



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

TUESDAY – 15 NOVEMBER 2016

QUORUM/SPEAKERS

Chairperson : Judge J Heher

Member(s):

- Advocate G Ally
- Ms. L. Khumalo

Presenter(s):

- Mr. Msulwa Daca (CEO: National Student Financial Aid Scheme-NSFAS)
- Mr. Lerato Nage (CFO: National Student Financial Aid Scheme-NSFAS)

Head Evidence Leader : Advocate M. Zulu

Evidence Leaders:

- Advocate. K. Pillay
- Advocate. M. Lekoane
- Advocate T. Mabuda

Expert(s):

- Prof. T. Mosia
 - Dr. G. Simpson
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TRANSCRIPT

ADV. G. ALLY: You've raised the issue of [indistinct]. It says to redress past discrimination and ensure representivity and equal access. What is your understanding of that in the context of the South African Students?

MR. DACA: Thank you. I will take the 'your' to mean how the NSFAS Board has interpreted that in the implementation of the policy. In terms of the implementation, we will probably deal with this..... maybe if I can have your permission to go through the Means Test slides and see how we have implemented that in terms of how the Ministers get supplied because today we are dealing with testing and interpretation much more detail.

ADV. G. ALLY: And already I can foresee the problem coming because your interpretation already is leading to the Means-Test. I am just wanting from NSFAS' point of view because that doesn't necessarily indicate the Means-Test. It can mean many things and I want to know from NSFAS how they see that? There's certain words that are used in that sentence for a reason, and therefore is only.....and perhaps that's the question to ask if that's the way you look at it that's the way you look at it. So that particular sentence you are saying NSFAS looks at it in the way they apply the Means-Test. Is that what you are saying?

MR. DACA: That's correct. If I may, maybe take that first sentence which is past discrimination because then when we talk about past discrimination and ensure representivity and equal access. We should see that there is equal access in the Higher Education Sector and NSFAS, the role that NSFAS plays is to ensure that students who might because of historical background, might not have the means to get into education.

Therefore that's how the Means-Test comes in to say these students are the ones that we think because of the past discrimination may not have had or their parents may not have accumulated enough resources to be able to assist those children to go to Higher Education. That's how the Means-Test is linked to that sentence.

JUDGE J. HEHER: I don't understand entirely what representivity means in that sentence in the sense of that first statement. So perhaps you could explain that to me.

MR. DACA: The interpretation again is for NSFAS to ensure that the Higher Education system broadly represent the South African population and that historical context because Higher Education system there was lack of contact for students from certain backgrounds. And Therefore NSFAS has to come in and ensure that all students have got an equal opportunity to get to Higher Education in as far as funding is concerned.

ADV. M. ZULU: Sir, is it not a fact that there were more white students in Universities than blacks and therefore this NSFAS issue.....how it came into existence was to try and ensure that other races, particularly black people were given an opportunity to have access into the University system.

MR. DACA: That's a fact and that's the historical context in which the Act was promulgated.

ADV. G. ALLY: That is why you need to explain it. You see don't assume people are on the same understanding as you especially when you presenting or testimony to a Commission because the out there don't understand what you understand. At the back of my mind I might understand it exactly the same as you; and hence Mr. Zulu trying to assist you in coming to an interpretation which you were lying with. Do you understand that?

MR. DACA: Okay.

JUDGE J. HEHER: My problem was not with what you put, but in reading the whole thing because if one redresses past discrimination it seems to me one ensures representivity. So I thought the two were tautologies, but anyway. But thank you for the explanation.

MR. DACA: The drafters of legislation sometimes they over emphasize the point.

JUDGE J. HEHER: Perhaps

MR. DACA: Maybe....just on the second one.....in ensuring the human resource development needs of the nation..... to respond to human developments needs of the nation is.....in applying the Means-Test, there are also funds that look at scarce skills; which there is a biased towards to students who are studying certain categories that are defined as scarce skills. That's how The Board has interpreted what is in The Act in trying to apply it on a day to day basis and drafting policy for funding of students.

