



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

WEDNESDAY – 26 OCTOBER 2016

QUORUM/SPEAKERS

Presentation -1

Chairperson: Judge J. Heher

Member(s):

- Advocate G Ally
- Ms. L. Khumalo

Presenter(s):

1. Dr. Bheki Mahlobo (DHET: CET BUDGETS)
2. Ms. Dorothy Masipa

Head Evidence Leader: Advocate M. Lekoane

Evidence Leader (s):

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

Expert(s):

- Prof T. Mosia
- Dr. G. Simpson

TRANSCRIPT

ADV. K. PILLAY: In the relation to the community colleges chairperson they are from inaudible - - -
JUDGE J. HEHER: [intervene] [inaudible]

[unintelligible sound]

ADV. K. PILLAY: I think for the moment Chairperson it's really on the basis that when one approaches the funding of the Precept sector one must do holistically because the funding of one sector has an implication for the funding of the next

JUDGE J. HEHER: [inaudible] [unintelligible sound]

ADV. K. PILLAY: That's correct Chair

JUDGE J. HEHER: At the moment that's good enough for the investigation

ADV. K. PILLAY: that's correct Chair, something that needs to be investigated

JUDGE J. HEHER: Yes, Ooh I am afraid I can't work with that shining directly into my eyes I can't see the witnesses and I can hardly see the evidence needed. Well I can, - - Can you not put it further over to the right please. I mean the angle because I really cannot get a clear view of the witness [inaudible] eyes that don't look anyway.

[mixed voices]

Well can you not alter the angle?

JUDGE J. HEHER: thank you when the black spot disappear from my eyes I have no doubt I will see the witness too. Yes, who is your first witness please?

ADV. M. LEKOANE: Morning Chairperson, the first....well only witness for today is Dr. Eric Bhekizenso Mahlobo - he is here with his team from the Department of Higher Education and Training, and he has been here before us umm and we ask him to put in his full names on record and remind us of his qualifications and expertise.

JUDGE J. HEHER: Well first of all Dr. Mahlobo what are you full names? I want to swear you in you see

DR. MAHLOBO: My full names are Dr. Eric Bhekizenso Mahlobo

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

DR. MAHLOBO: So help me God.

JUDGE J. HEHER: Thank you, would you as requested by evidence leader would you present your qualifications and position on records

DR. MAHLOBO: I am a Doctor and have a Doctorate in Education from University of South Africa. In the department, I am the director.... Chief Director for Community College System Planning and

Institutional Development and Support- and currently I am acting as a Deputy Director General for Community College and Training.

JUDGE J. HEHER: Thank you, yes Ms. Lekoane

ADV. M. LEKOANE: Thank you Chair, the witnesses have prepared their presentation for us chair.

JUDGE J. HEHER: Yes, Thank you.

ADV. M. LEKOANE: They may proceed to make their presentation and then we will put questions as when they arise thank you

JUDGE J. HEHER: Are you happy to go on with your presentation and Ms. Lekoane will put in additional questions when she thinks that something need to be specifically said.

DR. MAHLOBO: Thank you very much, just right in the begging I must editing that the presentation, I have made some editing on the presentation of which I will indicate as continue to present what the editing needs to be effected.

JUDGE J. HEHER: Thank you

DR. MAHLOBO: The presentation outline basically indicates the government policy legislative position which will frame my presentation and in the contest of the demand for funding for the PSET system I will also articulated the department position and I will also I will extend of the demand for community education and training opportunity and different permutation of the demand for those opportunities and will also indicate the policy responds demands for community education and opportunities...and followed by what is the current institutional landscape so I can put the commissioner and also the evidence leaders to understand exactly what we are talking about when we talk about community colleges, and I will also indicate the historically sector underfunding over the years even before we took over as the department of higher education and training and the effects of the current and historical under funding and then present the budgeting process and the extend which the program in the debarment and institution are in dire need of funding in the context of the whole school funding. Then coming to the government policy and legislative position the presentation is guided by the provision of the constitution particularly section 29. We have based our presentation on the target set on the national development plan

JUDGE J. HEHER : I am sorry but before you go on where do you say community college is fitted in section 29, which part of section 29?Dr. BHEKI MAHLOBO: In terms of prioritization its Section 29 , I think section (29) 1A. Community colleges deal with the right to basic education including adult basic education and that is where they fit in terms of the constitution because community colleges provides the second chance. To adults who never had a chance to go to school and to young people who can no longer go to school and finish and finish their basic education and added to that it will be section (29) 1B which deals with right to further education which the state may help to make progressively available through reasonable means and this I am talking to second chance matric and those pupil who have exited the schooling system and were not able to complete a matric qualification and it is in that context that I am sitting section 29

JUDGE J. HEHER: Thank you

DR. MAHLOBO: The target set on white paper on post school education and training, the medium term salutation farewell of 2011 to 2014 as well as of 2014 to 2019 and the national policy on community education and training of which I will like to advise on the correction that it is 2015 not 2016 and the general further education and college assurance act of 2001 and the national qualifications frame work of 2008 as well as national norms and standards for funding national CET colleges. As I indicated early on that it is important that first I must indicate that the delivery institutions for the post school institutions, for post school system the delivery institutions we have are universities, technical and vocational education and training colleges and communities education and training colleges otherwise these are the three institutional types which are the delivery mechanism while the post school system may be more of this because it includes quality assured bodies like CHE and Umalusi to a certain extend and the quality council for trade and occupation and the skills levy institutions such as the SETAs and NSF but the first three institutions are the institutions which the government use to deliver education and training.

JUDGE J. HEHER: Yes but the community colleges systems may not be [inaudible] school at all

DR. MAHLOBO: I beg your pardon

JUDGE J. HEHER: The community colleges may not be [phonetic] school at all, it may be something that is done beyond the bounds of school but [inaudible] school in the sense of after one has completed it is not, even if one is doing second chance of matric its not really [inaudible] school it's just supplementation of the school system, isn't not?

DR. MAHLOBO: Judge while that maybe the case , the position the department has taken is that all those people who didn't have a chance for schooling and those who didn't make it in Matric have got to be catered for in one way or the other and the mechanism for doing that is the community colleges and in 2009 I think by a presidential proclamation adult education and technical vocational education and training colleges were placed under the administration of the minister of higher education and training and while the school system was exclusively dedicated to the minister of basic education and the result in that sense community colleges forms part of the total street of the post school education and training.

JUDGE J. HEHER: OK Thank you

DR. MAHLOBO: The point I then wanted to make just then to contextualize the presentation as I have indicated on the point of the department while the issue of free high education and training cannot be considered outside of the wider context of funding for education system as a whole and post school education and training system as a whole specifically. Basic education provides for education to schooling. The department of high education remit is to provide education and training for anyone out of school who require education and training opportunities. The post school education and training system must provide for school leaving youth entering the high education training technical and vocational education as well as of out of school youth who dropped out before grade 9 and adults and these hence the community education and training and sector on behalf of which I am presenting today. The next I line talks to the commissioner and evidence leaders, it talks to the right that I have just alluded to earlier ,the section (29) 1 which says everyone has the right to basic education including adult basic education and 1B further education which the state through reasonable measures should make it progressive available and accessible. And basically the

thrust of the presentation today has got to do with these issues 21 B and 21 particularly on the right to basic education in terms of basic education and the right to further education in which the state must make progressively available

ADV. PILLAY : Sorry Doctor if I may just interrupt, on your slide 4 you the last bullet point you referred to school leaven youth you referred as well as out of school who dropped out just before grade 9 and now those students or those people would normally be in the schooling system correct? Is there a reason now why there should be catered for Now out of the school system?

