



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

TUESDAY – 25 OCTOBER 2016

QUORUM/SPEAKERS

Presentation -1

Chairperson: Judge J. Heher

Member(s):

- Advocate G Ally
- Ms. L. Khumalo

Presenter: Mr. Cassie Kruger (Principal – False Bay TVET College)

Head Evidence Leader: Advocate T. Mabuda

Evidence Leader (s):

- ADV. M.Lekoane
- ADV. M. Zulu
- ADV. K. Pillay SC

Expert(s):

- Prof T. Mosia

Presentation -2

Chairperson: Judge J. Heher

Member(s):

- Advocate G Ally
- Ms. L. Khumalo

Presenter: Mr. Charl Van Heerden (Deputy Principal – Tshwane South TVET College)

Head Evidence Leader: Advocate M. Zulu

Evidence Leader (s):

- ADV. M.Lekoane
- ADV. T. Mabuda
- ADV. K. Pillay SC

Expert(s):

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TRANSCRIPT

PRESENTATION-1

[mixed voices]

JUDGE HEHER: Well I imagine there is somebody out there [laughter from the house]....having a broad light into one's eyes is not ideal, however welcome to all of you, including our presenters. Who's conducting this morning's proceedings?

ADV. T. MABUDA: I am Chair

JUDGE J.HEHER: Uhm...yes....uhm..Would you be kind enough then to tell us who you are calling.....and.....?

ADV. T. MABUDA: Yes Chair...Today...Day 7... day 7 of Set 3, we'll be dealing with TVET Budgets...errr...our presenters today are from False Bay TVET College, and I'll ask the Presenters to place their names on record for.....just their names on record for.....

JUDGE J. HEHER: [interjects] Mr. Mabuda can you just place on record, is this the presentation that would have taken place in Cape Town?

ADV. T. MABUDA: Uhm, the presentation in Cape Town I believe was more of a general overview in terms of identifying the issues, err, this is specifically deals with the TVET....the budgets....

JUDGE J.HEHER: [interjects] with this set?

ADV. T. MABUDA: Ya...within the TVET organisation.....institutions.

JUDGE J.HEHER: Thank you... Would you gentlemen please place your names on record?

MR. KRUGER: Good morning Chair, my name is Cassie Kruger – I am the principal of False Bay College

JUDGE J.HEHER: Thank you Mr. Kruger...Is it Dr. Kruger?

MR. KRUGER: No Chair it's Mr. Kruger

JUDGE J.HEHER: Kruger – thank you.

ADV. T. MABUDA: Err Mr Kruger, will you be the only one that will be making the presentation?

MR. KRUGER: Ya Chair unfortunately I'm coming from Cape Town, so I was the only person that was able to fly up.

JUDGE J.HEHER: I see..... The gentleman on your left is?

MR. VAN HEERDEN: Good morning Chairperson, this is.....my name is Charl van Heerden from Tshwane South TVET College; I'm standing in for the Principal – Mr JT Chiloane

JUDGE J.HEHER: Ah...Yours is a second presentation?

MR. VAN HEERDEN: A second presentation scheduled for this afternoon.

JUDGE HEHER: I see – thank you very much.

JUDGE J.HEHER: Mr. Kruger, have you any objections from taking the oath?

MR. KRUGER: Chair No, I've got no objections.

JUDGE J.HEHER: Do you swear that the evidence that you are about to give will be the truth the whole truth and nothing but the truth – if you do, raise your right hand and say 'So help me God'

MR. KRUGER: So help me God

JUDGE J.HEHER: Thank you.....Yes Mr. Mabuda

ADV. T. MABUDA: Er Mr Kruger before you proceed with your presentation, could you please give us a brief background of your academics and your work experience please?

MR. KRUGER: Yes Chair I have...I think I'm probably the...one of the longest serving principals in the TVET sector. I was appointed in 1994 originally as a principal of a technical college, and then after the merging process – I was appointed as the principal of a new merged institution called False Bay College. I have degrees, err - BCom Degree from University of Stellenbosch as well as BEd from the University of Cape Town; as well as HEd from the University of Stellenbosch. I currently serve amongst others on the council of the Cape University of Technology as a ministerial appointee, and I am also a council member on the Council on Higher Education.

JUDGE J.HEHER: Mr. Kruger I notice you have campuses in West Lake, Fish Hoek and False Bay...Muizenberg– I beg your pardon. And it occurred to me that the three are very close together. Err - was that as a result of the merger that, those were three original institutions in those places?

MR. KRUGER: Ya Chair it is the result of the merger but one must also understand that when we merged the colleges in 2002, we actually took a 152 ex technical colleges at that point and merged them to form 15 new FET TVET colleges. And the reality at that point 111 of the 152 technical colleges that existed at that particular point was formed to serve the white population. So the reality is that you find that currently today still, the infrastructure of your TVET colleges is mainly located in advantaged communities, which is still a sad reality today.

JUDGE J.HEHER: Yes... do they.....what I was interested in is – do the campuses at West Lake, Muizenberg and Fish Hoek provide different services?

MR. KRUGER: Ya Chair, the idea in a multi-sited institution especially in an urban environment like False Bay College – the idea would be that there is no duplication between the sites. So that between those 3 sites that you've mentioned; Fish Hoek, Muizenberg and West Lake there's no duplication. West Lake focuses mainly on Artisan Training and Engineering Training; while the Muizenberg site focuses mainly on Hospitality and Tourism and the Fish Hoek site focuses on Business Studies and IT.

JUDGE J.HEHER: I see – thank you.

MR. KRUGER: There is another reality; you've probably seen there's two other campuses as well?

JUDGE J.HEHER: Yes indeed.

MR. KRUGER: Okay

JUDGE J.HEHER: Yes well – they have other focuses do they?

MR. KRUGER: Not really Chair because if you want to go a full level of site specialization which is the ideal – it asks for a reliable public transport system. And if you look at the commonality being Fish

Hoek, West Lake and Muizenberg; there's a railway line that links them but if you speak about Mitchell's Plain and Khayelitsha you don't have the same configuration. So it's not easy for people to move from Khayelitsha to Muizenberg for an example; and therefore when we formed the college in 2002, we basically decided the only way that we would be able to facilitate access, would be to have 2 groups of site specialization – so between Fish Hoek, between Mitchell's Plain and Khayelitsha the idea is not to duplicate but to complement each other – because especially in Khayelitsha and Mitchell's Plain; one must be sensitive that you don't carry on with the apartheid system; where the one side Mitchell's Plain is mainly for the coloured population and then Khayelitsha side for the African population, because in the new South Africa we want to make sure there's integration of communities that were unfortunately separated in the past.

JUDGE J.HEHER: Yes I understand – thank you very much for that introduction. Would you go ahead with your presentation Mr. Kruger?

MR. KRUGER: Chair if you can just bear with me; unfortunately I was not able to present in Cape Town and I think I was asked to set-up my presentation just before tea – and when I came back after tea, there was a different judge, so I wasn't able to present and that judge only asked students to present here. So if you bear with me I need to give you a little bit perspective of the college so that you understand where we coming from.

I will focus more on the financial aspects; but colleges are very very complex animals, and most people I think sitting in this room has been at the school and most people sitting in this room has been at university- but I doubt whether any person sitting in this room has even been at a TVET college. And therefore it's always funny thing and then your normal people like us will always try and benchmark and say 'ok that sounds like that I know that from University, I don't know it from a college – and that's a common error that people tend to make; it's an institution in its own right, so what I'm trying to do this morning is give you a little bit of *TVET 101* Chair, and then also try and give you some.....focus a little bit more on how we are funded.

Just to explain how complex these organizations are as introduction to prove that point is that if you look at Universities, they've got one quality council which is the Council for Higher Education. If you look at schools, they've got one quality council, which is Umalusi. If you operate in a college like the one that I'm operating in, which is not a big institution - you'll find that we relate to 3 quality councils – we relate to the Umalusi, we relate to the Council for Higher Education as well as the QCTO. So it's quite complex institutions, not only from that perspective but also from a funding perspective. And you will discover.....you will see this morning there's various funding streams depending on the programmes we offer, and even if you engage with DHET officials, you might find that their response is often one dimensional because their interest is only on the programmes they are funding.

So I'm hoping that I will give you some clarity on that aspects Chair but bear with me I would just like to talk a little bit also around the college itself. I know I think by now you know these issues there's 50 public TVET colleges in our country; there's 25 Universities, there's a new animal that I understand you are also engaging with – it's the newly established community colleges; there's SETAs and then there's the regulating body sitting under the DHET.

Now the Technical Vocational Education Training or TVET were previously known as Further Education and Training (FET) colleges. The current 50 TVET were established in 2002 through the merging of 152 FET colleges previously technical colleges. Initially according to the constitution of our country, these colleges were provincial competencies and in 2009 when we decided to have two departments of education, in establishment of new Department of Higher Education and Training, a decision was made to move the colleges from being provincial competencies to become national competencies. Now that was quite a long process and it's only in 2013 that the DHET fully assumed responsibility for these TVET colleges- and that is quite the important piece of information I will

mention later Chair because when the colleges moved, they moved with their budgets and the budget flaws existed when they were provincial competencies were actually carried into the DHET.

Now Chair there's a clause from the constitution that's probably been quoted many times on this commission, that the constitution specifies specifically the Bill of Rights that everyone has the right to basic education including basic.....able basic education and access to further education that the state through reasonable measures must make [indistinct] available. Now that puts colleges at a slightly different level than Universities because the constitution is silent about universities but it's not silent about FET colleges which is not TVET colleges. So there was an expectation at that point that colleges should become more accessible through funding means that is pro-poor and I think the department has moved considerably on that in the last few years.

Now the main purpose of the TVET colleges is to train young school leavers providing with skills, knowledge and attitudes necessary for employment in the labour market. They primarily provide training focus on mid-level skills. Now Chair the next piece of information is also critical – though the National Development Plan 2030 as well as the White Paper on post-school education and training that was published in 2013, sets the target for the TVET colleges to grow from the current size at that point of approximately 700 000 to more or less now to about 2.5 million in 2030.

Now 2030 is 14, 13, 14 years from now, that means that if you look at the 50 multi-sited TVET colleges, then you make a rough.....simple mathematical calculation, it says in 14 years from now, every one of these 50 public TVET colleges, will have to accommodate approximately 50 000 students – that makes every college bigger than any university in this country except probably UNISA. So when we manage these institutions we manage it with that in mind – that we must put structures and policies in place to accommodate so many students.

The white paper further emphasizes the focus on training of Artisans - now government expects that TVET colleges will become the cornerstone of the country's Skills Development System with the emphasis on the rapid.....that's why we have to emphasize the rapid increase of student numbers. The White Paper further states that funding [indistinct] in consideration that colleges largely provides for students from poor families– and that's quite critical.

Now Chair if you look at False Bay College, just to bring this closer to home-in my case. False Bay focuses on serving communities residing in surrounding provincial area; Muizenberg – you know that. Geographical footprint encompasses some of the most marginalised communities in Cape Town; the Cape Town Metropole which is Khayelitsha and Mitchell's Plain. You know that we've got 5 campuses, we are in the process and that is one of our concerns at the moment, because of funding that the college is in the process of establishing a new site between Khayelitsha and Mitchell's Plain – which we commonly refer to as the Swartklip campus. Now this used to be a Denel site which was used to produce ammunition in the old days. And this new campus has got infrastructure or this site has got the infrastructure of 25 large factories and we have the opportunity to develop this site to its fullest potential, it could become one of the largest Artisan Training facilities in this country- probably giving access to at least 3000 students in Engineering Artisan training at any given point.

The current college's Strategic Plan was approved by the Minister of Higher Education and Training for the period 2015-2019. It is a public document and False Bay College, in that document has adopted a balanced approach regarding funding streams because at that point, we could see that there is problems coming and that there could be limitations in certain streams of funding

ADV. T. MABUDA: [interjects] Er Mr Kruger, has the department given you financial assistance for the establishment of that....that campus?

MR. KRUGER: We had...Advocate we had conversations with the department, now the department is quite wide – there's 2 specific branches in the department that relates to your TVET colleges. It is... the one branch is the 'TVET Branch', which is our mother branch from where....which regulates your

public TVET colleges – but there is another branch in the department, which is called the ‘Skills Branch’. Now under the Skills Branch, you will find your SETAs as well as your National Skills Fund. And because of funding constraints which you have probably heard of in the department, we approached the Skills Branch and specifically the National Skills Fund, and at this point we are in the final stages of presenting a submission to the National Skills Fund. Verbally they’ve indicated to us that we will....they’ve already basically agreed to it but it still needs to go through the processes. Now to develop a site like that with fullest potential infrastructure wise, is about R400 million.

JUDGE J.HEHER: [interjects] so when you say ‘We’, you talking about False Bay College?

MR. KRUGER: False Bay College

JUDGE J.HEHER: Why aren’t you doing this as part of the TVET sector as a whole? Whilst the TVET sector as a whole is concerned with these things, why is it....how is it that each does its own thing?

MR. KRUGER: I don’t think each one does its own thing Judge....I think each college has got...it’s an institution in its own right with its own governing structure. And why we are specifically going down this road is because when the colleges were created originally in the Western Cape specifically, there’s three urban colleges, and when we created these institutions, we allocated the specific geographical area to each one of these colleges to respond to.

Students can move anywhere but in our particular case, we had Khayelitsha and Mitchell’s Plain, and as I said earlier, the infrastructure favours advantaged communities- so from the start....beginning of establishing these institutions, it has always been our vision to take education/training closer to these communities. We did research in 2005 indicating the needs in these communities and we’ve...since that point, we’ve actually lobbied the Minister and various stakeholders for funding to establish a campus, and it’s only with this campus....with this site that became available that we saw a quick gain, and the short answer is the National Skills Fund has indicated they will assist us to the extent of R180 million.

JUDGE J.HEHER: May I just ask you for my own interest, but I suppose it’s part of your interest too. What about the Kommetjie area and Sun Valley area – how does that fall within your....err....?

MR. KRUGER: Chair, it’s clear you know the area quite well

JUDGE J.HEHER: Well I used to know it very well but.....

MR. KRUGER: Ya... Chair we have a campus in Fish Hoek and therefore that campus in Fish Hoek to a large extent caters for your Kommetjie area, your Ocean View and so on.

JUDGE J.HEHER: But that’s.... you told me your campus in Fish Hoek is only for limited purposes

MR. KRUGER: That is correct Chair.....

JUDGE J.HEHER: [interjects] and that’s.....sorry.....so it can’t cater for the diverse needs of those areas?

MR. KRUGER: Ya no it’s correct Chair but you must realise that if you look at....at...Fish Hoek and you look at Muizenberg and you look at...at...at Westlake, those three campuses in the context of student access is accessible especially in the light that when you talk about, as you will see later – your ministerial programmes, students from disadvantaged communities do access the NSFAS bursaries, and the NSFAS bursaries makes provision for this person who resides more than 10km from any particular campus, to get a transport allowance. So students staying in Kommetjie, will get a transport allowance to get to Muizenberg or a transport allowance to get to West Lake for example.

JUDGE J.HEHER: So does the same then apply to Simonstown?

MR. KRUGER: The same will apply to Simonstown –in actual fact a Simonswtton student will probably not get transport to go to Fish Hoek, cause I suspect it's probably about 7 kilometres but will get a transport assistance to get to Muizenberg or to West Lake

JUDGE J.HEHER: Alright, thank you.....

MR. KRUGER: [interjects] Chair, the idea is to be as diverse as possible but you can't create small pockets all over the show unfortunately.

JUDGE J.HEHER: No....but the reason why I asked the question because you've got that huge camp on the....on the....Atlantic Ocean side of Kommetjie and Sun Valley, and...which I assume will need to be catered for by your Technikon.....the informal settlement there

MR. KRUGER: Ya...well, you'll find that the majority of our students at Fish Hoek for example, come from Masiphumele – and a large percentage of our students at Muizenberg as well and the same at West Lake

JUDGE J.HEHER: Thank you

MR. KRUGER: I'm not saying that we are.... We can do much better if we had more facilities. The one area I must say that is a challenge for us at the moment is Hout Bay, because Hout Bay there is no public transport between Hout Bay and that areas that we've mentioned and.....

JUDGE J.HEHER: [interjects] Is Hout Bay not covered by any Technikon?

MR. KRUGER: It's supposed to be covered by us but the reality is it would probably be better to establish a campus in Hout Bay. We've been attempting to take education on a part time basis into Hout Bay but to date we've not been successful, mainly because of funding constraints.

ADV. T. MABUDA: Ok Mr Kruger before you proceed – you indicated that it would take about R400 million to develop that campus and you've indicated that you have a commitment of R180 million from the National Skills Fund; how do you intend to make up for the short-fall?

MR. KRUGER: Now Chair we're planning to develop the campus in phases; so in the first phase of the R180 million, we would be able to commission at least enough workshops to accommodate about 1 500 students. Our intention...we started a conversation with our mother branch about funding students as well. If we are successful with that, we can open up more; but one must also realize that you...you don't want to have a Bing Bang Approach, it's probably better to phase it in and let the campus develop over a period of time. We are quite positive that in the second phase, which will start in 2020, that we will have other funds that can develop the campus to its fullest extent.