Just on The Eligibility. The Eligibility is divided into two: The Financial Need and The Academic Potential. The Financial Need is measured as we indicated yesterday through the Means-Testing which the Board has decided that this is the tool that we should use to determine who should receive the financial aid. That is in the context that there was a realisation that there is not enough money - - -

ADV. M. ZULU: [interpose] Sir, I think you need to explain this before we go about this Means-Test. What exactly is your understanding of the Means-Test? Is it the tool or it's more than a tool because it determines.....it also as I understand it will tell you how much the family of the student should need to contribute. Just explain that to us before we move on.

MR. DACA: I've got a slide that has details on the Means-Test. I think it's one or two slides after this one.

ADV. M. ZULU: Okay, you can move on.

MR. DACA: Okay, it also differentiates those that need the financial support the most from those that requires the least. That's probably where the issue of the expected family contribution comes in because we almost have a sliding scale in terms of the most needy and they don't have to contribute anything. Those that are least needy have to contribute a portion to their own education. Affordability in line with the values of NSFAS, aim to offer affordable solutions of students to study at Public Universities and TVET Colleges. That is practice through the interest rates that are charged on the loans and also the conversion principles on the loans to reduce the ultimate burden on the student even post-graduation. On The Academic Potential side, The Act provides that if the borrower does not perform satisfactorily to his or her studies The Board may terminate the granting of the finance. So that's the direct quote from the NSFAS Act.

JUDGE J. HEHER: How often do you do that?

MR. DACA: It's almost done as part of ongoing process, on an annual basis or on a semester basis. There's a - - As I explained yesterday, there's almost that minimum requirement that you should at least pass the minimum of 50% of your course load. And if you don't do that, your funding is terminated.

JUDGE J. HEHER: In other words you take that as a serious principle.

MR. DACA: It is a very serious principle. It's a core principle in the financing of students

JUDGE J. HEHER: Thank you.

MR. DACA: For all first time entering students, NSFAS recognises the academic admission of the students into the Higher Education programmes sufficient - - -

ADV. M. ZULU: [interpose] Sorry Sir, do you have statistics of the number of students who have been terminated by NSFAS say over the past five years that became ineligible because they had failed their courses?

MR. DACA: With effort we can because remember that process has been run at the Universities. It would mean that we have to round- up a few Universities to collect that information because we can see the students who didn't continue from here to that, but it does not necessarily mean that all them didn't continue on the NSFAS fund because of failing to meet the 50% requirement, will then have to poll back to the Universities.

ADV. M. ZULU: If they re-apply, what happens to them if they re-apply? They fail this year, you terminate them and they re-apply then what do you do?

MR. DACA: When they do re-apply, they are treated like any other student. We will look at the result of the previous year which is the year that was not funded. Therefore if they had performed well in that year they could still be funded now for the following year.

ADV. M. ZULU: Theoretically it is possible that a student who was terminated for poor academic performance could be re-admitted into the system?

MR. DACA: That's correct.

JUDGE J. HEHER: And I feel that happens does it?

MR. DACA: It does happen.

ADV. G. ALLY: I'm just a bit worried Mr. Daka about the transfer of your obligation of tacking your students that you fund to the University. Now I understand that because they are educationist and have the knowledge, but you see these statistics are important for you as a Board and as an organisation. There is the common out there that NSFAS students with all the funding they receive, the throughput is so low that actually NSFAS shouldn't be there. These are the things, so when Mr. Zulu is asking about an issue of are there statistics of the number of people, students that don't have the 50%, that have fallen through the cracks perhaps. You say we will have to go back to the University. So it's important, I think that these issues be taken up and again it's in terms of you being just an implementer and not looking at the bigger picture as a Board, I am saying.

JUDGE J. HEHER: You see the reason why somebody, some people have suggested that NSFAS's role is perhaps unnecessary is because the results that a great deal of NSFAS's money is being thrown after bad results. Do you have any comment on that?