DR. MAHLOBO: Yes there is a reason, the position we have taken as a department as the armor of government is that there is quite a number of reasons why people drop out of school but if the schooling system can no longer cater for them there must be another mechanism through which they re catered for if they still want education.

JUDGE J. HEHER: I have some doubts if there is some constitutional right there because there section 29 does not say one has first and second chance

DR. MAHLOBO: Section 29 does not refer to first and second chance I agree, however we have reason to believe that we have an obligation to cater to those people who if they still require to further their education regardless of their age, we must be able to give them that opportunity.

JUDGE J. HEHER: I don't disagree for one moment with what you saying it's just a matter of it being constitutional right and that's it.

ADV. T. MABUDA: Dr perhaps the way you answered it does not go the question posed by Ms. Lekoane, Ms Lekoane wants to know why it's not catered for now it could be one of the reasons the age of the person because basic education is compulsory between the ages of 6sand 15. Perhaps in that context you can explain why it is that they are not catered for.

ADV. M. LEKOANE: Sorry Dr just to add to that you can tell us where basic education starts and where it ends and what for an example form grade 10 onwards what does that become?

DR. MAHLOBO: I would just like to respond to the questions in terms of both the constitutional provision as well as how the education system is designed as we speak basic education is compulsory in terms of the act it's up to grade nine which I think its age 15 and from there is basically further education however the manner in which the design of the system is today is that you go through basic education from Grade R to Grade 12 there are instances then if your age does not allow you to go back to school, if for whatever reason you drop out of the school system and you age co-hood proceeds and you want to go back to school you can no longer be admitted because your age is no longer appropriate, it's no longer a school age now then an opportunity is created for you to at least to join the community education and training system. First it's a chance for people who have dropped out of the system and can no longer go back to school and is chance of people who never went to school but still want to have school and still want to have education then they are catered for through the community education and training system. On the following slide where we articulate what is actually the demand of how many people will potentially benefit from the community college system, we get the data from the general household server published this year, it was conducted in 2015 and published this year which indicate when we look at people aged 20 or above 1.7 of them have no formal education at all 1.7 million of them, this is out of 55 million

people in this country, 3.4 million have some primary school but actually did not complete but they can no longer go school they are age 20 and above they can't go back to primary school and 1.6 have completed some primary schooling and 12.079 have some secondary education but had not attained a grade 12 equivalent such as the senior certificate or national senior certificate or national certificate vocational which are qualification at the level 4 of NQF. Now in the context of section 29(1A) probably one will argue that...so please in that case please pay attention to the first and the second bullet and where you and probably the third where those people still have the right to basic education which we might have been unable for whatever reason to give to them - and the 12.9 is basically a right to further education which the government has to progressively make accessible through reasonable measures or reasonable means

ADV. M. LEKOANE: Sorry Dr Then does that mean the first to the third bullet point the nature of the obligation of the state are different?

DR. MAHLOBO: It is my submission that basically those that is the very basic education which the state for one reason and the other wasn't able to meet

ADV. M. LEKOANE: Black and how do you understand the nature of the obligation of the state in that regard for a persons who at least have not studied beyond grade 9

DR. MAHLOBO: The nature of the obligation is the provision of basic education including adult basic education.

ADV. M. LEKOANE: Black, and does the state have realize that progressively or is it an immediate right of primary obligation

DR. MAHLOBO: Again it will be my submission that progressively it will be at least 12 million people but for others people it is an immediate right

ADV. K. PILLAY : Chairperson I just like to ask a few question and important points and not wait until the end, Dr can I just check test your understanding, the constitution uses the term basic education and it incorporates the right to education to right to adult basic education, it doesn't define what basic education actually means the south African school acts uses compulsory school acts at school as concept to indicate that compulsory education starts from grade one till grade 9 and doesn't impose an obligation to parents to ensure that children beyond grade 9 attends school, so what you have described seems to be basic education as its used in the constitution, so what you described seems to be derived from the notion of compulsory attendance and not necessarily a definition of basic education as its used in section 29 (1A) so in other words there is no indication in the constitution even the school act which limits basic education to education until grade 9 that does not encamp all basic schooling until grade 12, Just your view on that.

DR. MAHLOBO: My view is that the way we understand basic education we, let me put it in this way. We have basic education and further education and then from that point we have basically grafted the system or provided education opportunities to align them with that which the state must compulsorily offer in other words up to grade 9 and in the schooling system that is up to age 15 and beyond that which we call higher education it will be opportunities grade 10, 11 12 including higher education.

ADV. K. PILLAY: Can I just deal with that briefly Dr. because section 3(1) of the school act deals with compulsory school attendance deals with it in the context that every parent having an obligation to ensure that their children must attend school until grade 9. It doesn't do it on the basis that the state has an obligation to provide compulsory schooling for every child until grade 9; so in other words the duty of the obligation of the state is not dealt with within the school act... and that duty will stem from the constitution which brings back to the question of how basic education is defined in the constitution or interpreted in the constitution, so the only point we have to make at this state is clearly that the department has adopted a particular structure and interpretation of basic education and further education but that in the absence of the constitutional right being interpreted that interpretation might necessarily be the correct interpretation.

BHEKI MAHLOBO: We, actually I don't think there is a disagreement between your interpretation and our interpretation, the interpretation we have in this case is that there a need to serve those people who were not able to get basic education for whatever reason.

ADV. K. PILLAY: Main point of difference is about where those need to be realized progressively or immediately, which is the difference between the 29(1A) and 29 (1B) and the question is where the dividing line is between the two.

DR. MAHLOBO: The reason why I responded as immediately is because the manner in which the department has interpreted section 29 (1A) with regard to basic education but there is no disagreement if you have realized the basic right the basic right it is at that point that the state may then have to make, if the resources are available may make those opportunities Progressively accessible

ADV. K. PILLAY: The only point I am putting that in relation to all schooling until grade 12 there might be an argument that the state has the obligation to provide that immediately and the progressive realization which is located in act 29(1B) doesn't apply.

ADV. T. MABUDA: Dr perhaps to clarify it's a legal argument that Ms Pillay is putting to you, in terms of the interpretation that you have given and as I have indicated previously and Ms. Pillay also indicated to you, south African school doesn't deal with the definition of basic I education and your interpretation seems to come from the understanding go the school act you will know that Gauteng also had a further education and training act which catered to standard 8. Our old standard 8 to standard 10 which was grade 10 to 12, and all this mush nation have taken departments into certain position without studying the implication of basic education in section 29 and Mrs. Pillay puts it to you for purposes of now she will accept what you are saying but that doesn't mean that which you are saying is correct.

That how I understand it.

ADV. K. PILLAY: Just relating to the slide we really looking at the last bullet on slide 6, on the question whether the state has an obligation to meet that immediately or whether it can be done progressively.

DR. MAHLOBO: The last point on slide six, that is progressive realization.

ADV. K. PILLAY: That's the submission I am putting to you Dr. is that it might that it an arguable incorrect interpretation of the constitution and that in fact the state has an obligation to realize that immediately and not progressively because its located in Section 29 (1A) and not 29 (1B)

DR. MAHLOBO: I just want to understand that when you, in other words the provision of basic right from grade 1 to grade 12 your interpretation is that that is the basic right.

ADV. K. PILLAY : I am saying that it is not necessarily my interpretation but it maybe interpretation of the constitution and we will, we have to hear , we have submissions dealing with interpretation of the section and those submissions in accordance with what I am putting to you now. And in fact we will be looking at the right more closely. I just want you to respond to that interpretation of the right that 29(1a) is grade zero to grade 12 and beyond that is further education which is 29(1B).