[inaudible]

MS. L KHUMALO: I just wanted to check in this....the mother grant would be?

MR. KRUGER: Well, from...from the...what we need to ask them....what we've asked them is to fund ministerial programmes at the Swartklip side. Now at the moment there's not more money for the ministerial programmes; that would be the normal funding of the colleges-well I'll get to later where they fund 80% of the students' costs. We're hoping that we can get a region of about R20 million from them for operational costs and so on. But Chair we're positive that we can activate the campus if we are successful with this R180 million – it's not the ideal situation but we will start.

JUDGE J.HEHER: Thank you

MR. KRUGER: Chair can I continue?

JUDGE J.HEHER: Yes please

MR. KRUGER: Chair if you look at the next slide, you will see the students' numbers of False Bay College. Now I must just...I'm under oath so let me just be open about this. If you ask any College

Principal how many students they have; they can give you three different answers without lying. You'll see [indistinct] Principals always goes a little bit hesitant before he answers you because he thinks do you want to bill him, then he's gonna give you a low number without lying. If he thinks you want him to look important, he's gonna give you a high number without lying. Chair the reason for that is we use....sometimes we use FTEs, which is a Full Time Equivalent-which is basically a student that's there for 1200 hours per year; and then we sometimes use 'heads'. Now you can imagine we have trimester programmes, we have semester programmes, so technically if you look in the trimester programme, you get three different students during the year.

What they tend to quote in parliament nowadays is 'Heads', and what you've got on the screen is the 'Heads' of the college. You will see in 2002, [indistinct] we just had 4 and half thousand students, now this year in 2016, the target was that red one-it will be in the region of 11 000; we're still enrolling....we still activating some programmes but we should reach the target. And then according to the plan which the Minister approved, we indicated that we will go up to 15 000 in 2019 – now that growth is mainly informed by the activation of the Swartklip site. You'll....ya...let me rather stop there Chair and continue

JUDGE J.HEHER: Has the infrastructure actually commenced there?

MR. KRUGER: Sorry

JUDGE J.HEHER: Has the building of infrastructure actually commenced on that site?

MR. KRUGER: Remember Chair one of the advantages on that site there is a...there is already factories – so all we really need to do is just to revamp them and upgrade them...

JUDGE J.HEHER: [interjects] Have you started already?

MR. KRUGER: Not yet...not yet – we're still waiting for the national Skills Fund to approve Chair

JUDGE J.HEHER: Okay

MR. KRUGER: Chair if you go to the next slide, now we're getting to the funding. If you look at the college programmes that we have; we can divide programmes basically into three categories; Ministerial Programmes, Occupational Programmes and then Higher Education Programmes. As I said earlier the quality assurance and the funding sources of these programmes are differently. To give you an idea at False Bay College this year in 2016:

- 76% of our student headcount, is in Ministerial Programmes,
- 23% is in Occupational Programmes and
- 19% in Higher Education Programmes.

And just to relate back to the Swartklip campus, most of the programmes would be Occupational Programmes and not Ministerial Programmes. If we get into Ministerial Programmes Chair, those programmes are the so-called NCV programmes – National Certificate Vocational as well as Report 191 programmes often also referred to as Nated programmes or the so-called N-programmes. Now the entrance requirements into these programmes is a Grade 10 qualification, so a student....a learner can leave a school at the end of Grade 10 and join a college.

The DHET funds these programmes out of the allocation from Treasury in a form of formula funding. We often refer to it Programme based Funding, it's sometimes also referred to as Conditional Grant but that is the way the funding at the certain point found its way to the college in the form of....

ADV. G ALLY: [interjects] Sorry Mr. Kruger, can we just go back – I thought entrance qualification is a Grade 9... minimum.

MR. KRUGER: I'm sorry Chair, I miss-quoted – it's a Grade 9. I'm very sorry. For some other reason I...I got back to the old system. I've been a Principal too long probably....it's a Grade 9.

Chair then if we carry on the DHET funds these programmes out of the allocation from Treasury, the DHET is responsible for the costing of these programmes and this is significant. That is probably what saved the colleges this year a lot from what we see at Universities. The DHET is responsible for the costing of these programmes and the current policy is that the DHET funds.....funding provides for 80% of the programme costs and the students are responsible for paying the 20%.

Let me just explain this – the average cost of a NCV programme at a college is in the region of about R50 000 per student per annum. Of that, according to this funding formula, the department would pay R40 000 – 80%, and a student is then responsible for the other 20%, in this average example would be R10 000. Now those students who does not....cannot afford that 20% class fee portion, have access to the NSFAS bursaries. I must however state that reality however is that in 2015, there was 664 748 students in these programmes at colleges countrywide - that's 'Heads', while the DHET could only fund 429 000 – which is 64%, that was my information. This under-funding continued in 2016, so it got worse in 2016, we don't have the final numbers so my [indistinct] would suspect if you use the 2016 numbers, that 64% would be somewhere in the 50s now – probably around 55, 56%. And the indications are that it will remain unchanged in 2017, so you can work out yourself Chair that we cannot grow any further if we are already in the un-funded situation.

False Bay College is currently carrying a large percentage of un-funded students – both the DHET and NSFAS allocations are insufficient because the funding base the DHET is currently using is the 2013 numbers. And my understanding was that we would work on 3-year cycles that your 2013 numbers would inform your funding for 2014, 15 and 16; and the reality is that we....in 2017 we would have expected to go into a new funding base, which would probably have been 2015 or 2016 – now unfortunately that is not happening and we've been informed that the 2013 base will continue.

The actual programme funds that the college is receiving is therefore not 80% but 69% in our college case, which results in an under-funding of R19 million. Chair I see that the second bullet....well the third bullet in actual fact, that we were probably saved from the uphill that we see at Universities because of the fact the State costs these programmes and there's an agreement that they pay 80 and the colleges pay 20. Because the fees are therefore determined by the department – when these under-funding started, what colleges would have done if it was possible, is we would have done what universities started doing, and that is increase the class fees to make up for the under-funding, which we didn't do – which now looking was a saving grace for us Chair.

ADV. T. MABUDA: [interjects] Mr. Kruger before you proceed...is there any particular reason why DHET is using the 2013 students' numbers?

MR. KRUGER: That was the funding base. For some....there was an attempt this year to look at the 2015 funding base but that would have just meant that the same cake would have just been re-cut. And some colleges would have lost money and some would have increased, they were not able yet to use another funding base – for two reasons, the one reason probably there's not more money....there's not more money – but I think it's a question that you should put to them.

ADV. G ALLY: Let me ask you this Mr. Kruger – round about the 3rd of September unless you weren't present and your governing council members were present, DHET had a strategic session. Were you present?

MR. KRUGER: I was present yes Chair.

ADV. G ALLY: Now...didn't they explain some of these things to you?

MR. KRUGER: The explanation was that...that there's no more money

ADV. G ALLY: Okay

MR. KRUGER: Chair can I continue?

JUDGE J.HEHER: Please

MR. KRUGER: Chair if you.....remember I have now dealt with the one type of programme – Ministerial Programme, that is funded through the fiscus, through the allocation from the department. I'm now moving to the other programmes, the so-called Occupational Programmes – which is your *Learnerships, Apprenticeships* and *Skills Programmes*. Now these programmes are not funded by the DHET out of the allocation from the fiscus. These programmes are offered at full cost to client. So if you look at a college advertising its programmes, you might find that they advertise this specific NCV programme in Engineering – it's a Welding, costing R10 000. And then next they would advertise another programme, maybe a National Certificate Programme and the cost is R40 000 - Why the difference? The one that you see is only the 20%, the other 80% is subsidised. In this one, there's no subsidy, you see the full cost and that sometimes confuses people. Now how do we give access to the poor when it comes to the Occupational Programmes? Colleges would write proposals to the SETAs because all SETAs have a certain portion of their funding available to give access to the unemployed. And we would write proposals to the National Skills Fund, I must...and I will come back to the National Skills Fund later when I look at the trends in the last few years.

But...and that funding makes it possible for Colleges then to run these Occupational Programmes, offer them at the disadvantaged communities for free. And those students normally in these programmes that's funded by SETAs and funded by the National Skills Fund also qualify for a stipend-which means they get a certain stipend while they are at the college and a stipend while they are at work. Because the nature of these programmes are such that the student spends time at the college and some time in industry. Now that makes up then for an example for transport allowance that a NSFAS student would have gotten to get to the institution. And SETAs and the National Skills Fund obviously get these funding from the 1% which companies pay as payroll to the SETAs.

ADV. G ALLY: Mr. Kruger lets' just start again just to get clarification, because you indicated now that SETAs cater for the unemployed. I was under the impression SETAs and the Skills Fund cater for those employed that need extra training, however there are funds that you can source from there for other purposes. Now in your college, do you have unemployed students that also source SETA funding?

MR. KRUGER: Yes we do have

ADV. G ALLY: And what's the SETA.....so where do they get the mandate for that – you go to them and you ask and they give it?

MR. KRUGER: Normally SETAs would have funding windows, where they would indicate opportunities where institutions can approach them, write proposals to train the unemployed. And that would normally be where a SETA would have identified a need....a shortage of staff or workers in a specific industry which they would want to make sure there's a pipeline of new workers entering that industry.

ADV. G ALLY: And therefore as the process would work and go its completion, would be that those particular students are then or the names of those people are given to the SETAs for the industry to take them up – is that what happens?

MR. KRUGER: Yes we....more and more...in the beginning and I think it was through the intervention of our Minister starting to ask the SETAs to look at colleges, public colleges more favourably when it comes to funding – but it's also getting a little bit tighter; the intention nowadays is that we need to go back to the original system – where a worker should first be....there must be Employer as well, so SETA is more and more is insisting now when you do...when they do allocate that type of funding to you, that the Employer is on board from the beginning – to ensure that the student get access to the practical training which is by nature these type of programmes. To give you an example of a typical programme that is a SETA funded programme – it would be a National Certificate Level 2, Level 3 and Level 4. Now such a student will spend 6 months at the college and six months in a workplace; six months in a college and six months at the workplace; six months in a college and six months at the

workplace – so through the three levels. So you can't sit in a situation as a responsible institution to enrol a student and then try to find workplaces afterwards. SETAs have also probably learnt that this is not the way to go so they insist now that you have to sign up an Employer from the beginning, which is not always easy...so...

JUDGE J.HEHER: [interjects] So your proposals are always sector directed?

MR. KRUGER: It's sector directed Yes - although generally your SETAs seem to have a mandate of supporting Artisan training irrespective of which SETA is involved. So we've been able to access from SETAs...from various SETAs for training Artisans while....under normal circumstances would more be your MERSETA and your EWSETA that would be interested in that type of funding, but we accessed funding from the CHIETA for example for Artisan training.

ADV. G ALLY: Now we've also been apprised in the commission of a situation where many of the students because they are not set-up with workplace institutions, cannot graduate – now is this also in your occupational programmes or in a different programme altogether and does it happen at your college?

MR. KRUGER: Chair we are....it could partially be...what you have experienced is that maybe students in colleges doing Ministerial Programmes and specifically the N4-N6 – because the N4-N6 although they are programmes and qualifications in their own right, the N4 Certificate is a certificate in its own right as well the N5 and N6. But lately colleges, there's also possibility that when students after completing the N6, which is....sorry, six months programmes and 18 months in 4, 5 and 6 – on completion of that 18 months, if they spend 18 months in the environment.... the work environment which is relevant to the programme that they did, they can qualify for a National Diploma. Now colleges have been advertising National Diplomas, and if you then advertise a National Diploma, my view and our college's view is you must then be able to provide the full service. And that means it's the college's responsibility to place that student. I think many colleges hasn't done that – in our college's case, we have a very strong job placement department. I've got 5 soon 6 full-time Job Placement Officers...

JUDGE J.HEHER: [interjects] There you are favoured by your location aren't you by comparison with a lot of other colleges?

MR. KRUGER: Probably in a sense of your rural colleges might have a challenge but the urban college...but it's still the active role that you have to play. As I say we have, out of our own funds employed 5 soon 6 Job Placement Officers, whose sole purpose is to find employment for our students. We have very stringent targets in our college of placing at least 80% of our students in jobs within 1 year after graduation. And the reason why we are so sensitive Chair and why we have created I think a very good infrastructure is if you ask students in Khayelitsha why do they want to come to the college – they don't say the answer 'I want to do that Certificate' because they believe that through the college they will find employment, and we can't afford to fail the people. So if you offer them...our case if we offer a N4-N6 and we say we gonna place you for 18 months to get you full qualification, we place the student. And when it comes to the NC programmes, it's even more critical because for every level, your N....Level 2 and Level and Level 4, half the programme is the practical training – the person can't even get a qualification if he doesn't do the practical, so it's critical that we do it, yes we do have that responsibility.

JUDGE J.HEHER: Can I ask you whether your placements occur only within your own labour pool so to say or do you place all over the country?

MR. KRUGER: Basically when we place our students.....Chair maybe I should go back now and say the students that we service in our college, sits in our geographical footprint – we respond to that training need. There's one programme which we do take people from a wider region, which is Boat Building. We are the only Boat Building accredited training facility in the country – Small Yachts and Boats, and that programme because we are the only one we take people from a wider area. But as

far as the rest of our programmes, we target taking people from our geographic footprint. So the reality is, we've had experience in the past where we did a programme called the [indistinct] programme which was from another department where people came in from Beaufort West and so on. Now we were then responsible to place the people in Beaufort West and those areas and it's not easy to manage that – because the stipend that students are getting while they are the workplace is not enough to pay for accommodation and things like that. So Chair we favour a situation where students come from our geographical footprint and we place as far as possible travelling distance from where they stay.

JUDGE HEHER: Surely if you have that Beaufort West situation, you might find yourself in conflict with other institutions who would feel that you are treading on their territory and taking up their job opportunities.

MR. KRUGER: Ya sure.....but I think that was a national programme – it was run through another department and colleges were asked to cover that students in a students' residence set-up amongst the others. And all the urban.....rural colleges didn't have the training facilities that we had. So we had that experience but we favour to place them close to home. Chair can I continue?

JUDGE J.HEHER: Yes, Yes

MS. L. KHUMALO: [interjects] Sorry before you continue, I wanted to check – on all the placements it's all the students whether they are NSFAS students or they are privately funded?

MR. KRUGER: We don't distinguish against students when they come to the college – a student is a student irrespective whether it's NSFAS or privately funded, we have a responsibility....

MS. L. KHUMALO: [interjects] there's no priority given in that...the background maybe?

MR. KRUGER: Well...You know in our college's case I would say about 80% of our students if not more, are NSFAS students. You'll find that your more affluent students, in many cases would have a job placement themselves through contacts and so on. So yes the focus is on the more needy ones because we do realise that a student coming from Khayelitsha is very difficult – there's no contacts, there's no parents that can guide them, and....who is employed maybe to find a contact – so yes we have a responsibility but at the end of the day we have a target to place everybody coming to the college, if the qualification is dependent on a work placement.

MS. L. KHUMALO: And after the placement, they come back? So do you get the desired number of graduates? Is the programme successful basically? What becomes your throughput?

MR. KRUGER: Oh that's a different question, I have to ask the colleagues about throughput and the retention. Chair I'm....you know...different programmes have different criteria of certification. Your NCV and Nated is a national examination – your occupational qualification is continuous assessment, but we are quite happy with our throughput and retention rates.

MS. L. KHUMALO: And the percentage, is it proportionate to your allocation – do you get dropouts after that?

MR. KRUGER: During the programme?

MS. L. KHUMALO: Mmm...

MR. KRUGER: Chair maybe I should go back to that then. We say to ourselves as a college that mainly serves the needy community, that our vision is to be the most respected institution and successful TVET college in the country. And we need to prove to communities we serve that the quality of education that you get in Khayelitsha is just as good as any training that you get anywhere – in Cape Town for example, because there is a general belief that the training in Khayelitsha is not as good as the training for example in Muizenberg. And that is supported by the way we've funded education and training in the past. It's a reality that the schools in Khayelitsha were not so well-resourced as those ones in Mitchells' Plain, and those ones were not as well-resourced as the schools in the white

communities. So I think one of our responsibilities is to turn that around, and make sure that we deliver the same quality of education but to evaluate the success – to be the most successful, we use basically four criteria nowadays, the one is – we can only say we are the most successful if we got the highest certification rate in a national examination. Unfortunately our exam department doesn't publish those type of results but I'm convinced as I sit here that we are in the top 5 colleges in this country if not higher. Let's be....I'm under oath so I'll stretch it a little bit.

But it's relatively easy in your ministerial programmes to get high certification or exam pass rates, if you cull your students, if you get rid of students – the weaker ones. So we've got a very high and therefore we say you must have the highest pass percentage in a national examination. You must have the highest retention rate – in our college the retention rate is over 90%. We can't afford it that when a student comes into our system that the student leaves, so we've got a well-established student support system which starts before programme; during the programme and post-programme support. And then the third thing is you must have the highest job placement rate. So if you've got the highest certification; highest job placement rate and the highest retention rate, then I think you can say you are the most successful. So that is our drivers at the moment.