MR. DACA: I have, we have been engaging with these throughput studies, some of them are quite bogus because they themselves are disagreeing significantly in terms of where the real throughput is. That's probably where they are, where probably the bigger issue is and the Department is trying to bring all these data together so that we can have a highly reliable throughput study. I think it is recognised in the sector that students who come from disadvantaged schools, they struggle at the University. It's something that is recognised and most of those students happen to be funded by NSFAS. It's not because they are funded by NSFAS then they end up failing. I think it's because they don't have the means to go University, they end up being funded by NSFAS and NSFAS not being a

University itself, it means that there is a problem in the University in terms of throughput. If we have a University where we fund close to 80% of the undergraduate students. It means that the throughput rate in that University where NSFAS funds 80% of the undergraduate students, the through-put rate is poor at that University, and in fact in some Universities where even the through-put rate is good, the through-put rate of students who come from poor background is appalling even in those Universities and that's the issue.

JUDGE J. HEHER: You may well be right, but the suggestion still is dormant that NSFAS should be doing something more to encourage that result whether it's through consultation with the Universities or whether it's by tightening up their own requirements to encourage. I use encourage in a broad sense.....the recipients to work harder, to give more for their money. Or In some measure at any rate to try and improve those results.

ADV. G. ALLY: And providing a warning from NSFAS together with the University. University probably does it as a matter of course to say to the students: do you know you are actually failing this semester and you need to pick up your boots, but NSFAS itself needs to take responsibility for that also to warn. You could be down the line, you might be losing your funding as a result of you not picking up your results. We understand your comment that the causality of NSFAS and the students themselves and where they come from, is not necessarily there, but doesn't take away certain responsibilities of the funder also.

JUDGE J. HEHER: You see let me just put one thing to you. If your standard is in class two, then you are effectively saying to the student, you can fail the first year and fail the second time and we will still continue to fund you. And once you get into that sort of mind set, it doesn't take courage or doesn't seem to encourage people who are going to succeed.

ADV. G. ALLY: Or is your answer to the Chairperson, nobody can fail twice and go through because you say there's a 50% limit to the criteria in the first place year and the second year.

MR. DACA: This is quite a tricky issue. The M+2 recognises what happens in reality at University. It could be seen as an encouragement for students to spend a year or two extra at University, but it responds to the reality of what is happening at Universities. If you look at the through-put rates at Universities; the number of students who complete a three year Degree in three years - it is very low and that's almost across the system whether coming from poor background or not.

That's an across the sector problem at University. It gets worse when students come from disadvantaged backgrounds or schools and therefore the policy position of M+2 was informed by the reality of what's happening in the system. But again trying to encourage the student that you cannot just play now fail everything and still hope that you will be funded because there's a 50% minimum on a year to year basis. I think on the question - - -

JUDGE J. HEHER: [interpose] If he passes 50%, but fails the first year; then he can stay in for the second year. If he passes 50% of the second year subjects, but fails the second first year, he can still stay because its M+2, but the third time around he's got to pass. Is that how it stands? Is that the practicality of it?

MR. DACA: That's the practicality of it.

JUDGE J. HEHER: So effectively that means that the man can stay or can do the first year three times. Why did you put together the 50%?

ADV. G. ALLY: You see this is my problem with you agreeing with what the Chairperson is putting to you. The Chairperson is saying to you that he has passed 50%, but has failed a year. Now that statement alone, is that correct?

MR. DACA: University by University, the system works quite differently. In some Universities for instance they would have what they call the course weights.

JUDGE J. HEHER: Sorry

MR. DACA: The course weights which is.....you may do Fluid Mechanics and Nano Technology, they are first year courses but they don't carry the same weight. One has got a 300 weight, one has got a 100 weight - therefore when that determination of 50% is being made, it's made based on the weight of those courses and usually the courses that have got higher weight are those that determine whether you proceed to the next year or not.