DR. MAHLOBO: The laws which we have had and I have reason they were grafted in relation the in relations so that they do not counter the institution, further education may not necessarily in our position may not necessarily refer to education after matric, whether that interpretation is wrong or right, we have always referred to post compulsory education, so whether the interpretation is wrong or right I may not get to the merit of the correctness of the interpretation. And similarly we have had the school act and we have had further education and training which has since been repelled and replace by continuing education and training and further education has in terms of [inedible].... Of education referred t o education, post compulsory education which is if you look at then the further realization of the right with have included then to mean basic right post compulsory education requires further realization than the immediate right, particularly the adult basic education as it has been in the provinces, has always concentrated on functional literacy which is equivalent of grade 9 and after that you can into to further education and training space.

JUDGE J. HEHER : I think the reason the reason why the matter has never come before the court it has never have to be decided it's because effectively you give the benefit of a right which is even broader than what you described. In fact you give the right to everybody to get to matric. They may not appear to utilise it, but you give them the right to do so. In that extend you are offering them the right that is in the constitutional in broader interpretation than you earn. There is never going to be any [inaudible]. It does affect us as far as our commission is concern because we have to determine where you lie in all this. We off course our mandate is not related to further education, but to Higher Education. It maybe that our mandate kicks in at some stage after basic and during further if you going to understand me. I don't think it really matters at this stage because it will debated by the lawyers and for my point I am quite satisfied that you are doing what constitution requires you for the [inaudible] and you can go ahead and explain how are you doing it. Thank you. Is that alright?

ADV. PILLAY: Chairperson if we may reserve the bid to ultimately submit that the interpretation of the Department might not be there.

JUDGE J. HEHER: It doesn't matter what Dr. Mahlobo says or what I say. You will always have that right.

ADV. PILLAY: Thank you, Chair. I am grateful for that, thank you Chair.

DR. MAHLOBO: Just to proceed to slide 7. We also look at the permutation of the demand for community education and training opportunities. When you look at those people who are not in education, in employment or in training. From the ages of 15 -64. Those who are supposed to be

part of the labour part, education and training. In context of the discussion we have just heard the around 3 million people in the first two rows. Those people are beyond schooling age, but they are not in school, not employed and not in any training of some sort. We look at it from that perspective. If you look at youth who are either employed or in education and training, there may be a need to prioritise them in our offering particularly in community colleges. The other ages going down in terms of educational level may not be a priority for community education and training unless the system expands, but at the moment with regards to our focus. When the proclamation is made that the department is going to be responsible for TVET colleges as well as the former adult education and training. There was a need for us to craft a policy in terms of if we would move adult education from the provinces to the competence of the department of higher education and training. The policy took into account the numbers of people who potentially can benefit in CET. Which is the first 18 million generated from the community service. Particularly the first two bullets. In terms of that policy. Because of the difficulties of the adult education we had to inherit. The department sets up a task team to investigate whether or not we can have a new institutional form. The task team recommended that we should go the route of the community colleges. Since adult education was designed exclusively for formal education and formal programmes. However if the adults and the youth in the community would like to be skilled please respond to that. You may not limit yourselves just broaden. In other words it's both general education in terms of realising the right and it is skilling people so that they can be able to participate meaningfully in the economy. Developing the community so that they are able to stand on their own or debate meaningfully. How do you respond in terms of an institutional to that? Then we created nine community chorology. One in Eastern Cape, in Limpopo, Gauteng, Western Cape, KZN, N.West and more. In the provinces there so called public adult learning centres. In slide 10 we convert these thing conceptually to respond to both formal and none formal programmes. We therefore have the potential to use both FISCAS and the skills development. Sources of funding would be from different programmes. In Limpopo, there are 799 of these public adult learning centres. Their sum total is 3276

JUDGE J. HEHER: Are these day programmes or is it night learning or night school? [inaudible] That's an over large number adult learning centres in Limpopo.

DR. MAHLOBO: The provinces and ourselves use the schooling infrastructure so that this programmes happen only in the afternoon. In the evening because we use public schools, it is 3 hour or 5 hour programmes.

JUDGE J. HEHER: It is every day of the week or certain days?

DR. MAHLOBO: It's certain day of the week, but there are some which operate until Friday.

JUDGE J. HEHER: Would you have staff who go from one centre to another presenting similar programs? Are there permanent staff in each place?

DR. MAHLOBO: These centres us school teacher. The same staff that teach during the day teach in the evening as they are contracted by the department to do so. We also have staff dedicated to start their work in the evening in some provinces.

JUDGE J. HEHER: Thank you.

DR. MAHLOBO: it is important that we look at MTF along with the NDP. NDP supported by the MTF recently the paper.

JUDGE J. HEHER: Yes by all means.

DR. MAHLOBO: Let's have a look at our inheritance as a department. We take over the function in 2015, 16 which is funded at 1.9 billion. Close to 90 percent of that budget goes to compensation of employees. The quality of what is happening is not properly funded.

JUDGE J. HEHER: These figures in slide 13 are actual figures.

DR. MAHLOBO: Yes, they are actual figures for those years. That's aggregation from provincial budgets. The following slide - - -

JUDGE J. HEHER: What you are presently telling us is that in 2015, 16 you spent in round figures R2 billion

DR. MAHLOBO: Yes almost - the following slide is 15, 16. Let's look at per province. That shows you the level of investment in each province.

JUDGE J. HEHER: I am not sure if I understand how this comes to R1. 7000 billion in 15, 16, but the previous side comes to R1. 986 billion.

DR. MAHLOBO: Agreed, there may be an error in addition in slide 14 because it's an aggregation of the same numbers from the previous slide. The previous slide is aggregated and this is dealt with per province. The message I am trying to project is basically we inherited a sector that is poorly under funded

[unintelligible sound]

JUDGE J. HEHER: Thank Ms. Lekoane

ADV. M. LEKOANE: Thank you, Judge. Dr. you may proceed I think you are on slide 14 and moving on to 15.

DR. B MAHLOBO: If I can ask my colleagues to explain 6 going to Education and Training 15, 16. I will ask Ms. Dorothy Masipa to explain the slide

JUDGE J. HEHER: Ms. Masipa would you please put your full names on record.

MS. MASIPA: My name is Manketle Dorothy Masipa

JUDGE J. HEHER: Do you swear that the evidence 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.

MS. MASIPA: So help me God

JUDGE J. HEHER: Thank you, yes Ms Masipa

MS. MASIPA: The figures that we have on slide 14 that's 1.7 billion in 2015,16 the last column. That was based on the figures that we took from the provincial budget estimate at that time for that M Turf [phonetic]. The ones you see in slide 14 is the actual as when the budget transferred to the Department in 2015. Hence there's a difference of about 200 million or so.

JUDGE J. HEHER: That's fair in enough. Thank you.

MS MASIPA: Slide 15 let me add to that. The line item says Committed Question in Training. You see it now reflect a lower figure of 1.5 billion, but you would notice also at the top of column. It says adjusted appropriation. That was just after the adjustment estimate that happened last year. The figure again dropped to 1.5 billion

ADV. M. LEKOANE: So what drops the figure? What is it, what are the factors?

MS. MASIPA: I may not have the correct detail to that, but that was the ultimate in terms of what to place overall between the Department in terms of revising and adjusting the budgets.

ADV. M. LEKOANE: Are you able to get an explanation to that - so that we have the correct figures.

MS MASIPA: Yes we will try and get that for the commission.

ADV. T. MABUDA: Sorry Ms. Masipa over here. I just want to ask the 1.5 billion in terms of the funding policy. How do you determine that the amount would be sufficient to fund these colleges?

