



Submission to

Presidential Commission of Inquiry into Higher Education and Training

1. Introduction

False Bay College is a public TVET College and forms part of the post-school education system residing under the DHET. The DHET comprises of

- 50 Public TVET Colleges
- 25 Public Universities
- 9 Community Colleges
- SETAs and the National Skills Fund
- Regulating Bodies – SAQA, CHET (HEQC), QCTO

Technical, Vocational and Educational and Training (TVET) Colleges were previously known as Further Education and Training (FET) Colleges. The current 50 TVET Colleges were established in 2002 through the merging of 152 FET Colleges (previously technical colleges). Initially these colleges were provincial competencies. In 2009 it was decided that colleges should move from being a provincial to a national competency. In 2013 the DHET assumed responsibility of the colleges.

2. The Mandate of TVET Colleges

The Constitution of the Republic of South Africa specifies in Chapter 2 (the Bill of Rights, Section 29) that everyone has the right (a) to a basic education, including adult basic education; and (b) to further education, which the state, through **reasonable measures**, must make **progressively available** and accessible.

The main purpose of TVET Colleges is to train young school leavers, providing them with the skills, knowledge and attitudes necessary for employment in the labour market.

They primarily provide training focusing the mid-level skills required to develop the South African economy and concentrate on occupations in the Engineering and Construction industries, general Business and Management studies as well as Tourism, Hospitality, IT and Educare.

Both the National Development Plan 2030 and the White Paper on Post School Education & Training 2013 sets a target for the TVET College Sector to grow from its current size of approximately 700 000 students to 2.5 million in 2030. The White Paper further emphasises the focus on the training of artisans.

Government expects that TVET Colleges will become the cornerstone of the country's skills development system. Thus the emphasis is on the rapid increase of enrolments.

The White Paper states that the funding model for TVET Colleges should emphasise the intention to grow and diversify the sector. The funding norms must take into consideration that colleges largely provide for students from poor families.

3. False Bay TVET College

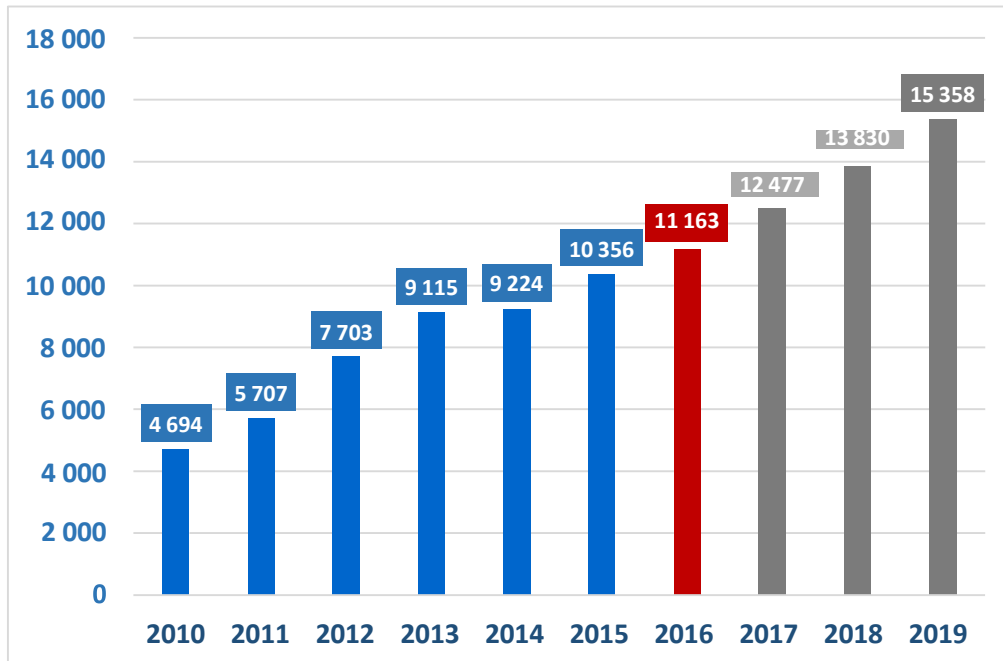
False Bay College focuses on serving the communities residing in the South Peninsula area of Cape Town, Mitchell's Plain and Khayelitsha. The geographical footprint incorporates some of the most marginalized and economically disadvantaged communities in the Cape Town Metro pole.