Some Universities have got standard weights for all the programmes which is in those Universities a student can pass any of the courses that make the 50% pass and then they will still be kept in the system. There's quite a lot of differentiation in terms of how Universities treat their own programmes within their academic structures. Therefore I think it's possible in some Universities, but in other Universities if you have failed the major which you are not proceeding, you won't be able to get any funding because the weight of that major will determine that you won't be funded.

JUDGE J. HEHER: Let's take a simple Degree like a BA. Is it possible for a student to fail the first year twice and be funded to those first two years and indeed for the third year? He stays on.

MR. NAGE: Thank you. In our minds or at least in my mind it's not possible - - - to. If you look at our handbook and the provisions that are contained in there; and you just take a shallow view of it, it says you must pass 50% of the courses that you've enrolled in for that year. So student A registers for five courses or let's say 10 - passes five for that first year, can continue to be funded. But if student fails - because for that first year he had 10 courses. There's no way he or she can continue to be funded. Automatically the system would kick them out, so there's no way you can have a first year student just being funded for three years because he or she would not have met the minimum requirements that are outlined. If you just take a shallow view of the guidelines as they are contained.

JUDGE J. HEHER: Then what does your M+2 mean? If it says that you must complete your Degree in five years, then what possible objection can there be to failing it in two years?

ADV. G. ALLY: Or is your minimum requirements not each of their own a requirement but looked at as a group or a pocket as you used yesterday..... you had certain pockets. So this pocket says you have 10 courses in your first year and one of the requirements is in order to be funded you must pass 50%. The pocket also says if you were in your third year of a three year Degree and you fail that third year completely; You've also got to take into account whether you pass the 50% which is coming to what the Chairperson is saying. When does the M+2 come into because this person still has two years to go to get that particular Degree? So how does the funding in those circumstances, how does the pocket work?

MR. NAGE: I'm just going to take a layman's view on this thing. So let's forget that there's progression requirements in each University that would say.....let's take a BA, if you do BA102 for you to get to BA201 you ought to have passed BA102. What it means, it recognises when students come in from poor, very poor backgrounds they get overwhelmed by the system. So if Student A goes in there and did not get 50% pass on their courses, they are out. Student B comes in and gets

50% of their courses, they pass 50% they fail 50. They can progress into second year, they are still doing first year. They pass this other one and pass 50% of the year that they have enrolled in - that student continues. So meaning that if you have a three year or four year Degree if you go with the minimum of 50 you can actually be able to obtain your Degree at year five if it's a three year Degree or at year six if it's four year Degree. That's if everything held constant we are not looking at other variables in this. That's coldly how the system is meant to work. It's meant to say that: we understand that when you come in the probability of you getting 100 out of 100 are very slim.

So we are trying to aid you, it's not meant to encourage firstly poor performance, laziness and trying to defraud the system by just remaining in the system over and over. And one of the things that we are doing from NSFAS as part of the Year End Audit is we run a process that we call Final Reporting Process because we do a fair value of the loan book. We asked the Universities to send us the number of students, the ID numbers, the course enrolled and the courses passed. That's the first thing, so we determine Student A enrolled for 10 courses, has passed six courses, okay fine this student can continue.

That's part of the Governance process, the compliance or part of our normal process in running NSFAS is we run a process that we call the Graduates and Global Statistics every year between August and September. The reason we are running that we want to check if the student has exited the system, a student is no longer there or the student has graduated so that we can know when to kick in interest that is on the recoveries, but it has an impact also of also forcing the University to give data. So that we can compare it with the Final Reporting Process and say, but if this student based on our assessment then in April fell off because they passed two out of five courses. Why is this student still continuing on this side? So that's some of the mechanisms that are in place.

JUDGE J. HEHER: Thank you for that very clear explanation. But what gave rise to all of these questioning was, it was at the early stage of this Commission, pointed out to us that there are low rates of graduation and it was said to us that 30% passing with time required and so many after five years. A small percentage after seven years and even after 10 years, you are not getting a 100%.

