



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

MONDAY – 24 OCTOBER 2016

QUORUM/SPEAKERS

Presentation -1

Chairperson : Judge J Heher
Member : ADV. G Ally
Presenter : DR. Charles Sheppard (TVET/CET Funding)
Head Evidence Leader : ADV. K. Pillay SC

Evidence Leaders:

- ADV. M. Lekoane
- ADV. T. Mabuda
- ADV. M. Zulu

Expert(s):

- PROF. T. Mosia
 - DR. G. Simpson
-

Presentation -2

Chairperson : Judge J Heher
Member : ADV. G Ally
Presenter 1 : MR. Dan Mabuyakhulu (TVET Colleges Governors Council
(TVETCGC)
Presenter 2 : ADV. Lucas Xhuma
Head Evidence Leader : ADV. M Zulu

Evidence Leaders:

- ADV. M. Lekoane
- ADV. T. Mabuda
- ADV. M. Zulu

Expert(s):

- PROF. T. Mosia
- DR. G. Simpson

TRANSCRIPT

DR. SHEPPARD: They work on TVET College, we have got TVET... College expertise also, but it was also developing consultation with the Department of High Education and Training and they made inputs into the development of the model. So I think it's a very good idea of why it's actually unaffordable to reach these targets at this point.

JUDGE J HEHER: Can you just explain something to me in this particular diagram. I didn't quite understand it hit the expenditure on the PSET sector then what I see is that there's an amount allocated to TVET Colleges, Universities etc, but then there's also an amount allocated to SETAs 10 billion. How is that expenditure on the PSET sector?

DR. SHEPPARD: Judge I think it's because the SETAs fund a lot of occupational training that is sometimes offered by some of the PSET organisations.

JUDGE J HEHER: Well then that I can understand would the source of the funding, but it would never be R10 billion from SETA, but the TVET colleges are now sourcing the funding and now the Universities are source of the funding. So why should SETA be in there as a source of funding.

DR. SHEPPARD: I think in this sense it is the expenditure, but a lot of that expenditure happens in non-government organisation, in the Private Sector. I think this is basically because it's an expenditure table. It shows what amount was spent on PSET Education and Training. They do note that some of the SETA funding goes into the TVET sector and the Colleges and there is a little bit of duplication here. It was just to give a broad rough indication with available information on what is more or less spent on the PSET Sector. It's about R74 billion, but that means its income from all sources. The next slide shows what government funds.

JUDGE J HEHER: Then I see the item for Community Colleges the striking [inaudible] that one picks up from reading these documents of yours is that [inaudible] Colleges does exist and so spending R1.7 billion of Community Colleges sounds like an autonomy.

DR. SHEPPARD: Yes it's just an interim administrative arrangement. They did exist in sense of Adult Education and Training learning Centres or Public Adult Learning Centres. They have got so many different names where Adult Basic Education was offered just as an interim measure until the real Community Colleges are going to be established. They have created nine administrative Community Colleges that include all those Adult Education and Training Learning Centres. So they are running just as an interim measure until they fully establish the real Community Colleges.

JUDGE J HEHER: See it's so easy to spend money on. Very well thank you.

DR. SHEPPARD: The next one shows the subsidies that are allocated. One must notice that NSFAS - - That was 2014, 2015 which was approximately R9 billion that includes the money that goes to TVET Colleges as well as Universities. The [inaudible] transferred to TVET Colleges was about R6 billion, Universities was R24 billion, Community Colleges a R1.7 again. There are institutions like DET and Counsel and High Education that are also funded. So the total expenditure was about R41 billion that was government subsidies to these institutions. It just shows the important point here is to see - - -

ADV. G. ALLY: [intervene] Sorry, sorry Doctor. When you say includes DET, you said PSET institutions including DET. Who in DET or what in DET? Is DET funding itself? What do you mean?

DR. SHEPPARD: Yes that is DET funding itself. It is actually just to make in sense the numbers balance, to say certain amounts are allocated for DHET's operations itself as well as the Counsel and High Education and there are some other institutions. It's just to make sure that one reflects the full subsidy in a sense that's given to the Sector.

ADV. K. PILLAY: DR. do these amounts on the table reflect government's contribution to third stream funding? For an example NRF.

DR. SHEPPARD: Sorry I missed the question.

ADV. K. PILLAY: Do any of these numbers here reflect government's contribution to third stream funding? e.g. NRF

DR. SHEPPARD: That's an interesting question. I don't think so, but we can go back and clarify that. This colour didn't come out well, but it basically shows that 60 percent of - - If we just look at the TVET College funding. The total was R1.1 billion because now we have got the NSFAS component as well as the government contribution. 60 percent of the income comes directly from subsidies that is the programme funding, NSFAS contributes 20 percent to the income, 5 percent from the National Skills fund for special projects that are run in the TVET Colleges and private income which is student fees for that small portion they do pay. Private and SETA funding, SETA in the terms of payments for offering of occupational programmes. So one can see as one of the questions was whether TVET Colleges have got some autonomy about their income streams. They do have because they are only partially funded by the government. Then there's this graph that everybody is talking about this figure that the fact that by 2015, 2017 government was only funding the actual amount of 50 percent of what they should be funding. Just to explain how one gets to this figure is: each programme that the TVET Colleges offer are cost[inaudible]. There has been a different exercises to say if you offer a full time student in Civil Engineering is costing you for a example R45,000.00 and so they cost all the enrolment in the TVET Colleges. There is a figure that they should pay to the Colleges because of lack of funding they can only pay 56 percent of that actual cost that was calculated that was needed. As you can say this comes down 81 percent funding of the actual cost goes to 56 percent in 2016, 2017.

ADV. K. PILLAY: Sorry Dr. can we just get a sense of the impact that NSFAS funding will have on this graph?

DR. SHEPPARD: NSFAS Funding is not brought into the picture. NSFAS Funding pays the fee component which is 20 percent of the programme cost. So it does not impact on this. I think as far as I could gather nobody has complained that NSFAS hasn't covered the 20 percent fee of the component.

ADV. K. PILLAY: Over the years whether there has been an increase or decrease in NSFAS Fund.

DR. SHEPPARD: It was incredibly increased. I think the current Minister has really made a huge effort to make sure that NSFAS Funding [inaudible] to TVET colleges to ensure that they receive

appropriate fee funding. There are actual numbers, but we can also - - , But it was really increased dramatically.

JUDGE J HEHER: In actual terms, how does the present 56 percent compare with the 81 percent 2013, 2014 in rand terms?

DR. SHEPPARD: Judge I don't know if that kind of answer is just directly available. I guess this decrease is partially the combination of not keeping trait with inflation and [inaudible] with a huge massive enrolment increases in the TVET Colleges.

ADV. K. PILLAY: Let me just check for an example, for the 2015 and 2016 bar. We see that 56 percent is the budget from the government and 44 percent I would assume is for the TVET Colleges which needs to get this fee for outsource income.

DR. SHEPPARD: Yes, that excludes the fee component. So this is just in a sense an academically society [phonetic] if you want to put it that way. To say if we were funding these programmes fully, according to these costs that were calculated. What was needed to actually offer them appropriately we would have been short of that 44 percent on that full cost. The 56 percent is paid over and as I would like to indicate in the presentation that what actually happens is the Colleges are not offering the programmes as they should be offered. They are serving on the practical component of the programmes where there were suppose to be very practical programmes with Laboratories. They are actually [inaudible] offered more academically because the Colleges also get dyno[phonetic] funding private income. They also offer a lot of short programmes and programmes for the SETA's where they get additional income from to make their budgets.

ADV. K. PILLAY: Just to pick from what you have said earlier, there's something I am grumping up in my mind maybe you can assist. So the cost of the programmes doesn't equal cost of running these institutions. Are they the same? Can the two interchangeably? Is that total cost of running the institution?

DR. SHEPPARD: I think this sense in taking cognisance of all the overhead cost. So it's in a sense the cost of running the institution to offer those programmes in those, for those numbers that are rolling. Yes. So it does include the cost in a sense of running the institution, but then they made it up in other ways as I say from other income streams.

JUDGE J HEHER: Suppose they cut the programmes related to Laboratories. Is that because they don't have Laboratories? Or don't have the Lecturers? Or simply because it's cheaper not to offer programmes?

DR. SHEPPARD: I think Judge what has happened and what we have seen is that in many cases where they were to enrol students in programmes that are cheaper offer. Secondly the infrastructure has improved quiet a lot. What we also see is a highlight indication that more money is spent on just running the institution and not so much on maintenance of the Laboratories etc. As I say they do make up some of those funding from the private income streams, but they do have Laboratories where they all adequate etc. I don't think there's recently really been an index saver of that. There was a huge infrastructure injection in 2005 into the TVET Colleges to improve their infrastructure.

JUDGE J HEHER: So it maybe that they are not making optimum use of what they have got.

DR. SHEPPARD: That's it Judge because if they save in a sense for example if they don't buy materials for Laboratories or they would often also [inaudible] that appropriate skilled Lecturers to offer those practical's properly and they don't do it properly and save in the other aspect.

ADV. K. PILLAY: Dr. is there a PQM approval process for TVET the way there is at the Universities?

DR. SHEPPARD: The programmes are developed nationally so the curriculum has been developed so it's not so much of a process to get them approved. Not as far as I understand it. As I say I might not have all the details about these processes.

ADV. K. PILLAY: Who develops programmes? Is it developed by DHET or by the institutions themselves?

DR. SHEPPARD: Yes, mostly the [inaudible] I know is that they have been developed nationally.

ADV. K. PILLAY: In relation to a specific institution, do they decide which programmes they want to offer or are they obliged to offer all programmes that the DHET ideally wants?

DR. SHEPPARD: I have recently been studying the Western Cape and there a clear differentiation amongst institution where they have got very different setups and compositions of programmes in enrolments. Some of them even have more quiet substantially more enrolments in [inaudible] programmes. They report 109 programmes less enrolments in the incident programmes. That comes also from historical linkages with industries around them. I could clearly say you could see that for instance they were some that offer just public help. In serving public helper, but only offered by a few ones. It's always linked to what is going on around them in terms of the industries. So I think it's very much a process from the TVET Colleges than to national level of what they want to offer.

ADV. K. PILLAY: There's no regulation by the Department as to which programmes an individual institution offers or doesn't offer?

DR. SHEPPARD: I think you will have to ask that to the DHET exactly on how that works. Okay the Community Colleges expenditure, we as the Ministerial Committee are very concerned about this particular Sector. Expenditure increase from R1.2 billion in 2010 to R1.7 billion, but actually the revenue from divert government transfers by then it decreased 6,700 to 6,071 because of a huge increase in enrolments. So they have actually been on a relative decline and it reflects in fact that provinces have consistently not prioritise Adult Education and Training. Just to clarify again Adult Education has now become the Community College which is now more of an administrative arrangement. This decline in allocation affects the state of AGB [phonetic] provisional received decline in quality of the provisional over the years. The problem is that 93 percent of the expenditure is spent on compensation of employers living very little for the management or equipment of the Colleges or any other materials. We as Ministerial Committee members actually went up and site visit the TVET Colleges and to the Adult Education Training Colleges. It is shocking, there is no learning support between those learning Centres. So it could actually, if one looks at electricity campaign where they produce for phenomenal amounts and made sure it was distributed to all learners. So will see later in our recommendations where we actually say this is a major challenge for the Adult Education and Training. They must do something about the learning support.

How can these poor people without any resources learn anything without proper support learning material. I am going to quickly reflect on some of the specific questions - - -

JUDGE J HEHER: [intervene] Can you just tell me, what sort of learning support material were you thinking of?

DR. SHEPPARD: Judge I was just thinking in terms of proper hand books and just enrichment materials for the Curriculum where they basically saw that they have nothing or they have one [inaudible] for the whole centre not for the individual people in the Colleges.