JUDGE J. HEHER: To listen to you, one would think that the Western Cape should have one of the better Artisan production rates in the country.

MR. KRUGER: Chair, the problem that we experienced is – the period when colleges were provincial competencies, the focus and the drivers in the colleges in general changed. And colleges were seen more as the institution sitting next to the schools, and there was...at that point we developed the NCV programmes, very good programmes but there was a period when that was the only funded programmes. So it forced colleges to focus on looking at students leaving the school system after Grade 9 or Grade 10....Grade 9.

And at that point in our history, your SETAs were under the Department of Labour, so were they were very far divorced from colleges and we took a serious knock in that period as far as the training of Artisans is concerned. It's only lately since after 2009 where the SETAs now are with the Department of Higher Education and Training, and the colleges there, that this relationship is getting closer. And therefore I do believe that we will begin to see more Artisans coming through. We are also aware of the fact that in the Western Cape specifically, the Premier has got certain game changers to boost the economy, and one of them that was identified by the Province was to develop more Artisans.

Now that doesn't sit within the structures of the Province and therefore we have established a very close relationship recently with the office of the Premier, with the Province in order to boost the production of Artisans. So one will probably see soon, within the next two three years that the numbers coming through in the Western Cape will increase considerably, and especially if we get campuses like Swartklip going, it will even be more.

MS. L. KHUMALO: On the demographics like, are we able to get the previously disadvantaged as much as we can or is it just the Khayelitsha.....?

MR. KRUGER: [interjects] No...no you must realise if you look at our college footprint, if you look at the demographics in our college, and I'm speaking under correction now – 60% of our students are African students

MS. L. KHUMALO: Okay...from which backgrounds - is it previously.....?

MR. KRUGER: [interjects] well you will find...ya you will find that they come from Khayelitsha; come from Masiphumelele; come from those areas. At least 80% of them qualifies for NSAFS bursaries which means the family income will be below R122 000 yes...Our target is the disadvantaged. You know Chair if you look at...I always say you don't look at the content of the act if you see what you must do, look at the preamble because it gives you a notion of what the intent of the act is. And if

you looked at the preamble of the Continuous Education Training Act, it speaks clearly of taking education to those communities that were excluded, to give access to free meals, to give access to students with disabilities, so that is our driver in the college obviously ya. Chair may I continue?

JUDGE J. HEHER & MS. L. KHUMALO: Yes

MR. KRUGER: Chair now just to take you back – I've dealt with Ministerial Programmes, that's the one source coming from the DHET. I've dealt with Occupational Programmes, source of income: National Skills Fund/SETAs. I'm going through the third one now which is small but it's growing. The Minister a few years ago in white paper as well, it says that colleges needs also to begin to offer programmes which is the [indistinct] in the Higher Education. But the act says that colleges can only do that in collaboration and in partnership with your universities. So and that must follow a process of being gazetted etc. In our college case, and those programmes by nature would be Level 5 Higher Certificate. It's a one year programme and it's not something that's very popular at Universities. So if you want to...and therefore I think our Minister is quite keen for colleges to get involved in that playing field, which is a one year after completion of your Matric Certificate. In our.....

JUDGE J. HEHER: [interjects] Would those universities always be Universities of Technology?

MR. KRUGER: No, not necessarily....not necessarily but I think because of the natural link between your TVET colleges and Universities of Technology, it's mainly Universities of Technology. The two programmes that our college where we are involved at the moment is a ICT Level 5 programme in collaboration with the Cape Peninsula University of Technology. And the other one is a Level Certificate in Banking in collaboration with UNISA – UNISA seems to be quite a big player in that field.

Now you must realise the way that....it's a partnership between the TVET college and the University, these students will be recorded as University students, to make sure there's not a double dipping situation – they'll be recorded as University students and the University will then get the subsidy from the DHET, the normal subsidy. And there's then an agreement between the university and the college on how...what funding will be transferred to the college for an example. We are still in our infant shoes as far as that is concerned but we are focussing mainly on areas where there is not N4-N6 programmes in that field – keeping in mind the N4-N6 programmes were curriculated meaning yes there's not really new developments but the economy....there's new developments in the economy and therefore we try and fill that gaps with Level 5 certificates. At least students.....

JUDGE J. HEHER: [interjects] do you find that there's respectable support for the ICT and the Banking programmes?

MR. KRUGER: The ICT yes, yes....the Banking we just started this year, so it's still in its infant shoes.

MS. L. KHUMALO: So what are the examples of these programmes in reality – are they more Engineering, are they more.....?

MR. KRUGER: There's not many in Engineering at the moment....at the moment is more in Business Studies and IT....and Childhood development...ya.

MS. L. KHUMALO: So the accreditation would be the TVET one or the.....?

MR. KRUGER: No, no you must realise this is a University programme, it's Higher Education programme and the quality assurance will be done by the Council on Higher Education...But these students would also qualify for NSFAS loans, I think you might find in my presentation I'm beginning to use two or three terms....bursaries and loans, and I'll get to that just now. So your Ministerial students will get NSFAS bursaries, these students will get NSFAS loans via the department in the Universities. Good....just to take you back...

ADV. G ALLY: Before you leave....before you leave Mr. Kruger, now in your TVET colleges you have programmes up to Level 6, is that correct? Not your college.

MR. KRUGER: We would.....are you talking about the NFQ now?

ADV. G ALLY: well NCVs Level 1, 2,3 and 4, then you got level 5 and level 6.

MR. KRUGER: Which is your National Diploma...ya

ADV. G ALLY: Right...now, we had or let me ask you this – your experience with the Universities of Technology, is it easy for a person coming from your environment to get in because they wanna move on probably either academically or just want more experience to move on into University of Technology?

MR. KRUGER: Chair, articulation is a challenge. And, in the Western Cape specifically, we have a University of Technology – Cape Peninsula University of Technology that's quite open and understands that we need to make sure that there's articulation and that students can....that we don't have a glass ceiling. The NCV access to universities has been gazetted, unfortunately it seems often that there's not an understanding at universities of that programme and therefore it's more a question of not being aware of it that prevents students from coming in.

In our...in the case of the Western Cape, CPUT has in their prospectus indicates very clearly in any one of their programmes, that this is how you get into the programme if you've done matric at school – this is how you get into the programme if you've done NCV. But we must realise also that NCV by nature is a specialization and the moment when you start specializing, you might open certain doors wider but other doors close.

So by coming to NCV programme you must realise, if I've done Engineering Programme in NCV, I can't now go and study Art at CPUT for example. So I think career guidance in NCV is quite critical when they enter. So yes they get in, when it comes to your N4...your Nated programmes or your Port 191, it is not so easy and you need to have a specific agreement with university – because in that case it's not only access that comes to play but also potential credit transfers. We have a good conversation going in the Western Cape with CPUT at the moment to make sure we don't waste money and people's time.

And we looking at the project at the moment where a student that might not get into a University of Technology because their matric marks is too low – and you often find that in Engineering, where there's a certain criteria or a minimum you must achieve in Maths or so on. So they've got a matric but they can't get into university of their low marks or they've done an NCV for that matter and they can't get in because of certain subjects choices low marks. So what we are beginning to do is to use the N4, the N5 and N6 as a second chance...now first of all an agreement would be if you've done after 1 year, and you get a certain minimum in your subjects that you would then be treated as any...you'd qualify to get in. so your matric, which prevented you, would now qualify you to get in. But we also looking at whether, if you've done N6, whether you can't....that there can't be any credit transfers. That's not so easy but I think we find more openness at your Universities of Technology than what you find at your traditional academic universities.

ADV. G ALLY: Well this....I'm talking about your Universities of Technology for the moment because we came across this aspect in Durban where a HR Practitioner from Richards Bay indicated to us that, and made a certain proposal of how it should work – that all qualifications should be on the same table and you could move through them, and therefore save costs – cause what is happening, an Engineering guy that gets N5, N6 Engineering is told to repeat most of his subjects if he wants to go on to a University of Technology. I'm still trying to get the reason as to why is it jealously guarding the brand – or what is it – or is it that your college offers it at, for want of a better word- an inferior qualification?

MR. KRUGER: No Chair I don't think it's that, it's more whether the programme content of the programme that's offered at the college for example in 4, 5 and 6 – to what extent is it the same as the content of let's say first year programme at University. I think that's more the issue, and the

reality is if you look at the first year programme at university, the first year of 3 years, it's a building process, while the college one is more related into the job situation. So there not often....there's often gaps and we can't also.....we must also not be irresponsible to give a person a credit transfer and then they crash because there's background knowledge. But it's not foreign in our country, I mean universities...between universities, don't always give credits. So it's something we must realize but I think the more we inform your universities of the content of the college programmes, the more open they would be to look at credit transfers

ADV. G ALLY: Well because these aspects relate to how you fund at the end of the day because of you credit a person who has done it, he doesn't need to do the next one and doesn't need to add more money for that particular course – because all courses need to be paid for.

MR. KRUGER: Ya...Chair I think we... that is why colleges are beginning to show a keen interest in your Level 5 Higher Certificates, because that is not only a programme it's a qualification in its own right. But that articulation with that university that you do it with in collaboration is so much easier... but it's always gonna be a challenge. Chair I can continue?

ADV. T. MABUDA: Chair

JUDGE J. HEHER: Mr. Mabuda

ADV. T. MABUDA: Chair would these be an appropriate time to take a tea adjournment?

JUDGE J. HEHER: Would it suit you to take the tea adjournment at this stage?

MR. KRUGER: Chair provided that you come back, not the other judge

JUDGE J. HEHER: You can never tell...but we'll take a quarter of an hour's adjournment and see who comes back.

.....TEA ADJOURNMENT.....

JUDGE J. HEHER: You still under your oath Sir.... Yes Mr Mabuda?

ADV. T. MABUDA: Thank you Chair...You can proceed with your presentation, thank you

MR. KRUGER: Chair with your permission, I must be in Cape Town this evening – I've got a council meeting, I've got a flight to board at 13:25.

JUDGE J. HEHER: Well yes 13:25

MR. KRUGER: So if you can allow me just to finish the presentation if possible and then the questions...I think that will go probably quicker.....

JUDGE J. HEHER: Well you want to leave here at what time?

MR. KRUGER: Not later than about 20 to 1 Chair, so it's just 12:30 more or less

JUDGE J. HEHER: You've got a flight at 13:25?

MR. KRUGER: Ya..I've already....I've got a flight, I must board at 13:25

JUDGE J. HEHER: Oh I see but I think you should perhaps leave a bit earlier than that, with all due respect....so let's get on with it

MR. KRUGER: Thank you Chair.....Chair I have explained the three different programmes and I'm just coming back to the slide to show you in False Bay College's case that 76% of our student headcount is Ministerial, 23 is Occupation and 1% at the moment is Higher Education Programmes. I'm then going to take you to this slide which shows you the income streams. And the blue one is your Ministerial Programmes divided into funding formula and then the....the Ministerial tuition fee portion. So your funding formula brings in 50% - 7% of our total income. Ministerial tuition fees which is paid by students off through NSFAS is 18.3; Occupations contribution is 14.7, Higher Education is just under 1%; our residence is 2.5% and then other income which would be fund-raising, it could be services that we render is 5.8% Chair.

Now you will see that the biggest portion is your ministerial programmes and I've made a statement earlier, if you speak to the DHET often, they are a little bit one-dimensional because they also seem to focus on the ministerial programmes which is funded through the fiscus – so I'm gonna drill down on that a little bit more now Chair.

The Ministerial Programmes are the so-called formula funding – I said earlier the DHET is responsible for costing these programmes, their responsibility is then 80% and then the other 20% is in the form of tuition fees. Now the formula funding of programmes, is to cover the recurring costs of the ministerial programmes. And the economical categories for these recurring costs are divided into three groups according to the funding formula;

- Personnel Cost,
- Capital Infrastructure Cost – which the specific cost relating to the replacement of equipment, and
- Non-Personnel, Non-Capital- which is college overheads example, training consumables, water and electricity etc.

Now this is the three components out of which the total costing of the programme will consist of. Now the funding does not differentiate at the moment between delivery modes, for example face-to-face or distance learning. Now the Ministerial Programmes formula funding, the weight....there's a weight attached to each one of these three economic categories – personnel; non-personnel and capex which differs from programme to programme and is calculated at a formula funding grid – which means that the programmes....the funding of the programmes are different. To give an example, in a Business Study programme, there's not a lot of overheads but in a Farming programme or Welding programme, there's much more overheads, so the programmes are not costing the same. Now incorporated in the funding grid, is the output bonus which is based on the performance

of students during 1 or more past years – this however has not yet been implemented, and that's quite critical, because it means if a college enrolls 50 students and all 50 fail and you enroll 50 new ones, your funding remains the same as a college that enrolls 50 students, 40 pass and then maybe only 20 pass – which means that you end up with smaller classes and there's no compensation, it's probably better if everybody fails, from a financial management perspective. It's critical that it's implemented.

The formula also incorporates a claw-back clause which relates to the enrolment under-achievement during the past three years. If a college doesn't achieve its funding targets, you are supposed to claw back because you funded more students at the college than you actually enrolled - this however is also not yet implemented. The funding formula recognises that the delivery to special needs students - students with disabilities is higher than a normal able bodied student, but this is also not been implemented.

Now if you speak to the DHET they will tell it's been implemented because in the funding formula they clearly ring-fence an amount, but all they are doing they are taking your allocation and they ring-fence a specific amount. So if you were getting a R100 000 for able bodied students and you tell them you've got ten students with disabilities, they will say R90 000 is for your normal funding and R10 000 is for your students with disabilities but it still gives you the same answer. So there's not more funding for students with disabilities, and you can question me on that one if you want to.

Then there's also 'Earmark Capital Funding', now the purpose of Earmark Capital Funding is to fund new infrastructure, upgrade current infrastructure and also deal with capital backlogs. The funding is college specific, depending on the college needs. Now the problem that we have in the sector Chair is that when colleges were provincial competencies, you can imagine that there's a big growth in learner numbers in schools, and in the provinces, the capex budget for new infrastructure was absorbed by schools. And therefore very few colleges or provinces made provision for capex infrastructure growth for TVET colleges.

When we moved the colleges to the national department, we moved the colleges with the existing budgets in the provinces. So what happened is, when those colleges ended up with the national department, they ended up without a capex budget – and that is the problem at the moment, and it's not yet been addressed. In the Western Cape, there was a small amount – R40 million per year, mainly to address that but that has now also disappeared. Then Chair I want to go to into the NSFAS bursaries for colleges, so that you understand what's happening there. Now different universities and TVET colleges qualify for NSFAS bursaries and not loans. The current criteria for awarding bursaries to TVET colleges is:

- The student must be enrolled for the Ministerial Programme
- The college must be satisfied that the student is meeting the criteria for academic progress
- The financial needs of the student must be assessed through a 'Means Test' and
- The household income must be less than R122 000

Now that's been like that since 2012. The current criteria for students with disabilities is:

- The student must be enrolled for the Ministerial Programme
- Must be academically able and
- The household income must be less than R400 000

Now Chair as far as NSFAS is concerned, there's an assistance for students with disabilities but not in the programme funding. Now bursaries...NSFAS students bursaries covers tuition fees, textbooks as well learning and training material – so when a student gets a NSFAS bursary, he or she is fully covered. A student that resides more than 10 kilometres from a campus, further qualifies for transport allowance relating to the actual cost of travelling but to a maximum of R7 405 per annum. Students who resides further than 40 kilometres from the campus qualify for accommodation

allowance of R19 700, which is way too small – the average cost for a student in a student residence with food is close to R40 000. Chair then....now the NSFAS bursaries at False Bay College just to bring it closer to home – in 2016 False Bay College was able to allocate tuition fee bursaries to 64% of all our NCV and Nated students. 79% of these NSFAS beneficiaries qualified for a transport allowance – so 79% of the 64%. No students were allocated accommodation allowances at the college, as we are focussing on people in our geographical footprint. The full NSFAS allocation to False Bay college was exhausted this year, and the college out of own funds had to support a further 10% of the NCV and Nated Report 191 students for tuition fees only. So we had to fork out of own funds another R5 million to fund students who qualify...

JUDGE J.HEHER: how much did you say?

MR. KRUGER: R5 million...to allocate college bursaries to students who have qualified for NSFAS bursaries but there was no funding available in the NSFAS any longer. So the actual number of students basically that were beneficiaries for this type of bursary is 74%. Now Chair moving to a no-fee system, if a funding policy was implemented properly, in other words there was no under-funded students, we would have been very close in the TVET college sector to a no-fee system when it comes to ministerial programmes. In general...I would say in our college we do not free education for all in the TVET sector, we would rather support a differentiated system. We believe the best way of implementing this differentiated system of support is to strengthen the NSFAS bursary scheme. We propose a system where students are divided into 4 categories:

1. First category would be, let's call it low-income, a family income below 175, these students should qualify for NSFAS bursaries that cover tuition, transport or accommodation as per the current bursary rules. But not 122, we are moving it up to 175, but critical Chair – is to include a R4 000 per year meal allowance. We find that students who are beneficiaries of NSFAS bursaries come to the college hungry – and that's a big problem. We have partnerships with other agencies where we offer for example feeding students at our Khayelitsha campus specifically but it is something whichit is a partnership with an NGO specifically in the Western Cape, but it's unreliable, it could disappear anytime.
2. Then the second category is the so-called missing middle, the old classification of it is students with family of an income between 175 but below 350 per annum. These students should qualify for a NSFAS bursary that covers tuition fees, but we feel that we should maybe consider opening up NSFAS loans for this category of students to cover transport and accommodation.
3. Then if we look at category 3, where the family income is above 350 but less than 600 000 per annum, that these students should actually not qualify for NSFAS bursaries but they can apply for a NSFAS loan to cover tuition fees only – but not NSFAS loans to cover transport and things like that.