And that let me to think that there a lot of students who are staying on at University for long periods. And I suspected, though it would seem from what you've told me that is not so, that many of these must be NSFAS students, but on what you told me I can't see why they cannot be NSFAS students and they must be students who are paying they own way; which I find surprising also.

MR. NAGE: One of the confusion in the sector is that every poor student is classified as NSFAS student and might not be necessarily be NSFAS funded student. So what it means is that you will have 10 students going to a Financial Aid Office, five gets funded by NSFAS five qualifies for funding for NSFAS, but there not funded, all of them are painted with the same brush, that's number.....

So when everybody is unhappy say NSFAS students it's either they are not funded or they are failing that's number 1. Number 2 and I think my colleague will add that some of these studies on through-put are not using the same time series. Others is a desktop size that gets carried out over two weeks. Others are serious research that get carried out by the guys in Stellenbosch that takes a longitudinal study from grade 11, 12 and how these students perform right throughout when they finish their Degree.

ADV. G. ALLY: But you will be dealing with the through-put issue later in the presentation.

MR. NAGE: Yes we will be dealing with it later.

ADV. M. ZULU: So tell me before you continue. What measures are in place, do you have in place to ensure that your systems, the students comply with the minimum requirements of eligibility to continue to be funded by NSFAS? How do you audit? Do you have an Audit system to check that?

MR. NAGE: Yes we do, but maybe perhaps just to take a longer route in answering your question. So we have a handbook that we prepare every academic year that we send out to the institutions and in between we send them circulars, but also we have Internal Auditors depending at the point in time. So this is not compliance audit that we do every academic financial year. Depending on the time and what we are seeing coming from Universities, we can send the Internal Auditors there and say can you just go and do data analytics around the numbers that we are getting from Universities.

It should also be born in mind that some of the data that comes from the Universities can be shocking from one day to another because we deal with that every year and when we close our books. We have been in situations where we will request results from Universities, they would say this is the percentage of pass. The Auditors go in there two months later, they get different numbers from the same institution. So their numbers are also fluid as well.

ADV. M. ZULU: But is there a possibility at least in theory that you can continue to fund students who do not qualify in terms of your criteria because of certain information that has been represented to you as NSFAS which may turn out to be maybe correct or incorrect?

MR. NAGE: There is that probability and I think in response - - -

JUDGE J. HEHER: [interpose] Sorry, probability or possibility? I'm not sure whether

MR. NAGE: There is that possibility that that would happen and I think our strongest response as NSFAS was to come up with the student-centred model; to say there's lot of data that affects us that's been carried out by our agency partners that we want to deal with directly. So as much as we are funding for a qualification; when a student comes back in the following year they don't need to give us the all their information, at least we get the data from the Universities around registration.

And that's where we would check progression and if that student has not done well. The power to make decision is with us now going forward rather than it being with the Financial Aid Officers. Where I could - - Even my colleague here is a member of Financial Aid Officers. So I could go to him and say hey man I'm struggling can we do something. So that decision is with us now.

JUDGE J. HEHER: Okay, in time how close is the feedback that you get to the commencement at the University? In other words could it be that a student is admitted at the University and it's nine months before you get feedback as to what the position is and so it's really too late for you to act. Or does that not happen?

MR. NAGE: Yes it is possible with this current model of students applying directly to the Universities for Financial Aid.

JUDGE J. HEHER: Is that not undesirable?

MR. NAGE: It is undesirable and our strongest response is to come up with the students-centred model because the other part is that students can go almost nine months without food, without book allowance and accommodation.

ADV. K. PILLAY: Mr. Nage may I ask you about the flip side of what Mr. Zulu was putting to you. I want to focus on students who do get 50%. NSFAS students who do get 50% in their respective courses. I picked up from the Presidential Task Team Board that a comment was made that a

student who do obtain 50% of their modules that are not all receiving funding in the next year. It seems to be a distortion in the system somewhere along the line. Can you explain what was meant by that?