JUDGE J HEHER: Is this the part of the people who are running the teaching programmes or does it stand for something more fundamental than that?

DR. SHEPPARD: Judge my opinion would be that there is simply so little money for this sector. It has been so badly run and it has been so badly governed and neglected that it simply just stands out with all the money used for the compensation of the educators in those and that there's just no money left for learning support. It is also part of the planning problem and negligence. I did receive some specific questions - - -

ADV. G. ALLY: [intervene] Doctor on your evaluation of the system. The appointment of somebody to deal with this particular sector that is TVET and CET. You see or can one only see down the line whether there's improvement or not because it will appear that the Department has appointed a Deputy Director General to deal with this specific sector. I suppose certain administrative and certain policy guide lines should have kicked in before you get any approval. Have you any comments on that?

DR. SHEPPARD: Yes Commissioner, I must say that the current Minister of High Education and Training is probably the Minister who put most emphasis on TVET education in history and there's really improvements happening. Things are - - At the moment there's a huge improvement that's still needed, but one can see slight improvement coming on. Then you also get to some TVET Colleges and Adult learning Centre where this really function very well and things are going very well and some provinces are much better than other ones. It had a lot to do with the resourcing differences between provinces in the past, but now it has now become a national competence so I think it can only improve. One thing I have seen is its already historically you could basically get no proper information on TVET Colleges. We didn't really know what was going on in the system. That has already improved incredibly since it has move to national level. There's still a lot of work that still needs to be done. I see that's very helpful and point is that we cannot neglect these centres they are just as important as Universities. I will send a specific set of questions one was: Are the TVET Colleges equitable funded across provinces? Now without going into too much technical detail, the calculation that I did for the [inaudible] financial promotion a few years ago and I still use the same date and it's still the same even if you look at today's dater, this is actually newer date. What has happened is that each province allocated a certain amount of funding to their TVET Colleges which differed and some resource them better than other provinces or prioritise them more. The current situation is now the funding is being distributed by DHET, but they do these calculations what the Colleges should get. Then they look at what is the historical percentage of money that was allocated by a province then they allocate that on that basis. The answer to that question is straight forward, the TVET Colleges across the provinces are funded very unequally. So the reason also one could

understand is that the Department could not just cut all that to the lower level because some TVET Colleges could just basically collapse. In our recon you can see that for example what was average amount allocated per rated FTE which was 20,700 some provinces are way above that. Like Eastern Cape 26,000, it 6000 more than the average while if you look at KZN it's almost 4000 below and Limpopo almost 5000 below that amount. So there's huge inequalities and persist one of our recommendation is to sort this out. You cannot do it overnight because some [inaudible] will not be able to operate properly. I think we have to discuss this in a sense to say Colleges receive a largest portion from the government. The 60 percent from the programme funding, 20 percent from NSFAS and project funding NESF. They do it on the process of funding formula as I have indicated that it is on that calculation that they do of what it actually cost to offer a programme to a student. This is the analysis which was done also by DNH on for TVET Colleges reveals substantial differences between average spending per full time equivalent student with an average college spending ranging from 20,000 to almost 40,000. Let's double it per FET for [inaudible] that's the kind of difference that exists between Colleges. From 15,000 on a rated programme to 37,000 so it's huge differences in resourcing and spending. That's the point I made earlier - - -

ADV. K. PILLAY: [intervene] Sorry before you go ahead Dr. Sheppard, just to get an understanding you said that the funding is based on the [inaudible]. Duty that has enrolment planning process. How does that process take place?

DR. SHEPPARD: Yes they do have enrolment planning process, what they is at the moment the Department must give them indicated budgets for next year so they submit an enrolment plan for next year as well as the budget. I am going to come to that. Based on that the Department then allocate the budget, but they can't fully fund it. The College must then indicate how will they fund the deficit in the project planning process. What this study also found is that the actual spending per EFT doesn't have a substantial difference between the same Colleges. So Colleges do not in practice being substantially more on higher funded courses more practical than lower funded ones. In practice this means is practical courses are not being taught in the appropriate way. Then six percent of the spending is on diary programme costs text books where the norm actual says 27 percent should be on diary costs. We would come to the tripped rates, it's very low. The low tripped grades makes the cost per graduate exceedingly large in many Colleges as expenditure is a portion to very few graduates. What we saying is it cost a fortune to produce one graduate? Interview graduates from the TVET Colleges at the moment because of the incredibly low tripped grades. It is also showing that there's a positive relationship between the Certification rate in other words the tripped rate and each of the level of funding the institution receive per FT, the expenditure per FT, the staff development spending. So what it tells us is if you train your staff better, they definitely perform better the dater and this study shows it. Colleges that spend more on staff development have significant higher Certification rates. What also happens is because of the low tripped rates you sit with very small classes at later levels of the [inaudible] rated programmes which means you sit with low students of higher level which is more costly. The importance of focussing on the course per graduate rather than on the more basic measure of cost per enrolment so we need to rather monitor how much it cost us to produce a graduate than how much we pay for the [inaudible] because it is eventually about producing those graduates. If they don't graduate they provide no benefit to the country.

ADV. G. ALLY: Sorry, the problem we have with these graduations at TVET Colleges is somewhat more complex than less in a sense what we have been told in the commission is that until and unless you have your work past you completed your work based programme then will not receive your Certificate. Which means therefore that when you evaluate the programmes and tripled rates I think it would be logical that you will need to take that into consideration also that it could be a factor that you just cannot get the industry to play a ball with you in terms of those rates.

DR. SHEPPARD: That's absolutely correct Commissioner, that plays a huge factor in this industry. I think I can skip this one because it has actually been mentioned. Let's do the third point, by building more relationship with industry Colleges could generate a greater funding proportion from private resources. Which could reduce the financial strain from the first [inaudible]. I think we need a lot of more private sector assistance in this TVET Colleges and SETA Colleges. This is Certification rates, I might not want to go through it, but if you look at the Certification rate at level 2 of the [inaudible] of 33 percent. It means of all the students that wrote their examinations, 33 percent passed. That means if you take a 100 only 33 can go to the next year. The next in level of education is 30 percent so of the 33 about nine or 10 go to the next. If you again have a Certification rate of 37, you have got four or whatever that actually students that started that complete monument [inaudible]. I think these figures are really very concerning. I know that we have lost a lot of time so the figures are there for you to study. If I look at the report on one Certification rates for the Engineering Studies it's about 50 percent on the first level and one on 47 percent, 45 percent at N3 level. If you go to 426 it goes to about 34 percent, 33, and 27 percent. That's how really decimal figures of Certification. If you go to the Adult learning Centres, the 1.7 billion funded sector. It also looks just as worst, if we look on this slide. In the year 2011 we had a completion of percentages of registration of about 11 percent that passed and those that actually went to write was only 35 percent. Those that registered for the examinations are 107,000, but only 40,000 of them eventually wrote their exams and only 14000 of them in 2014 actually completed. There is a huge drop out, but one must also keep in mind what the sector is. It's really Adults that seeks to improve their education. What we also find out in the Adult Learning and Training Centres is a huge numbers of drop outs from school. Young people who are now trying to complete their schooling through that.

JUDGE J HEHER: Would there be as it were full time students? or do they do this as ADHOC when they feel like?

DR. SHEPPARD: Judge I would say more the latter. They are some of them - - What we have seen in our visit to the provinces there are lot of drop out from school and are now filling these Colleges trying to complete their schooling through that. It was originally meant for Adults who could be working with family responsibilities. It is a very difficult, problematic way of teaching.

JUDGE J HEHER: So many of them would register and hope that the pass rate will be good.

DR. SHEPPARD: That's possible Judge.

ADV. G. ALLY: The reason for this is what, Doctor? That you have a situation where you get matriculants that haven't completed.

DR. SHEPPARD: Yes

ADV. G. ALLY: What is the course of them not going back to same school? Is it policy somewhere else that says you cannot come back to the school or what is it that makes them go to Adult Learning Centres?

DR. SHEPPARD: Interestingly in some cases its students that are being suspended from schools. That schools no longer want or they are simply too old to fit into the other classes and they then go to these quality structures to finish their school. I remember the one that I specifically went to in the Western Cape. It was a huge number of them who were suspended from their schools because of their behavioural problems etc. So you are sitting with some difficulties in this sector.

JUDGE J HEHER: Do these people receive any sort of support from teacher or psychological encouragement or is it just their permanent judgement?

DR. SHEPPARD: I think it's more the lecturers that [inaudible] tried. They try to - - The one that I particularly went to, there's really a commitment from the educators at the community centre that tries to support these learners to actually get them back on track. These Centres are very under resourced, there is not really refreshable help available to those centres as far as I could go.

JUDGE J HEHER: So its depends very much upon the motivation self motivation than schedule [phonetic]

DR. SHEPPARD: Yes, some of the educators really try hard to motivate them then assist them.

ADV. G. ALLY: Now Dr. we had a Minister here and tried to ask him to explain the difference between Adult Basic Education in terms of section 29 one of the constitution and what you are telling us now.

1. There seems to be a difference of understanding and would need to be a different of funding because if one has a look section 29 and one there's certain obligations on the state.

DR. SHEPPARD: Yes

ADV. G. ALLY: What you are describing here is something else. Your Adult Learning Centres are not a kind of Centre where you have - - Let us see or the three A's reading, writing, arithmetic kind of situation. It is actually those that went out of grade 10 and then looking for other Centres. Am I correct?

DR. SHEPPARD: I think the Minister's definition is correct. It's meant for the Adult Literacy Education and Training, but what we have seen on the ground is that there is a lot of young people that has moved into them as well. Trying to finish their schooling so it has become a mix of it on the ground.

ADV. G. ALLY: So on the ground, if that mix is there in your own mind and your experience does that not confuse the Department that needs to deal with the funding in terms of what I explained the distinctions between section 29 section 1a and 1b.

DR. SHEPPARD: I think it's a reflection of the community that there's a huge need for a second chance matric because a lot of these students are outside the system some are even pushed out of the school. So the school matric result looks better. Some got disciplinary problem and some got financial problems or family problems then they drop out of school. Definitely in this country there is

a matric need for second chance education. It's difficult if you are poor. I mean rich people can take their children to private schools that can help them get their matric, but if you are poor it's very difficult to get a second chance to finish your matric.

JUDGE J HEHER: These are strictly [inaudible] and not higher education and training. They maybe PSET, but they are not higher education.

DR. SHEPPARD: They are not Judge, but even your in CV [phonetic] is not your real higher education. it is in a sense equal to a matric in the end. Judge if you don't mind I am going to skip some of this slide because I think we have spoken about a lot of the things already - - -

ADV. K. PILLAY: [intervene] Dr. Sheppard before you skip this slide I would like to get some sense from you. The first bullet point says that the DHET allocate funds for the [inaudible] programme funding.

DR. SHEPPARD: Yes

ADV. K. PILLAY: Now in terms of the cost of the programmes is there a standardised cost that's taken into account when the funding is allocated or do you look at the particular institution's cost structure?

DR. SHEPPARD: No, there's a cost per programme so it's worked out based on enrolment and the cost of the programme.

ADV. K. PILLAY: How do they determine cost of the programme?

DR. SHEPPARD: They actually had Auditing Firms working out for them exactly what the cost is for offering these different programmes. It's very good and did it twice and revised it.

ADV. K. PILLAY: Can I just understand is it one set of costing structure or one norm that they apply to all institutions? Or do they take into account a particular cost structure of an institution?

DR. SHEPPARD: No, it's not a particular structure of an institution they can take into account. It's one norm for everyone and you will see around some of the recommendations it is said that you do need to take into other account.

ADV. K. PILLAY: So for an example in the context of the Universities, we had evidence that higher cost structures [unintelligible sound] cost for an example by looking into - - - Yes

ADV. K. PILLAY: Does the same apply to TVET? If so does that affect the amount of allocation from government?