The College has 5 campuses, namely, Khayelitsha, Mitchell's Plain, Westlake, Fish Hoek, and Muizenberg. The Central Office is also located at Muizenberg. All campuses are within a radius of 26kms from the Central Office. The college is in the process of establishing a new campus located between Khayelitsha and Mitchells Plain which is commonly referred to as the Swartklip Campus. This new campus will focus on artisan training and has the potential to become the largest artisan training facility in the country.

The college's strategic plan was approved by the Minister of Higher Education and Training for the period : 2015 – 2019.

The College has adopted a balanced approach regarding the funding streams of its programme qualification mix. In the next four years the aim is to expand the occupational programme delivery by approximately 184% with the focus on artisans. This is mainly informed by the opportunities created in accessing the Swartklip site. The establishment and strengthening of partnerships with SETAs and industry is critical for success.

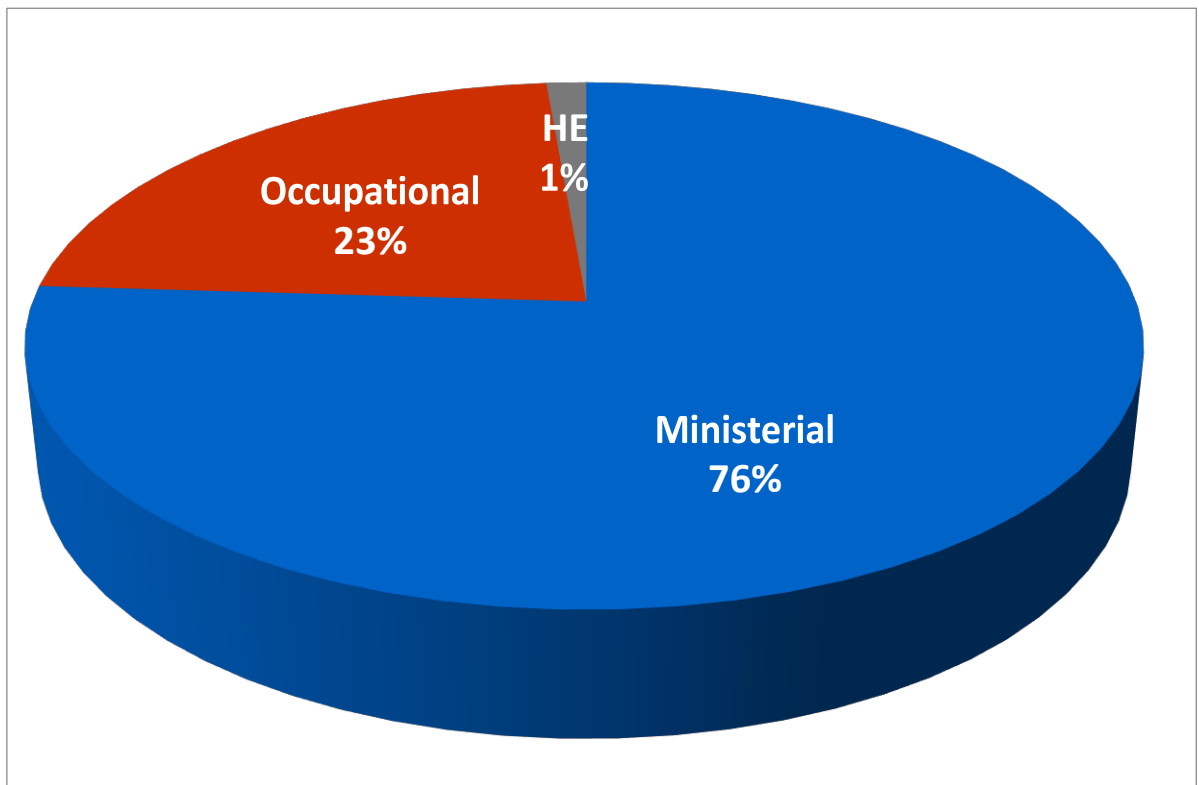
STUDENT NUMBERS : 2010 - 2019



4. Programmes and Funding of TVET Colleges

The college programmes can be grouped into 3 categories, namely, Ministerial Programmes, Occupational Programmes and Higher Education Programmes. The Programme Qualification Mix (PQM) of the college is developed taking into account the economy of the region, employment opportunities, past programme performance and job placement performance.