MR. NAGE: Obviously with limited knowledge of your report, it goes back to what Msulwa has said; that other Universities they would say: we want.....because we have a finite resource; we want students to get 75%, like UJ for example would say students must get 70 to 75%. Others would say 60, others 65, others would just say 40. Other Universities would say yes 40, would top up our own funding like we brought it yesterday on University Funding. Others would just apply strictly 50. So at Universities where they want a higher pass rate, yes those students then will not make it to the following year of studying.

ADV. G. ALLY: Sorry Ms Pillay. Did I hear you correctly saying you don't have knowledge of the report that Ms Pillay is putting to you - the Presidential Task Team Report on NSFAS?

MR. NAGE: No I was saying the details of what she was referring to.

ADV. K. PILLAY: Sorry can I just ask a next question around this slide. The first bullet point under Targeting Tool - Financial Need. You state that the Means-Testing is recognised as the legitimate mechanism for determining who should receive benefits. Now we've had many presentations and submissions before this Commission where students have taken issue with concept of the Means-Test on the basis that it's inherently undignified because it expects of them to demonstrate poverty; which they believe actually erodes their dignity. Now have you considered whether or not there's other mechanisms that can be used to identify needy students? And have you done any international research to look at whether or not the Means-Test can be modified so that it protects the dignity of recipients?

MR. NAGE: We have I think in the last 24 months or so, we have spent a lot of time looking at Means-Test and Means-Testing in general. One of the things that we recognise about the things that the students have said about the Means-Test and demonstration of poverty. One of the things as a response to that, one of the things we have done is..... students used to go to Universities to apply every year which means they had to do that demonstration every year. We have now shifted to a once off application.

They still have to do that, but they do it once instead of having to do it over a period of four years. That's the first thing that we have done. The second thing that we have done is to go back to other partners in Government who might have already done some form of Means-Testing. One of is SASSA also using other proxies like the schooling system which has got a Quintile system, which there's some testing goes into some testing where the school end up in.

We also using background information that we obtain directly from Government sources rather than for instance if your parents are deceased asking you to tell us that your parents are deceased whilst that information sits in the population register. Those are some of the interventions that we have made to reduce the burden that is placed on the students to prove certain things that might be uncomfortable. We have killed it being done every year we now linking with various other agencies that might have already done a Means-Test on the same family or the same student.

JUDGE J. HEHER: I'm not sure, I hear what is being said about all of these. Surely the right thing to do is to use a Means-Test, but to use it in a way that is not offensive. I mean if a man is a beggar, then he has obviously to get food, he has to beg and there's no use complaining that my dignity doesn't allow me to beg. He must do what he must do and in this situation if it is necessary to supply

information in order to be funded, then the information should be supplied. And from your point of view surely the right way is to ensure that the information is introduced in a way in which it feels offensive. In other words there's not a general notice board which tells everybody about everybody's application, the application is submitted privately and it's considered privately. Well what is the problem with that? Why should that be offensive?

MR. DACA: The submission of information privately, there's no information with that. I think the issue that we have listen to is that submitting information that is almost permanent on an annual basis for instance if - - For students with disabilities. If I don't have the legs every year we ask you the same question as if next year you will now grow legs. That's something we have stopped doing. We ask you that question once and we don't have to ask you for the next four years that you are at the University. Those are some of the things that we felt they are intrusive and unnecessary.

JUDGE J. HEHER: That makes absolute sense and clearly that's an improvement on the previous, but as far as poverty is concerned if people need to rely on poverty then they must be prepared to disclose poverty. It's - - You can't get away from that. They don't need to shout it from the roof tops.

MR. DACA: To the extent that we already hold that information. You know again we say we don't necessarily have to ask you for information that we already know because we have sharing information with other government.....

JUDGE J. HEHER: That is true if a man comes and says to you, my father is unemployed, then surely it is in your interest to know at the beginning of the second year to know whether his father is still unemployed. Because four years down the line when he is now doing fourth year; a great deal could have happened to his father and his family circumstance and it seems unwise to simply assume that everything was as it was four years ago.