DR. SHEPPARD: Yes, that's some of the recommendation we are making. It must be taken into account, it's not at the moment being applied. So that's not for instance effective for whether your [inaudible] College or your Urban [phonetic] College. Now there is allocations made for students with special needs. They get a higher rate so they do make provision for that, but it's definitely not -
- Let's say for example in the University funding is for tuition for the percentage of the students enrolled and for the size of the University which is per the higher cost structure, but that's not being a part in a the TVET Colleges. It's purely based in the programmes and their norms.

ADV. K. PILLAY: I'm sorry to delay, I just want to get the sense. In terms of the amount allocated for a particular programme certain TVET Colleges who have lecturers who cost more than others. How would that kind of cost be [inaudible] in.

DR. SHEPPARD: See that is then left with the College to deal with because they are in a sense - - What happens is TVET Colleges is actually on point here. [inaudible] have their planning programmes due plans operation plans and their performance plans and then they must determine their budget and how intend to allocate the funding to activities. So they would also have funding from other sources such as national funds skills and so ever. So if they got more expensive staff that have to through the cost of that. They are actually being funded on enrolment and the cost of what they are doing wrong comes to them.

ADV. K. PILLAY: Then they would carry the additional cost their fee structure. Is that the fees that they charge?

DR. SHEPPARD: No, I think the fees are highly regulated in sense because they may not charge more than 20 percent of the programme cost per fee. If they offer - - Let's say they offer occupational programme in SETA, there they charge and that's where they can make money in a sense to make up for deficit.

ADV. K. PILLAY: That could have been my next question. I am aware of the 20 percent cap on fees. When you work out that 20 percent cap [phonetic] is that 20 percent of the norm as well in terms of the cost of the programme?

DR. SHEPPARD: So in other words, let's say a programme costs R10,000 suppose the government fund R8,000 but only give R5,600 and the 20 percent which is 2,00 will be the fee. So it's based on total programme cost.

ADV. K. PILLAY: and that programme cost that you allure to in a sense it's a frictional amount.

DR. SHEPPARD: It's an amount that was calculated what they should be funded for to offer the programme properly.

ADV. K. PILLAY: Yes the point I am getting to is that amount doesn't bear resemblance to the actually amount of an actual institution.

DR. SHEPPARD: Yes, it doesn't anymore because it has dropped and declined.

ADV. K. PILLAY: This friction amount is used in relation to allocation and in [inaudible] to the fees that the institution may charge.

DR. SHEPPARD: Yes, that's correct.

ADV. G. ALLY: Doctor, let's just get clarity here. What Ms. Pillay is putting here is that you got a fictional amount and therefore doesn't bear resemblance to the actual amount. Now you stated earlier that we have got a situation where you have got Audit in funds that cost certain programmes. Are we talking about the same thing?

DR. SHEPPARD: Let me try to explain again. The Department has coasted the programmes. Let's say we offering in civil engineering cost per year, per anum cost R30, 000 of that college may charge 20 percent fees. So 20 percent of that amount will be paid by fees, but in most cases it's actually in [inaudible] the costing of that will be paid by for the vast majority.

ADV. K. PILLAY: The costing you are referring to is an assumed amount based on the actually study or the cost.

DR. SHEPPARD: Yes, it's studied.

ADVOCATE: So, it's an assumed amount.

DR. SHEPPARD: That's correct, if I understand you correctly. It's based on assumptions and calculations etc. I don't know how would that differ from an actual amount - - - If they offer the programme at this lowered subsidy the actual amount is actually less.

ADV. G. ALLY: [intervene] this is my point exactly

ADV. K. PILLAY: It's the platform for us getting that information TVET government before they come before us. Is to understand the difference between the assumed amount and the actual amount.

DR. SHEPPARD: Yes, there is a difference. Tricky questions that I am being asked Judge. If I have to be at the DHET I might be able to answer. Okay I have already discussed this. This is what happens if you work late on things. There was a question about what pertaining [inaudible] and deciding budgets. Colleges are allowed to raise funds from other resources. They can also enter into partnership with industry. They determine their budgets; the DHET gets to set which part of their total revenue. If you look at TVET Colleges normally the legislations for city colleges is so related to TVET Colleges [inaudible]. They don't really exist its pure normal no community colleges no per say [inaudible] operations. As I have indicated, there is [inaudible] they are running. They are in corporative to administrative provincial app and we are fine at the moment. In a sense it's a holding place until the real Community Colleges are run. Institutional cost students' infrastructure staffing and other major costs. The [inaudible] percent include the compensation of employees. There is a norm to say that should try to keep that at 63 percent for [inaudible] and staff. The operation cost should be about 27 percent infrastructure maintenance 10 percent. There are no capex [phonetic] budgets on annual basis there was this huge indention. I think it was 2005. So the infrastructure is being developed in a sense that our [inaudible] is not going to continue based on allocation.

ADV. K. PILLAY: May I just ask a question on that Dr. How would a specific institution access capex funding from DHET if they need? Say for an example infrastructure development. How would they access funding for that?

DR. SHEPPARD: As I understood it, what had happen is from time to time there have been huge allocations being set aside by Treasury or by National Security fund. Then the colleges will have to apply in a sense on a competitive basis. For those infrastructures funding and then they are allocated certain amounts. That's how I understand it.

ADV. K. PILLAY: It's just an opportunity that's always open for the TVET Collages or its run by the State?

DR. SHEPPARD: It's only in certain years where certain amounts are set aside.

ADVOCATE: So it's not in other words responsive to needs of the institutions. If an institution has a building burnt down in the course of student's protests, and needs to replace the building for example. How the access funding should do that?

DR. C. SHEPPARD: I am sorry you will have to ask the Department on those specific details. What I have seen is that a lot of these TVET has build an amount of infrastructure on farming where they offered SETA occupational programmes. It actually developed a large amount of surfaces. They developed safe place and out of that they often build infrastructure. Sometimes they get help from the industry then build facilities with the help of the industry. I think the [inaudible] colleges we have spoken about very poorly funded. Now the Ministerial has made some recommendations. Actually I have made 56 recommendations I only summarised a few of them. The point is that we are now in the phase where we are going to start discussing the first draw of the quarter with the Department on Friday hopefully and then with other stakeholder groups and it should be finalised by the end of the year. It is quite very extensive report information that we got which commence with all the details that we have done. International studies, we have actually sent a few people to do international studies. All this information should become available once the Department reviews the report. Then we got a very concise report that will also be available.

ADV. K. PILLAY: Can I just in context of preparing the report. Did you have regard with the views of the students and to understand how the present funding how it affects them?

DR. SHEPPARD: I think there's something in the back of my which we need to actual get more students input. We haven't had a lot of that at all. I think with this fees must fall we all realised that the thing is very important. That's something we still have time to get students to respond to that. The committee brief was basically through the coming funding. What is the most suitable and preferable funding frame works? Should the funding be more diversified we need funding legislation amendments. Can we expand and get [inaudible] under fund. Efficiency in dealing with poor performance. Then - - -

ADV. K. PILLAY: [intervene] May I just ask a question. These questions were formulated in the context of the [inaudible] group that was setup in the NDP and - - -

DR. SHEPPARD: Not so much in such, I think it was underlined. The one that says can we expand and get, but it wasn't just for. It was more about whether the current funding works or actual benefit the system and not working properly.

ADV. K. PILLAY: I am just trying to understand in terms of the Committee's work, was it in a context micro policy framework that they did targets of the NDP and the white paper. Do those remain in place or that opens questions as to whether those types could be adjusted.

DR. SHEPPARD: Well I think the Department is hopeful that those could be reached. I think since we -
- You will see in our recommendation as we say please don't stop explaining this to the system the rate without addressing the fundamental efficiency and other targets. It is important that we must help. It doesn't help more and more, thousand and thousand [inaudible] and they are not qualified.

ADV. K PILLAY: In terms of understanding the systemic reasons why there was low put rates is that something that the Committee look at and identify possible [inaudible] solutions to unlock the problem?

DR. SHEPPARD: Yes I think what we are saying is that there are some of the member in the Committee that feel that the costing of these programmes might be too expensive. That they might be able to offer it a lower cost, but the big problems is the capacity development of the educators in the TVET colleges. It was clear that those colleges that spend more in staff development their certification rate just went down much more. There is clearly a teacher educator capacity programme in TVET colleges that must be address. Funding is not keeping track with the massive rate of enrolment, but we've also now seen that the TVET colleges are back tracking on the increasing their [inaudible] rates. They can't fund it themselves so the numbers are in a sense cooling off. There was even asked for us the relevant Caroline centre funding to determine the typical characteristics of the proposed community colleges performance, accountability, growth, potential, types of [inaudible]. We should have been established or merge. I think just to point what we said it is quite a lot of information that we given reasons and economic reasoning to say that [inaudible] is a public good. There's five principles of action needed. To access, diversity of programmes articulate positivity qualification doesn't really articulate properly into high education qualifications. The differentiation of institution, there are certain institution that's so expensive for example to have certain centres of excellence. You must have a differentiation for example one college I went was extremely well known for their welding programmes. They were receiving a lot of incentive and could be a centre of excellent welding. It would be difficult to [inaudible] over. On the other hand institutions also need to offer a certain basic package of s programmes. So that people have got access not everyone can travel 50 KM to another TVET College. There must be some access for basic programmes everywhere in a sense. The capacity building as I have mentioned that it's really around educators.

ADV. K PILLAY: Can just interrupt you Doctor. Having debated whether or not we said it's a public good and having concluded that it is a public good. Did the Committee consider whether or not there should be any fees attached at all, should the Commissioner

PSET

DR. SHEPPARD: At first there was a very strong feeling to say no fees, but then we [inaudible] a lot of that and we came into sense and we formulated in a sense to say. Let me just put this, we say community colleges no fees. Those are really poor and totally marginalised people in the community. TVET Colleges they did manage to collect fees of about 800 million in three years. What we are saying if movement actually it should be free because mostly poorer community [inaudible] in TVET colleges. If government can't replace them. So we formulated it in that way. We didn't want to deprive colleges of that. So there are students that able to pay, but the vast majority are being paid by NSFAS. As we say - - -

ADV. K PILLAY: [intervene] May I asked context NSFAS for TVET students. Do they use the same [inaudible] same as universities.

DR. SHEPPARD: I think the college is much more rapid than that because so many just qualify. I think theoretically there should be a means test, but I don't think it's really happening well in the colleges. Does that means every student who applies for NSFAS in TVET would have just qualify for?

DR. SHEPPARD: Most of the do qualify for funding that's my understanding. There's just more questions that were asked regarding the relevance of [inaudible] funding. sorry this is a repeat.

ADV. K. PILLAY: Just in the context of the adult learning people. Have you found if any people who can afford to pay school fees? It seems to be the context that only poor will access this centre. Do you not any rich people or those who can afford?

DR. SHEPPARD: I doubt that there would many if any. They would rather go to any other institution because of the poor resources of the centres. This slide shows that universities enrolments are much bigger than other institutions. the most important thing is the need. The numbers enrolled are less than the numbers that are not in the education and not employed. Something must be done, but not at the cost of quality.

ADV. K. PILLAY: Are there any investigations done as to how to reach the needs of [inaudible]. How do you access them and bring them into the system?

DR. SHEPPARD: From the needs statistic and analysis it's a huge drop out from the school. All those that don't have matric makes out a big component of that need to use. That's why we opting for a second chance metric. The real need is to get them back into the system and assist them to complete the matric. If you don't have the matric you have nothing in this country. Matric is the basic qualification everybody should have. We have a problem of underprepared students.

ADV. K. PILLAY: Doctor we spent a lot of time in the university and we did very systematically so please feel free to your time.