FALSE BAY COLLEGE (PQM) ; 2016



Ministerial Programmes

Ministerial Programmes encompass National Certificate Vocational (NC(V)) as well as Report 191 (NATED) programmes. The DHET funds these programmes out of their allocation from treasury in the form of formula funding. The DHET is responsible for the costing of these programmes and the current policy is that the DHET funding provides for 80% of the programme costs and the student is responsible for paying the remaining 20% in the form of tuition fees. NSFAS bursaries are available for needy students who are not in a position to pay the 20% class fees.

The reality however, is that in 2015 there was 664,748 students in these programmes at colleges countywide whilst the DHET could only fund 429,638 (64%) students. This underfunding continued in 2016 and indications are that it will remain unchanged in 2017.

False Bay College is currently carrying a large percentage of unfunded students, both the DHET and NSFAS allocations are insufficient, as it is based on the 2013 student numbers. This is probably the case for all 50 TVET Colleges nationwide.

The actual programme funding which the college is receiving is not 80% but 69%, resulting in a shortfall of R19 million in 2016.

Occupational Programmes

Occupational Programmes encompass learnerships, apprenticeships and skills programmes. These programmes **are not funded** by the DHET out of the allocation from the fiscus. Programmes are offered at full cost to the client.

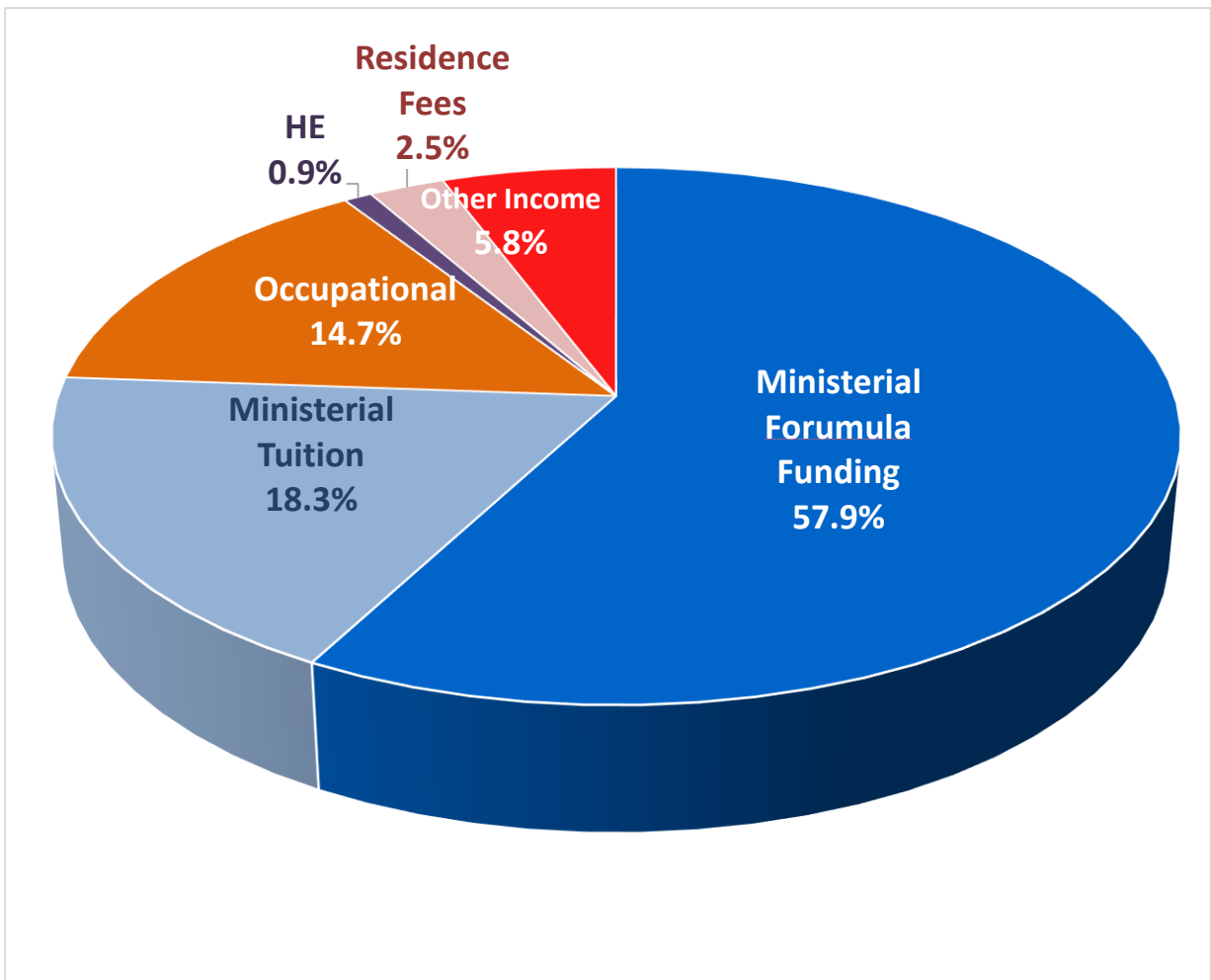
Colleges, SETAs as well as the National Skills Fund (NSF) do however collaborate in partnership arrangements to provide access to the disadvantaged unemployed into these programmes. In such cases a student's tuition fees are covered and they also receive a stipend whilst they are at the college, as well as in the workplace. SETAs and the NSF derive their income from the 1% skills payroll levy paid by all employers to SETAs.