ADV. T. MABUDA: Why not?

MR. KRUGER: Well our feeling was that.....we also restricting ourselves thinking of the money that's involved but we felt that a family whose income is in that category should make provision for that child to have food or to cover for transport.

4. And fourth category – students whose family income is above 600 000 should not be able to access the NSFAS financial support at all.

Now if we move towards this, at False Bay College specifically, let me just get my....If this above was implemented in 2016 at False Bay College, the NSFAS allocation of this year which was R133 million, would have to increase to....

JUDGE J.HEHER: You said 133 or 33?

MR. KRUGER: 33 million....would have to increase to approximately 75 million, if we implemented what I have spoken about above, to accommodate that recommendations.

Of the 75 million, approximately 6 million would have been loans for those students in the category 2 and 3. But the big ticket, would be the meal allowance, which is approximately R21 million. So one can now play around with do you want to include the meal allowance or not. In 2016, the NSFAS allocation to TVET colleges was just over 2.23 billion according to my information. Should this proposal be implemented just to indicate what the impact would be, then the allocation to TVET colleges for NSFAS financial aid, would have to increase to about 5.276 billion.

Now that is your ministerial programmes, that would to a large extent make sure that ministerial programmes are no-fee for students in the low-income and our definition of the missing middle – tuition fees are covered, that third category would have to be in to borrow money.

Chair if we then look at the occupational programmes, the current system is not very stable and colleges, although the student is fully covered, the colleges must still on an annual basis write proposals, and we would prefer a situation where DHET intervene more and we get to a system where if we write proposals to SETAs, that it would be a 3 year arrangement for example - NSF is already moving in that direction.

The Higher Education programmes, obviously whatever happens to Higher Education programmes in colleges, will have to be the same as in the universities sector. Now Chair, quite important for us is the fears that's currently in the sector. The current university crisis is diverting all attention to universities and it could be at a cost of your TVET colleges.

And there's a real fear that funding which would have been committed to support the growth of your TVET colleges, would be re-committed to solve the university crisis. There is a current reality that students numbers at TVET colleges might have to be decreased in order to remain financially viable. If our funding is based....and I'm specifically referring to ministerial programmes – if our funding is based on the 2013 numbers, then we've out-grown our....the large numbers of un-funded students is threatening the sustainability of the institution – and I would suspect that there's many colleges in the country, any planning now for the future is considering cutting their numbers back, which is really sad.

If this is the case, we would lose all the gains of the last decade to correct the anomaly of less students at colleges than at universities. That's what we see in the National Development Plan and in the White Paper that colleges will become bigger than universities – most students should be there. The international norm in developing and developed countries, is that there are more students at TVET colleges than at universities, which is currently not the case in South Africa. By international standards, the college sector is too small, and the size and the level of the development of our economy – industrialised countries have over 6% of the youth cohort in vocational education, in South Africa it's a mere 2%. It is clear, if we want to boost our economy, we want to support economic growth, we want to deal with unemployment, if we want to make sure that people are productive citizens, then we will have to consider increasing the colleges sector threefold. And my fear is, that the current focus at universities is going to divert money back to universities at the cost of your TVET colleges.

Chair I'm going to stop there, there's one thing that I would like to talk to, that's where the slide should stop. I just wanna talk about the trends in the last few years, unfortunately I don't have the slide for that but I will speak to you. Since 2013, there's been an annual increase in student numbers although the funding base has remained the same as for 2013, with the inflation adjustment annually. In the last 3 years, the NSF has come on board. In 2013, for 2014, 15 and 16, the NSF has funded ministerial students that were not funded by the DHET, now that has helped but that has placed colleges in a situation where we actually now having a cohort or un-funded students.

There is a new NSF roll-out that is starting next year, it's a 3 year roll-out but that roll-out is focussing on occupational programmes, and that's helping. SETAs in the last 3 years has come on board, so what you will see at the moment in the sector is that your ministerial programmes will

remain probably the same, your occupational programmes will begin to grow as SETAs and the NSF comes on board. But the core of the college growth, sits in the ministerial programme and we'll have to find a solution for that Chair. In our college case specifically, our growth from 2016-2019, is purely planned around occupational programmes – and then some growth in our ministerial programmes but mainly in our part-time departments and our distance learning where we are not as dependent on funding from the state. Chair I'm finished...

ADV. T. MABUDA: Thank you Chair...I'm just going to ask a few questions and you can answer them as briefly as you can. We know that the funding formula funds TVET in the basis of full-time equivalent. In relation to the headcount – how does the TVET deal with the difference...the shortfall in funding those students – the difference between full-time equivalent and the headcount?

MR. KRUGER: Now Chair there's no...the concept of a full-time equivalent and the concept of a headcount is two completely different concepts. To give an example, a student that is an NCV programme will be at the college from 8 o'clock till 3 o'clock every day for the whole year. And that student will be counted as one full-time equivalent. But in your other ministerial programmes, for instance Engineering N programmes, those programmes are trimester based and there's three intakes a year.

So technically, you can have a person doing first trimester, another student in the second trimester and another in the third trimester. So the end of the year, if you count....it would be one FTE, one Full-Time Equivalent but it would be three different students. The way that we are funded, is based on FTEs, so headcounts doesn't really matter when it comes to the funding. But we are under-funded on our FTEs. In our college, we are...our FTE numbers for your ministerial programmes is already....well I've got the number here but it's probably about 12% higher than the funded FTEs, and that's the problem. I don't think headcounts really play a role in that because even if a student is taking one subject, he will count as one portion of the FTE, so those students are funded. But it's a general under-funding of FTEs or heads as you wanna put it. I hope that answers the question.

ADV. T. MABUDA: Yes it does. In relation to, there has been a reduction in funding, the funding formula says the department is supposed to fund 80% of, subsidise 80% - you've indicated that this has gone down to 64%, and in essence fees have been capped. How do universities make up for that difference, for that shortfall? Have you had any engagements with the department regarding that...that difference?

MR. KRUGER: Ya Chair can I just explain the funding....I need to explain something what happened actually to colleges. In 2013 when we opened our doors, all the students technically were funded by a funding formula. But there was a drive to increase the student numbers at colleges, and the department brought the National Skills Fund on board. And the National Skills Fund came to the colleges, I remember correct, and said they will fund any extra enrolments over and above the funded.

And they did, they did it for 2013, and that cohort passed through the college in 2014 and 2015, and the NSF number started tapering down, funded numbers. So the college then started ending up in an un-funded situation because there was serious pressure from the department to sustain your numbers.

So the funding hasn't dropped, there's un-funded students, there's students that's not funded at all. But if you want to work it out mathematically, it's dropped from 80% if everyone is funded. How do we deal with that – if people say to you we've worked out that a tin of baked beans costs R10, that is the state; and they say we expect you to go and buy 10 tins of baked beans, which we costed at R50, per year it's R40 – that's what's happening, go and buy 10 tins of baked beans- that's what's happening at the moment. The state expects you to bring 10 tins of baked bins home but they only give you R40 and they themselves has costed it to R50. So you cut corners, you have to cut corners. You have to first of all look at where you can reach cost efficiencies by making sure that your student

numbers are the same more or less. But at the end of the day what's happening to our college for example, and I think it's happening to all colleges in the country is you start identifying areas where you can cut on the cost but it doesn't have an immediate impact on the students – and where is that normally - it's in maintenance. It's those things that catches up 3 or 4 years down the line, and I think that's where colleges are finding themselves now, being in an un-funded situation for some years. Those type of things are catching up – and it catches you up when your computers is getting old and you don't replace them. And you can't... I mean they've costed themselves, it's costing R10, so you have to cut corners or steal....

ADV. T. MABUDA: I've got one question with regards to the NSFAS funding. You've indicated that there's Full-Time Equivalent students that's there in essence for the entire year. And then there's the trimester students, and you said three students....you'd have three different students doing in three trimesters and that will count as one Full-Time Equivalent. How is funding by NSFAS dealt with in that context, is each student funded fully or – how does that work?

MR. KRUGER: Well if a student come in the beginning of the year, and for instance for the N1, the intention of that student would be to do N1 in the first trimester, N2 in the second trimester, N3 in the third trimester. We would....when we allocate a bursary to a student in the first trimester, we make provision for that student to also get a bursary in the second and third trimester.

What happens however is you find that you can satisfy the needs in the January intake and you run out of NSFAS funding often when it comes to a new intake in the second trimester or third trimester for example. What we've done at our college is we enrolled new students in the second and third trimesters but with a clear understanding that that NSFAS funding will only cover tuition and not transport. So we've been avoiding a situation where students...where there's an unrest because they knew it from the beginning but then the commitment would be when the student is still in the system – the following year he will be treated like any other student, a normal student which qualifies for everything. I hope that is clear.

ADV. T. MABUDA: Yes it is...I've got one last question, it's in relation to....I don't believe...I think the presentation that's on screen is a bit different...We have this pie over here...a pie chart that says other income of 5.8% but it didn't see on the screen

MR. KRUGER: Would it be that one? I just ran through it quite fast

ADV. T. MABUDA: Oh is it, sorry, I must have missed it... In relation to other income, could you please clarify what that amount is or what that portion of your funding is?

MR. KRUGER: Other income would be for example where we run student or campus restaurants, or students run them. That would be an income which is recorded in our financial statements, as expenses as well. It would in some cases durations that we will get. We also in our college case organise annual ICT conference where we get sponsorships. So all that money must be recognised in your financial statements and it's seen in that way. But I would say to a large extent that other income, there's an expense going out against it. It's not purely income that can be utilised for any purpose.

ADV. T. MABUDA: So this is not invested back into for instance student funding

MR. KRUGER: If there's a surplus, it would be – but...so we're trying our best to generate external so but colleges unfortunately don't have this type of history in universities where there's strong Alumni and things like that. It's beginning to take off where students are beginning to feed back but we don't have that long history that universities have where they've got strong Alumnis and they have a third stream income.

ADV. T. MABUDA: So the majority of your funding will be ministerial funding

MR. KRUGER: Correct

ADV. T. MABUDA: So there's no additional funding from any other source besides, well mostly government

MR. KRUGER: Well in this particular case, the government will be contributing 58% more or less of our total income yes. And then if you go to the occupational, it is probably quasi-government in a sense that it is mainly SETAs and the National Skills Fund that sits there.

ADV. T. MABUDA: No further questions from me Chair

JUDGE J. HEHER: Thank you- any other questions?

ADV. K. PILLAY: Chair I just have one question. Mr. Kruger if I could take you back to the discussion about FETs. We are trying to understand the concern because you are not the first TVET college that has raised the concern around the use of FTEs and the funding formula to arrive at the money allocated to a TVET. And I've just looked at the 2015 funding norms and standards which has a definition of an FTE in it. And it's very clear from the norms and standards that the concept is defined per programme – per ministerial programme, which seems to imply that even if the programme is one trimester long, that you would then be funded for all the students who are enrolled in that programme. I think the term used in the funding norms and standards is 'Individual Students'. So all individual students enrolled in a particular ministerial programme irrespective of the length of the programme, would count as FTE students then and that your funding would be based on those students.

MR. KRUGER: Chair can I just....in answering this question can I just take out of the picture the whole concept of 'under-funded' – then I can answer it easier. If we were not....because when we talk about the fact that we are currently under-funded and there is...or let's say un-funded students in the system that confuses things sometimes. If it was normal, the basis on which the department determines FTEs and fund the students is right. All the students will be funded according to this formula when they are in the programme. You must just realise the costing of the NCV programme would be R50 000 and the state will contribute 40 – but in the N programme, which is a trimester programme, let's say is the same type of programme, you would get, let's say R17 000 and the state will pay 80% of the R17 000 in semester 1, they will pay 80% of the R17 000 in semester 2 and 80% of the R17 000 in semester 3. But in totality, it will be one FTE, that they would fund – there's no confusion actually between the way that the state fund FTEs – that's clear. It's when we bring in the un-funded students that we sometimes get confused and create the impression that there is a flaw in the funding formula – the funding formula is fine.

ADV. K. PILLAY: That's really the point I'm trying to get at, exactly what is the nature of the complaint – is it around how the funding formula is articulated in the norms and standards or is it how the formula is implemented by the department?

MR. KRUGER: The formula funding is fine – it's the fact that the department is currently not funding all the students. If I get my funding from the state, they clearly say to me "False Bay College, we funding 2000 students" but the reality, I already have 2 200.

ADV. K. PILLAY: And these un-funded students, how do you identify exactly how those un-funded students can be classified? So for example you mentioned that the department funds in terms of the 2013 enrolment figures

MR. KRUGER: Well at the moment we spread it across the whole cohort of students, and that's why the answer is often "you are not getting 80% but only 65%". But what we are beginning to do in our college, is we are beginning to say that lets rather deal with the un-funded issue in our part time classes and our distance, because those two delivery modes...you can actually....it's under dispute at the moment, not dispute but people could argue about it – that those students are then clearly define in our case 'un-funded students' and the college is of the opinion that we can maybe increase our class fees because they are not funded by the state.

And we trying and deal with it very sensitively because if you can generate a little bit more income in your part time students and your distance learning students, you can make them to a large extent self-sustainable because they are sitting on the same infrastructure and it's only the staff members salaries that you must cover. So you try to generate enough income through class fees to cover your staff. In that way you can sustain your numbers.....

ADV. K. PILLAY: [interjects] So in other words if I can just come back to that cause that was an issue I intended to raise with you. So in your interpretation, the 20% cap doesn't apply to part-time and distance students?

MR. KRUGER: We would like to test that because that would allow us to sustain our numbers in an environment where it is under-funded because you don't want to shrink if you understand that growth and access issues in our country according to the white paper and so on. But now one must deal with it very responsibly, and we target in pour part-time department - working people, people that are earning an income on whose pockets it won't have such an impact.

And secondly in our distance, we also targeting working people, it's actually one of our pre-requisites of registering for a part-time programme. Therefore even if for example, ask to increase the fees 20% more than what the state would ask, you still only talking in the region of about R100 per subject, so it's not such a significant impact.

And we would like to test that with the department, we know of colleges that's already doing it, and we would probably follow suit now, not only to generate more income but to counter-act the perception, you know if you look at one college and you say you are offering part-time classes computers at R900 and the other one is offering the same programme at R600, and it's sitting in Khayelitsha, then it must moes be rubbish, because now it confirms the consequences of that concept. So we will try and raise....our intention is to raise the class fees of part-time and distance outside the limitations of the state.

ADV. K. PILLAY: And if we can just go back to the funding formula – what's your submissions in terms of how the funding formula can be adjusted so as to remove the problem of un-funded students in TVET_colleges.

MR. KRUGER: I don't think it's a funding formula issue. It's the availability of money issue. You can quickly sit and say Ok well let's reconfigure the funding formula, it's costing us R50 000 a student, let's change that to 40 and there's your funding formula within the funding. So I don't think it's a funding formula issue, it's availability of funding.

ADV. K. PILLAY: I hear you but specifically in relation to part-time and distance students, do you believe that the funding formula should include those students in addition to FTE students?

MR. KRUGER: I think the state can look at a different way of funding those students...yah

ADV. K. PILLAY: Ok, and what do you suggest...what kind of methods could the state consider to fund part-time and distance students?

MR. KRUGER: You see if you look at....and I spoke earlier about the economic categories, and those are the drivers in the different programmes depending how intensive a specific programme is on staff. In Business Management you could probably put 40 students in a class but when it comes to Engineering you are limited to maybe 25 because of safety issues and so on. So this is one cost driver differs from programme, the other one is your overheads....not your overheads but your capex which is the equipment, in some cases you use expensive equipment.

And the third one is obviously your overheads which is training material and things like that. So they differ and I think all the state needs to do really is to take those programmes and say if they are delivered on a part-time basis, what is the cost drivers now, because there's definitely a saving on staff. Because normally when we deliver part-time, it's not as staff intensive, when you get to distance, it's even less. We are in a situation now where we can probably link 60 students to one

staff member when it comes to distance, if it's electronically and e-learning based, and I'm not talking about giving the guy a textbook and you are on your own.

ADV. K. PILLAY: So what you are suggesting is a separate and customised funding formula for distance and part-time students?

MR. KRUGER: It can help...ya.

ADV. K. PILLAY: Finally just on the costing, we know about the ministerial funding formula is based on what the funding norms and standards refers to as an assumed cost of providing that particular programme. Has your college ever conducted the exercise of going through how that assumed cost is arrived at and then comparing that assumed cost to the cost structures of your particular institution?