MS. MASIPA: I would say it is sufficient based on the previous explanation that Dr. Mahlobo already alluded. That we are already aware that - - If you look at the provincial budgets in the previous years. We are saying that the sector has been grossly underfunded. If you look further back you will see that previously in some provinces. There were some that never even allocate anything into this sector in the other years. There two provinces that you will notice. I think it's in slide 13 that were not funding at that time. So we can't say the 1.5 billion is sufficient. Hence we also have in terms of the costing that Dr. will allude to in the next slide. You will see that we have coasted in terms of the current numbers and the projections if you are to meet the target that's ahead of us.

ADV. T. MABUDA: Is it the way of monitoring the health of these institutions due to the underfunding?

MS. MASIPA: Currently I wouldn't say we have got a strong monitoring system looking at the fact that we only inherited the function only last year on the 1st of April. So the factor currently a lot of things are still being put in place. As you would know that we don't have the required capacity yet in the colleges in terms of managing the funds. Even our financial management systems are not yet in place if I may say. Currently the main home body that we have in the colleges it's only the principals and it's only now that we are in a process of putting support staff and the top layer of the college. So we've got this budget which is currently a big chunk of it goes to the transfer that needs to go to the community learning centres. Since there are not in the position to manage and administer their funds there is an arrangement whereby we have broke in our TVET colleges to assist mainly in the procurement of goods and services for the community learning centres. At the moment the funding that is moving outside of the Department to support this function is what we are transferring to the TVET colleges to assist with the procumbent on behalf of CET colleges for community learning centres. So in terms of the monitoring thereof getting the expenditure reports that we will get via our community colleges through the principals. Coming in terms of what TVET are reporting in terms of progress on assisting in the procurement processes.

ADV. M. LEKOANE: Just maybe for a bit of background. How long .is the Department for the colleges has been in existence? Has it been there since time memorial [phonetic] or is it a new Department?

DR. MAHLOBO: Just to respond. The Department was established in 2009, but the programme Community Education and Training was approved in - - I think this is the first financial year of the programme community education and training. In other words both in terms of the institutional landscape as well as the programme in the Department. Basically the institutions were established last year. In 2015 and then we are putting up systems to allow this institution to be able to operate as required by law as supported and lead by the Department.

ADV. M. LEKOANE: It's just that Doctor I just want to understand the timing of the existence of the Department. Now when Higher Education has got this funding demands. Is it a coincidence purely or? Like now you are saying you need 40 billion and yet the Higher Education sector needs exactly the same amount. You were saying let's not forget this. What would that be?

DR. MAHLOBO: I just would like to argue that indeed the position or the argument I would like to advance is that whatever we do let's not forget this system, but whether or not the function was transferred from provinces together with TVET colleges in 2015. From April 2015, the Adult Education which is part of CET was transferred from provinces in 2015. At that point we could not have anticipated that the end of the year there will be a demand for fees to fall.

ADV. M. LEKOANE: So it was in the pipeline when fees were asked to fall. I am saying the programmes were already in the pipeline.

DR. MAHLOBO: The programme was already in the Department. It pre-dates the call for fees to fall.

ADV. M. LEKOANE: Thank you.

ADV. T. MABUDA: Just one last question of the nine institutions that were established which ones would you say are functional at the moment?

DR. MAHLOBO: I will request you to please repeat the question so that I am able to [inaudible] and answer with response to it.

ADV. T. MABUDA: Of the nine colleges that were established which ones would you say are functional at the moment?

DR. MAHLOBO: All nine of them.

ADV. T. MABUDA: So in a sense - - Previously you indicated that you were still putting the structures in place. So how are they functioning without the structures in place.

DR. MAHLOBO: We have centre managers. Those operations continue with the leadership in each place, but the management structure as required is still not in place. We have just completed the process of establishing counsels to play judiciary roles over these colleges. The next step is to put the management structure in place to manage the system at the level of the college. Then our job becomes that of an oversight. At the moment we are in institutions to our reasonable offices to provide support. Once we have fully functional course, management and the role continues. Which is to manage and play judiciary role over the system, teaching and learning continues as we speak. Under the leadership of the principal and the centre managers and the teachers who are dedicated. The teachers are contracted from the Basic Education and Training.

ADV. K PILLAY: Sorry may I just have one question. We've heard Ms Masipa testify that there are huge disparities across the learning centres and colleges in terms of resources and capability. Now I know that the funding formula which is provided for and the norms standards uses the provincial allocation. The historical provincial allocation as a large component in determining the DHET allocation. Now doesn't that funding formula, wouldn't the effect of that be to reinforce the disparities which have existed historically.

DR. MAHLOBO: The idea is to have national norms and standards which treat the function as a national function not as a provincial function. The current norms and standards are a transitional measure. The task team is in place at the moment set up by the Minister to come up with an appropriate funding mechanism for the system. We could not use any other basis for funding except to at least during the transition use the manner in which the centre were funded. Ideally we are going to national norms and standards to fund the system. So that if we can we do away with disparities between provinces.

ADV. K PILLAY: Just on the topic of doing away with disparities. Where does it transitional measure. Is the department considering ways to ensure that all of the colleges and the learning centres are equally resourced? In other words is the capex in free structure development or even through material etc. that you ensure a level of pilot across the system.

DR. MAHLOBO: The arguments presented in this presentation are basically meant to move the system in that direction both in terms of staff, teaching and learning resources, infrastructure, equipment to support teaching and learning. As a result if we go the route of what is the unit cost then the unit cost per full time equivalent would enable us to say e.g. what would be the percentage for compensation of employees in the unit cost. What would be the operation cost of the college? In other words the none capital and the none personnel. What would be the cost of maintenance of infrastructure before you expand the system? If you want to expand the system then you also have to consider what would be the cost for establishing or constructing new institution. At the moment we are not looking at building new structures. Intention is to refurbish, revamp whatever is unused so that we gradually move the centres out the school buildings.

ADV. K PILLAY: So the 40 billion that's mentioned. Does that include steps or measures taken to ensure parity across the system? Has that been cost at that exercise of bringing certain community centre and community colleges to the level of others across the provinces?

DR. MAHLOBO: Can I ask my colleague to respond. Ms. Masipa

MS. MASIPA: Yes to a large extent I would say yes because the very items that Dr. is mentioning were taken into account. To say if we were to provide appropriately for these colleges to offer education in the standard that is required. What are the things that they will need? When we determine the costing which you will see in next slides. It took all those things into account.

JUDGE J. HEHER: Sorry I have looked at the following slides and I can't tie them up with the 40 billion at all. Not remotely, nothing comes anywhere near 40 billion. So perhaps you could explain it to us because the slide 12 or 13 whichever one it was says required now and not in future.

ADV. M. LEKOANE: So Dr. maybe just to follow up on the Judge's question. So the 40 billion if it is required now. Is it the entire 40 or in the MTF period. If it is what would be the annual requirement then?

DR. MAHLOBO: it's over the MTF period. The input thereof over the MTF period taking to account your trust programme funding, teaching and learning, standardisation in terms of conditions of service, required capex either for maintenance for refurbishment. I don't think I would - - We have aggregated it per - - I just have to ask my colleague to look at the figure first per year within the MTF. Then we will revert back to you.

ADV. M. LEKOANE: does it include the estimated increase. I see there will be increase in the enrolment. I don't know if they will be EPA of CPIS as well.

DR. MAHLOBO: It takes in account the increase in enrolment as well as CPIS.

ADV. M. LEKOANE: Is it HEPI, Higher Education or what?

DR. MAHLOBO: Pardon

ADV. G ALLY: Yes, Happy is the Higher Education Price Index

DR. MAHLOBO: Yes for this we use CPIS as given to us by treasury in terms of the MTF guide lines.

ADV. M. LEKOANE: Okay, so you served us with those amounts so that you know what you talking about.

DR. MAHLOBO: Okay

ADV. ALLY: But we still haven't and I don't know if Ms Masipa is contemplating how to answer? The 40 billion whether its annual also. How do you get to that amount? What makes you come to 40 billion? It could be some mistake, I don't know. I'm not sure if Ms Masipa can assist you Doctor.