DR. SHEPPARD: As I have mentioned I think that was one of your question no allowance is made for whether the college is urban or rural, large, small etc. TVET only received a certain percent. The current funding of community colleges is totally in adequate [inaudible] under qualified educators. What we saying is definitely more money 1.5 should be going to the community colleges. We need a proper holding operation and implementation plan. You cannot pay staff and there's no material for the students to work with.

ADV. K. PILLAY: May I just ask you Dr Sheppard you worked in Higher Education and you obviously got a lot of expertise and TVET adult education. There is limited funding available from the state's side should there prioritisation in term of level of PSET education? If so what should it be like?

DR. SHEPPARD: If we can talk about fees must fall. I think our Committee really feel that those sectors are now being neglected because all the [inaudible] of the university is so strong. We feel that the more poor don't seem to have a voice. I think I should stop there. What should be established is the network which would be an integrate part of the post school system consisting of two major parties community learning centres and the smaller satellite. Community learning centre could be in a school, churches and etc. Community colleges should be strongly linked to the TVET colleges system.

ADV. K. PILLAY: Dr Sheppard may I interrupt. Chair I don't know if it's an appropriate time to take a short adjournment.

JUDGE HEHER: Yes you can. How long do you want?

ADV. K. PILLAY: 10 minutes

.....ADJOURNMENT.....

ADV. K. PILLAY: Understanding the expenditure. National Treasury the expansion of enrolment has been expanded by reducing the credit in order to accommodate more learners. In light to the [inaudible] of quality in TVET sector. Can you explain what that means?

DR. SHEPPARD: I think it relates to the fact that for example the TVET programmes were suppose to be practical in terms of the programmes, but now is just theoretical. so what they are saying is because the colleges has been taking so many additional learner and are funded and just started to reduce the [inaudible] and did not offer the programmes the way they should do.

ADV. K. PILLAY: You saying the TVET College is dependent on the enrolment programme.

DR. SHEPPARD: Yes

ADV. K. PILLAY: We shouldn't increase enrolment translated to increase funding.

DR. SHEPPARD: Yes it does in a sense, but not the funding per student so you still have the same amount and have got more norms. What it actually means is that graph show that the funding per student has decreased. You will see the slight increase, but it doesn't make it up for the numbers of the norms that you have. Just the allocation is declining all the time.

ADV. K. PILLAY: Yes thank you.

DR. SHEPPARD: The report that quite a review and the result study what we learnt from the international system is that we will need a very comprehensive policy for this sector as well as legislation. What is important is how appropriate voting of funding is given for TVET the adult education and the Universities in other words a proper balance between the three sectors. More differentiation of provincial institutions as I have indicated that we need to make types of programmes available where your community colleges will be more [inaudible] and vocational and second chance matric. We also need to look at the TVET Colleges and see what appropriate differentiation after progress for them. There are currently quite a number of task teams working on the revision of these programmes. We also need better [inaudible] framework co-ordination. The fact that these for instance is adult learning education centres. We just suddenly lost all the support at various levels. You now have one up in the province of these adult learning centres and they need proper support at different levels. Actually what the Committee also found the international stands systems that these centralised governments are in rather than Central governance is preferable because central governance is impractical. I know this function has now shifted in national level, but we all have to look at how are they support down the line. You can't have all this institution dealing with National level because they don't have structures that support them in between. Ever since we also say so very modes of study. We said if you look at the adult qualification, there is now a new National Adult Certificate. We need to look at flexible modes of offering this so that it faced the actual population that want to attend it. They should have assessments anytime during the year. Why do they have to wait until the end of the year to write an assessment? They should be able to write assessments when they are ready. You find these kinds of systems international. Career guidance is a massive problem and we so that ever since not very well founded because a lot of these students don't know what they are learning for or what they want to do and are not properly informed on what they can do with those qualifications. There is basically no students support in the colleges. The way it is it's been founded by the colleges and not by the department. There need to

be incentives to promote articulation and transfers we have seen in international systems. They also have underprepared students programmes. We know our students have a massive challenge when it comes to mathematics, science and languages. As you have seen in our recommendations that we recommend that such programmes must be introduced. Educate and funding development as I have mentioned. One thing that's a huge problematic in our system and I can't believe at this stage. If you look at our education system. How, what could good use information systems can develop that we don't have proper data systems for TVET and CET colleges. The TVET is better, but the CET colleges is non-existent. How can you fund systems where you don't have proper information systems. You can't really get any information on the CET colleges or the adult learning centres that's reliable in any event. We need to look at the funding of research. There need to be more research done at what would work in these TVET and CET colleges. We also need to look at funding from local government and this is happening internationally. We need a better means of funding resources. Funding agencies might be considered and they have in UK. Internationally some countries make massive use of private revivals. They use and fund private revivals as to offer these programmes and they don't just focus on state organisations. it's done on a competitive basis and they must publish a very good data and results. Their quality is monitored so it works on a contractual basis in the international countries. In most countries they do pay fees. In Brazil is one country that didn't charge fees for this sector, TVET and CET colleges whatever they name them. They also have much refund formula that we have. We then made provision for rurality, disability, cost of living in certain areas. What is very important is that we need to look at our [inaudible] funding. A component of the funding should rely on how you perform. We also can look at international systems for the expenditure for different thing like staff, operation cost, maintenance and facility development. We mentioned the proportion of national education that should go fairly to these different sectors and financial aid reforms that are taking place international also gave us quite a lot of ideas. I would come to the recommendations just now.

ADV. G. ALLY: Dr. in respect of the based funding. What do you mean?

DR. SHEPPARD: Okay Commissioner what we mean is similar it has worked very well in the University sector where you say a certain percentage of the money is set aside to reward output. e.g. the teaching output grant in higher education. You only get for the graduates that you produce, depending on what duration of the qualification level you get different amounts given to the University. So if the students pass modules, they don't get any reward for that. The student must actually graduate. The reason I mention this is it has worked very well in the University sector. If you look at the trail over the years. It has definitely made an impact on the number of graduates produced on through put rates. Universities need to get those students to finish their grades otherwise they don't get that funding.

ADV. G. ALLY: You see in my mind I am thinking that it works against your enrolment plan and initiative and it actually saying well you need to rethink your policy of funding. At the moment it's enrolment based somewhat and we need to have a blend of systems to fund because I can understand from where you coming from in terms of rewarding good results by giving more funds here and everybody else seem to fall in line, but at the moment we have got a system where Minister says we need so many people educated in the PSET system of 2, 5 by 2013, TVET sector and 1.6 in the University sector. Do you deal with this in your recommendation of how you compliment all how you look at it again?

DR. SHEPPARD: Yes Commissioner one needs to qualify that because what we are saying now recommendation, but there has been a lot of recommendations. One thing is that they must first deal with proper student support systems. Not only career guidance. There are different kinds of support these students needs. That whole component has not been properly developed in the TVET sector. Secondly you must understand that of a fair game because what is going to happen in the review of the Universities funding. A lot of universities were arguing that we should go to 50 percent, but there are Universities who cannot compete with the best Universities. You must keep that in mind. To have a fair dispensation we said no we understand that's the long term aid not until all Universities have developed to the same proper level. You cannot just move bigger portion to output funding. On the other hand we need to start to do something about it at the TVET colleges because there's just no incentive to passed students. There's a massive incentive to enrolled students. What we can do is similar to the Universities to balance it you give money to actual graduates. Then you give an amount to those that are not performing at that level to say use this money to improve your results. So you don't take away from the poor and give to the well performing rich, but you say here is your amount of money make sure you improve your certification rates or whatsoever. You make it more targeted at an institutional level rather than competing with one another.

ADV. K. PILLAY: Dr. would that not entail in introducing something of year mark funding mechanism within the TVET college sector?

DR. SHEPPARD: Yes, definitely. We will see in the recommendations unfortunately I don't have all 56 recommendations, but there's a lot of detail on how it should be done. I hope that we can release that report during your term. Unfortunately it's still not official yet. Internationally countries with what we found with equality amongst citizens prioritise good secondary [inaudible] society there's things to prioritise funding of Universities for [inaudible]. That was just an observation. The issue of unpreparedness students' loom large whose responsibility is to fix what the schools have failed to do? Fair access to pass school education requires all students to have benefited from quality secondary education. So we need to provide in sense foundation kind of programmes for students that enter TVET Colleges. Just to prepare them properly for the programme otherwise the certification rate will never improve. We need more monitoring evaluation of research. If we don't know what's going on we cannot deploy [inaudible] now this is the recommendations just to mention. These are provisional reports still have to be accepted by the DHET and the Minister. The core principle is that of effective provisioning. What we saying we must provide a fruitful education. It doesn't help to chase numbers. Dividing the [inaudible] and equity [phonetic]. So there's adequate emphasis given to TVET, CET Colleges and to Universities. There should be an urgent and substantial increase in TVET and CET college funding because under fund. Funding benchmarks are needed for example for the academic and support staff ratio. What really strike me when I went to some of these institutions is that some of them really have large numbers of support staff compared to academic staff. I was amazed and the ratio say there need to a benchmark to say for so many of the academic staff you need so many support staff and those issues need to be adhered to. The next point is what we have been saying all along. Balance between expansion and quality. You don't want to stall your enrolments, but you want to make sure that as you enrol more still focus on increasing the quality at the same time with output rate and key programmes funded. Agreed upon enrolment plans. We also said that in normal plans there must that enrolment period. At the moment that's just for one here, the next year. We say they should at least cover the emptive [phonetic] period. TVET

College should have an indication of how much funds they will get for the next three years. They can't get this amount this and next year it jumps. They must have funding surety for at least a period of three years which collarets with the empty [phonetic] period.

ADV. K. PILLAY: Wouldn't proper planning in that context where you have an enrolment period that co-inside with empty period. Wouldn't that also require an appropriate approval process?

DR. SHEPPARD: It will require at least a budget approval as you saying. There is some kind of there's a need to be like that. I will be with. Formula requirements for valuable cost and for disadvantage advantage. Where we saying rural needs to get a waiting factor. You do it easily, you just apply that extra weight for rurality as they have the extra weight for the disabled students. You can also have a weight for disadvantage and for the site of the institution. You basically have a weight in groups as this factors in your formula. We say this provincial [inaudible] incentivise community college funding based upon all provincial allocations must end, but you can't do it overnight. It should rather be additional funding that starts to bring those provinces that are lacking behind in line with others. Don't cut now from everyone and give everybody the same because you are going to destroy the good quality. Those who are actually appropriately funded while the other province neglected in TVET colleges. We did say bridging for unprepared students for the foreseeable future is needed and this will have a cost attached to it. Major development funding will be needed CET colleges or adult education and major course material development especially for Community colleges. Don't even ask of the Community College if you can't give them learning support material. There is no point in it. We say poor performance increase [inaudible], but you can't just say well I am going to pay more for [inaudible] as we discussed just now. We need to assist those students to develop them to put foundation programmes into place. Students support systems we need to make sure they are adequately funded or even give them an allocation. Where you give output money for performance [inaudible] give a development growth to say use this money to get your certification rates up. I have mentioned funding creditability is essential growing all sorts of activity is a source of good results. Now here we were very courteous with the fee one. We said there should be a fee tuition for TVET and community colleges, but if there's a serious shortage of funds the students activity colleges that pay fee should however continue to do so until more funding is available. No fee should be paid by students to the community colleges because these students are predominantly from the poor.

ADV. K. PILLAY: May I just ask a question on that limited context where only if there are shortages to students and if students are required to pay fees. Was there a consideration given to a 20 percent cap about whether that cap is suitable or not whether it serves the purpose of ensuring that institutions can gather enough money to do work for - - -

DR. SHEPPARD: [intervene] I saw that 20 - - I think is like all this from what we did and I can check it again with my committee. I think we thought 20 percent was adequate and was actually less than international countries. Well in the USA I think they are required to pay 30 percent our country still requires less. So we think 20 percent was more or less fine.

ADV. K. PILLAY: The rational for why there should be a cap in the first place?