MR. KRUGER: We do a costing exercise for our occupational programmes. Because what I didn't say occupational programmes are...although we give access to students from disadvantaged communities through proposal, sitting in the occupational programmes should also be delivery where we do training for companies. In our particular case we do a lot of training for Eskom – we didn't do training for them when we had the power shortages but we did start lately again. We do a lot of training and therefore in order to make sure that training is delivered at a cost efficient way, you've got to cost it accurately. So we've done it for occupational programmes, we haven't done it for your ministerial programmes – although I'm aware there is an exercise at the moment at the department to re-look at the costing of those programmes.

ADV. K. PILLAY: And then finally just in relation to the occupational programmes, I just want to understand the sustainability of the programmes, when you embark on the arrangements with for example the SETAs, how it is do you ensure that the programmes that you are offering through these mechanism are sustainable over a period of time, and once you develop capacity for example within a particular college, what happens to that capacity once the programme has come to an end?

MR. KRUGER: I didn't follow the last bit but I'll answer the question. SETAs are forces on their own you know, and it's not so easy to negotiate with a SETA the tuition fees. I think that's where we would really need the intervention of the department to with the SETAs, come to an agreement of what it will cost to train a SETA funded student. There seems to be a general assumption in the SETAs that there is moes already infrastructure, and therefore they tend to focus on the direct delivery costs – the cost of the staff members and training material. I am of the opinion that the programmes that the SETAs are funding at the moment is actually under-funded, and there should be a better funding regime around that. Because the nature of the programmes especially Engineering, it's workshop intensive – and then in workshop intensive programmes you can't work with large numbers. Our personal experience is, they are not paying us enough.

ADV. K. PILLAY: Are you then suggesting that there should be an element of government regulation in the area of occupational funding?

MR. KRUGER: Definitely, I definitely....I think the government needs to intervene, sit with the colleges and sit with the SETAs, and as they did with the ministerial programmes, come to a base of funding which will not covering direct costs but also replacement of assets, etc. Otherwise we might find that at the end of the day, there's a tendency of cross-subsidisation from a ministerial programme which is already under pressure. I didn't follow the last part

ADV. K. PILLAY: Just the last part of that point was; if you have developed resources for example Lecturers in order to deliver a particular occupational programme – what happens once that programme has come to an end?

MR. KRUGER: Ok because...when it comes to your SETA programmes, it's normally a 1 year allocation. So what we would do when we employ staff, is to employ the staff on a fixed term contract linked to that funding. That's why I said earlier in my presentation that we need to get into

a 3-year phase because often in those programmes, you are dependent on people' scarce skills. And people need stability and if you employ a person and you stop that contract, you lose that person potentially forever, but we employ them on a contract basis yes.

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

JUDGE HEHER: Thank you very much. Thank you Mr Kruger

MR. KRUGER: Thank you Chair

JUDGE J.HEHER: Bon Voyage, thank you for your trouble...Don't wait for us...you can go

.....End of session.....

PRESENTATION-2

JUDGE J.HEHER: Thank you

ADV. M. ZULU: Mr. Van Heerden I believe

JUDGE J.HEHER: What are your full names please Sir

MR.VAN HEERDEN: Good day Mr Chairperson, my name is Charl Van Heerden

JUDGE HEHER: Mr. Van Heerden do you swear that the evidence that you are about to give will be the truth the whole truth and nothing but the truth – if you do, raise your right hand and say ‘So help me God’

MR.VAN HEERDEN: So help me God

ADV. M. ZULU: Mr. Van Heerden you are the deputy Principal of Tshwane South TVET College, is that correct?

MR.VAN HEERDEN: Yes

ADV. M. ZULU: Can you just place on record what your qualifications are?

MR.VAN HEERDEN: I hold a Bcom degree from the University of the North West-Potchesfroom campus; Higher Education Diploma as well as Master’s degree in Business Administration from the same university.

JUDGE J HEHER: How long have you been Deputy Principal?

MR.VAN HEERDEN: I’ve been appointed in December 2013, Mr Chairperson

JUDGE J.HEHER: What did you do before that?

MR.VAN HEERDEN: I was the Faculty Head at the Vuselela TVET College in the North West province for business related subjects.

JUDGE HEHER: Thank you, please proceed

ADV. M. ZULU: Are you just the administrator in the college, or also a Lecturer, are you also lecturing?

MR.VAN HEERDEN: My key responsibility is the direction...directors, management of academic related programmes. I’m the Head of Academics at the institution

ADV. M. ZULU: Thank you. You have a presentation with you- you are going to make the presentation but fortunately you were here when presenters from False Bay College were making their presentation. So I’ll be wanting you to focus particularly on your challenges and no to re-hash what was said by False Bay on the general principles of funding. Can you just go ahead with your presentation taking into account certain principles that have already been put before the commission.

MR.VAN HEERDEN: Thank you, thank you Mr Chair. I am gonna then try to advance through the presentation what the objective...but of course not duplicating as you say

ADV. M. ZULU: [interjects] but then can you just tell us in the beginning, I think the first page of your....is important to say that how many campuses you have and where are they based.

MR.VAN HEERDEN: Ok, thank you. Our college is serving the Tshwane....bigger Tshwane Metro area. Our head office is the Central Business District of Pretoria, that is where I am based – at the head office. We are four campuses within our geographic footprint – the closest within our proximity and physically from where we are is the Centurion campus which is about 2km away from here – which is where we do most of all the programmes that we have. It’s our biggest campus from an

infrastructure point of view. Traditionally it served the Department of Defence, primarily, that's where it was established.

The other campus is within the city area is in Pretoria West, which is called our Pretoria West campus. It traditionally serviced ISCOR employees – it also used to be an ISCOR training centre back in the day, which at that point in time belonged to ISCOR. So it was donated to the Department of Education round about 1980, somewhere there.

And in that campus, we only focus on Engineering programmes, so.....

ADV. M. ZULU: [interjects] Where do you draw the students who are attending the college from your various campuses, from previously disadvantaged person?

MR.VAN HEERDEN: Our other campus of course is in Mabopane, it draws its students from within the close proximity in the environment of Mabopane, Soshanguve etc – previously disadvantaged community. Our Atteridgeville campus, about 70/80% of the students that attend our Atteridgeville campus within Atteridgeville, comes from Atteridgeville. But...well if I say 70%, the other 20% are students that come from other provinces – Limpopo, Mpumalanga as well as North West.

And our other campuses, Pretoria West and Centurion, draw students from within Gauteng, and Mpumalanga and Limpopo. So it's quite a diverse student population in those 3 campuses - Pretoria West being the biggest campus that draws from Limpopo and Mpumalanga as well. So broadly that is where our campuses are...advocate. I don't know if you want me to elaborate more on those?

ADV. M. ZULU: You can continue with your presentation

MR.VAN HEERDEN: Ok. Ladies and gentlemen we have already engaged in the sources of funding as we heard from Mr. Kruger. I'm not gonna elaborate on those since they are of course the same. I want to share some data with the house, if you look at our data here. In 2013 [indistinct], you will see that we had about 9 800 FTEs, and that's started decreasing....or that decreased in 2014 to 6 000 and started increasing slowly again

ADV. M. ZULU: [interjects] you must explain the difference between these Nated 191 programmes and the NCV

MR.VAN HEERDEN: Ok I'll do that again. When we talk Nated, we saying study towards a National Technical Diploma, that is typically your N1-N6 programmes. Study towards a National Technical Diploma and that of course covers the NQF framework from NQF Level 1, actually it includes Level 2 rather not 1 - NQF level 2 up to NQF Level 5. And then of course you'll remember that Mr. Kruger also mentioned that if you achieve that your 18 months practical work experience after you've done N6, then you've achieved a qualification on the NQF framework 6 equivalent – so that is Nated, so those are all N1-N6 students. And then your NCV, is the NFQ2-4 which is typically students in the band of your high school if you want to say – but remember those are vocational students – vocation programmes. So students already started specializing in certain vocation from after they exit Grade 9 in High School.

So what is critical here, is I want to share with the house – if you look at the FTEs funding for 2013, it's significantly more than what we have in 2016. In 2017 we plan to have slightly more than 7 109 that we have there. But the point I wanna make is, and the crux of the matter will come down in my budget example spreadsheet that I have, is in 2013, our funding came via the Department of Basic Education in Gauteng and our funding was significantly more in relation to the FTE students we had in 2014, 15 and 16.

ADV. M. ZULU: Why did it come via the Department of Basic Education?

MR.VAN HEERDEN: At that point in time, FET colleges were still the mandate of the Department of Basic Education from a funding point of view, rather let me rephrase that. Of course the Department of Higher Education came into being in 2011 somewhere there. But the funding came via provincial

structures – the administration of the funding. In 2014 onwards, the funding started coming via the Department of Higher Education processes. So hence Mr. Kruger also indicated that from the way the funding was managed by the provinces, there was a discrepancy how money was allocated to the TVET sector within the provinces. In our case in the Gauteng Department of Education, the funding was more in relation to the FTE funding thereafter – and we were able to enrol a lot more students. In addition to that, I will also come to the funding for occupational programmes which was more or less 30 million extra, and that was not there in 2014, 15 and 16. So in the Gauteng Department of Education, our funding was in relation a bit more, so.....

JUDGE J HEHER: Why did the numbers....why did the heads dropped so dramatically from 13 to 14 and increased [indistinct] up to 16

MR.VAN HEERDEN: What happened Mr Chair is, as I indicated the funding was more. That allowed us to enrol more students. We followed a different process as opposed to False Bay. We strictly stuck to the funding allowance that we got. So, if we for example got a R100, we enrolled students to the value of a R100, not....so if that for example in terms of the funding norm gave us 10 students, we only enrolled 10 students, we didn't enrol 12 students or 13 students.

So the difference in funding between 2013 and 14 was exactly that. So you will see that we were able to enrol 9 800 a opposed to 6 000 in 2014, and that is because the funding was different at that point in time. That was that change between the Department of Basic Education in Gauteng and the Department of Higher Education funding.

So the funding allowance did enrol more students, and what happened is in 2014, there was a big push in the sector, in fact we received instructions for the Department of Higher Education's Senior Management that said - we must enrol so many students. We received funding for that and we received allocation letters for those. They said we give you x amount of money, that will allow more or less for so many FTEs but we want you to enrol more students in addition to those. We as a college said but we are not gonna comply with that and we are not gonna do that because we don't have the money for that.

The argument was that there is a lot of money in in the sector, colleges has a lot of reserves and they need to use the reserves to fund students in excess of what the funding from the department gave us. And us as a college, we did not have the reserves, some colleges have the reserves and still has them – and they are over-enrolling and funding the over-enrolment with their reserves. So they are carrying the un-funded students as so to speak from their own coffers and reserves that they have. We did not have that, so we strictly stuck to what we could afford or what the funding formula gave us and we enrolled those students.

So that is the point I wanted to make, of course what happened is we received the pressure – annually we received the pressure, same pressure. We kept on saying that we can enrol what we can and we made allowance for efficiency improvements. When I was appointed in 2013 in December, there was a lot of inefficiencies in the college where I am- at Tshwane South. For example the ratios between students and Lecturer was skewed.

There was no proper monitoring with regard to class sizes, all of those efficiency improvements allow us to make about 20 to 25% gain in using the same money for better output. So we achieved that, so the 2014 to 2015, that 6000 to 7000 FTEs we have there were not only because of the inflationary increase but is also due to system efficiencies which we think we did. We also committed to showing the department that we are committed to the national numbers and of course we want to grow in terms of the national strategy and hence that. But if I put....when I get to the budget, I wanna show you exactly what that meant to us as a college. It has a significant negative influence on our budget and our cash flow...I'll elaborate on that. Of course this slide ladies and gentleman talks ministerial funded programmes.

Ministerial funded programmes come with its own funding formula etc. Now when you get to occupational programmes of course, that's a different ball game as you know. Funding for that [indistinct] etc, plus in addition money that NSF allocates or the SETA makes available via discretionary grant - which we then apply for as Mr. Kruger also indicated on an annual basis or now the latest, the NSF allows for a 3 year application window period. Now what happens here is you can also see what's happening in terms of our funding. In 2013, ladies and gentlemen we were able to train 5 060 students, mainly in the area of Artisanship.

In 2013, from the Department of Basic Education in Gauteng, we received 30 odd million in addition to our normal funding for occupational training – which I will assume the Western Cape didn't get because their regime in the province was different. Those students entered the system in 2013 and we also receive a funding, but only for 2013 – we were starting to experience some cost pressures there. In 2014, we received....there we received 30 million, there we received 10 million. And from then on, in 2015-2016 cycle we didn't receive anything at all as allocation for occupational training. Now when I say we didn't receive anything, I said we dint receive anything in that category in addition to our ministerial funding – because the Department of Higher Education's argument is that funding for this component, is supposed to come from the 1% levy SETA etc component.

ADV. M. LEKOANE: Just to interrupt you....on the slide "The Artisan Development via Apprenticeships and Learnerships" – how do you guys conduct learnerships – is it with a TVET or is it with Service Providers?

[off-mic comment from Mr Van Heerden]

MR.VAN HEERDEN: Your question is how do we do learnerships?

ADV. M. LEKOANE: Yes, what are your learnership programmes...yea...Cause my understanding is the SETA programmes where there is a service provider with an accreditation and certificate, is it a different one?

MR.VAN HEERDEN: No...it depends on how you look at it, remember Learnership/Apprenticeship is just a mode of delivery, so....

ADV. M. ZULU: Sorry Mr. van Heerden before you answer the question, can you just repeat the explanation you had given about this slide, cause you didn't refer, you were referring to [indistinct] - just say in 2013/2014 what happened, just give the explanation for the record

MR.VAN HEERDEN: Ok - Should I go one step back? Are you talking about the decrease in numbers?

ADV. M. ZULU: Yes

MR.VAN HEERDEN: Ok let's go back. In 2013 as I explained, we received....for the 2013/2014 cycle....financial year cycle, we received 30 million, rounded off, 30/33 million we can have a look at it in the budget

JUDGE J. HEHER: From the province?

MR.VAN HEERDEN: Pardon

JUDGE J. HEHER: From the province?

MR.VAN HEERDEN: From the province. Remember in addition to our normal formula funded programmes for ministerial funded programmes. Right, so this in addition to [indistinct] funding. And then in the 2014/2015 cycle, we received 10 million – rounded off. So we were able to enrol students at a lower cost than what only would have been possible – or would have been able fund more students in this area.

So students enter the system, lot of funding as time went by, of course less and less funding. And students enter the system and they must also finish, and it's normally a 3-year cycle. So in this instance, from that 2015 – 2016 financial year, there was no additional funding for us available,

which means that from 2013-2015, there was funding available in addition to the normal programme funding plus in addition to the training that we did normally for companies that comes to us. So we were able to fund extra students there or supplement our overheads or supplement our expenses that we have to maintain equipment which is expensive and so on

ADV. M. ZULU: [interjects] does that account for the decrease that in 2015 there was less and 2016....

MR.VAN HEERDEN: Yes of course...because in 2016 we didn't receive any additional income for that, plus that's not the only reason why this is such a big [indistinct]. Our employer students...our student numbers that accounts for intakes from employers...big employers or industries, has also declined. So I'm talking about...our biggest client is the Defence Force at our Centurion campus, which has always had the same number of students in the system previously – they had more or less 150 students. In the Pretoria West campus, we had quite a big mix of students coming from different industries. But we can see that students coming employers, via employers that send them to us- has decreased. So although....

JUDGE J. HEHER: Why, is it the economy?

MR.VAN HEERDEN: It must be the economy Mr Chairperson.....it must be the economy. And we've seen that where a company for example would have sent 10 students per trimester, [indistinct] only 6 for instance. And it's not a matter of some of the students go somewhere else, they still send all their teams to us, for example to become a Fitter, Electrician whatever. So it seems as if it's the downside of the economy. And because of that- and of course the contribution from the provincial department that's left our numbers big time.

JUDGE J HEHER: Are you still receiving money from the Provincial department?

MR.VAN HEERDEN: No of course not – we don't have that anymore. So since we received our money from the Higher Education via the grant system, that component for occupational training is not there anymore. That of course had an impact on our capacity and so on. It has a severe impact because we have staff that we have on the system that are still there, of course you don't wanna retrench them etc. What we have, the regime which we have in our college is different from what we have in False Bay. We have four campuses all with four big workshop environment. Only the one of our campuses, has never in the past trained for industry – the other three has always trained for industry. And there was always a continuous demand for the training – so the workshops were always full, companies would send [indistinct] by default has declined over the last couple of years.

JUDGE J. HEHER: Isn't there a benefit as well

MR.VAN HEERDEN: I beg your pardon

JUDGE J. HEHER: Isn't there also a benefit from this in that your ratio of staff to students is much larger than it was previously

MR.VAN HEERDEN: The problem is you can't.....to be efficient in this training environment you are looking at a ratio of up to 15. So if you suddenly work with a ratio of up to 7, of course that's to the benefit of the student

JUDGE J. HEHER: Yes

MR.VAN HEERDEN: But then it's not cost effective

JUDGE J. HEHER: No it may not be but don't you produce better results?