MS. MASIPA: Thanks, we are trying to look at it. Can we look at it because we are looking mainly slide 24. I don't want to say it is where we got the 40 billion for now, but I want to make sure. Let's look at slide 24, 2017 . 18 to 20 it totals about 44. I want to make sure because we indicated earlier that we also took into account other things. That slide talks to your programme funding. Can we check that?

JUDGE J. HEHER: Off course

ADV. M. LEKOANE: Is it slide 24?

[pause]

JUDGE J. HEHER: Dr. perhaps you would like to proceed.

DR. MAHLOBO: Thank you very much. The issues relating to quality provision. The point I wanted to make with regard to slide 16 has to do with when you look at Transfers Goods and Services. A system with 3276 centres is sustained this year by R98 million and projected to be 103 million next

year and 109 million in 2018. For the provision of a greater part of that is 2 billion or around 2 billion goes to compensation and goods and services for the officials either in regions or in the Department.

ADV. ALLY: Sorry Doctor I'm lost in terms of your numbers. You are on slide?

DR. MAHLOBO: Its 16 under Transfers and Subsidies. Look at community education and training centres.

ADV. ALLY: the 92

DR. MAHLOBO: That's what gets transferred to the centres and I'm saying it is completely disproportionate if you want to offer quality education. Even if you didn't want to expand to have 3000 centres sharing 92 million. You just can't offer quality education. The following slides - - -

ADV. ALLY: [intervene] Well Doctor if you haven't coasted the exercise of providing community education and training. How do you get to and - - - besides that. How can you say you are underfunded or overfunded when you haven't coasted it?

JUDGE J. HEHER: A realistic figure. How do you get to a realistic figure?

DR. MAHLOBO: What we have done use a more or a similar programme which is not heavy in the TVET space. I am talking about a programme like office administration which is not infrastructure heavy and it is the cheapest of programmes in that area and we based our calculation from that programme. If we were to use the unit cost of that programme in fact that is the unit cost we have used throughout. To calculate what will be proportion of compensation, none capital and none personal and a percentage of maintenance. Those are the components we have used to come to the conclusion that even if the programme cost which is approximately that. That will be a really fair funding of people who require opportunities in the system. We use that programme as a basis for all our calculations and came to that determination. Slide 17 just indicates goods and services which goes to the community and training units in each region. You know that Free State, Gauteng, KZN. There are officials who are in the regional office who need to have operational cost. Those are on slide 18 - those are operational costs for the college in other words the college in Gauteng is housed in crown mines. Therefore in 2016, 17 the allocation is 2.2 compare that with the Northern Cape where the allocation is 255,000 that funding comes from the same programme which is programme 6 in the Department. When you look at the budget it was for the officials and regional offices in the Department. The college itself for administrative purposes before you allocate to the centres.

ADV. M. LEKOANE: Sorry Dr. what proportion of the allocations go towards? Staff compensation.

DR. MAHLOBO: The compensation of the employees, I am not sure I'm accurate. Can I just ask Ms Masipa to respond to that question?

MS. MASIPA: It's about 90 percent

ADV. M. LEKOANE: That leaves with 10 percent for everything else.

DR. MAHLOBO: On slide 19 that's the distribution of what goes to community learning centres per province. In the Eastern Cape - - Let me give you an example of Limpopo. Limpopo with the 779 and in 2016 12,963 it will be proportionately distributed based on enrolment between 779 centres.

JUDGE J. HEHER: Is that in thousands? Is it 12 million nine hundred and sixty three thousand? Or is it twelve thousand nine hundred and sixty three rand.

DR. MAHLOBO: It's in thousands - - -

ADV. K PILLAY: Sorry Dr. let me just ask you a question. Does that mean that Gauteng's 47 learning centres get the bulk of the share? 27 million.

JUDGE J. HEHER: No, thousands

ADV. G ALLY: It can't be thousands, Doctor. It's got to be millions in terms of the numbers you used.

JUDGE J. HEHER: Couldn't pay the cleaning staff in 2014.

DR. MAHLOBO: The [inaudible] in Gauteng is slightly different. They will have a centre, but under a centre there's quite a number of satellite which are not counted as community centre. In other provinces for instance a province like KZN which is going to approximately a thousand community learning centres. In Gauteng while they are 47 community leaning centre. There is a possibility to rationalise the KZN ones probable 50 and under each centre you will have satellite which is what we are looking at for functionality going forward

ADV. K PILLAY: So you are saying there is an exercise underway to rationalise the learning centres

DR. MAHLOBO: Yes. We are to reduce the learning centres to a smaller number for purposes of access and leave the satellite closer to community

ADV. K PILLAY: Would this rationalisation have an impact of funding?

DR. MAHLOBO: If we are using unit cost, really no. It won't because it will - - The numbers of students are still slightly going to be the same whether you have fewer community learning centres and more satellite. In other words in Gauteng, the fact that they a satellite. The satellite makes the management of the centres far much easier than in other provinces. In other words if you deal with funding on the basis of per unit cost, It still not going to make any change. Can I just go on to the sum total of historical and current under funding. On the basis of current under funding if we were to use staff as full time equivalent. In other words, the who work 8 after 8 per day we wouldn't afford salaries of staff. At the moment we are affording because we pay them the three hours that they work and probable four hours they work.

ADV. M. LEKOANE: Sorry Doctor are you paying at the same level as they would be paid in school where they are employed? The salary scale

DR. MAHLOBO: No, we don't pay them at the same level and the challenge we have now is we inherited this system with different remuneration arrangement. We said okay come on board once you are on this side we are going to see how we deal with standardisation of remuneration. So that at least when I am paying you at a particular rate. That rate is been collectively agreed in the chamber for everyone who is a Lecturer or Teacher, but at the moment we are paying them in term of how individual provinces were paying them.

ADV. K PILLAY: Doctor, Masipa testified that 90 percent of the core structure is dedicated to salaries. Has there been any investigation as to whether or not personal allocation is bloated or whether there's room to adjust the personal cost? The task we have at hand now is we are - - In fact one goes on the project to verify staff. Secondly we want to bring the norm in terms of lecturer student ratio because when you look at the number of lecturers at the moment and the number of students. There is a great deal of inefficiency there because the student lecturer ratio is very small. My calculation recently when I look at the number of students and the number of lecturers in the system gave me around one lecturer 17 students more or less. What we want to do is to prescribe what number should constitute the opening of the centre - therefore what number should constitute a norm for lecturer student ratio. If we have those then we are able to deal with what we also consider to be a suspiciously bloated staff because if you compare the students and the lecturers. In terms of 2015 it was about 15,447 lecturers who were working in the system against the number which is not more than 300,000 students. That already tells you that there's something wrong in terms of comparing between lecturers and students.

ADV. K PILLAY: Just in terms of the new proposed norms and standards. Would that entail introducing a new funding formula? If so, I noticed that the existing funding formula that set out in the norms and standards doesn't provide a component for output. So for pupil that passed whatever grade they are enrolled for. Do you envisage that the new funding formula will have a component for output?

DR. MAHLOBO: I absolutely have no idea what the Ministerial task team is going to recommend. All I know is that in the TVET space, in the funding norm there is a performance bonus for colleges which have never been implemented because even in that space there just not enough funding to run the system. It is there, but has never been implemented. In a case of the community education and training we wait and hear what the ministerial task team is going to recommend and also what the people who are being consulted are alike to comment as part of the funding framework.

ADV. K PILLAY: Thank you, Doctor.