DR. SHEPPARD: On charging fees, I think it's more to protect the students to enable them to be able to access this education because if it's just TVET colleges they might increase it, but it's not necessarily so. It could happen in some instances.

ADV. K. PILLAY: but this same argument could apply in the Department of higher education context as well. That if you want to ensure that students can afford the University education and means you may need to cap higher education as well.

DR. SHEPPARD: Yes if you go around that route your argument is quite true. They often say you get what you pay for that some institutions offer very high quality, but those students' starts [inaudible] and cost is much more. So it's a difficult one.

ADV. K. PILLAY: A cap in the TVET sector would then again mean that you get what you pay for.

DR. SHEPPARD: It's quite true. I think it's maybe a good point. I think I am going to take that point back to the committee to discuss. I think the big concern about this sector is we don't want to exclude students from any sorts to actually access this. You got a very good reasoning there and I think we need to explore that more. Carrying this first one to TVET which are grants not loans, should actually become part of the baseline funding. We couldn't understand why do you need to take all this money to NSFAS to give to the colleges and it's not a loan it's a grant. Although we understand some students qualify for accommodation and transport cost. You can still calculate what would qualify each colleges and make that an in [inaudible] to say this amount must go for transport and travel allowances, but it's small in the TVET colleges and the bulk of the money goes to fee. So why take it through NSFAS, all that way to bring it back to the colleges. When you can just take what was carried off the and make part of the subsidy to the colleges.

ADV. K. PILLAY: Except off course if the NSFAS allocation was specifically targeted at paying for [inaudible] or meeting little students in which you would have to [inaudible] material.

DR. SHEPPARD: Yes, but you can look at how you implement it. We say because it's not a loan it's a grant. We don't see the reason why it should go through all that whole system and come back to the colleges which from a subsidy point of view. Living allowances for - - -

ADV. G. ALLY: [intervene] Sorry Doctor.

DR. SHEPPARD: Yes Commissioner.

ADV. G. ALLY: I'm just trying to get into your efficiency. Is it your experience if you are going to take it? Or your evaluation if you going to take it through NSFAS you are going to get extra administrative costs which don't need be there or what's the basis for you?

DR. SHEPPARD: I think Commissioner we are going from the point of view and unlike Universities NSFAS loans which are loans where then needs to be an administration and in the end trying to get students to pay back. We know that paying back is very bad at the moment. This is actually an amount that is allocated to colleges for poor students who can't pay the fees. Which is the majority of students and TVET colleges. So we couldn't understand why does it need to go to NSFAS. Why can't that amount be given to the TVET colleges become part of the subsidy to the colleges to cover

that fee component of the majority of students. It doesn't make sense to have this huge administrative work to take that through all of that.

ADV. G. ALLY: Is it your experience from your evaluation that there is actually administrative costs that are coming in and therefore reducing the amount that goes to the institution?

DR. SHEPPARD: That is what we all would say. Yes Commissioner I think there must be administrative cost for all that filing forms applying etc. We say that function can't that be fulfilled at TVET colleges and just make the money through to the TVET colleges. It's quicker as well because there's definitely a delay for the money to get to the colleges if it has to go through NSFAS. Since this is not a loan why does it need to be administered? Living allowances for indigents students should be in a form of vouchers linked to performance. What we also saying is this we have heard a lot of arguments around that TVET Colleges [inaudible] must be taken and used to cross-subsidise other institutions. We are saying it shouldn't be done. TVET Colleges should retain their profits from their programmes. I have seen that they have built a lot of infrastructure from profits, from programmes. Massive beautiful building and equipment [inaudible]. Why take it away because you taking the incentive away from them for generating funds and being efficient with their own funds. [inaudible] on TVET College should be improved and also start to be community colleges. We know that the DHET has appointed people in TVET colleges to assist getting their finances in order. At Universities to restore the capacity there [inaudible] last 15 years to support adult education development. Universities at times they try and educate this community colleges and for the adult learning centres and there's huge amount of retraining of TVET educators that need to be done. Universities needs to actually develop centres that and come to the party to actually assist in uplifting the quality of these sectors. Judge I think that is my last slide for now.

JUDGE J HEHER: Can I just ask for your opinion. Listening to about community colleges, the number or the large amount that goes to the staff, the lack of information systems, the lack of knowledge about what is produced or what's the output actually are? It suggests to me that 2 billion and you want more has been pumped into this system on a foundation of very little knowledge.

DR. SHEPPARD: It is quite true Judge. What we say is that particular sector the performance [inaudible] it needs to total overall and re- design. That's where the idea of a community college has just come and in our report we say it should be done on a pallet basis that you develop the proper community colleges pallet them first see how they work and then we start explaining this. We do not say go for the weak bang in particular, but pallet community colleges see how they work learn from that and then develop a [inaudible] Its actually a component of the [inaudible] that needs to be brought up from the ground. In the mean time you will need what we call a holding place for those who are studying. Those adults and those second chance who took a [inaudible] to do something through that sector. While you are improving and developing this proper pallets that you've got a holding place for them to keep them running and just go and on stripe that from the book immediately.

JUDGE J HEHER: How reliable are the records relating to all that you say?

DR. SHEPPARD: Judge I don't know because - - I am very suspicious of those numbers. I think we really need proper systems, administration system here. [inaudible] campaign was really unsuccessful. They had to submit a ten days register of learners on a monthly basis to actual give

both. That's why we say we can go to the system that was so successful and learn from it to use it for the community colleges. We need proper management systems, but there's no support on the ground at the moment because they have been taken to National level. There's just this huge administrative mess in the colleges that they [inaudible] can't get to all these community colleges out there. One can even ask, do they all exist?

JUDGE J HEHER: Well your story reminds me. Your version reminds me very much of the story the Minister and the public servant where the public servant explains that the new hospital had 450 administrative staff and the 100 Doctors. Then the Minister said, but it has no patients. The public servant replied and said patients, but what does it need patients for? It's employed 500 people. This system seems to be very much the same.

DR. SHEPPARD: It's in [inaudible] the current Adult Learning Centre

ADV. K. PILLAY: Thank you Chair we have no further questions.

JUDGE J HEHER: Does anybody else have further questions? Thank you for your input Doctor Sheppard. Ongoing input up your show [background noise]

DR. SHEPPARD: Thank you very much Judge. Thanks everyone.

JUDGE J HEHER: What are your full names Sir?

MR. MABUYAKHULU: My name is Daniel Bhekizenzo Mabuyakhulu

JUDGE J HEHER: Do you swear that the evidence that you are about to give will be the truth, the whole truth and nothing else, but the truth? Do raise your right hand and say so help me God.

MR. MABUYAKHULU: So help me God.

JUDGE J HEHER: Thank you. This is it. Thank you Judge.

ADV ZULU: I would request that Advocate Xhuma be sworn in I am sure he is going to assist.

JUDGE J HEHER: What are your full names Sir?

ADVOCATE XHUMA: Xolile Lucas Xhuma

JUDGE J HEHER: Xhuma would you swear that the evidence you will give in this case will be the truth and nothing, but the truth. Raise your right and say so help me God.

ADVOCATE XHUMA: So help me God

JUDGE J HEHER: Thank you

ADV. T. MABUDA: Mr. Mabuyakhulu just explain to the Counsel what is the TVET Governor's Counsel and explain to us what are about.

MR. MABUYAKHULU: Thank you. Chair we are an organisation that is formed by College Counsel in the country

ADV. T. MABUDA: Sorry can you just speak into the microphone please.

MR. MABUYAKHULU: Thank you, we are an organisation that is formed by College Counsel of the public colleges throughout the country. We are sitting here representing them and our objective is to ensure that we develop a College that is going to ensure that there is no duplication and wastage of resources. That looks at Excellency in government, empowering Leadership Management as well as teaching and learning and to engage our community because we need to be responsive of that. We want to focus on these areas of governance because that is our core business as College Counsels that's what we are about.

ADV. T. MABUDA: Thank you. You prepared your presentation on the issue of Institutional Autonomy of the TVET Colleges. Can you just go ahead and present, make your presentation?

MR. MABUYAKHULU: Chair I would like to start with the funding and Advocate Xhuma will go to the Autonomy part. If we are allowed.

JUDGE J HEHER: Yes

MR. MABUYAKHULU: Chair the issue of the funding in TVET Colleges is the problem that we are having, but let me start by saying it's true that the Department is using a programme based on [inaudible] to Colleges of which 80 percent is the grant from the State and part of 20 percent is from NSFAS and the other part from those student that do not qualify for NSFAS due to various reasons. They could be above threshold and they were [inaudible] or not academically deserving and therefore they will be expected to pay their fees. In terms of - - -

[Mixed voices]

JUDGE J HEHER: [intervene] what are you saying - - -

ADV. T. MABUDA: [intervene] Just before you deal with the issue of funding can you explain to the Commissioner why is it so that the TVET College is an alternative mainly for the students who are there at the Colleges. I mean in other words it's the last resort. It's not the first choice of students to go to TVET Colleges.

MR. MABUYAKHULU: It has to do with the historical image of the TVET Colleges. Remember they were technical colleges and they were not regarded as institutions of choice. They were regarded to be the last resort institution because you would not get space in other institutions. I think one of the issues was the issue of the country not prioritising skills [background noise] and therefore that particular back round made these institutions not to be the best choices today. X: So what measures have you, yourselves as governors put in place to say that - - Because you realised that the country need such skills and TVET Colleges can play an important role. So what measures have you put in place to ensure that you attempt to make these institutions to be a priority for students?

MR. MABUYAKHULU: What colleges are doing throughout the country that they have their Marketing Departments. They use those Marketing Departments to go to main schools on Basic Education to talk to students who want certain skills to come to TVET Colleges and they also use those Marketing Departments to interact with communities so that those who may not be aware of these would then come in. Also talk to industry so that those who need to be sent to industry are sent to us by the industries. So we are doing our bit making sure that everybody knows about us. We are also trying to improve the quality of our offerings [phonetic].

ADV. T. MABUDA: The amalgamation of the various Technical colleges to some of the TVET Colleges, did they have any impact at all?

MR. MABUYAKHULU: Yes they did have an impact in that some that were very small and perhaps not achieving their targets. When they were amalgamated more resources came from the other branches that were independent. There is a miss spec there because some of them would be closed down, but overall when one looks at the bigger picture the impact that the amalgamation had I would characterise it as positive.

ADV. T. MABUDA: Why is that the TVET system in general is under developed and regarded as weak and in terms of its own government structures. Why is it so?

MR. MABUYAKHULU: The weakness comes from the fact that the Technical Colleges or TVET Colleges were the competence of provinces. Therefore provinces did not have focus on TVET Colleges. From the Management point of view of those Departments as well as government because what happened is that provinces would re-allocate grants from the National. When they are re-allocating they were less than what they suppose to. Some of those grants that would have gone to Colleges would have gone to schools and therefore historically that's where you locate. The issue of governance was never taken into account by the Department of Education to an extent that the only capacity building the Department give then and do now. While in [inaudible] for government and nothing more. Therefore College Counsels would have to find their own ways and find their own feet and use whatever resources they have to capacitate themselves. Until we formed this organisation for College Counsels where we are now advocating [phonetic] for governance programmes that are going to empower governance to the extent that we are about to conclude an agreement with EDPT SETA to deal with that which for us it's going to take us forward in order to [inaudible] the governance in the sector.

ADVOCATE XHUMA: In addition if you allow me is that - - You know the TVET Colleges by then

ADV. T. MABUDA: Advocate Xhuma can you just indicate put your name on record before you ask.