MR.VAN HEERDEN: It's not....of course that would be the outcome....we assume that will be the outcome. The reality is that...remember this component of training is supposed to be self-sustainable. So the income from this should pay the expenses from this. And the staff then that gets allocated to this of course, then makes it not economically viable cause it's very expensive process

and stuff and around that. So that is a challenge...of course 1 to 7 is a luxury but you won't be able to sustain that from a financial point of view, the cost model of it.... the business model won't be able to sustain that. Then we have to make the programme costs more expensive- and this moment in time we trying to keep it as low as possible, so that of course we are able to service. In addition to company students that we have in this programme...

JUDGE J. HEHER: I'm sorry, do employers of these students not find that the results are more attractive - that the students are coming out better trained?

MR.VAN HEERDEN: Of course that is the truth Mr Chair, but remember our [indistinct] tells us that that staff member is under-utilised, because with the 1 to 15 [indistinct], from an economic point of view. If that staff member then is in the workshop where there is not enough students or 15 students, we transfer that staff member to one of the other programmes so that he can contribute to the funding for us – so it's about economics basically.

JUDGE J. HEHER: Thanks

ADV M. LEKOANE: Sorry, I wanted clarity on that Learnership/Apprenticeship

MR.VAN HEERDEN: OK. Learnership versus Apprenticeship is just a mode of delivery of training...different ways of training an Artisan. But the Learnership is a bit more of a less strenuous process whereas an apprenticeship is a more structured environment. The one is modular based and the one is unit standard based. But both of them can train towards becoming an Artisan.

ADV M. LEKOANE: The practical work is it done on campus in a college, or is it maybe outsourced – that's what I'm trying to establish

MR.VAN HEERDEN: It depends on the accreditation status or what the college wants to embark on

ADV M. LEKOANE: But what's your status quo?

MR.VAN HEERDEN: In our case we don't offer programmes that we are not accredited for. So we've got a wide area of accreditation status with lots of different SETAs – and we offer all our programmes of course on-site

There is a small component where we are also going to the employer, especially for the learnership component. And then... we do workplace monitoring for the Department of Defence, we travel all over the country to monitor our students in the workplace, so that component also happens in the workplace.

ADV M. LEKOANE: Ok...thanks

MR.VAN HEERDEN: So sadly what we have in our environment is, we've got the biggest facilities in the country. We can literally train up to 8 000 Artisans per annum. But our facilities are under-utilised at this moment, at this point in time. But the facilities is there, it's all about funding. We can at our facility train about a quarter of the annual demand for Artisans in the entire country. That's what we've got in our campus...just to maybe put that into perspective.

JUDGE J. HEHER: What percentage of the entire country's Artisans do you train?

MR.VAN HEERDEN: The national is about 30 000 per annum, and at this point in time we have about 2 500, so of course it's less than 10%. And what I must also maybe put into perspective those are not only Artisan Artisan training, within that there's also learnership programmes in other spheres. Ma'am to maybe also support and add on for example, we've got learnership programmes within commercial environment, for example financial environment, bookkeeping, but that is [indistinct]

ADV. M. ZULU: [interjects] under-utilisation of your facilities, have you taken it up with the department, and if so, what has the response been?

MR.VAN HEERDEN: The sector is at this point in time, unfortunately quite diverse needs and approaches Mr. Zulu. We are.....at this point in time of course we focus a lot on ministerial programmes, that is where the cash is – that's the where the reliable income is and we manage that very closely. We are embarking on projects on high-level with all the SETAs, and I'm gonna share with you a slide that maybe will assist in answering that question. But at this point in time we need to be able to acknowledge that funding for occupational programmes needs to be managed differently.

At this point time in my view, and I'm saying this under oath but we are quite convinced, is that each SETA has a different way of doing things- and each one of them sits on their own.....well let me rather rephrase.....has their own strategy and their own objective. But like Mr. Kruger said, SETAs...each one of them is a different ball game – so you jump through a lot of hoops. We need accreditation from every SETA to offer the same programme for example – and that is quite ridiculous. You train an Electrician, but to get funding from each SETA, you need to go through their programme approval process.

Already you are already trained for the MERSETA – you already hold accreditation for that for instance. But we need to find a way to manage funding for occupational training differently. And....the NSF is now embarking on a project, and....we are a beneficiary of a 3-year project of about 25 million now, which is gonna come to us from 2017 – which gives us the mandate to offer the entire scope of training which is of course tuition. It's gonna require us to enter into apprentice agreements but it's gonna include tuition, it's gonna include the allowances of the learners which is required in terms of the apprentice agreement, and then of course the workplace itself.

So management [indistinct] comes via the NSF for about 25 million, for us is about 240 learners which we'll be able to fund annually – accumulated to about 600 over that period of time. The challenge is that it comes via a source that is not linked to an Employer, you still need to go and find a workplace for the student etc. We need to rethink drastically how we gonna manage occupational related training funding – and that the thing. At this point in time, I don't have answer for you. We are embarking on all levels – we are trying to engage with certain forms of business and SETAs and provincial government level – trying to promote our services. But it's sad to know that there's infrastructure there and competence that's under-utilised. We also in the way.....within the next 5 years we gonna lose about 30 to 35% of our staff due to ageing. So there's a lot of expertise leaving the system in our instance, qualified...you know very competent staff due to age and of course retirement.

JUDGE J. HEHER: When I listen to Mr. Kruger, he doesn't seem to have the same problems as you though, or at least he hasn't annunciated.

MR.VAN HEERDEN: Mr. Kruger indicated they are embarking on building a new campus and acquiring funding for a new campus. And he indicated that's where he wants to do most of the Artisan training. He doesn't operate in the space to the extent that we operating Mr. Chairperson or that we can {indistinct} to operate, or where we have been in the past prior to me having joined the college as the Deputy Principal for Academic Services.

JUDGE J. HEHER: So you say if we try to compare you with False Bay Campus, we are comparing apples with pears?

MR.VAN HEERDEN: Yes it's not fair. We are the biggest Artisan training college in the country – we can prove that. And we've got the potential of training a lot more, and we have that challenge – that the department doesn't seem to see the potential in this case; it's something that we need to explore on even further.

JUDGE J HEHER: Well, is this a suitable time for you to break for lunch?

MR.VAN HEERDEN: Yes Mr. Chair that's fine

JUDGE J. HEHER: Mr Zulu?

ADV. M. ZULU: You can break Chair

JUDGE J. HEHER: Thank you

.....LUNCH BREAK.....

JUDGE J. HEHER: [inaudible comment]

MR. VAN HEERDEN: Thank you Mr. Chair

JUDGE J. HEHER: Yes Mr. Zulu

ADV. M. ZULU: [indistinct] just proceed with your presentation

MR. VAN HEERDEN: Thank you Advocate Zulu. The instruction or the email said we could address the budgetary process so the next couple of slides will be around that. However I wanted to address this very generically, so I'm going to be quick about that unless there is specific questions that the house needs to ask.

JUDGE J. HEHER: No; you be as long as you feel you need to be or short if you need to be.

MR. VAN HEERDEN: Thank you Mr. Chair. As we've indicated we get our funding....most of our funding from the department for the ministerial programmes and that is where we start. When it comes to our cycle, our budgetary cycle we start with that. We get an indication on our allocation that we expect from the Department of Higher Education. So somewhere in June, July, August, of course we are called to meetings with the department. We get an indication what is going to happen, but the last two years we only had received an inflationary increase in our allocation and of course we use that as the point of departure - with that comes tools and instruments which the department....

ADV. G ALLY: [interjects] When you say only inflationary as opposed to?

MR. VAN HEERDEN: Inflationary increases for the ministerial approved programmes

ADV. G ALLY: But the way you say - 'only inflationary'; that's why I'm asking, as opposed to what?

MR. VAN HEERDEN: As opposed to the previous year's allocation. In other words, it if was 178 million [indistinct] 6.6% gets added to that, and that is our funding for our ministerial approved programmes.

JUDGE J. HEHER: What you saying is that if the previous year's programme was less than it ought to have been, which it was, then you're only going to get inflation on which.... on something which was too little anyway.

MR. VAN HEERDEN: To start with already at 2013's prices....Yes...OK...Thank you for that clarification. Yes, of course, the bottom line in 2013 to 2014 inflation - so it was already too low in 2014 if you remember how we wrote the numbers down. So, anyway we start with that as a point of departure, and then there's and tools around the enrolment planning that we use to determine our actual enrolment numbers for every level, for every program that we have - that then of course gives us the breakdown of our programmes - we use that as our indicator for our income. We also get.....of course that is making up our.....

ADV. M. ZULU: Sorry.....this funding.....talking about enrolment planning-do you do your own enrolment planning as the college or do you get told by the department how many students you need to admit?

MR. VAN HEERDEN: As I've indicated, we get an x amount of money that needs to translate backwards into enrolment numbers. So we get an x amount of money and we need to do with that the best we can-so that translates backwards into numbers for every individual programme; every individual level, so the costing thereof is different. And of course we need to take into account progression rate, retention rate, certification rate-so you need to project for those and also make provision for students that are not returning due to other reasons that we our unaware of-so we use the previous year's indicators to determine that.

ADV. M. ZULU: In other words the amount of money that gets allocated to you as a college is controlled by the department - the number of learners is controlled by the amount of money you get from the department?

MR. VAN HEERDEN: Not really, it's controlled from the funding point of view. Remember what Mr. Kruger has indicated? We get funding to an x amount, with that, we convert it into student numbers-that is funded at a 100% baseline. If the college wants to enroll more students than what the funding allows, of course you gonna do the maths, you'll be funding that with either your external sources you've got or with the surplus you've got. But those become un-funded learners as indicated for example.....in the example with Mr. Kruger. We, as a college, maintain our position that we only enroll in accordance with the funding we receive-so we try to not over-enroll so that we can maintain our financial sustainability.

We were not in the position to over enroll since we don't have surplus funding, or funds of that nature. So of course once you've done your enrollment numbers, that then of course translates into the numbers for programmes and so on. That thing makes up the 80% that we receive from the department -you'll remember that we get for ministerial programmes funding of 80% and the remainder 20% funding is supposed to be paid by the student. But in an ideal scenario-the 20% that is supposed to be paid by the students should be paid by the students if the student has money or he can afford or has the financial means to do so. Otherwise the 20% that should come from the student can then be covered by NSFAS - by means of the NSFAS financial aid processes.

So the 20%.....we get the 80% therefore from our grant allocation and the 20% from allocation from NSFAS- but the students need to apply for that. The student needs to meet a certain criteria as Mr. Kruger indicated - if the student meets that criteria he will be able to claim all of that.

And then theoretically the student that is financially needy and meets the.....performance qualifications, and then gets 100% funded - that is the, the ideal situation. So once we've got those as income listed, then we also allocate income that we know we can bank on for occupational programmes that runs from over more than one year or that is a project that runs for more than one year then we know the money is gonna come in. So that is for projects that we talking about, that also gets included in our income stream as money that we know we can reasonably expect.

Then there is a realistic projection for other occupational programmes and projects that were realized during the year, and that is typically students that comes from industry and from private sector- and we make a provision for that, as a reasonable projection however I have indicated to the house that....that specifically have declined over the last 4 years due to what we suspect-economic conditions and so on. And income from rentals and donations is very small and [indistinct] from our budgetary point of view, but we make of course, use of that.

So that is our income allocation ladies and gentlemen; from our expenses component, our staffing is our biggest cost – our staffing is in the region of 61/62% of our allocation more or less. By default of course you've got contractual obligations you need to make provision for; fixed term leases, service contracts those-of course we make allocation for; lecturer and learner support material – they are linked directly to those student numbers that we have indicated in the income pack size. So as an expense including rates and services so and so on....

ADV. G. ALLY: Mr. Van Heerden.....

MR. VAN HEERDEN: Yes

ADV. G. ALLY: The staffing.... where you get...we're told that the national department pays for your academic staff and whoever.... that were taken over with the migration from provincial to national- now is an amount also given to you to pay or do they draw salaries like you indicating with your expenses under PERSAL? How does it.....how does it happen?

MR. VAN HEERDEN: We get a total allocation of whatever we can get as I've indicated. We get x amount of money and you need to do with that the best you can. For staffing we work with a norm of about 63% of that allocation. The department recognized that as a norm if your staff costs is in excess of that-they regard that as overfunding for stuff. So what happens is although it gets paid by PERSAL it gets subtracted from our annual allocation so there is a reconciliation that gets done.

ADV. G. ALLY: But are you like Majuba TVET College where like you say is a norm and you are under the norm, and you don't receive the amount that would be part of the norm. Are you in the same category?

MR. VAN HEERDEN: Yah if we are under the norm in other words it's 61% If that is what you are asking, and the norm is 63%, we are supposed to get the difference back from the department and there's a window of opportunity to claim it back before the end of a financial year.

ADV. G. ALLY: Have you ever received it back?

MR. VAN HEERDEN: I'm not sure - I can consult with my colleague next to me.

MR. VAN HEERDEN: Yeah, because Majuba says they have 57% and they have been trying to get their 24 million and they received about 12 million if I'm not correct, but they don't receive the total difference.

JUDGE J. HEHER: The department tells them it's prioritized to other things.

MR. VAN HEERDEN: We've always been in excess of the 63% - so we have never had the norm. We never were in a position that we would actually spending less than the norm of the 63% - So we've been in that position.

JUDGE J. HEHER: Alright, carry on please.

MR. VAN HEERDEN: Thank you. Right, I can confirm from my other colleagues they have the same problem, 47% some other colleges they are still trying to get that money back for the last 3 years Mr. Chair. The remainder.....after we've deducted all our major expenses of course the balance goes into whatever is there – and I'm gonna show the cumulative effect to us on the next slide. The main cost drivers for us are in this case HR-Human Resources. The biggest cost is our HR.

JUDGE J. HEHER: What is CTC?

MR. VAN HEERDEN: Cost to company. Our cost to company for HR has been our biggest component- and you can see it started in 2013 with being significantly more and you remember our student numbers were also significantly higher in 2013 and then it was less and so on, it's now back at 150 million more or less for this year. Ladies and gentlemen if you look at the far right column-those are actuals or estimates because the year is not done. We sat and made.....tried to make a reasonable projection [indistinct].

But the difference between 2013 and 2016, you can see we're sitting with the same staff complement more or less. Then if you gonna to look at the next slide; if you express as a cost...as a percentage of the total allocation - look at what happens at the bottom – it's just 2014 and 2016. We still have the same commitments but as a percentage of our total allocation has increased from 78% to 89% - and that shows us that with the same money, we are supposed to do more and more, and it's of course not possible. The cost pressure is really, really catching up with us. We are paying the price in the maintenance and capital areas. We are not able to fulfill all our maintenance requirements. We've got buildings that are really old; we've got roofs that are....that haven't been maintained significantly and properly in the last couple of years, and we are really struggling with that.

ADV. M. ZULU: Sorry Mr. Van Heerden, the DHET allocation, does it include NSFAS funding or it doesn't?

MR. VAN HEERDEN: It does include....It does include NSFAS funding yes...In this calculation I included the 20% NSFAS funding that is supposed to come from- remember the 20% is supposed to be paid by the student, but the NEFSAS allocation that covers the students that can't, was included in this calculation.

JUDGE J. HEHER: Ok .What is LLSM?

MR. VAN HEERDEN: Lecturer and Learners Support Material. That is your teaching aids; your textbooks; resources that's required to do the training, workshop materials.

JUDGE J. HEHER: Thank you

MR. VAN HEERDEN: So as a percentage of our allocation, you can see what happened with our HR- from 55% to 54% to 61%. Our lecturer and learner support material has gone up, etcetera etcetera. The nett result shows us there at the bottom is 78% to 79%. So expenses have increased but proportionally our allocation has not increased. If you look at it from a rand value point of view and you use 2013 as a base, you can see that we are at 12% in 2015 and 8% in 2016- and our CPI is at 5,6% to 6% depending on what values you use. So it just shows again that annually we are bigger and bigger under-funded. I want to just express and remind yourself again-remember this is the percentage change in rand from the 2013 base, because we used 2013 base as the funding. And in 2014 ladies and gentlemen, there is a minus 20% there but once again I want to remind you that in 2014-we drastically reduced costs and intake and student numbers to match the fund, so that is why it was lesser that year. So this just gives us a bit of a skewed view but that was the rationale behind it. And then the capital is a bit, you will see also....

ADV. M. ZULU: Was a primary reason in 2014 for that... you didn't get this allocation from the province?

MR. VAN HEERDEN: Our allocation was much smaller in 2014, yes.

ADV. M. ZULU: I'm talking about the allocation that you received from the Department of Basic Education.

MR. VAN HEERDEN: It included the 33 million that was not included in the 2014 that we did get in 2013, it was amongst those-pretty much for that matter.

ADV. M. ZULU: Ok.

MR. VAN HEERDEN: In 2014 of course we couldn't spend money on capital that's why the minus 77. In 2015 that 87% there increase, was given due to.....

JUDGE J. HEHER: Is that 87% of 2014?