MR. DACA: Just on the next slide, the Full Cost of Study we are going to talk about this a little later. I don't want to spend time now. We fund up to a cap as we have discussed this again. Allocations Formula, we are also going to talk about this. Family Contribution I think I have done yesterday, find some time trying to explain how the Means-Test runs and what is the ultimate outcome of the Means-Test being the expected, Family Contribution. Again we are going to talk about this in the next slide. This next slide is quite..... we are trying to determine how much would it take for a student to be able to survive fully funded at res who's got allowance for meals and off course who's got allowance for books. Those are the numbers that we obtain from the Universities and we use those numbers to almost determine where our cap should be. With the fees not increasing at the beginning of this year and not.....

ADV. M. ZULU: How is this, the application of all this, Means-Test and how you manage that?

MR. NAGE: With the proposed system that should fall away because we would - - So we have - - There's a time when students apply, there's a time where we close off. We take that number into one pot, assess and rank them and fund them at the same time using the same set of rules. So a student in Wits will have the same rules applied as a student in Venda.

MR. DACA: Thank you. The next slides just talk about the allocations to the Universities on how we divide the amount of funding that is received from higher education and training to the various Universities. Of course we look at the cost of study at various Universities. We also have the allocation that the University would have received in the previous year as one of the inputs into the allocation model, but we also look at the - - in terms of the current formula we use race as a proxy for

disadvantaged.....to calculate what you call the Disadvantaged Students Index in each of the Universities.

The factor gets applied in the next slide where we take the number of students in each University and the Disadvantaged Students Index to almost come the allocation that each University will receive. But at the end of it, we ensure that we don't cause unnecessary disruptions in the system by bringing in Shifts into the student number because if students were funded they were studying at University of Johannesburg, they would in all likelihood going to be at the University of Johannesburg next year.

You can't then pull out money out of the University of Johannesburg, but you always look at the factors and see they are running. The Allocation Formula probably has got one year left in its life because with the student centred model. Now individual students apply themselves into the NSFAS platform and funding will be allocated to students rather than the funding being allocated to Universities.

JUDGE J. HEHER: It's been suggested to me that we should take the tea adjournment. Now as we wish to adjourn for the day at 13:00 O'clock

MR. DACA: Thank you.

JUDGE J. HEHER: We will take it now for a quarter of an hour or such time as you wish. Thank you.

.....ADJOURNMENT.....

JUDGE J. HEHER: Your diagram works from left to right or right to left.

MR. DACA: It works from left to right. Ja it works from left to right.

ADV. G. ALLY: But you say you have a weighting so I'm trying to get to your weighting, would be .1% or whatever weighting. From 1 to 5 or that kind of thing of how you deal with it.

MR. DACA: The weighting is a 01 to 3. That's the weighting you know it's a weighting that gets allocated on lighting scale for different race group. But that Weighting it then takes the number of students in each of the race group then multiply by the Weighting to come to the index that we use to apportion, cause here we will be sitting with R6 billion to allocate between the - - -

ADV. G. ALLY: [interpose] Mr. Daka you are flying ahead in a Ferrari. You've got the weightings, you've got the race so you've got a white person, you've got a coloured person, the African person and the Indian person and you have weightings attached to them. Now explain what the weightings are?

MR. DACA: The weighting 0 to 3 that I've mentioned, that means you will a 0, 1, 2 and a 3.

ADV. M. ZULU: But is it a criteria that is used in determining who qualifies to be funded? What is this I think that what the Commissioner is trying to establish?

