been taken in real term. In other words we used that university internal inflation to adjust for next year. So if a faculty is doing better in terms of subsidy that it end in terms of its research output and is a graduation then it could do better because its operational targets stay fixed. Then the different will go to the direct allocations.

By explaining these I want to explain why we say we don't levy the full cost that we can't get from subsidy from our students' fees. That also why we have subsidisation between the different faculties and the models levels for engineering.

They are paying a higher fees but also based on the students' fees from the other universities so we looked at that but is not the real cost because of the R17 million negative operation targets. They are paying lease that they should have be zero operational targets.

If I can go back to tuition fees, what we have done on the 4 (a) I have just explained to you the different components within our tuition fees. We said that foreign exchange, the cost drivers of foreign exchange base cost like your textbook, equipment, library books and periodical is highly indication of Price Index because that takes account of the exchange rate differences.

Academic salaries that is more CPI related although it could be more CPI Plus in terms of projection but is CPI related. Our services because again specific that is why we are saying taken into account of the highly Price Index. And then the consumable although you could seek that is CPI more related and again specific for the sector.

Study materials: - what we are saying about study materials on the next slide I am also saying non-essential. In that portion we got tuition fees and the figures that you see for the different faculties is including any all levies in the students' account. In other words we are not talking about tuition fees. The additional cost that has been levy is included there. We included...

-For instance what we are saying is for the students as they have the choice to choose that university buy textbook for engineering science because we get them at the lower price. If the students choose to go and buy themselves that is the only portion that we will allow as an additional fee on the student's account and nothing else. In other words what we are saying is an additional to your tuition fees to get to your full students' fees levy in your account.

We will not allow faculties or departments to use that mechanism to raise additional fun for operational base on budget in your budget requirements. Copyright is also university specific item. As I said is High Education Price Index driver. Utility cost in term of property tax and electricity...

**Adv. ALLY:** -Copyright Mr LOMBARD! Is this in relation to material drafted by your Lecturers that are handed out which you claim copyright on or what does it referred to?

**Dr LOMBARD:** this is referred to copyright in terms of DORO agreements where they making copies for students specifically for their lectures. The computer hardware and software because there is also foreign exchange component that we are also using the Higher Education Price Index as a driver.

Research development the same, repair and maintenance, again university specific type of buildings that we are using as laboratory, facilities as well and then counselling and health care services is the last component. That is basically the different line item that is looking at the expenses with the operational budget that we need to cover from students' fees.

On the next slide we just tried to differentiate what is none essential and is basically we are saying in terms of the consumable stationary that is that you can cut on. The other one that you can cut on is repair for maintenance but that is basically putting you in a position of back lock maintenance so some of this stage is going to catch up with you.

Bursaries: - We have indicated to you the amount of bursaries that has been paid from university that including so that is for the university on forms as well as coming from the nations and the third party is paying bursaries into the university to be utilised as bursaries.

For 2015 there were R403 million. That more or less comprises 50%of our annual total title skills levy and that still excluding the NSFAS portion.

**Adv. ZULU:** How many students in your university that are funded by NSFAS?

**Dr LOMBARD:** I just going to go to that slide.

**Adv. ZULU:** Oh is coming?

**Dr LOMBARD:** Yes.

**Adv. ZULU:** Okay is fine.

**Dr LOMBARD:** But it is 816 in 2016

**Adv. ZULU:** Okay!

**Dr LOMBARD:** So is a very small percentage of total students' population of that  
30 000

**Adv. ZULU:** Why is this so?

**Dr LOMBARD:** That is the students that qualified in terms of the main stance (the  
NSFAS stance).

**Adv. ZULU:** It mean that the majority of students who are studying at Stellenbosch  
University their parents earn more than the R122 000.00?

**Dr LOMBARD:** It could be but I can't give you definitive answer because it could be  
students coming with bursaries. It could be other merit bursaries or other bursaries. I am  
also indicated that is quite a substantial about 50% of our students' fees is been  
covered by bursaries. So quite a big portion of that. So it could be students that they  
have not receive that could qualified for NSFAS.