DR. MAHLOBO: Thank you. I've already indicated that we are using the schooling infrastructure, the institutions have no infrastructure at all. One problem that the Ministerial Department is likely going to confront soon is to have one employer with different remuneration dispensation and that requires attention. In other words the standardisation of lecturer condition of service across the system-with that 92, 98 million which we send to the centres for goods and services. The system is just unable to provide adequate teaching and learning material. As I've already indicated, number 5 is basically the restatement of number 1 - the unaffordable time on teaching and learning. If we were to go on the norm of 7 hours per lecturer as I have indicated, that we wouldn't afford that we wouldn't afford. The lack of tools, equipment, suitable furniture to support teaching and learning. Some of the complaints we have received from some adults is that you have a school which is meant for pre-scholars and expect adults to squeeze themselves there. In other words, while a number of schools we are using maybe high schools. There's also quite a number of primary schools we are using and equipment and infrastructure there is not appropriate for adults. The system has been accused to be formalistic in its approach to adult education. Now there has been no diversion of programmes that are functional literacy and academic programmes such as the senior certificate if

you have completed your GECT. There has been no variety in terms of offering occupation qualification.

ADV. M. LEKOANE: Sorry Doctor are these programmes funded? Are they funded Ministerial programmes or not?

DR. MAHLOBO: The adult level 1, 2, 3 and GECT are supposed to be funded. In other words when we make an allocation it is basically meant for that and that's why we are saying the allocation as it stands now it's not adequate to support that function. I will go back to [inaudible] slide. The lack of human resources capacity as the college, region and national programme seeks to support city college system and the lack of capacity to manage and administer exams. Just as an example with regard to the last bullet. The general education and training certificate, ABET. As we speak that examination is still run by provinces the basis of agreement between the Minister and the MEC's, the Director General and HOD's because the department can't afford to run that function. In the provinces, it's run as part of a broader National Examination function. At a particular point in time I think the baseline which was suppose to come to us to run exam was about 83 million if I am not mistaken. The demands which are made by the examination function are really huge. When we ask the provinces to please hand the function while we are still trying to stand on our feet. We are still at the mercy of provinces because we can't afford it. The function must be executed because you take a person to GECT throughout the year. At the end they must be an examination to conclude the programme.

ADV. M. LEKOANE: Sorry Doctor, just back on the question of fees. Are you permitted to charge student fees or not?

DR. MAHLOBO: The continual education and training provides for Counsels to determine fees for students into any programmes. Particularly the adult level 1,2,3 and 4 we have to date not charged fees. Some regions or College Counsels have charged fees if you are coming to repeat or do matric. It is not the practice across the country, but some Counsels have decided to charge fees because they can't afford not to charge fees given the resources required to support the matric programme. The act allows Counsels to charge fees.

ADV. K PILLAY: Doctor before you carry on. You've testified recently this morning that this sector is chronically underfunded. I just want to get the sense where the problem in accessing funding lies. Has there been bits made by the Department to treasury for increased funding for purposes of the CET sector?

DR. MAHLOBO: In 2015, 16 the bids for this period you present them the previous year. In other words, you would present mid 2014. You can't present a bid for a function which currently is not in your programme. However when the time came for us to present bids for this function. It coincided with the situation where the treasury would say 2016 ,17 and that is the year where saying actually you have to submit anything there is no new money. We had prepared bids as recent as 2017, 18. We are again preparing bids for the - - To at least correct the underfunding. Whether you start by correcting the underfunding in the context of limited resources and deal with the conditions of service for lecturers. That would be basically a priority for me. Current underfunding for provision and exams and dealing with desperate conditions across provinces and yet we have one. That would be my initial focus, but we have submitted bids for quite a number of things.

ADV. K PILLAY: In your assessment has the increased funding that's been directed towards the Higher Education as a result of fees must fall movement. Has that have an impact on the lack of success of bids for CET sector.

DR. MAHLOBO: Absolutely not. I actually don't think so. I have reason to believe that if there was no fees must fall movement and we kept to this [inaudible] the way we are funding the system now. The system would continue to be under funded. The system requires re prioritisation from somewhere. Currently you can't take funding from the universities and plug the gap in community education. The government re-prioritise all the time. The government just have to come to a conclusion what is it that is a priority, but then there is no relationship between the underfunding of the sector and the call for fees must fall in higher education.

ADV. K PILLAY: In your view on the question of prioritisation. In view how should the question of funding for the CET sector be approached?

DR. MAHLOBO: I would put it this way that the focus has got be on improving quality of provision and in other words even if you do not expand, please fund adequately to improve the quality of provision. Secondly fund in such a manner that employees of the same employer are treated equally or equitably. Thirdly if you are running a programme which has examination system, please provide adequately for that examination system. Remember we are arguing that our priority at the moment is not building new structures. Our priority and our project - - We have reason to believe there are quite a number of structures which we can be used particularly if we partner with local government and the TVET college space. In some instances even Universities to offer programmes there when the facilities are not used. Let's explore that and thereafter have a look at what then further infrastructure requirement are? That I would recommend we approach it. Prioritise quality, stabilise conditions of service and please provide for examination. Otherwise there is a basically crisis looming with regard to desperate conditions of employment and at a point where the province is saying no this examination. We are not going to be able to carry it.

ADV. K PILLAY: Within the three levels of education that forms part of the PSET sector within Higher education and the TVET sector and the CET sector. In your view should there be a prioritisation amongst those three levels?

DR. MAHLOBO: If we go back to the issue of the basic right. Yes, I think the provision of education in community education and training centres. It is where is it the constitutional right. Trying to achieve that constitutional right must be the first priority.

ADV. K PILLAY: Thank you Doctor.

DR. MAHLOBO: Thank you. We are going to slide 21. Projected Increase in Head Count and Enrolment in CET. As I have already indicated that these are NDP targets. If you want to reach that target increase the enrolment by 7 percent and if you adopt that approach then the following slide. On slide 24 then gives you an estimation of the projected shortfall. This year using the assumption outlined on slide 22 and 23 the projected under funding is 9 billion. Next year, it's 10 billion and so on and so forth. Just to deal with issue of quality and increase in enrolments.

ADV. M. LEKOANE: Sorry Doctor if I may go back to your slide 22 number 3. You said estimated Programme cost in CET colleges is equated to the cheapest TVET College in CEB programme. What does that mean? Does it mean?

DR. MAHLOBO: The programmes in the TVET space vary in terms of cost. There is a programme called National funding base in other words the cheapest of the programme. You wait the different programmes based on the cheapest or should I call it the least costly programme. Which happens to be office administration and it's on the basis of that programme that we have done our calculation.

ADV. M. LEKOANE: So this means it's not the actual cost of the programme you are offering.

DR. MAHLOBO: No. let me just indicate, you see the difficult we have is that we don't have the funding framework. Secondly we don't have the funding formula. Therefore we had to use the current funding formula to cost. There are two ways of looking at it when you consider funding the system. 1. Head count in other words in this case the assumption is made that the head count is equivalent to an FGE, but if you were to go down to full time equivalent the cost might be slightly lower probably where you have 10 billion you might have 5 billion. I am saying that because in the adult education space, not everybody takes the programme at a go. Therefore it is possible that while we have assumed a head count which is equal to an FTE. If you were to reduce this to an actual FTE you might find that the need for funding is probably 50 percent than what we have put here.

ADV. M. LEKOANE: The TVET proxy that you are required to use. Is that an actual cost of that programme?

