

Department of Higher Education and Training

Infrastructure initiatives and related costs

20 October 2016

Presentation to Commission of Enquiry
into Higher Education and Training



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Infrastructure Earmarked Grant (IEG)

- The infrastructure grant was introduced in 2006/07 – there was a realisation that the system was growing without sufficient emphasis on the development of infrastructure.
- Government invested more than R13 bn from 2007/6 to 2014/15 over 3 funding cycles.
- The first cycle of funding was 2006/07 -2009/10
 - R3.6 bn
 - Engineering, other SET categories and overall infrastructure capacity, efficiency and quality
- The second cycle was 2010/11 – 2011/12
 - R3.3 bn, with universities' co-funding R2.5 bn = R 5.8bn
 - 7 priority areas: architecture, engineering, health sciences, life sciences, student housing (R660m) and teacher training

Infrastructure Earmarked Grant

- The third cycle was 2012/13 to 2014/15.
 - R6 billion over 3 years, universities co-funding R2.5 billion = R8.5bn
 - Different priorities. New categories included HDI backlog, disability, research equipment, assistance for project management capacity, African languages
 - Student housing allocation - R1.69 billion and univ co-funding of R670 million; enabled 9000 new beds (majority) and refurbishments of old residences
 - Historically disadvantaged institutions/campuses allocation of R1.443 billion (85%). Allocation to other campuses was R247.3 million (15%).

INFRASTRUCTURE GRANT 2012/13 to 2014/15

Category of University	Funding categories	Total allocation (R'000)
Historically disadvantaged universities (HDIs)/ campuses	Student housing – upgrading and new upgrading and new	1 412 638
	Infrastructure backlog - upgrading and new	1 114 195
Universities/campuses other than HDIs	Student housing - upgrading and new	239 136
All universities	Teacher Training – meeting scarce skills needs	662 460
	Health sciences – meeting scarce skills needs	442 519
	Engineering - meeting scarce skills needs	509 079
	Life and Physical Sciences – meeting scarce skills needs	546 721
	Cooperative Projects – partnerships with HDIs	114 500
	Development of African Languages, Humanities and Social Sciences	311 654
	Disability units - upgrading and new	123 835
	Research infrastructure – well founded laboratories	74 053
	Project Management Capacity for 12 universities	50 000
	ICT	184 209
	Unbundling of Medunsa and est. new university	210 000
	DHET Monitoring and Oversight	5 000
Total		6 000 000

Infrastructure Earmarked Grant – 2015/16 onwards

- From 2015/16 - change in process for allocating the IEG;
- Need for an integrated planning approach identified - A macro infrastructure plan for the system to help steer the infrastructure development and guide the allocation of funds;
- All institutions: campus master plans; maintenance audits; disability audits; and IT audits;
- System has deferred maintenance backlog at R25bn
- For 2015/16 – allocations totalling R1,9bn: maintenance (R700m), student housing (R850m) and priority commitments from the 3rd cycle (R350m);
- Next cycle 2016/17 to 2018/19 – R7,5 billion available. It is envisaged that approx. 50% of this will go towards student housing while the other 50% to address other infrastructure needs

New universities

- 2010 – recognition that new universities needed to be developed to increase contact spaces in the system.
- Ministerial Task Team set up to advise on the development of new universities in the provinces that did not have them
- Report concluded by September 2011; CHE advice requested; decision to proceed made by end October 2011.
- DHET Project management team set up in November 2011 to assist with planning the development of the two new institutions. Assisted by University of the Witwatersrand (Wits)
- Feasibility study and 10 year spatial development plan completed with initial grant of R50m provided by National Treasury. Bid successful – enabled establishment by August 2013.

New universities

- Separate earmarked grant for two new universities: Sol Plaatje University (SPU); University of Mpumalanga (UMP).
- First intake in 2014 with 124 at SPU and 240 at UMP mainly in refurbished facilities.
- New construction started at the end of 2014 with new buildings completed for the 2016 intake of 2 010 students
- Based on a 10 to 15 year developmental plan, enrolment will grow to 7500 at SPU and 18 000 at UMP of which 3000 at Siyabuswa (Teacher Education)
- R50m Operational grant started in 2011/12 and grew to R200m in 2015/16
- Infrastructure grant of R500m was introduced in 2014/15 and increased to R1 billion per annum (increasing a CPIX) .

New universities

- Initial operational allocation small –R200m (increasing with inflation) - insufficient to enable growth in line with the academic/ enrolment plans
- Due to fiscal constraints the required increases for the development plan not available – therefore agreement with Treasury that from 2016/17 funds to be shifted from the infrastructure grant to the operational grant to enable continued development. Implication is a slower spatial development path. When fiscal situation improved consideration would be given to increasing the operational grant.
- Infrastructure grant needs to be replenished with R370m over the 2017 MTEF period

New universities

- Over the long run shifts from the infrastructure to the operational grant for SPU and UMP is unsustainable -as the universities increase enrolments the operational grant will also need to increase; the implication is that the development path will be slower than originally planned. Nevertheless progress is impressive and the project is being managed within the resources available.
- SPU and UMP will function on an earmarked grant for at least a 10 year development period after which it will migrate into the system funding stream
- Sefako Makgatho Health Sciences University (Medunsa) also new university established in 2014 after the unbundling of the former MEDUNSA campus from the University of Limpopo; no specific earmarked allocation – supported through the IEG