ADVOCATE XHUMA: Okay sorry, my name is Xolile Lucas Xhuma. I just want to make an addition to the question that we have asked that we were actually coming from the background of being Technical High Schools which means that the provincial government at that time, their focus was not necessarily in the Management or growing the sector at that particular time and therefore that impacted to qualification of Lecturers who were there at that time. I was not the standard that would allow growing Certification rates or passing rate at those Colleges that time. Therefore that makes the society in general to undermine and have a certain negative view about these Colleges. The governance structures at that time were like the governing body at schools where everyone like the MEC or the Department was taking decisions on behalf of the governing structure at that time. So that culture grew up to a level where they were amalgamated and transformed from FET to TVET Colleges. So that is actually the weakness part of it from all those areas that makes colleges to be ignored by the society and also not given a preference by our own government at the time. Thank you.

ADV. T. MABUDA: Thank you. Actually it's another question that I needed you to deal with. The question is to where do TVET Colleges generally draw their Lecturers? Because as with the students so many people who would not make the choice of being a Lecturers at TVET Colleges. So where do you draw them. Is it from Lecturers at Universities? Is it high school teachers, primary teachers? Where is your pull?

MR. MABUYAKHULU: My name is Mabuyakhulu. The majority of Lecturers would come from basic education main schools and very few would come from Universities and the industry. Those who are without teaching qualification, but has the [inaudible]. Majority of them are drawn from Basic Education.

ADV. T. MABUDA: Do you have, is there a specific qualification for these Lecturers who are teaching at TVET Colleges or are the courses at Universities that are meant to prepare them to become Lecturers at TVET Colleges?

MR. MABUYAKHULU: The basic entry requirement for a Lecturer is a Diploma as it is in schools. They call it what? RQV13 and the recruitment processes of the College will then kick in. If they say they need a minimum of a Degree or what. Basically that would be your minimum. Majority are drawn from Basic Education

ADVOCATE XHUMA: In addition there is no specific University or specific Central University of Technology that provide or train a Lecturer for TVET sector. We actually have from these Universities - - They have some courses that necessarily address certain specific areas in the TVET sector. There is no specific University or College that train a TVET Lecturer.

ADV. T. MABUDA: So where do you draw the pull of students? Is it from the youth, old people or working people? Where do you draw them?

MR. MABUYAKHULU: Generally it's young people from the Basic Education. You would find old people, but they are not the majority.

ADV. T. MABUDA: What is the age group of the students at TVET Colleges? Is it 18 to 24, 18 to 25 age group?

MR. MABUYAKHULU: I think the age group would be around that on average because for one to go to a TVET College must have passed grade nine. So we can say the average of 22 years is what we get because many of them leave main school and join TVET College.

ADV. T. MABUDA: Thank you Sir. You were addressing us about George. Finding challenges with TVET Colleges you can continue with your presentation.

MR. MABUYAKHULU: Thank you, Chair. I was making a background that the Department is using programme based funding. They are using it as it was stated by Dr. Charles Sheppard. The situation as it is currently is that the Department is not using the 80 percent funding the Colleges. What they are funding is 62 percent and 38 percent is not funded. So that is where the problem starts, 62 percent is funded and 38 percent is not. In 2016, 2017 the head count reveals that there is 660,000 [background sound] plus or minus. What the Department is funding is plus or minus 414,000 and 200,000 is not funded. So that is the situation as it stands and there we are not getting the 80 percent because of what we have just said. The 20 percent is part of NSFAS and the other part of it is the other elements I have mentioned such as students who do not academically deserve, students who are above ratios and third one is that the money from NSFAS would not be sufficient to cover all students that qualify. Even qualifying students are not all funded by NSFAS because the money is always not enough. So that is the first point. When you look at the - - -

ADV. T. MABUDA: [intervene] Sorry you are saying that, is it the policy of the Department that you have been told in several presentation that they fund 80 percent of the students who attends at TVET Colleges. So you are saying that is not correct.

MR. MABUYAKHULU: I am saying that's what the Department is saying is doing and that's what the policy say, but practically it's a different matter.

ADV. T. MABUDA: Yes what happen? Can you just explain to us how do you make the difference between the 62 percent and where do you get the 38 percent?

MR. MABUYAKHULU: The College has to fund the 38 percent part from NSFAS, part from the students that must be paying and another part comes from partnership that is called Edu-care [phonetic] with other external bodies for service providers. Yes that's what is expected of us. Chair I wanted to talk to the 80 percent itself that when the Department says they are funding at 80 percent in terms of programme based. That's not what is happening because they have introduced a concept called full time equivalent that concept reduces the funding further from 80 percent. In this way, if a student did not pass all the course the student is doing that student is not regarded as a full time student. You will have to have a combination of students for you to have one full time equivalent. That reduces the funding of the 80 percent. That's the first part. Just to indicate statistics this year 2016, 2017 financial year, the Department is funding R210, 000 full time equivalents. If you take the third head count is plus or minus R660, 000 what is funded is R414, 000 there above, but the actual funding in terms of the full time equivalent concept is plus or minus R210,000. So it tells you that even they say they are funding plus or minus R414,000 in actual fact they are funding half of that because of this concept which reduces the number of students because one must have a combination. That has been suss pated by the fact that the pass rate in colleges is very low. Therefore you would have reduced quantity coming from that experience. We have very few full time students that will be funded as individual learners. Majority will be a combination depending whether they are doing NCV or Tri semester etc. They then have a formula to give you that, but the cost to the College is per individual student. That's where these things differ. If you combine at the funding level, but at the actual cost level there is no combination. You still have the same cost relating to the number of students that you have in terms of the head counts. Therefore that's why when you look at the slides that the Department has given us. The slide is very clear, it says they have the head count x 60,000, but the full time equivalent is funded at R322, 000. So you already see that going to 50 percent, but when you go below that in that slide it's very clear that the baseline funding is not taken into account. So as we are dealing with 80 percent there's an element of baseline funding that is missing for some provinces. For the first time today Chair, we have now understood what it means. We have been asking for this information and have not been presented except what we have seen from Dr. Charles today. We have been coming forward saying tell us what is state [inaudible] and the Department has not been welcoming. In terms of this slide it is very clear that the estimated budget required would be 9.2 billion. The baseline funding would be 6.1 billion and the budget [inaudible] would be around 3 billion. Now it is very clear that figures that are put before the Commissioner if they are not talking to baseline funding there is a gap in those figures because on accumulated basis we should be funded more than what the department is doing. So that there would be equitable funding. If you go down there, if you take students that are not funded would be 233,000. If you look at the number of full time equivalent it would be 89,000. Those that are not funded too well some total would be 322,000. So if it goes back to say the 322,000 it they are not funded because you already have 89,000 that is not funded and also have 233,000 that is not funded so the total sum goes back to the same which is those who are funded. So we are already sitting at 50/50 in terms of underfunding if you look at that particular slide.

ADV. G. ALLY: Mr. Mabuyakhulu when we had a discussion on the 03 September at Strategic Session with the Department of Higher Education and Training when you asked questions how the Department regarding their approach and what we see before us now. What was the response to you because I am sure you put many questions to them?

MR. MABUYAKHULU: Chair, we did meet with the Honourable Minister. I think it was on 16 December, I want to start there chair. Where we put these issues the Minister's response was that he doesn't have money. As a result we had to write to the Head of State His Excellence, The President. He has not responded, just to give you these bigger issues. One of the bigger issues was how we do then carry this deficit as Colleges at a broader level? Before we came to the workshop that we had at the level where we were engaging with the Honourable Minister it was very clear that this is what they have and they can only give what they have. If we need more funds, he said he doesn't have a problem when we write to the Head of State. Even though we were not asking his permission, but telling him in good faith that we are not getting joy in dealing with these figure issues. Then we wrote the Head of State and await his response and see if he has time to engage us. The workshop therefore was just dealing with what is already there. It was about more us understanding why and how they are distributing in the manner that they are distributing in essence. Nothing was to be changed at the level of the workshop except the issues of strategic plan that we have campaigned strongly to say they are not the obligation of the Department in terms of the law. They are our issue and therefore we were work shopping those particular issues. In main around funding nothing was said that is different from the meeting we had with the Minister.

ADVOCATE XHUMA: No - - -

ADV. G. ALLY: [intervene] Can I get about - - Sorry Mr. Xhuma. What I am trying to get at is if you understand your subject matter yourself. If you do understand that subject matter yourself then you can pause the right questions to whoever is presenting to you. You have told us now that the reason for these weaknesses is under funding and you have the full time equivalent formula that they use. Now when you put that to us, what I am trying to get from you was it put to the Department. The Minister would not know how they do these things. He will tell you there's no money. The President will tell you the same thing. So you first got to explain your understanding of programme, what other programme would be better.

MR. MABUYAKHULU: Chair, I understand you. The issue we were raising there was, given the fact that you have reduce funding to this level and the economy is not doing well. Therefore the expected income streams would not be forth coming as expected as well. What is the alternative in terms of checking around the situation? What we were trying to look at its whether there's any other angle of dealing with these matters because these figures we are giving to you, Chair in the main were given to us by them. To say overall the system is under budget by 20 billion. Then we wanted to understand how are expected going forward govern these institutions in order to deliver the mandate that is expected of us. We wanted to understand that now since you have put this concept of full time equivalent which reduces the number of students you are funding. How does it make the College to reduce the cost of running the institution? It was very clear that there was no straight answer except to say that these are the systems that they have elected to use in funding colleges. Even though they conceit themselves that this results in serious under funding. They could not come up with the loyalty. So we were putting all these issues because we assist with these

matters at an institutional level. So one had to understand because there's was also a narrative that said we are able to write off funds and therefore we absorb these write offs. We were saying to them we can't keep figures that we are not going to get audited in our books. Auditors tell us you will be unable to collect this money and therefore the better way is to write it off. We wanted to understand what does absorption meant in their own understanding and we could not come with the sense. So we did go to the issues that the Minister would not understand generally. It was very clear that the Department did not have answers except to say these are the funds that we have to an extent that they advice that we use 2015 enrolment figures for 2017. Since they cannot have new money so that came from a number of questions we raised as governors. In that day all 50 Colleges were represented in that meeting. The total sum was that yes we can see the issues you are raising, but we don't have new money. Please use 2015 enrolment figures as your 2017 enrolment figures and anything beyond that please try and fund it from your own reserves as Colleges. Thank you, Chair.

ADV. T. MABUDA: Thank you.

ADVOCATE XHUMA: Thank you, my name is Xolile Xhuma. I am just adding again that in that meeting all these questions that are complicated and strategic in trying to find the solution. We have asked them there. The last answer we got was that we must use enrolment figures of 2015, 2016 for 2017. Which already pause another question to them to say if we are already under funded this year. You are unable to fund that 80 percent as per the policy how then can you ask us to plan on the same deficit. Since it is already a deficit. Unfortunately we don't have a better answer except that the Department say they don't have the money. The other question was the mystification of enrolment was not on the basis of the College planning. It was the instruction from the Department that we must increase enrolments to this target and we are now in this situation. Now they say our enrolment is not tinning with the funding they are providing for us therefore we must reduce and maintain the status core of this year through to 2017.

ADV. T. MABUDA: Sorry, do Colleges have alternative source of funding? If the Department suggested that you should use your reserve to fund the DPC. Where would you get the money?

ADVOCATE XHUMA: Chair, we don't have money as Colleges because where we are sitting now nationally we have almost 1.2 student's debt that is in our books. So it's very difficult to manage in this particular situation. That's why we are saying we are lucky to have Counsel who are trying by all means, but we don't have other alternative source except those we are trying to request and apply to SETA and NSFAS. Those already come with a clear mandate what to be utilise for. So it's a scary situation that we are asking ourselves. Other colleges as we speak might not have money to complete the end of the year or start the following year. Money is so scarce in the operation of the colleges.

MR. MABUYAKHULU: Just to mention - - -

ADV. T. MABUDA: [intervene] the problem is that the Department came here and you didn't tell or give any information about these challenges that you are facing. I think there's someone who coming from the Department on Friday, but I am not sure. I will just check, maybe I will suggest that you just come and put the challenges so that the Commission would hear what the response of the Department is going to be.