Higher Education Programmes

Higher Education Programmes encompass any university programme which a public TVET offers in partnership with a university. The Continuing Education and Training (CET) Act 16 of 2006 allows colleges to offer university programmes provided it is in partnership with a university. Most of the Higher Education programmes offered by TVET colleges are L5 Higher Certificates.

In the case of Higher Education Programmes, the programmes are subsidised by the DHET through the partnering university and the students can access NSFAS loans through the university.

5. Income Streams



6. Ministerial Programmes : Formula Funding

The DHET is responsible for the costing of the Ministerial programmes and the current policy is that the DHET funding provides for 80% of the programme costs and the student is responsible for paying the remaining 20% in the form of tuition fees.

Formula Funding of Programmes is intended to cover the recurring cost of the Ministerial programmes. The economic categories for these incurring costs are divided into 3 groups: (1) personnel cost, (2) capital infrastructure costs, which is specific cost relating to replacement of equipment and (3) non - personnel non - capital which is college overheads e.g., training consumables, water and electricity etc.

The funding does not differentiate between the modes of delivery, e.g., face - to-face and distance learning.

There is a weight attached to each economic category which differs from programme to programme and it is calculated in a formula funding grid. The formula funding grid applies to all TVET Colleges in the country.

Incorporated in the funding grid is an output bonus which is based on the performance of students during one or more past years. This however has not as yet been implemented.

It further incorporates a claw back clause which relates to enrolment underachievement during the past three years. This however has not as yet been implemented.

The funding formula recognizes that delivering to special needs students may entail a higher unit cost. This however has not as yet been implemented.

7. Earmarked Capital Funding

The purpose of this funding is to fund new infrastructure, upgrade current infrastructure and capital back logs. This funding is college specific.

Colleges were transferred to the DHET with their provincial budgets. In most cases provincial budgets did not make provision for CAPEX. In cases where there was a budget it was insignificant and probably top sliced out of the programme funding.

8. NSFAS Bursary Fund

Different to universities, the TVET college students benefiting from NSFAS qualify for **bursaries** and **not loans** (except for L5 Higher Certificates).