I have explained in briefly some of our budget process so in terms of our tuition fees increases over the last couple of years just you ask the question of the 0% increase in 2016. Stellenbosch University actually in 2016 had a plan increase of about 11.5% so that comes from the R130 million that was used as a basis for the state contribution to get 0% increase for 2016

Important what I want to share with you in terms of the calculations is we do the internal calculation for Stellenbosch University for couple of years now. That differ about Higher Education Price Index in the sense of Stellenbosch University specific. 1.7 CPI and 1.7 refer to Higher Education Price Index that is the average for the sector.

If I can just indicate the 2015 one for instance for Stellenbosch University and we have showed you the different component. That is the reason why your previous question “Higher Education Price Index if you compare that to the CPI is the different in that?” that is the basket of Stellenbosch University. For 2015 we had the internally inflation of 10.2% actually. The reason is the remuneration is 62%. Is a quite a big portion of the basket.

Your second biggest one is your general operational and that is also includes a bit of exchange rate exposure. The other one that is also seem to be higher than CPI because of building inflation is your building maintenance which for 2015 amount about just below 6% and the other one is bursaries again. Bursaries makes provision for the higher increase in students’ fees so we try to maintain all increase of amount available for all bursaries.



This is just more data on the private funded sponsorships so we indicated there for 2015. For instance our bursary payments announced to R403 million. Of that R150 million is actually money coming in from subsidy students' fees been paid out by bursaries. That R115 million that is why we use it to fund students that academically deserving but financially need it. That is why we use that students that they can't pay the amount of bursaries to fund those students.

**Ms HUMALO:** When you received this private funded they don't come with, they are not obligatory like they are coming to the pool in that you can redistribute or maybe a child applies and then it comes, what happens?

**Dr LOMBARD:** The R115 million is not coming through with obligation in terms of using it for specific faculty or degree so that is the big portion the is been used for academic deserving students. R288 million the balance of the R403 million that is coming from external sources, private, your cooperate and that could be.

In the Stellenbosch University case quite a substantial portion of your cooperate funding for bursary is for your postgraduate students. Now I think the interesting also is what...

**Ms KHUMALO:** My question is maybe you say a company (I don't want to mention names). Do they give lamp sum or students applied and they get bursaries? So is for per students? Do they give money to the varsity directly?

**Dr LOMBARD:** If I can answer in this way! That is why we said there could be the funds coming from cooperates that is not included in here. They pay the students' account directly, we will not know about that. So this now are given to the university and I can give you for instance to say SASOL.

They can give you bursary and say we will give bursary for students in Chemical Engineering. First year Chemical Engineering and coming from the disadvantaged groups and then we applied as they request. So in a lot of cases that is where the money coming to the university.

Is quite substantial if you look at the last column it is indicating what percentage of external funded. In other words for 2015 is R288 million. What percentage is that making up of your students fees? From 2011 you can see it increases from 34% to 37% and 37% is quite substantial.

Then the question asked also about NSFAS I have given you information there. It is roughly about, it went out to just over 1 000 and again 816 in 2016 that is the number of students. In the criteria applied by our Financial Aid Office we use the NSFAS means tests to determine the needs of a student.

What we do then from the university funds I have indicated previously that we do the top up of the NSFAS allocations to students to ensure that they are fully funded. That is the amount that we indicated. If you look at 2016 we are talking about 378 students that refers to the needy students, academic deserving needy students received just below R27 million.

What we also do indicating there is that Stellenbosch University already applied the higher interval for helping the students. In other words we already used up to R240 000.00 combine income as a measure to determine which students we need to help financially.

What we have done here and I must say that, again if you look at the shortfall there and the number of students it looks like low number of students (1 600 students). For the different categories of 0 to R122 000.00 and R122 000.00 to R140 000.00. Those are the one already helped by NSFAS and by the University of Stellenbosch. And also up to R600 000.00 so that comes about R119 million but as I have indicated that there could be students receiving other bursaries not applying to this.

I also indicated just below the table the office also refers students in the above R240 000.00 category. That is now our practice up to before 2017 refer them to the financial institution if I can get help there.

**Adv. ALLY:** Mr LOMBARD! If you can go back to your previous slide please.

**Dr LOMBARD:** Okay!

**Adv. ALLY:** Of the 950 the R81 million is it total cost of tuition that is accommodation, transport, meals and so on or is just tuition?