MR. MABUYAKHULU: Thanks Chair, my name is Mabuyakhulu. I want to welcome that; we will try our level best. I wanted us to look at an institution just as an example. If that we just have given now as a way of an example. What does this mean at the actual institutions? We have emailed them a letter or a spreadsheet module. The latest email that we sent just to illustrate at an institutional level what it means. We e-mailed it to Secretary as a way of an example at an institutional level. You can then see it's not part of this broader presentation.

ADV. T. MABUDA: Can you just give a brief explanation of what that is all about?

MR. MABUYAKHULU: Yes Chair, let me try and do this. I will make an example about Majuba TVET College where I am a Chairperson. In 2012 in terms of programme based funding. It's not showing, no we emailed it direct to the Secretary so it's not part of this. I am sure with your technology if can be in this. Okay in 2012 in terms of the programme based funding Majuba was suppose to get 260 million. The allocation that we received was 177 million the deficit then was 82 million. In 2013 the programme based funding was 259.4 million, we received 189 million and the deficit was 169 million. In 2014 the programme based funding we needed to received was 352 million. The reason was we were carrying too much debt and therefore we started to be very strict in controlling enrolment. That's why our programme based funding would start going down.

JUDGE J HEHER: [intervene] I'm sorry to interrupt you. I am finding it very difficult to follow this

ADV. T. MABUDA: [intervene] Maybe if we make copies for the information that he is trying to place during the lunch and then provide you with copies.

JUDGE J HEHER: Will it be convenient to take the lunch adjournment then we can begin - - -

ADV. T. MABUDA: Yes

JUDGE J HEHER: I am sorry Mr. Mabuyakhulu, but I think we need something in front of us to look at.

MR. MABUYAKHULU: Okay

ADV. T. MABUDA: Mr. Mabuyakhulu could you make your point? You wanted to make some point and you referred to these documents that we have now. The letter directed to the Principal of Majuba TVET College in the Department of Higher Education and Training and this document titled Majuba College Training indicated by you, Chair.

MR. MABUYAKHULU: I must start with the slide of the analysis. When you look at this slide it is very clear that what the programme based funding which is 80 percent is the second line. That's what we should be getting from year to year. That's what we've been getting, the budget allocation. The deficit is the last line there which is very clear Chair that we have been getting this deficit and the reason why the deficit is growing is because of the full time equivalent concept, the combination and the deduction of the number of students. If you can see that in 2016 one College the deficit is 157 million. It is very clear that what we are saying is a serious problem and that would the trend throughout the country. Even the slides I did earlier depicts the same thing, but this one is specific for a particular institution. That at least in 2016 we are sitting at a deficit of 46.5 percent. The significant - - -

JUDGE J HEHER: [intervene] How do you run a business on that debt?

MR. MABUYAKHULU: That's why Chair, we were not exaggerating when we said there's no [inaudible] closed doors. We want to appreciate the work done by the Counsel and Management under these circumstances because ordinarily we should have closed [inaudible]. We are trying our level best to deal with these issues. All what we do for an example, when we give Management a particular allocation we also tell them that we want 10 percent savings. Where they get it and how they get it we normally close our ears so that we can keep the College going. That's what the majority of Counsels are doing to Management to say you will do the minimum of what you have to do to keep this institution going because we can't afford to close doors of these Colleges. It clearly shows where we are as Colleges. Chair, the letter from the DG for 2016, 2017 funding clearly says compensation of the employees. They will be taking from this institution Majuba 191 million and for operations the whole year we will be left with 36 million. This institution has seven Campuses. Then the question of the bursary is the ring fenced, you cannot touch it. Even to administer that fund the College must fund staff that are going to deal with that because you cannot touch that money. The issue we are saying is that if you look to the full time equivalent it illustrate [inaudible] what they will be funding it's really far less in terms of full time equivalent than the actual reported. Which therefore makes us to be very critical with this concern. That's where a lot of our problems are coming from. I want to make a point Chair that 191 million is 63 percent of what the Department take from the College for the purposes of compensation of employees on their salary. Even though the college is not sitting at 63 percent, that 63 percent is taken. As an example this goes for all Colleges which are below 63 percent. As an example the College is sitting at 57 percent which translate to about 24 million - - -

ADV. T. MABUDA: [intervene] Is that the total of your salary bill?

MR. MABUYAKHULU: Yes

ADV. T. MABUDA: Is it 57 percent of your budget?

MR. MABUYAKHULU: Yes. 57 percent is where we are in terms of employment rate. The Department would take 63 percent which is that ratio and the balance between the two is 6 percent which amounts to [inaudible] and the Department will keep the 24 million. When we claim it for 2015, 2016 in June this year. The Department gave the college 9.2 million and saying they are not going to give 15 million. Now you can see that at the level of staffing that has serious implications because what would have come for the College to be able to employ personnel. Now there's a dispute between us and the government which therefore further illustrate the point that there are other ways of ensuring that money doesn't come to colleges. You would have expected that if our salary bill 63 percent off course 181 million would be gone. If it is preserved [phonetic] then we should be getting the difference between the two. Now there's a dispute that has risen because they say there's another way of calculating it.

ADV. T. MABUDA: Can you just explain this thing? How does it work in practice some of the employees of the college are employed by the Department and some are employed and paid by the College? Is it administrative staff or is it lectures who are paid by the College. Can you just explain?

MR. MABUYAKHULU: In the main there are academic staff that are paid by the college and those are not part of the 181. The college would have to find ways of paying their salaries outside this bill. Within the staff that is paid by the Department of course there is natural tuition [phonetic]. For our

case at Majuba before our natural tuition we are sitting at 57 percent employment rate which is 6 percent less than 63 percent. Instead of the Department giving us the difference which is 6 percent which is plus minus R24 million is not doing that. The Department is giving us 9.2 million and said the 15 million is a dispute. We are saying there can't be a dispute you took 63 percent [inaudible] 57 percent give us the difference between the two. If there is a dispute the Department should be saying the dispute is that you are more than 57 percent and then it would be cleared to say this is your rate and this is your difference and we are giving you the difference. Now that's what is happening in the majority of colleges that the Department keeps the money. After the financial year the Department is not giving what is due to colleges so that they can pay to fund those post-core programmes which are ad ministerial approved by them.

ADV. T. MABUDA: What happens to the money at the end of the financial year? The money that is kept by the Department.

MR. MABUYAKHULU: There is a system to pay and when Management is claiming the Department is not giving back what is due to the Colleges.

ADV. T. MABUDA: I am asking what does the Department do with the money that they refuse to give to you? The money that is due to you.

MR. MABUYAKHULU: We have asked the meeting with the DG. He has not given us that opportunity to ask him that question to say why are you not giving the money? What do you do with the money? This money is taken as part of employee compensation. Now if we as the College has less employees than the money taken. Surely the college must be given something so that it deals with employment for those who offer this ad ministerial approved programmes. Even that the college can't do because the money is not forthcoming from the Department. So we were illustrating Chair that this is what underfunding is about and the impact it has in colleges. This will go for almost all colleges. It's worse where a college is above 63 percent because what goes to the operational funding of the college if you look at the letter. It would be far less for the college to be able to function. Therefore what we are saying to the Commission is that if a college is above 63 percent ratio. The Department should have had a situation where it has a fund to address the historical issues from when colleges were under various provinces control because they were funded differently. Now that you have put them at the National level and some of them above this ratio and can't function. There should be a particular relief mechanism given to colleges while you are standardising all what has to be standardise. Therefore many colleges would find themselves in [inaudible] situation. Where they are unable to run their day to day activities because the budget that would have been given to them would be far less. In this college where are serve we are a little bit fortunate because we are below 63 percent ratio, but that doesn't help us given what I've just told you. Our prayer to Commission is that we ask the Commission to recommend that the full time equivalent be done away with. That the Department should at least fund colleges at the level of 80 percent if there's no new money. We want to say that the new threshold that has been announced by the Minister of up to 600,000 that particular funding is made available to the colleges. We want to believe that, that particular threshold would equally apply to TVET colleges. Therefore funding should go to colleges so that next year at least there would be some functionality at the level of TVET Colleges. Right now everything is being done to keep them opened and as the other issue you asked [inaudible] are clear. The issues of pass rate, Certification. Why they are low? It is not the question that colleges are choosing

cheaper courses to offer. It is because of these problems. If you were to have a laboratory functional laboratory. You would have to have the resources and he considered that the last infrastructure was in 2005. Ten years later there is no infrastructure funding that is given. There is only infrastructure maintenance. Therefore we are of the view that if there was funding for infrastructure colleges would have advance to an extent that provide even practical's. Those practical subjects are needed whether in the form of workshop or laboratory. Colleges would be able to do that. They are unable because there has been always consistent underfunding and they are unable to deal with these issues. One point that - - -

ADV. T. MABUDA: [intervene] Sorry Mr. Mabuyakhulu could I just ask about this issue of FTE full time equivalent and head count. Is there no confusion between yourself and the Department about your understanding of what is meant by full time equivalent and head count funding for students.

MR. MABUYAKHULU: On our side Chair there is no confusion, the Department is saying the head count is this number for an example they say it's about 660,000 per student. When they are talking full time equivalent, they are talking half that number plus minus 210,000 students. So there's no confusion if you have to fund a 30 percent, but you talk 660,000 head count. The 414,000 is what they can fund, but when they talk full time equivalent 414,000 goes to 210,000 because of a combination almost by half. So that's why we are correct as governors when we attack this concept. To say it is a wrong concept you should at least given colleges before 114,000 allocations for student it wouldn't be enough, but the colleges would be run better by management and governors. Chair if the Department understands it differently I think they will have to put it before the Commission what is their understanding. How different our understanding is to their understanding?

ADV. T. MABUDA: I understand that for a full time equivalent you can't get 100 percent funding so there are variables. So if a student for example has to register for 10 courses and then decides to take 5 courses in that particular year. So he is not going to get 100 percent funding. He is going to get a percentage of what needs to be funded.

MR. MABUYAKHULU: Chair that's precisely the problem because the cost to the institution remains the same to the total number of the students enrolled. So when you talk domestic accounts we pay as per the number of students that we have. When you talk running cost and everything. It will be in terms of the numbers that you have, but the funding does not talk to that. It is reduced and that's where this concept is wrong.

ADV. T. MABUDA: I understand that is the same concept used for Universities as well, the full time equivalent so if your student is not doing variables so the Department is saying that they can't fund 100 percent if the student is suppose to 10 courses and then instead do five for a example.

MR. MABUYAKHULU: Chair I can only say if you look at this slide that say THE ANALYSIS OF THE BUDGET. There are all these three elements there. The deficit of 82 million would come from this concept. Remember what is given to us is 177 million, the deficit is 82 million and programme cost is 260 million. Where else would you located where the deficit comes from? It comes from this concept because if you are funded in terms of programme based funding. You should be giving us 260 million, but if you have financial problems and then you say you are not going to cove them all. You are also not using this concept you should at least given us something that is not almost close to 40 or 31 percent deficit. Then it makes the functioning of the college impossible.

ADV. T. MABUDA: Thank you, Mr. Mabuyakhulu I think the Department is going to be here on Friday as I have indicated and they will ask them to explain the concept of full time equivalent and the head count. So can you just move on to the other topic?

MR. MABUYAKHULU: The last point that I want to make Chair is the issue of the ratio of staff between academic staff and support staff. That was raised by Dr. Charles. The reason there's a problem is the Department has not given colleges an approved college organogram. Now nobody knows how many deputy principals are going to be there and all others as you go down. Inherent [phonetic] in that, the college day has not been defined by the Department. Whether it used to be what is was, 40 hour weekly. The college day has expanded. That is not taken into account even at the level of funding. The college week has expanded, it's no longer Monday to Friday. Saturday it's a working day at the colleges and all those issues that I am raising are not part of this programme funding. If they were then they should have assisted to have the funding improved in a way. So I do want to say Chair that part of the problem is that the 63 percent [inaudible] that the Department is taking is based on an organogram of the college which has not been approved and unknown to the colleges themselves. That's another problem that we think the question should be put to the Department as to why there is no approved college organogram, the college and the college day. Those are the factors must influence the funding at the end of the day. So that colleges could be able to carry their mandate. Chair that's what I would say and then I will give Advocate Xhuma to do the other part.