DR. MAHLOBO: Yes that's correct. In other words per student the State must pay 80 percent of that programme and the 20 percent must be recovered by the house [inaudible] bursary. In this space it is 100 percent because we are not charging fees. Earlier on I spoke about the provision of the NASCA. NASCA the National Senior Certificate for Adult has no baseline, but if we were to offer it using the same programme cost and the number of students remaining constant at 10 thousand. This is the funding requirement that we would have 380 million, 402 million and 425 million to offer the NASCA based on the programme and the CPIS as well as the enrolment. We are not offering it, but if we go and offer it as we have been told. There must be a programme which is appropriate for adults other than the school goers. That's what we would need, at the moment we are offering it because there is no funding for it. The third slide has got to do with piloting the community colleges. Since the country has never run a community college system before. A need was felt in the Department that actually we have to have at least community colleges where we are piloting the concept of community colleges. It is now that the Indian concept, oh no the community colleges as you understand them in the US. Something completely different. In that case taking into account all the operational cost and the compensation that we will go it. We put a proposal that if we were to pilot this is what we would need and piloting with another nine. This is completely outside of the current nine because the current nine are holding cells old public adult learning centres. Those are administrative centres for the old adult learning centres. If we were to pilot the concept of a community college you need to do quite a number of things completely difference than we have been doing. If we are not able to pilot in the manner that - - because there is no funding. Then the approach that we want to take is to identify at least community learning centres and pilot some of

the concept in the community learning centre. If we were to go and pilot with completely new institutions and that's the amount we will need.

ADV. M. LEKOANE: The pilot is supposed to have started when?

DR. MAHLOBO: Basically it's supposed to have started this year, there is no money. Therefore what we have done is to identify certain centres in which we have broadened the programme offerings and manner in which we engage with the colleges in terms of what is a social difference between your old classic public adult centres and a community learning centre in relation to communities, in relation to the IDP's of municipality in order that they can offer the programmes that responds immediately to local authorities. Slide number 27, the estimated Salary cost are projected to grow at 9 percent per annum MTF period. The projected CPI 7.2 per annum, 6.2 plus 1, a pay progression of 1.5 percent for lecturing and support staff, an occupation specific dispensation of 0.3 for qualifying lecturing staff. Now it is at this point where we have reason to believe that if we don't deal with this issue of standardising the condition of service for lecturers. There is a problem and lately we are receiving memorandum after memorandum from different pockets of lecturers in the system. Arguing why are we treated differently and yet we are one employer. We are no longer belonging to provinces. To deal with that this year the shortfall is 141 million, 163 million next year 187, 201. With assumption which have been built in the previous lights.

ADV. M. LEKOANE: Are these full time teachers?

DR. MAHLOBO: Those, let me put it this way. There are only two provinces which are working on the contract basis. Largely KZN a large chunk of them are contract and the Western Cape. In other provinces these are people who are employed full time is relative because full time in Gauteng might be five hours a day. Therefore 25 hours a week and in other provinces it might be 3. In other words its 4 days a week, 3 hours and so on. The disparities in the manner in which the system is operating. Full time is not fulltime as we talk full time in the TVET space. We expect a lecturer to be on permanent appointment and working seven or eight hours per week, but this is not the case here. Notwithstanding that thought - - -

ADV. G ALLY: [intervene] Per day Doctor not per week.

DR. MAHLOBO: I beg your pardon.

ADV. G ALLY: Seven to eight hours per day.

DR. MAHLOBO: Oh per day. It would be a strange arrangement to eight hours per week. Thank you very much for that. Can I just articulate the cost drivers for exams. Currently the GETC is examined twice per year. It has been the practice, if you were to introduce the NASCA. That's the only once a year. The funding required for this purpose would be for setting the examination papers. For paying markers and moderators, for production of papers, for monitoring and support for exams, for site base assessment monitoring and moderation, for transfers and travel allowances overtime cost for national and regional officers who monitor exams. If you increase enrolment then the number in terms of your production. You have to produce more papers and therefore the cost escalates. The procurement and maintenance of examination [inaudible]. Largely those would be cost drivers. Which on the following slide as I said transferred from provinces was 83 million and my colleagues in exam told me that actually the funding we require is 565 million. Therefore the shortfall will be 481

and it indicates the funding shortfall for exams for over the MTF period. The next slide deals with infrastructure maintenance back log as calculated a 10 percent of the estimated cost for delivery of programmes. I would like to - - Like in the case of NASCA indicate that this space, the infrastructure. We have already indicated that we are using the schooling system and very few. Therefore the maintenance of infrastructure based on the - - Basically it's the responsibility of the landlord. However if we were to have our own infrastructure then we are advise to calculate infrastructure at 10 percent of the programme cost. Therefore the calculations which follow on page 32 indicates that if we were to proceed from that point of view. Theoretical will need 1.1, 1.2, 1.3 for infrastructure maintenance, but we are not there yet. We don't have infrastructure. If we go that route even in this space you need infrastructure maintenance. Some of the things we are doing to the buildings that we are getting is to do renovations and refurbishment. Some of the things that we do is to pay rent to the landlord, in other words the school governing bodies. Now the slide 33 is the summary of all the items for which we have presented. In other words it's a summary of funding shortfall, the NASCA, the pilot improvement and of conditions of service, but as ADV. Pillay has said as asked before. If I was asked honestly to prioritise. I would do it as I have just indicated. Thank very much Chairperson.

ADV. M. LEKOANE: Just on a point of clarity Dr. Are the students able to apply for NSFAS or are they excluded?

DR. MAHLOBO: At the moment the CET sector - - NSFAS does not apply to the CET sector.

ADV. M. LEKOANE: I have no further question Chair. I just wanted to check with the good Dr. Setting up other kind of the entire infrastructure in the whole country. What period are you estimating?

DR. MAHLOBO: The setting up of the - - -

ADV. M. LEKOANE: Schools in different provinces it's articulated

DR. MAHLOBO: The infrastructure is a project for this year and next year. Identify infrastructure which you have used. Then all we have to do - - The College Counsel then enter into agreement with the landlord where there's that infrastructure and you take. Just as an example. If I was to take the former college in Hammarsdale, Hammarsdale College of Education -where almost 75 percent of infrastructure is unused. The centres around that college will get out of the school and go to this infrastructure. We are estimating that probable by mid next year the college counsel would have indentify the infrastructure and therefore also identify the refurbishment and renovation needs. Which then leads us to - - Once you have that in place you then have to deal with the ICT infrastructure so that the institution operates in a manner that is pretty close to the 21 century.

ADV. M. LEKOANE: Okay, so in reality it's the refurbishment of the current college of education -the past ones. The estimated rental cost would be for what?

DR. MAHLOBO: The rental cost we put there, the manner of the infrastructure we are occupying. We pay rent to the landlord.

ADV. M. LEKOANE: Landlord being Public Works or being?

DR. MAHLOBO: No. The owners of the property. In many instances those properties are owned either by private individuals, they are many and the [inaudible] shallow responsibility falls within the school governing bodies and therefore we pay rent to the school governing bodies. For goods and services we also have to deal with it in a manner. We have to pay Telkom. We have to pay Eskom for the bills which are built to the community learning centre or community college for using that infrastructure.

ADV. LEKOENE: Are there old teaching colleges. Are they included in your programme? Are you going to utilise them anyway as part of infrastructure?

DR. MAHLOBO: It is our intention, however we have to enter into serious conversation with the Public works as well as the provincial department of public works to use that structure. We are eyeing them either to use them fully or to use the part which is not either by the province or however the occupant may be using it at that time.

ADV. M. LEKOANE: Sorry Chair, just one more question that I missed. Do you have a figure as to the annual drop out current rate for students who don't reach matric?

DR. MAHLOBO: Actually I don't have a figure as to what the drop out is in the schooling system, but my colleague in basic education may be able to help. Just to indicate what the drop out is.

ADV. K. PILLAY: Just the final question Dr. around this whole concept of take up rates the Chairperson was raising with you earlier. Does the Department intend to drive to ensure that it reaches the needs out there with setting up the entire systems for their benefit?