MR. VAN HEERDEN: of 2013, oh yah sorry, the 2015-every one of these builds on the previous year.

JUDGE J. HEHER: Yes - so you started on a very low base.

MR. VAN HEERDEN: Yah – that's it. It was a very low base, it was non-existent, that's why it shows quite a big value there but it was not a lot because I think we bought computers -we had to replace some computers.

ADV. M. ZULU: So the security and cleaning services are they insourced?

MR. VAN HEERDEN: They are outsourced.

ADV. M. ZULU: Is there no intention to insource it or are you....?

MR. VAN HEERDEN: We've just recently in August renewed....not renewed, re-advertised a new tender and re appointed for the next 3 years, new service providers. So the position of council was to outsource it.

ADV M. ZULU: You are not under pressure from the students to insource these services because it's happening with universities.

MR. VAN HEERDEN: We had pressure from the previous staff on social issues, but we were able to overcome that – but not from students fortunately. So ladies and gentlemen this shows you that if you start from a very low base from 2013/14 where we had -If you look at our budget I want to

show, I want to show the budget for us. I'm not sure if you will be able to click on that link, just flag it. There is a link that I want you to click there. The link won't work. Must I go there? Ok it doesn't want to work. I will refer to it from my PC ladies and gentlemen.

ADV. G. ALLY: Mr. Van Heerden, when you say a "Budget Link" we have another hand out that says...

MR. VAN HEERDEN: But was it given to everyone?

ADV. G. ALLY: That says "Tswane South College for FET- Income Budget 2016".

MR. VAN HEERDEN: Okay

JUDGE J. HEHER: That's it?

MR. VAN HEERDEN: Yes. I was not aware that it was handed out to everyone.

JUDGE J. HEHER: Well, we have it anyway.

MR. VAN HEERDEN: Ok, so basically...

ADV. M. ZULU: Just before you proceed; can I ask you about this insourcing? Some universities and... came to testify....and they told us that they conducted some studies about the benefits or insourcing and outsourcing. The determination was that it's better to insource – have you yourself as a college conducted the work [indistinct] to insourcing and outsourcing for these type of services...security and cleaning, etc.

MR. VAN HEERDEN: What I know was that this sat on a council meeting and it was discussed in detail, but formal studies and formal research I don't think so – to answer your question?

ADV M. ZULU: Thank you.

MR. VAN HEERDEN: Ok. Thank you. Thank you ladies and gentlemen - I wanted to refer you to the budget document that is... in your pack there. On the far right hand side, you will see a column that says "Consolidation 2013"; and at the bottom of that column it has what it indicates as surplus deficit - in this case a deficit of 2.6 million; and in 2014 it had a deficit of 22 million; and 2015 a deficit of 20 million. And...

JUDGE J. HEHER: That's a huge improvement, isn't it?

MR. VAN HEERDEN: And in 2016 a deficit of 11 million. I beg your pardon Chairperson?

JUDGE J. HEHER: Isn't that a huge improvement....oh that's a consolidated one...yes sorry

MR. VAN HEERDEN: Yah, the point I want to make is that, annually we had a negative budget that was approved and submitted to the Department of Higher Education - accepted by council and submitted, that's the sad reality. If you look at the 2013 negative deficit of 2.6 million, remember that was the year that we received the 33 million subsidy income from the Department of Basic Education in Gauteng - for in addition to our normal subsidy for our occupational training. In 2014, we received part of it and it reduced to 0 in 2016. And for an institution to annually plan for a negative deficit, is of course not a good sign - I think we can all agree to that.

But I've included this for you to share with you the cost pressures we have experienced, and it was one of the reasons why we reverted and were pushed due to economic reasons in 2014, to exactly only enroll our numbers that we get funded for. The budget was as such as indicated to you there, but from a cash management point of view, we were very stringent in managing our cash and we were fortunate that we were able to still make it with a zero cash in our per scenario due to projects and additional income that we were able to source. So we were able to survive-due to projects that was incoming during the year and of course sustain us through-out that process. But this is the reality that we are a very cash strapped institution....at this point in time, and our projections for next year is between the negative of 4 to 10 million as well for next year, at this point in time.

ADV. M. ZULU: So how would you characterize your throughput and drop-out levels in the past 3 years given your cost pressures and your financial challenges that you are facing?

MR. VAN HEERDEN: We....we've....I'm not sure if I understand your question correctly. How will I characterize....?

ADV. M. ZULU: Your throughput rates and your drop-out rates....I'm sure....the throughput rates and your drop-out rates are affected by the amount of money that you get...it affects your quality

MR. VAN HEERDEN: Remember the claw-back and the certification rate as a performance requirement is not there yet – It's not implemented yet. So currently at this point in time we get funding for actual heads and FTEs as it is. As Mr. Kruger indicated, there is also in the funding model, claw-backs if you do not meet a certain certification approval target, at this point it's not there -It doesn't affect our funding yet.

ADV. M. ZULU: But your drop-out?

MR. VAN HEERDEN: Well we are looking at about 90% retention; throughput of about between 60 and 70. It started at a very poor base in 2012 of margins 50 to 60%. Currently we have a very high retention rate of about 90%. Certification rate however is a different ball game-our certification rate

on NCV between 20 and 27%-depend on which calculation you use and [indistinct] student. I'm saying that because there's different definitions of how to calculate it. And in the Nated business related sciences, it's between 49/50%, in the Nated Engineering it is between 30 and 45% - but it's much higher than the average sector average fortunately for us, depends on how you calculate it.

Ok, I wanted to make a point where I refer to the subsidy towards salaries of occupational staff - that doesn't exist and it was of course....the last time we received it was in the 2013/2014 budgetary cycle. Currently the college has 73 staff members on PERSAL that are not funded through the annual DHET allocation. They get paid by PERSAL but they don't contribute to FTEs - remember they are in permanent employment. They are not like how Mr. Kruger indicated that they are on contract basis - so because of our huge component historically [indistinct] we have permanent staff in that component and of course the provincial department gave us money in the past, so these people were actually absorbed permanently.

So currently we've got staff on PERSAL, that's one of the reasons why we are not happy with the 60% calculation as a threshold for our HR component, because those staff members are not supposed to be in PERSAL, that they were absorbed due to their employment status prior to the migration. They were already on PERSAL...their employment status was permanent. So we inherited staff into PERSAL, when we calculate our wage bill, it's 50% and more.

So those staff members are not supposed to be there in the first place, they are theoretically supposed to be on contract, and not supposed to be calculated and included in that calculation. So the challenge that we have here is because those staff sit there...we can't fill vacant posts because the department uses the 63% threshold as a norm-and if you reach that 63% threshold, they don't approve any filling of any vacant posts. So that's our challenge at this moment as a college - the biggest challenge we've got is those 73 staff members that's not supposed to be on PERSAL. We take out posts but we can't fill them, in key management and other areas. And of course, it restricts the college from growing, however you can see with our budget shortfall, we are still making ends meet and we are still operational.

The cash shortages was made up from funding from additional sources such as projects, our pressure to increase enrolments without additional funding, that's already mentioned. At our institution, and it's a very important point I need to share with everyone. The 80% that we get via the funding model, comes to us although it's not always enough as we see. The remaining 20% of that is supposed to come from the students and if the students can't pay for it, NSFAS is supposed to come up with the means to students that qualify. However in our environment in Tshwane, students

are not accessing their total allocation.... the uptake in NSFAS allocation that we receive is very poor. If you look at...

JUDGE J. HEHER: What does that mean?

MR. VAN HEERDEN: I beg your pardon?

JUDGE J. HEHER: What does that mean?

MR. VAN HEERDEN: It means Mr. Chairperson, we receive 57 in 2014.....we received 57million from NSFAS to make up for the 20% that the students were supposed to pay. But we were only able to use 34 million of that which is 59%.

JUDGE J. HEHER: But why?

MR. VAN HEERDEN: Students are either the students are not applying or they don't meet the criteria.

ADV. G. ALLY: Let's reverse a little bit.... Let's reverse a little bit. The allocation of 57% million is based on information provided by you or information provided by the department, firstly?

MR. VAN HEERDEN: There is a way that they have determined this in the past. It's a bit unclear on how it comes to the 57 million. I'm not sure on how it comes down to that, unless my colleague can maybe share light on that. But the 57 million in our instance there, we were only able to claim 34 million of that, and we can't claim money where students don't qualify....there's criteria and of course means tests, etc. And the difference there, between the 34 and 57 million, was included in our allocation – in our income side. We budgeted for that as an income for example, just for interest sake in that case. We budgeted for that as an income and of course that never materialized because only 59% of the students qualified....

ADV. G. ALLY: [interjects] Yes but Mr. Van Heerden I can understand that perhaps maybe once maybe twice, it seems it just continues and nobody seems to be checking whether the situation is correct or not. Well it's not that anybody is taking the money, it's just that this money could be used elsewhere.

MR. VAN HEERDEN: Yah, what happens is that in October, we need to indicate what are our claim rates are and our expected [indistinct]. And the money gets diverted to colleges where there is an over-claim, or a bigger amount. So like he has indicated, they've exhausted their allocation, so some of the money that was allocated to us will go to him.

ADV. G. ALLY: Because somewhere there needs to be some engagement with the department to get to an understanding of how they get to 63 million and you get to 34million. Because and if you know of that, then that money instead of going October can go elsewhere or even earlier than that in the system itself-but it just seems well, we'll just carry on in that mode. I'm just not understanding why it remains this way.

MR. VAN HEERDEN: There's is lots of theories but I agree with your concern. I think we should have a better system with allocating this - but for us it's a sad thing. One of the reasons that we find is that students, historically could have qualified to access that but he might not have passed or he might not qualify anymore due to academic performance etc, but it only makes a small proportion of that, it still doesn't take up all of that money. I agree with you, I agree with you.

For us it is bad because there's students that could benefit from it, however I did personally with my staff a little research study in July. I asked campus managers to go and retrieve their debtor's books and we sampled only the NCV students and I asked them to identify for me which students are in arrears with their payments. Of course when I say in a arrears, I mean those students that did not qualify for the bursary. Of course [indistinct] that 20%, and it was less than....at that point in time students that were in arrears or overdue in terms of their payment schedule, was less than 6 and 7%, the worst was 11%. And in terms of bad debts, that's not bad in our sector. In fact of bad debt in the sector, is way more than that – which tends to support the argument that in our metropolitan area, our student profile is different to the profile in another area for example in the rural area.

The students that comes to us, only about 60% of the students are really needy and 40% are not -so just for interest sake. There is still a missing middle question - there are students that come to college really hungry, they haven't eaten for the day, it is really still a challenge for us. But I suspect the problem is not so big as it is possibly with Mr. Kruger who testified prior to me. The additional sources of income – I've shared with you the sources of income starting from 2014 onwards, and some run over one financial year and some run over two. But you can see there more or less how the college has engaged in being able to secure additional source of funding In 2014 there's more or less 22 million there, however some of it although it started in 2014, you see that 21 million runs over until this year – so it runs more than once in the [indistinct] cycle, etc. So that is just to indicate to you there, we refer to them as projects which run in batches of a lot of students at once... and NSF is not here in this total, so NSF can also be added to this which is not there yet.

ADV. M.LEKOANE: Sorry, about this slidewhat is NTI on the previous slide?

MR. VAN HEERDEN: NTI is a company..... North....it's company name - it's a brand of a company.

ADV. M.LEKOANE: So this 33, is it across the years or is it just for this year?

MR. VAN HEERDEN: It runs in the 3 year cycle - that 33 million runs in the 3 year cycle, it's about 40 apprentices they want to train [indistinct] company. Then ladies and gentlemen I think our critical key question here is the system where.... the FET College's system [indistinct]. Mr. Kruger has spoken about that, as a system we need colleges to be much bigger than the university system, eventually that's the vision of 2030. Within our current funding framework, that's not going to be [indistinct]; definitely not [indistinct], now I think that's the point I wanted to make.

ADV. G. ALLY: Well the point made by Treasury, and although they're giving more to TVET Colleges now, your outputs have been very low and disappointing - and the whole adage of....should you be putting money after something you're not getting out

JUDGE J. HEHER: Putting money in a bucket with a hole.....

ADV. G. ALLY: Because....and here they talk about the qualifications of lecturers, the...yah basically qualifications and so forth - could be the students themselves too. But to put it mildly, they say it's a mess and we would just like to hear your comment on that.

MR. VAN HEERDEN: I can understand why you saying that, however I don't think it's fair to put us all under the same umbrella. We are proud of what we are doing in our college and we are proud of the gains we've made. Yes the certification rate is not what is required to be, but we've come a long way the last 3-3 and a half years, and we are proud of that. Yes there are problems in the system, at our college everything is not running 100% but I can assure you that we are making change...change the difference. We are holding people accountable, we are treating the system at our college -and it's a long term strategy, it's a long term strategy. Yes in general you may want to say that the TVET sector is weak, but say it to other people not us, but by all means there's a lot to be done in the sector-I agree with you.

ADV. G. ALLY: Do you share models with other TVET colleges until there's a South African College Principals Organization – does your college belong to that, do you share models of excellence with the other colleges?

MR. VAN HEERDEN: Yes we do. We participate on national level in different sub-committees of the South African College Principals Organization. It's an organization that really tries to mobilize the sector, promoting excellence and benchmarking against everyone – so there is movement in the sector, and we are participating and leading in instances in the country. And one of the places we

are leading in is Artisan training, and we are proud of that. So yes I think we are making change...we are changing the sector but it's small bits and pieces. We are eating the elephant bit by bit.

JUDGE J. HEHER: Why do you do better than those who would justify the criticism?

MR. VAN HEERDEN: I beg your pardon Chair

JUDGE J. HEHER: Why do you do better than those who would justify the criticism that has been levelled by my colleague?

MR. VAN HEERDEN: Well I think we are really critically looking at what we're doing right and what we are doing wrong. I think we are trying to really look at comparing ourselves with generally the other colleges in the country. Yes I think False Bay is one of the leaders and I mean in what they are doing- and he might just justify his point of being in the 5 in the country. I wanna say to him that I think we are in the top 5 in the Business Studies department and definitely the top college 1 or 2 in the financial programmes that we offer.

But generally I think if we are not willing to look at our own processes, we are not willing to look at ourselves and see what we our doing right or wrong - of course we won't go anywhere. We have adopted the ISO 9000-2008 standard and measuring ourselves continuously against that. With continuous systems and international standards approval, and we try to continuously improve. It is not easy to change the system while it is running. It is a challenge because while we are changing the system, we are also still producing. But I think one of the wins I can share with the house is...a process that is has a year now. In 2015, 1st of September last year -we re-looked at our organizational structure. We started with a blank cheque and we re-assessed every function in the sector and how we as a college need to be able adapt to that. From a function and systems point of view, we redesigned our organizational structure - new systems, new processes, new posts, jobs that didn't exist in the past and am we went through a restructuring process. Staff got moved, we re-assessed staff competence and strong points; and looked at their qualifications, checked whether it still fits the profile- and we had to be honest in looking at that, because labour was not very happy with that. And we are still looking at trying to deal with.... if I can call them issues that were irregular in the past. We realised what came about, came across situations where stuff were appointed where they were not supposed to be appointed. Staff that through the process over the years were appointed on post levels where they were not meeting the criteria for instance. So....I can assure you Mr. Chairperson, those are the kind of things we are going to take on - we are willing to face the music when it requires and a...

JUDGE J. HEHER: Well suppose you were to get a substantial increase in income, what do you think it would do for your college?

MR. VAN HEERDEN: Well at our specific institution, through this restructuring process that I have now spoken about, we realized that we need to spend money and resources on student support services. Our institution do not have resource centers, proper resource centers, media centres - an environment that is accessible to students after hours and so on

ADV. M.LEKOANE: [interjects] so the student assistance, is it going to be on the successful applicants or who is it for?

MR. VAN HEERDEN: It is for the entire value chain

ADV M.LEKOANE: I'm just looking at the last slide remember where....where we asked for more money when we needed less actually, so how do we fix that?

MR. VAN HEERDEN: I'm not sure what you mean by "needed less"?

ADV. M.LEKOANE: All those who qualified are far lessremember you said...

MR. VAN HEERDEN: Oh ok that is from the funding point of view yes. If we draw the funding point of view which is of course an issue, and we look at systems support; I'm talking about student support services from a supporting the student point of view. From career guidance; career counseling; a standard approach from system entry to on-course throughout support to exit; placement in the work place; support the work place

ADV. M.LEKOANE: On this...the slide that you showed us, have you guys worked on any.....to rectify....to ensure that it's.....the allocation is requested to those who qualify or maybe a means to make more people qualify? Have you given any thought on that? Because I'm assuming there are lots of students who are left outside from this.

MR. VAN HEERDEN: Well the students that are left outside as I've indicated, I was surprised to have come to a finding and a conclusion that, that they told me that maybe we are looking at this differently maybe our student population and profile is not as high as we thought initially - our demographic area that we are serving, especially if I looked at the students whose accounts were overdue by July – I think I said 5 or 6% at that point in time. And it was much lower than our annual bad debts, so I was a bit surprised there by that finding...So for now students that really qualify and that really meet the requirements, they do get funded - they do get the money. Those that don't

either apply don't qualify, of course that's the question we need to ask and revert back to the department

JUDGE J. HEHER: Well you only got 4000 who applied and qualified when you are obviously expected to get rather more

MR. VAN HEERDEN: Yes

JUDGE J. HEHER: if you had more money you could make college more attractive for your students of course and I presume you would get more?