ADV. T. MABUDA: Sorry just before you give Advocate. The problem programme offering at the colleges. Who is responsible for the curriculum?

MR. MABUYAKHULU: The Department is responsible for the Curriculum through what they call Ministerial Approved Programmes. As college Counsels we can only add to those Curriculums if there's money for us to fund what we would have added.

ADV. T. MABUDA: Sorry, do you have any measures in place to ensure that the students who are fortunate to complete your courses at TVET colleges are able to absorb into the job market?

MR. MABUYAKHULU: Many colleges now have a tracking system trying to track where the students are. They do that through replacement programmes in industries. So they now have units where they go out to industries and talk to industries to take those students for experiential learning for them to final graduate. There after many colleges whether they have been absorbed or not in those businesses and continuously try to help them to be absorbed. That's what colleges are doing throughout the country.

ADV. T. MABUDA: Thank you, before the move to the Department of Higher Education and Training, the earlier question as I ask about the programme offering. Who was responsible DHET?

MR. MABUYAKHULU: The provincial Departments were responsible for the programme offering.

ADV. T. MABUDA: The colleges never took part in any discussion in the Curriculum that they were offering?

MR. MABUYAKHULU: Not at all because all they had to do was to say these are approved programmes. You offer the approved programmes and the occupational programmes you would

then apply. If the college has been successful in getting that funding whether from the skill fund or the SETA's then the college would offer those. Ordinarily the college would offer what is known as approved programmes.

JUDGE J HEHER: So the provinces and the Department tells you exactly what to teach and how?

MR. MABUYAKHULU: Yes

ADV. T. MABUDA: From your side how would you like to see everything in terms of preparing the Curriculum as governors?

MR. MABUYAKHULU: What we would want to see as governors, Advocate Xhuma would deal with this into detail. We would want to see a situation where we are given our responsibilities in terms of the Act. So that we are able to do our work because as things stands we are not Counsels. We are just called Counsels, but are not allowed a space where we must to our work in terms of the law. Everything is prepared for us and given to us. It makes have this image of always being dissatisfied because when those things are given to us. We then start asking questions because we are never involved in processes. That is what we would want to also appreciate. That if there are any developments there should be consultation and engagement which has not been forthcoming from the Department.

ADV. T. MABUDA: Thank you Mr. Mabuyakhulu. I think Advocate Xhuma is going to deal with the issue of the institutional auto [inaudible]

JUDGE J HEHER: Mr. Xhuma we have read your report about your discussion of institutional funding. As far as I have been thinking to myself it is not so much of factual questions that you are addressing as principal one. I have indicated that we have read this. I hope you understood. I don't think it's necessary that you go word for word for that reason, but if you would like to highlight to us any particular aspect to it. Feel free to do so please.

ADVOCATE XHUMA: thank you very much Chair I am also of that opinion. The item that we must address is academically nature. There some few questions that I will pause. I am trying to summarise the document by asking these questions. Maybe it will assist you to understand the college autonomy or the interference thereof in our autonomy. We also understand that this emanate from the National registrations that governs us. Although it's institutionally guided by the college status that govern us. Just to show the impact that we are feeling in terms of restriction or interference with what we tend to be our college institutional autonomy. One can ask himself as to who employ and dismiss at colleges? That's the DHET or the State. Who determine the academic programmes? That's the DHET. Who determine the tuition fees at the college level? That's DHET. Who will develop and approve the strategic plan? That's DHET until the last meeting we had with you. After that meeting they said we can do our strategic plan. Though we are not sure because they always have this way of doing things. Who decides the academic content and form of E - stitching? DHET. Who decides the condition of employment at college? DHET Who windrow 63 percent compensation budget from the grant allocated for colleges? DHET. Who controls and dispatch it? DHET Who withhold the savings of the 63 percent allocated to colleges? DHET Who approves the colleges overdraft facilities? DHET. who approves the language policy? DHET Who access and apprise the performance of principal Management and staff? DHET. who determine enrolment funding of

colleges? DHET. From the glance, when you are glancing these question Chair. DHET has taken over what was supposed to be a role of governance of colleges in terms of governance in those public TVET colleges. We are trying to say to our statutory powers of Council are so eroded and replaced by DHET who is effectively so managing the colleges through circulars and delegation of authorities. Counsels have been reduced to endorsement status and extension of branches of DHET. What we are trying to say to you, Chair is that when you look and read and interpret our own TVET legislation. When you look at section 10 and section 9 that gives us the right to and the powers and responsibility to ensure that we develop our own statutes. Our own policies and procedures our own internal control and systems which are not done by us they are done by DHET. If look at section 10 it gives the authority to develop our own strategic plan and give direction, but at the end of the day we are instructed on how you do it. We are given templates to fill as colleges. So that - - -

ADV. T. MABUDA: [intervene] The issue of the statutes, I picked up from your document that not a single college had prepared a statute.

ADVOCATE XHUMA: The statutes that we are operating within most of the colleges. Others have approved they have their own, other used the standardised template from the Department in order for them to operate. So most of them did not develop it on their own. They were given in terms of the legislation. If they don't have they have use the standardised one. That's part of the requirement of the legislation. So what I am trying to say to you is that the responsibility that must be done by the college at the college level. Determine strictures, governing stricture processes and etc it's actually taken away by DHET. What we are expecting to see when you look at section 19. It gives the minister the right to appoint principal and management staff. Those principals and management in terms of 19.3 they are also not reporting to us because the performance agreement that they are signing. They sign it with DG which means as a college we can't assess and appraise the principal or management staff in that particular college. It gives us a problem in a sense that if we have to give a college performance. How do you then if you don't have a right to appoint someone, access the performance or appraise that particular person. The worse part of it is as a college you can't apply any consequential management to those people because they belong to DHET and not to counsel. Even the support staff that section 19, I am not sure of the subsection which says the support staff and lecturing must be appointed by Counsel. That is already taken away by migration process. Migrating the support staff and the lecturing to the Department which brings this issue of 63 percent. Being issue of the Department that withheld that 63 percent of compensation budget from the college budget. At the end of the day those particular people are declared as Departmental employees. So it weakens and incapacitates governors to play their own oversight role. The Department is a referee and the player at the same time. They run management as well as regulate at the same time. So you don't know exactly when shall you call yourself a Counsel with legal rights and persona which can make decisions to employ, dismiss and take accountability in terms of the performance. Although that same legislation says that the principal and management staff can report to cancel. It's for a normally exercise of reporting because you can't attach any consequential management or say to principal we are taken steps to management because you have failed to meet this target. As prescribed by the Counsel. So that is the situation that we find ourselves in which will actual be pleased if this piece of legislation can be reviewed. So that the powers given to the Minister should also be amended. Rather than appointing the Minister must be a regulator that we as college account to him.

JUDGE J HEHER: Mr. Xhuma you have made a very, very clear case to us. In very simple words making a large number of points in a very short space of time. Have never put this in writing to the Department? Does the governors Counsel never put this in writing?

ADVOCATE XHUMA: We always do. That's why in our disagreement with the Minister while he was not really saying we don't have these powers that we are talking about. He actually proposed a workshop where we must outline, I am not sure of what should we outline. The legislation outlined what is due to us, what is our responsibility and should be their responsibility. What I can tell you - - Probably it's an intendment by the DHET to capture the colleges. Maybe they could not do it with the Universities and now it's probably the good time to make sure that we are regulated. As I say it's an interference rather than a State supervision that will prefer balance with the public accountability. We always engage with them obviously the current DGD who is appointed is the one who confessed that it's correct that these are our functions. That we must be given a space to do that so we are still monitoring because there's nothing that has happened so far. Except to say you can plan for yourself, but at the end of the day the instrument that are coming are suggesting that the same model is going to happen. Even they have said that we can do it. That's why we are saying we recommend the manner the legislation is drafted might be creating a miss understanding or confusion. Actually if you can allow the Minister that power he has of appointing and dismissing. He will be able to a monitoring and regulatory part of if he allows counsel to do those particular responsibilities. If he allows Counsel to be an employer who actually execute in terms of our own current legislation - - -

ADV. G. ALLY: [intervene] Sorry you have indicated all the Chairperson is asking during all this time have not put your point as a Counsel in writing to the Ministry or to the Department?

ADVOCATE XHUMA: We have done that Chair twice to the Minister. Three times with the Department. Thank you

ADV. G. ALLY: Now there's another avenue I think which is the Portfolio Committee. Have you been to the Portfolio Committee? Are you allowed to make that presentation to the Portfolio Committee? Have you made such a presentation.

ADVOCATE XHUMA: We wrote a letter to the Chairperson of the Portfolio Committee. Unfortunately the response we got is that he is busy with Universities so we are waiting for the response that will allow us to go an make that particular presentation. We also wrote a letter to the President so that we should elevate these matters.

JUDGE J HEHER: Is it your intention to make a presentation that setup the points that you made to us today?

ADVOCATE XHUMA: Yes, Chair.

ADV. T. MABUDA: I think for our purpose it's important to know the enrolment planning. Do you do it as Colleges or the Department does enrolment planning and if you are involved what is your role?

ADVOCATE XHUMA: Thank you, Chair. I am not sure maybe I must be misunderstanding the part of enrolment planning. What I know since our appointment in this particular colleges as Counsel. The Department gives you a target. I must make an example, this year we as Motheo College were

suppose to reach our target which was 31000. I am not sure whether you call it enrolment planning. I think enrolment planning goes with funding part of it, but in this instance for TVET I am not sure if there's any college that do enrolment planning. We are told that this is actually the enrolment that you must do for this year. We are also told as we were told on the 1 September that you must not enrol more. You must remain with the target of 2016 for 2017. So I am not sure whether you call it enrolment planning, but if that is an enrolment planning it's just unfortunate. We have never been in a process of enrolment planning as a college.

JUDGE J HEHER: So you say you simply receive directions.

ADVOCATE XHUMA: Yes, instruction.

ADV. T. MABUDA: Thank Chair I do not have further questions. I don't know about my colleagues.

JUDGE J HEHER: These matters we will take up with Mr. Patel on Friday.

[off mic comments]

In the mean time thank you for your presentation.

ADVOCATE XHUMA: Okay. What we want to insist Chair is our view that the current governance model. The institutional autonomy in our colleges is very restricted and interfered with. We would like to see or edge the Commission to advocate for a more advanced model that will allow colleges to exercise independently their discretions and discussions being guided by public accountability.

JUDGE J HEHER: May I just ask. Do you think that you will be better off with that autonomy than you are with the directions and instructions of the Department? If so why?

ADVOCATE XHUMA: Pardon

JUDGE J HEHER: Do you think the Colleges would be better off with your version or autonomy rather than having the Department directions and instructions?

ADVOCATE XHUMA: Chair, what we are asking for we are aware that TVET colleges are using public resources therefore they must be held accountable. The way that we view this institutional autonomy is that we must be given a space and play our overall oversight role [inaudible] duties as Counsel. We must through the reporting lines that will be established be able to report to the Department and the Minister in terms of the targets that we have agreed upon. We will be better off if we are able to say we can upraise and access the performance of our own staff and be able together with them to put a direction that would off course not be out of the laws of this country. A strategic direction that will assist us to deal with other issues that can take the colleges to the next level.

JUDGE J HEHER: Thank you, Mr. Xhuma that's much to the point. Thank you very much. You gentlemen are excused.

ADVOCATE XHUMA: Thank you