DR. MAHLOBO: In terms of our prioritisation is to market, to advocate for the young people who are not in education or employment or training of whatever sort to come into this space. We deal with that as we look at the IDP's. IDP's are a better source in this district municipality how many young people who are out there. We work with municipality to bring young people who have dropped out of school it is our intention. Yes, when we presented the 80 million the question was asked. What would be your priority? My response was basically, if you are within a need group between the ages of 15 and 35 and you come at 60 like I just saw in Soweto recently it's fine, but the system has got to, in the context of limited resources you have to have a focus group. To say this are the people I am targeting in this space. You can't restrict and say because you are 60 you want to know how to read and write therefore you are - - We have a particular focus on the need. That's our position on the white paper as well.

ADV. M. LEKOANE: Can you just confirm that with your slide form? Does it speak to that?

DR. MAHLOBO: Context. Slide 4 is an articulation basically of the fact that when we consider funding requirements. Please let's take into account the rest of the PSET system. That's basically the position we are articulating for without me going into bullet by bullet. If we consider the funding requirement please. The post school systems has three delivery institutional times at least counter us in.

JUDGE J. HEHER: Doctor Mahlobo what are the CET pilots that are referred to on slide 33?

DR. MAHLOBO: Okay Chair I indicated earlier that the nine community colleges are each an administrator centre for the community learning centres under it. Therefore a need was determined that while we maintain the old system can we identify nine colleges in which we would pilot the

concept of community college education and training outside of the nine administrative centres. So it basically means that we are saying if we were to identify nine pilot colleges where we are piloting the concept, what it entails to be a community college in real term. We would have nine institutions. To do that, this is what would cost us, but because we don't have that money. We have not identified any nine colleges for piloting. That's why I was saying if we don't have the funding we may have to identify centres in which we pilot within the current peps [phonetic]. The current peps [phonetic] are our appeal is that it must be better than what it is?

JUDGE J. HEHER: Doctor Mahlobo I have an impression from everything you have told me. That we are engaged in a substantial exercise of Empire building. That at the present stage you have a relatively low quality of service. You have a staff component which is high in relation to the number of students that you have. You have inadequate resources. Why don't you reduce the number of ADO's Adult learning centre and improve the quality and the service of the reduced number. When you got those up and running, working according to the way are to be running. Then you will be able to justify increase in funds in relation to expansion of the system. Why plan for the huge expansion of the system without getting the existing machines running smoothly and efficiently. Surely that's the way to prove the value of the system. Not to embark dream car jack [phonetic] in which you will have tentacles running out in all sort of directions. None of which can support themselves.

DR. MAHLOBO: Chair may I respond?

JUDGE J. HEHER: Yes, please.

DR. MAHLOBO: The issue of expansion it's a government position. What we are saying then is if we expand this is what it will cost us.

JUDGE J. HEHER: Yes, absolutely I can understand. Why expansion in the long term and you bring them to short. Is a desirable thing.[inaudible], but to get the system up and running is surely one must do it on the limited scale. Then when one has got the system running perfectly one can expand it.

DR. MAHLOBO: The second point we are making is that lets suppose we keep the system as is we don't expand it.

JUDGE J. HEHER: No, no you have the money which is a limited amount of money which is inadequate for the expansions

DR. MAHLOBO: Yes

JUDGE J. HEHER: But the limited amount of money can be put into a slight reduced system to better benefit the system.

DR. MAHLOBO: Let's proceed from the fact that we have R2 billion and we sort out the efficiencies of the - - with regard to lecturer student ratios. That's fine there is no problem, the point I am making is the current system if we maintain it. We need funding to improve it.

JUDGE J. HEHER: Why maintain the current system? Why not reduce it in size and make it more efficient and then you can expand. Feed the baby until the baby gets strengthened.

DR. MAHLOBO: There are also other considerations in the course of feeding the baby. The consideration is, it is possible to reduce the system to a fewer centre. Then it becomes more and more inaccessible.

JUDGE J. HEHER: For a limited period, yes certainly.

DR. MAHLOBO: The consideration on our side was sort out the issue of success within relatively improved resourcing. That's basically our position we can put the issue of expansion aside, but reducing the system to below what it is. It basically might mean that the system is not doing what it's meant to - it becomes more and more inaccessible.

JUDGE J. HEHER: Let me put it this way. There is nothing which says you have to have 500 adult learning centres in province X. You can have 15, the system doesn't tell you got to have 500 hundred in any particular province. The system says you must provide an efficient, effective system - which may have to start small and work into something big. It doesn't have to start big and be successful and efficient at the same time. That's not possible because you haven't got money for that. Basically at the core of what I said earlier. In terms of rationalising the system so that we have few centres underline that the tentative the colleagues have come up with is around 663 satellites and around 60 something community centres across the country. As I indicated earlier that the reduced number of community learning centres does not reduce the number of satellite which we have created for purposes of the system being accepted.

JUDGE J. HEHER: Is accessibility the soul criteria sure I understand the department [inaudible]. It's motor its success.

DR. MAHLOBO: Absolutely

JUDGE J. HEHER: If access means lack of success. I don't quite understand how you can put emphasis on the one and not on the other.

DR. MAHLOBO: As you correctly put it. The idea is to do both, but if it means that we reduce the system. We must also manage the consequences on the fact that I may reduce and have fewer centres. It basically means that the likely word of people asking for transport support from the state - which is what we are already experiencing in the TVET sector. The more distant the centre is, means the usage of transport. It's a risk one may have to take.

JUDGE J. HEHER: Do you not have community centre where there is small attendance?

DR. MAHLOBO: There is, those are the ones. That's why chair we are saying to be efficient one has to have a norm which says to have a class you must have a class of 1-25. You can't have a class of 1-8 because that is completely [inaudible] - the idea is to come to a point where you close all those classes with less number of students than expected.

JUDGE J. HEHER: Even thou it damages accessibility.

DR. MAHLOBO: It does, but in the current funding it's not efficient. It's not utilising Government funding efficient. Therefore that's why our rationalisation is to cut all the basis of and establish norm.

ADV. K PILLAY: It the challenge Dr. that the constitution guarantees that you have the right to basic education. Irrespective of efficiency and therefore the obligation on the state is to provide adult basic education.

DR.MAHLOBO: Yes I know that's what I just been saying that it's a basic right. You counterpoise your capacity of achieving quality basic right. If you are trying to teach people how to read and write, but not provide them with reading and writing material. It doesn't matter whether they come to the centre. The quality of your offering doesn't matter.

JUDGE J. HEHER: Yes, but if you can't afford to establish the centre in Maphumulo and you don't have enough people in Maphumulo to support the centre. So you know what don't put one there.

DR. MAHLOBO: No we will not.

JUDGE J. HEHER: It doesn't mean that the rights of individuals who live in Maphumulo doesn't exist. It just means that they have to satisfy their right [inaudible] if possible.

ADV. G ALLY: Look when you- - That deliberation will still take place of how you realise that right in whatever form it takes and you and I might have a view and will have other views also and that deliberation will allow us to come to a conclusion at the end of the day. It's an in important question of how you use or realise a right with the minimum of resources that you have. Is it a factor to take into account in realising the right?

JUDGE J. HEHER: Is there anybody who have further questions.

ADV. PILLAY: I don't.

JUDGE J. HEHER: Thank you for stimulating the exchange Doctor and thank you for that has gone onto your presentation. We will definitely consider what you've said. Thank you. Where do we stand now? Yes Pillay.

ADV. PILLAY: Chairperson that's the last witness for the day and we will resume tomorrow morning.

JUDGE J. HEHER: Thank you. What time?

ADV. PILLAY: At 9:00 O'clock.

JUDGE J. HEHER: 9:00 O'clock everybody. Thank you.