MR. VAN HEERDEN: At this point in time our student support services is the most neglected part of our college. And that is where I need those 73 staff members that are on PERSAL I need their salaries to be released from PERSAL so that we can create, well not create we've already have created those posts on our organisational structure, we just can't fund them yet. There's a lot of student support services processes, system, support that we can't provide at this point in time

JUDGE J. HEHER: Have you taken it up with the department? They are the only ones who can release them from PERSAL, aren't they?

MR. VAN HEERDEN: Yes of course we do, it's just that there's no money for that. At this point in time time the funding doesn't make provision for that, and....we just at this point in time have no money for that

ADV. G. ALLY: No no, the question being posed by the chairperson is....have you taken up with the department the fact that those posts shouldn't be there at all, and that they should be released not that you need more....you need other staff. The ones that you believe don't belong there and that they were wrongly appointed - what does the department say about that?

MR. VAN HEERDEN: We have engaged, we had 2/3 meetings already with the department. We went through the process through the bureaucracy, and we have asked for a meeting with the DDG: Corporate Services on this – in fact we have been engaging with her office for the last 2 months and need an appointment on this. But informally our discussions has led to understand that we might have to migrate those people back into the college council employment. So those are the possibilities that we still have.

For me it sounds quite straight forward, just change your calculation - just exclude them cause the money comes from the same pot; but it seems as if it's more complex than that, it's an employment status – labour relations matter. So we are in the process because for me it's critically urgent that

meet that result. To answer the second question, of course from the student support services point of view; systems procedure but our college is at this point in time struggling to maintain its infrastructure, its ageing infrastructure and equipment. You are more than welcome at any given time to visit our campuses.

Our centurion campus is probably the most attractive if I can call it that, probably because most of the maintenance is done by Public Works; the Department of Defence, it is within their proximity. But our other campuses infrastructure is ageing, it's not attractive, it needs upkeep, we can't afford to do that and it's really really a wreckage. Secondly to that, we are not in any position to buy equipment for our training and development workshops where our staff do skills development workshops. So at this point in time the money that comes in, is just enough to sustain training - it is not enough to upkeep the equipment that goes with it. You can imagine what you need for a CNC Turning workshop, what you need for a Diesel Mechanic workshop, etc. It's expensive equipment and to stay up to scratch with new technological developments, etc, it's a challenge on its own, so yah....

JUDGE J. HEHER: May I put two things to you which have risen earlier in our hearings. It's said that one of the real challenges of the TVET system, is the difficulty in integrating work place experience into the academic studies. The practical and theoretical and the second problem is finding favours in the work place for those who come out of your institution. What is your experience in relation to those two aspects?

MR. VAN HEERDEN: Well with regard to your first comment for us.....remember our background and environment as a college is a bit different from the typical one in the sector. We've always been very strong with regard to our practical occupational training. So to integrate that with our normal training is not such.....we don't regard that as a challenge. When NCV came in which is of course....of course has a huge component of vocational and practical training, we were able to migrate that and include it within our business model quite easily. But...your second question relates to the student support services; work integrated services, work based exposure point, and we don't have sufficient systems in place.

Mr. Kruger indicated...and that of course shows that the difference in our institutions; the diverse differences. Mr. Kruger indicated that he has about 10 officials if I'm not mistaken, but I talk under correction - Work Placement Officers that he has. We don't even have one of them, our Student Support Manager performs that function on an ad-hoc basis and we have a decentralized model on the campus level that assists with that.

So typically our normal academic staff assists; our HODs who are responsible for our workshops and occupational training- they over the years developed this relationship with the companies and so on, so we do that indirectly via that channel – because the link is already there, the relationship is already there etc. So that happens via that channel but we don't have a student support system where we have a placement, or a jobshop or that kind of thing. Unfortunately it doesn't exist in our institution and we just don't have the funding for that.

JUDGE J. HEHER: Do you need it?

MR. VAN HEERDEN: We need it, we need it. It's...to be responsive and of course to carry the mandate of the qualifications. Alright let me just also refresh - look remember when I talk about occupational training, I exclude my comment from that because those are students that are already within a work place. They are already linked to an employer, so those are already running so I'm excluding them. What I am talking about is students within the Nated system that wants to get a diploma. Remember after N6 they need either the 18 or 24 months to get the diploma.

So that is the placement I am talking about. For NCV, the curriculum is structured in such a way that it also requires you to take the learners to the workplace but also ideally within new developments in the sector, you want to place the learner in the workplace for a short period of time and then prolong over his 3-year study period, and eventually negotiate workplace placement for him after his studies. So that is what I am talking about, that we don't have - that is what we are short in our sector..... in our college rather at this point in time.

JUDGE J. HEHER: Can I ask you what may seem a stupid question, it probably is. Universities don't generally look for workplace employment for their graduates, why should it be that TVET colleges do that?

MR. VAN HEERDEN: Well I think it's because we of course have a slightly different mandate, and due to our sector having adopted that social responsibility but the curriculum is designed in such an instance that it requires that.

JUDGE J. HEHER: Has it always been that way?

MR. VAN HEERDEN: Yes it's always been like that.

JUDGE J. HEHER: Alright

MR. VAN HEERDEN: Remember the Nated programmes that I referred to is a study towards the National Technical Diploma, so after N6 although N6 is a certificate, it's a qualification we don't see

that as a whole qualification and of course, not the final end to the means. So eventually the learner needs to go and look for placement if we can't provide for that. So ideally, the college should have....and that is how the new white paper is structured, there should be an integrated system of students moving between TVET-Employer-Workplace. TVET-Employer-Workplace and we are from that as a sector.

JUDGE J. HEHER: Thank you. Mr. Zulu sorry for all that

ADV. M. ZULU: My last question Sir is..... to my knowledge I think you are the first institution to come here and that you've got resources and facilities that you are not able to use. The question is what measures are in place or what do you intend to do about it then – you've got these resources that you are not able to use; what are you going to do about that?

MR. VAN HEERDEN: Well as I've explained, we are advocating at all possible levels to be able to source funding to get that going. We are operating on provincial level; on government level; on private level. Like for example, this evening- Friday evening, we've got a memorial lecture with the Business and Chamber of Mabopane, for instance, where we write to employers, potential employers and tell them this is what we can do, how can we get involved – so those things we do. I sit on provincial forums- Skills Development Forums, where we advocate these sort of things. But the reality is, it's much bigger than just me, than just one Principal. We need a systemic change to be able to say that we've got a resource, it's available, let us use it.

JUDGE J. HEHER: And has that been discussed with the department?

MR. VAN HEERDEN: Yes it has been, well indirectly and we use the channels.....and of course we use the channels....you referred to the 3rd of September workshop, we use those....all the channels that we potentially can. NSF....as I've indicated NSF has just come to the party now with a 3 year 25 million commitment, so that will give us depending on the kind of programmes we do between 240 and 550 learners depending on how you break it down over the next 3 years. Those are the kind of initiatives, like I've indicated to you we've got the potential to train 5 out of 30 which gives you.....I don't know how much is the percentage of the country's artisan demand – that's the capacity we have at 3 of our campuses. So it's about 30.....what is it 30/40%, that's our potential capacity for artisans that we can do for our 3 campuses. We've got huge facilities which is under-utilised at this moment.

ADV. G. ALLY: In your opinion and experience, would NEDLAC or the NEDLAC office assist in anyway to realise the goal that government says we need more skilled people and in order to get there; they're advertising that the TVET colleges should be the vehicle of getting there. It just seems that

the population don't believe in TVET colleges. However when you have under-resourced structures, have you thought about that particular area? I'm not sure whether it would even work but would NEDLAC be able to assist in this regard at all or is that just for employees?

MR. VAN HEERDEN: No, I think the question is, what we need to do on all possible levels of government, business to be able to make this work. Our desire lies in an intergraded approach - if you compare our system with the Netherlands for instance, the students don't go to a TVET college by himself, he goes there via an employer, and Employers are incentivized. The more students they take on, the subsidies, the incentives that they get, already it is built into it. So a student goes to a TVET via an Employer, that's it and the money follows the student via the system. We need real change in the sector and in the mindset of how we do business in South Africa; if we are not gonna to do that, it's not gonna happen.

ADV. G. ALLY: Well in the past, in the past that's the way it worked in some other areas. Unfortunately they've tried to build it up in their own way because in the past you came to the technical colleges to be an Artisan, you had to come from Murray & Roberts; Grinaker, all the industry players. You had to come through the employer and you would complete - you wouldn't be an Artisan unless and until you have completed some kind of trade test.

MR. VAN HEERDEN: Yes of course it was like that, the new QCTM model attempts to go back to that for a block release system. But that only applies to the QCTO accredited programmes...don't forget. So the QCTO programmes in the future will attempt to do that. And if you want to enroll a student in that new QCTO qualification, the student must come with an employer attached to, so it attempts to do that - it's about [indistinct] now that we are converging. But the challenge on the other side is that, it's....that's not where the numbers are, that's not where the big challenge is. If we want to push the numbers, [indistinct] their qualifications is gonna be 10% of the total student throughput that we need to put through the system. That is why I....of course would still think that you would still have huge numbers of Nated students that need to go through the system. Students that leave grade 12, that must go somewhere and you will only be to accommodate about 10% with them in the QCTO qualification, so it's a total rethink of the system.

ADV. M. ZULU: Yah I don't have further questions, I don't know from my colleagues.

ADV K. PILLAY: Chair I just have one question. May I just find out, you testified that in 2014, the college was able to control the extent of its budget deficit by sticking to the numbers that you were funding for in terms of enrollment - what has prevented you in subsequent years from adopting the same approach?

MR. VAN HEERDEN: I'm not sure if I understand it well but that is....that was my thinking that we've done that by sticking to the approved numbers.

ADV. K. PILLAY: that's correct in 2014

MR. VAN HEERDEN: And 15 and beyond

ADV. K. PILLAY: So the question is whether you, going forward, and currently as well, you tend to stick to the numbers for which you are funded only, in order to ensure that you control your deficit?

MR. VAN HEERDEN: in order for sustainability, we don't have a choice. Our college's financial situation don't allow us to go beyond the funded [indistinct]. So at this point in time we can't afford to take in un-funded students as an institution, it's not possible. Mr. Chair there is one point I want to just mention if you will allow me.

JUDGE J. HEHER: Of course

MR. VAN HEERDEN: There was a discussion about headcounts and FTEs earlier with Mr. Kruger. So Mr made a remark where he said: headcounts doesn't matter much for him as opposed to FTEs...remember that discussion. But I can understand why he said that within his environment, but within our environment is a bit of a different scenario because remember we've got students that takes either 1 subject or 4 subjects at a time. So yes if a student is enrolled and he takes his full complement of 4 subjects that's required for him, it might not make a difference and that comment is of course holding water. But for a student that takes one subject, it's a different scenario. So a student that has failed and comes back just for that one subject or he is doing it in the afternoon sessions, or evening session or Saturdays whatever. We've got quite a lot of those and those students add up to the headcount.

So if you have one student that takes 4 subjects or 4 students that take one subject, that's the equal measure. But the reality is, those 4 students that take 1 subject still comes to the institution; we must still cater for those 4 students; they are still sitting in a class; they are also using the water and toilet facilities, so headcounts, estimated headcounts does have a direct bearing on the cost that an institution carries. Although FTE is attempting to of course equal the playing field, and that is of course the purpose of an FTE value.

But....for instance at our Pretoria West campus, we have about a third of our total student population at Pretoria West campus, is students that come in just for those top [indistinct]. The ones for the 2 subjects that they need and we cater for them, because there is no other opportunity in the Pretoria area where they can do that. They were not necessarily our students the previous cycle,

they might come from a private provider or from Tshwane North or wherever, but that is what we cater for and another point that I want to *sommer* highlight to the colleagues is.....remember we get allocated an x amount of FTEs, that gets funded depending on whether you used the reverse approach or they tell you that we give you so much FTEs. But every student that sits in our system generates an FTE; whether that student takes 1 subject or 4 subjects; whether he does it in the morning session or in the afternoon, or in the part-time as indicated; or whether he sits in distance education. So every student that takes a subject generates a portion of an FTE - so which means, if you want to say part time classes; part-time classes also gets funded, they also contribute to your expenses.

ADV. G. ALLY: Is the conundrum not that, the definition of FTE is what is says "Full Time Equivalent". Now, a person that is there for 3 weeks in a year or 3 months in a year, is not defined as an FTE and hence the problem of the funding as the Governors Council indicated to us, because I found that strange that Mr. Kruger said funding formula is not the problem to him, and I understand that you coming back, and we've been made aware of the disparity between the funding formula of the department and the college because the college says you say to me I must take 5 million students; but you're only funding me for 4 million because that amounts to 4 million FTEs and I only fund FTEs.

MR. VAN HEERDEN: Yes that's the conundrum. The bottom line is, every subject entry is a portion of an FTE whether that student sits in the morning session or evening session. Remember if you look at the Nated Engineering related subjects, we define 1 FTE as 12 subject entries. So every 12 subject entry is one FTE; whether that is 1 student or 12 students it doesn't matter, because we regard it as a student that stays for the whole year and would have taken 4 subjects in trimester 1, 4 subjects in trimester 2 and 4 subjects in trimester 3. So he would have had 12 subjects for the entire year. So 12 subjects is 1 FTE; so if you take one only, it doesn't matter if it's 1 or 2 or 3 students - it depends on the subject entries, that's the equalizer.

ADV. G. ALLY: Perhaps as we said to the other presenters, perhaps you should sit in on Friday as the department explains why they do what they do and how they do it; and whether it makes sense to you or not, at least you will have an explanation.

MR. VAN HEERDEN: Good point noted there, good point noted

JUDGE J. HEHER: Thank you

MS. L. KHUMALO: I have just one question Chair. Have you noticed the difference in success rates or throughput rates between ministerially approved programs and the ones that are not

MS. L. KHUMALO: Yes.... there is a dramatic improvement

MS. L. KHUMALO: In which area?

MR. VAN HEERDEN: Non-funded occupational programmes - students that are sent to us by companies, they pass

MS. L. KHUMALO: Does that indicate that the ministerially approved programs are a bit more complex than the ones that are not - why is there a difference?

MR. VAN HEERDEN: Not really. I wouldn't regard it as being more complex; I would regard that as being a couple of factors contributing to that, of course selection – because the student comes via the employer, it means he went through a selection process, of course and then when he comes to us, he needs to pass; he needs to perform; he is under pressure. Within our.....

JUDGE J. HEHER: His income depends on that?

MR. VAN HEERDEN: Of course, he's employed - his performance depends on it. For interest sake, I can share this with the house - the Department of Defence they also send....I mean N1 and N2 is part of the training towards becoming a qualified Artisan. So they do N1 and N2 as part of the theoretical training, and in the first and second trimester this year from a contingent of 150 learners, there was only 10 subject fails, 10 subject entry fails – that's because the defence holds them accountable.

JUDGE J. HEHER: So you remember what they did to you?

MR. VAN HEERDEN: That's it... that's it - and that's the difference.....the big difference because remember part of it also requires them, part of the occupational training requires them to achieve some subjects through the funded programmes as well – so just for interest sake. And then of course there is theoretical training and practical training that happens in the workshop environment so they also write tests and stuff there, but yah there is definitely a pass or success rate difference.

JUDGE J. HEHER: I assume that when this workplace employers come, there's also elements of promotion involved in what they do

MR. VAN HEERDEN: Yes, yes..... it comes down to hard cash eventually.

JUDGE J. HEHER: Anything else anybody? Thank you very much indeed, we really appreciate your [indistinct] and the work that you put into it.

MR. VAN HEERDEN: Thank you.

JUDGE J. HEHER: Miss Pillay, do you know whether at any time we are going to actually hear from organized labour or from the employers who might be employing these people? And perhaps should be employing these people and perhaps will employ these people if the system was changed? Do you foresee that we might?

ADV. K. PILLAY: It's definitely something we intend doing Chair. It's just a question of fitting it into the right set

JUDGE J. HEHER: yes fair enough, I'm sure that I can leave that to you to handle it. The other thing is have you considered calling somebody from the tax commission – the Davis Commission, to let us know what insights they have had and what research they have done in various [indistinct]

ADV. K. PILLAY: We haven't before now considered the Tax Commission Chair but we will definitely look at it and consider calling them.

JUDGE J. HEHER: Because....It seemed to us when we were talking that, they must have done an awful lot of underlying preparation in order to determine the lines of tax they would follow which didn't necessarily relate to the tax itself but to the implication on the economy

ADV. K. PILLAY: And so that would belong probably to Set 5 Chair, so we will definitely look at that

JUDGE J. HEHER: It would be great if you could....thank you. And if necessary the evidence can be heard in camera. What time do we start tomorrow?