The current criteria for awarding bursaries to TVET Colleges students is : -

- The student must be enrolled for either an NC(V) or Report 191 Programme
- The college must be satisfied that the student is meeting the criteria for academic progress by using academic evidence. The financial need of the student must be assessed using the Financial Means Test tool as a guide when awarding bursaries to students
- The household income must be less than R122 000 per annum

The current criteria for Students with Disabilities is : -

- The student must be enrolled for an NC(V) or Report 191 Programme
- The student must be academically able
- The household income should be less than R400 000 per annum

NSFAS bursary covers class fees, textbooks as well as other learning and training material. A student that resides more than 10kms from the campus further qualifies for a transport allowance relating to the actual cost of travelling to a maximum of R7405 per annum.

Students who reside further than 40kms from the campus qualify for an accommodation allowance of R19 746 per annum.

In 2016, False Bay College was able to allocate **tuition fee bursaries** to 64% of all NC(V) and NATED students. Seventy nine percent (79%) of the beneficiaries qualified for a transport allowance. No students were allocated an accommodation allowance as the college focuses on serving the communities in its geographical footprint,

The full NSFAS allocation to False Bay College was exhausted in 2016. The college, out of own funds, supported a further 10% of the NC(V) and Report 191 students for tuition fees only. This is however, not sustainable.

9. Moving towards a No-Fee system

Ministerial programmes

If the funding policy was implemented and there was not a situation of large numbers of unfunded students in the system we would have been very close to a no fee situation.

We do not however support free education for all in the TVET Sector. We support a position of **differentiated support**.

We believe that the best way of implementing this differentiated system of support is through revising and strengthening the NSFAS bursary scheme.

We are **proposing** a system where students are divided into **4 categories**.

Category 1 (Low income)

Family income below R175 000 per annum.

These students should qualify for an NSFAS **bursary** that covers tuition fees (inclusive of training material), transport or accommodation allowance as per the current Bursary Rules, but critical to include is a R4000 per annum meal allowance. This will ensure that students enjoy at least one meal per day.

Category 2 (so called missing middle)

Family income more than R175 000 but below R350 000 per annum.

These students should qualify for a NSFAS **bursary** that covers tuition fees (inclusive of training material). This category of students should qualify to apply for an NSFAS **loan** to cover transport /accommodation.

Category 3

Family income more than R350 000 but less than R600 000 per annum. These students can apply for an NSFAS **loan** to cover **tuition fees** only.

Category 4

Students whose family income is above R600 000 per annum will not receive any NSFAS financial support

Financial impact of proposal

If the above was implemented in 2016 the False Bay College's NSFAS allocation of R33 million would have to be increased to approximately R75 million to accommodate the above recommendations.

Of the R75 million, approximately R6 million would have been loans. The meal allowance would have been a big ticket item of approximately R21 million.

In 2016 the NSFAS allocation to TVET Colleges was just over R2, 321 billion. Should this proposal be implemented, the allocation to colleges would have to be approximately R5, 276 billion.

Occupational programmes

The current system is not very stable and colleges on an annual basis must apply for financial support to accommodate poor students. There would be stability if the DHET plays a more active role in facilitating proposals with a 3-year cycle.

Higher Education Programmes

The Higher Education Programme financial support will have to be linked to the university model.

10. FEARS

The current university fee crisis is diverting all attention to universities and it could be at the cost of TVET Colleges.

There is a real fear that funding that would have been committed to support the growth of TVET Colleges could be recommitted to solve the university crisis. There is a current reality that the student numbers at TVET Colleges might have to decrease in order to remain financially viable. Should this be the case, we will lose all the gains of the last decade to correct the anomaly of less students at colleges than universities. The international norm in developing and developed countries is that there are more students at TVET Colleges than universities, which is not the case in South Africa. By international standards the college sector is too small for the size and the level of the development of our economy. Industrialized countries have over 6% of the youth cohort in vocational education. In South Africa it is a mere 2%. It is therefore clear that the college sector will have to be increased at least three fold.

CJH KRUGER

Principal : False Bay TVET College

24 October 2016