**Dr LOMBARD:** We are looking at the full amount including those components that you have mentioned.

**Adv. ALLY:** Okay!

**CHAIRPERSON:** May I just ask you about the degree of recovery? When do you recover money from students to whom the university has made advances?

**Dr LOMBARD:** This is the supplementation of the NSFAS shortfall.

**CHAIRPERSON:** What are the terms?

**Dr LOMBARD:** The terms is that they don't pay interest during their study academic year. If is a loan we have got a combination of bursaries and loans. For the loan portion they don't track interest during the study period and they only start paying when they go to formal employment.

**CHAIRPERSON:** And even there you succeed the recovery of nearly 50% of the debt?

**Dr LOMBARD:** Yes.

**CHAIRPERSON:** that is the results of legal measures?

**Dr LOMBARD:** Is a combination, we have in-house division that start with that. So is only when is at the process of going be call that is handed over for legal process but before that we are doing it but we got...

**CHAIRPERSON:** What is the reason for the right off.

**Dr LOMBARD:** The right off is when students don't complete the degree. In other words they move out of the system and we couldn't succeed in our following our procedures.

**Adv. ALLY:** That means you couldn't, you can't find them on the system?

**Dr LOMBARD:** Is more than that, they are not in a position to repay that. In other words we went through to a court process and they couldn't, there is nothing to...

**Adv. ALLY:** So you went through the legal process?

**Dr LOMBARD:** Yes.

**Adv. ALLY:** And it tells out that you won't get your money? And your right off procedures is that approved by Council?

**Dr LOMBARD:** Yes. We have got very specific for right off. Is not going to Council to do that because we are handling that within the loan management but there is a procedure for that. I can also say just a little bit on that that we had a little bit of a problem of increase in outstanding and unrecoverable fees form national students.

So we have implemented the measures of asking international students because we don't have legal recourse to do full payment upfront. We just indicating from 2016 0% amount for both students' fees and accommodation fees. For that 0% is R130 million for Stellenbosch University and we have received R79 million form the department. The different was covered by different faculties and smaller faculties they are having problem to be able to fund that.

So that was basically not taking out current cost item on the budget but not having the facility to install that decision that was taken by Human Resources Committee of Council. In the case of accommodation the R8.3 million shortfall was covered by their reserves and the council unrestricted funds was years for the remaining R15.2 million.

The impact of the shortfall on our planning going ahead. That is the budget that is going to our Council on the 28<sup>th</sup> of November 2016. The second line from the bottom indicating that we are actually breaking even and we are planning for the breaking even in the 2017

But going forward we are running like most of the universities that are still into deficit if we are planning I can call business as usual. In other words we are running into R143

million deficit by 2022 because in terms of our business cycle and like medical course that is running for 6 years we are doing a 6 year planning. The main reason for that it is not mainly the lower students' fees that we are planning for but it is mainly the fact that the subsidy is lower than inflation. Firstly and I think is very important that the speed computer. Speed computer we are referring to students and road, research output and graduates is actually coming down so that is decreasing in real time.

The main reason for that is that the whole Higher Education Budget is not making provision for the increase in the students number as in the enrolment and TPI for instance. For increase in our research output and CPI increase in your graduates and the CPI.

So the question about the measures that the universities has to take for the 0% fees increase. Currently I have indicated that we have not had to going into staff reduction because we done a process in 2014 already. We have gone to the budgeting details and took out all vacant positions that we are sure that is not necessary for the academic project.

So we have done that with a lot of pain but we have spin down in 2014 but looking forward with the R143 million we have to make sure that the measures is going forward but that now putting to Council because there is uncertainty about the subsidy formula and there is still about the students' fees that has been charged.

**Adv. ALLY:** When you say uncertainty about the subsidy formula what do you mean by that?

**Dr LOMBARD:** After the Ministerial Task Team looking into the subsidy formula been formed by the Department they now got the final version of the subsidy formula but it is been gazetted yet for the public process. So we are not sure what is going to tell. The indication is this because of the conceptive of the differentiation and the lowering of the wide for instances of the MDHB Degree and your MND degrees and the research output that will have a major impact on your research universities.