Student Housing

- Ministerial committee appointed to investigate student accommodation at contact universities in 2010
- Report showed that 20% or 107 598 students were accommodated in on-campus accommodation; only 5,3% of first year entrants accommodated
- Need for effective living and learning environments identified
- Beds shortage in 2010 was estimated at 195 815 and this was projected to increase to a shortage of 207 800 beds by 2013 (on the basis of a recommended coverage of 50 % of enrolments for urban campuses and 80% for rural campuses)
- One size fits all approach cannot work - universities differ.
- 71 % of students housed in residences received some form of financial assistance

Student Housing

- The cost (in 2010 prices) of providing the recommended residence spaces over a period of ten years was estimated at R82.4 billion (R109.6 billion over fifteen years). *Estimate based on cost of R240 000 per bed*; This translates to R147 billion (over 10 years) when inflation escalations included.
- Based on university estimates, the value of the current national maintenance and refurbishment backlog on student accommodation is R2.5 billion.
- To modernise existing residences so they are 'fit-for-purpose' (i.e. meet the new Norms and Standards), then a further R1.9 billion is required
- Therefore a total of R4.4 billion is required for refurbishment of the current stock to bring it up to the required standard.

Investment in Student Housing

- Decision taken to focus on the provision of university owned Student Housing;
- Investment from the IEG: from 2006/07 to 2011/12- R1.3 bn
- Increased government investment from 2012/13 to 2014/15 to R1.412bn (HDIs) and R239m (Non-HDIs) = R1.651bn
- Univ's own contribution towards SH in line with the co-funding model: R700m in total
- 9000 additional beds developed between 2012/13 and 2014/15
- Some universities (e.g. University of Stellenbosch) have experimented with IBTs for residences - not funded from IEG

Norms and Standards for Student Housing

- Final Policy published in Government Gazette (29 Sept 2015).
- Policy must be used when planning for new student housing and where practical, refurbishment and renovation of existing stock.
- Strengthens governance and management of residences.
- Provides norms and standards for room size, ratios of number of students per bathroom or kitchen facility.
- Strengthens reporting, mandates separate accounts for housing to enable proper accounting and development of sustainability.
- Minimum norms and standards include amongst others:
Single 8m²; Double 14m²

Student Housing Policy on Norms & Standards

- 2010 only 5,3% of 1st years in residences. Must increase to at least 30% of total residence capacity within 10 years
- Phasing in with existing stock – plan to be submitted by June 2016
- Comply with governance and management standards by December 2017
- Existing accredited private residences – where approved/endorsed by universities - must also comply

Student Housing Symposium & other initiatives

- Student Housing Task Team established in July 2015 to develop a plan to accelerate the development of student housing with private sector investment;
- Symposium held July 2016 to engage different stakeholders and to attract other sources of funding from the private sector based on bankable funding solutions/projects
- Declaration of Co-operation signed with Gauteng Provincial Government and DPW to transfer properties to universities and TVET Colleges
- DPW/ DHET task team – vacant properties and land being identified for possible development

Student Housing Symposium & other initiatives

- IIPSA donor funded programme (European Union) of R30m to undertake feasibility studies at 5 universities and 1 TVET college – UL, VUT, UWC, NWU, UniZul & King Hintsa
- Task Team also undertaking feasibility studies at 6 other institutions – NMU, TUT, SMU, UFS, UJ & Motheo
- Ten year plan developed to enable the development of 300 000 beds to enable sufficient university and TVET owned affordable student housing (social housing) by 2026
- First phase of the plan (15 000 beds) expected to be implemented by middle of next year
- Infrastructure Development Support Unit (IDSU) – to be set up to assist the DHE to manage and ensure effective oversight of accelerated infrastructure programme going forward.

Summary

- Current IEG insufficient to address all infrastructure needs
- Fees must fall campaign puts more pressure on the financial sustainability of universities - not able to continue with co-funding or self funding of infrastructure
- Growth in enrolments may need to be slowed down to 0.9% per annum (unlikely reach NDP targets without greater infrastructure investment) – however system can maintain.
- Maintenance backlogs (R25 bn) are a challenge – all universities now compelled to ensure the budget for maintained and sustainability of infrastructure.
- Student housing plan to increase stock beds by 200 000 at universities and 10 0000 at TVET colleges over 10 years
- New universities, SPU, UMP and SMU will require increases in funding to accelerate growth and ensure long term sustainability

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Summary

- The infrastructure and efficiency grant has been instrumental in ensuring quality infrastructure across all campuses
- Since it was introduced the quality of teaching, learning and living environments has improved tremendously, especially at historically black campuses
- In 2014 a book to celebrate 20 years of democracy was produced to illustrate the developments.
- Continued investment in infrastructure is paramount for enabling the constitutional obligation to provide accessible university education of quality
- Affordable student housing (living and learning environments – not dormitories) is important to enable access with success – particularly for students from economically disadvantaged backgrounds



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Thank You