**Adv. ALLY:** thank you.

**Dr LOMBARD:** What we also indicated there is that the university students' staff ratio. The middle line that is dotted one is the average for the University for the Students' Staff Ratio and then we also indicated for the different faculties. So for the university from 2006 to 2015 there was an increase at about roughly 33 to 26 student to staff.

The one that was bit problematic was engineering, you could see that it went up to roughly from about below 20 to about 30 and that was because of the request by the department to increase our intake for Engineering Students.

The question about the capacity to enrol more enrolments. We have got quite capacity problem currently. Is not only in terms of the buildings but also in terms of the Municipality not able to provide the electricity, water, sewage and so on to increase your capacity.

**Adv. ALLY:** In your planning cycle you have Enrolment Plan and so fold which you negotiate with the department. What is your plan and what is you negotiated because the planning cycle is 3 years and so fold? So what is because your students number now is around 30 000 and your agreement with the department is you can move to what in 2019?

**Dr LOMBARD:** Because of capacity problem we have got a very-very low increase is about below 1% and is also more in your postgraduates and Doctorate level that is not necessarily on campus and using the facilities at the time. The other one that we are planning and also look at cost effective by to look at the distance learning modes. It try to increase a number on that basis instead of on campus.

**CHAIRPERSON:** That is a bit of pressure! It is perhaps we will going to Stellenbosch and enjoy the atmosphere!

**Adv. ZULU:** I think you have agreed with the department the figure of less than 1% in terms of your...

**Dr LOMBARD:** -Yes that is in terms of the enrolments. The last one was saying 6 year planning. We are within in that process now so that we agreed and they signed and the department also agreed on that.

**Adv. ALLY:** Let me ask you! Was that on the basis that you will able to provide more Doctors because there is another issue of increasing the Doctors in a country at 75% and the number now is somewhere in 43%. Are you able to provide more Doctoral students than others or does that not coming at all in your 0.2% or your 0.1 or whatever it is an agreement with the department?



**Dr LOMBARD:** Yes we definitely increasing our postgraduates MND in enrolments and plans delivery.

**Adv. ALLY:** But I was asking, is that a bigger factor in making you less than the others or is the fact of your infrastructure, the main reason that the department has exceeded your request as was?

**Dr LOMBARD:** Yes. I think is a combination of this.

**Adv. ALLY:** Okay.

**Adv. ZULU:** Can I just ask you a question? What measures? Do you have any measures in the university that you put in place to ensure that you get more from the previously disadvantage?

**CAHIRPERSON:** I am sorry! Mr ZULU I really can't hear you! Would you speak up please!

**Adv. ZULU:** Sorry Judge! Are the any measures you as a university you have put in place to ensure that you grow that numbers of students from previous disadvantage background?

**Dr LOMBARD:** Definitely. In terms of our Management Indicators we set for the university and we are just busy with the process now, we call it the university institutional strategy intend. We are busy looking at that figure but there are set targets that we have set on the increase for that specific Management Indicators. We putting also more money to the bursaries to be able to track those students and we got projects in terms of engaging with schools to be able to reach those targets for us.

**Ms KHUMALO:** Just a follow up on that! Giving your geographical placement of Stellenbosch how do you identifies schools in order to achieve those goals? How do you identify which school will go to? Do you have a programme maybe a rural or Township or?

**Dr LOMBARD:** Unfortunately I don't have specific details for you but I know that there is specific enrolment version task so they go to projects in terms of... yes but there is a specific rural schools and schools within the nearer Stellenbosch Cape Town area. We also got director strategic fund where we use our strategic fund in a university of roughly about and that happened a year and half ago. The amount was about R70.5 million specifically used for staff. In other words to increase our staff from the designated groups.

**Adv. ZULU:** I don't have further question. I don't know from my colleagues!

**CHAIRPERSON:** Mr LOMBARD "baie dankie".

**Dr LOMBARD:** Thank you.

**CHAIRPERSON:** That is the end of the day!

**Adv. ZULU:** Judge the next presentation is from... oh that is all for today!

**CHAIRPERSON:** I have said thank you for your time Doctor LOMBARD.

**Dr LOMBARD:** Thank you.

**Dr LOMBARD:**