MR. DACA: No, no it's not a criteria because in determining who qualifies to be funded there's no race factor. The Weighting is trying to allocate money to a University. It's trying to see how much each University should get, because at the enrolment at that University and then look at the racial composition enrolment that the University has, then the Weighting

ADV. G. ALLY: That's why you need to go carefully so that we understand. You see the criticism of the NSFAS system has been and one of the comments you made was in your Limpopo presentation was that certain students choose to go to UCT. You cannot say to them you can't go to UCT, but it's just so happen that you are unable to fund them to the full cost of study. Even worse UCT because of the system you presently running says the top sliced amount you got and therefore have more students so even your 71 000 is now perhaps 30 000 to get more students in on the NSFAS criteria. So if you can explain to us when you say determining at the University. What does that mean?

ADV. K. PILLAY: Sorry Mr. Daka if you can explain how this interfaces with the Students Centred Model; so that we understand.

MR. DACA: Maybe let me start with the last question. Once we fully implemented the Students Centred Model this formula will fall away because we won't be allocating money to Universities. This Weighting is just meant to see what portion of the full funding should go to each of the Universities because each University runs a system independently from the next. Because each University will look at its own students therefore we need to ensure that there is sufficient money given whatever that is in a bigger pull for each of the Universities. Therefore this is the way to try and get to an amount for each of Universities.

JUDGE J. HEHER: Let us assume Wits is the University that you are dealing with and Wits has 10 students four of them are black, two of them are white, two of the are Indians and two of them are coloured. Now how do you allocate your funding?

MR. DACA: What will happen we will take the number of white students and multiply them by zero, the number of Indians multiply by one, the number of Coloured students multiply by two and the number of African students multiply by three? We almost get now get to what we call the weighted

number of students and we will do that for all the Universities. We will apply that formula for all the Universities and that will then give us the total weighted number of students in the whole system for all the Universities and we will use as a factor for all Universities share in the bigger allocation.

ADV. G. ALLY: Okay so you've got 108 000 full cost of study at Wits and you multiply them by those Weightings. Is that how your - - We are moving from left to right and the example Chairperson has given you is Wits University. Right? You say the FCS times your disadvantaged student index equals your disadvantaged student cost index which is equals the - - - So we are trying to see how you implement the formula because that's presently what you are doing. You are hoping to move on to your Students Centred Model as of next year and 2018 and so forth.

MR. DACA: The factor on the left is the average, which means that is constant across all Universities. We apply the same amount across all universities; which is we apply the average Full Cost of Study.

ADV. G. ALLY: So your cap that you use, not a cap but the average which is the 72 000.

MR. DACA: That's correct and then in the middle it's the disadvantaged students' index and then the disadvantaged student course index which will really.....the determinant is about the number of students and the race demographics of each institution. That's the real determinant in the factor. And then we will come to the answer which is apportionment factor. The apportionment factor is just the percentage that each University will share in the bigger allocation.

ADV. M. ZULU: Depending on how much you have for a particular year?

MR. DACA: Depending on how much we will have for a particular year. We've been fortunate because we've been getting increases in each of the year which means Universities will end up having an increased share of the allocation, but they might not have increased with the same percentage depending on how the numbers move from here to there within the system.

ADV. G. ALLY: Okay, thank you.

MR. DACA: The Means-Test is back again.....probably now that's the final step on the Means-Test just to go much more detail on it. The purpose of the Means-Test I think we have already spoken about the purpose of the Means-Test. I should say I think yesterday I said that 122 000 is mainly an allegation, but in the TVET College guidelines. The 122 000 is in the TVET College guidelines, but at the Universities the 122 000 has been a legend that has been floating around. Its use in some instances and it's not used in some, but in the TVET Colleges it is used as a factor within the guide lines.

ADV. G. ALLY: How did they get to that 122 000?

MR. DACA: I am not sure. I am honestly not sure.

ADV. G. ALLY: Well if you use your Means-Test formula that you provided to us yesterday. In terms of the income minus the expenses. Do you get to an amount of 122 000? At all

MR. DACA: No, the Means-Test is mainly dependent on - - let me not discount the total income. The gross income is the factor, it's the first input into the Means-Test, but again the structure of the family within that gross income. If you have a family of 122 000 with one dependent and you've got another one of 200 000 with four dependents. You might get the kid that comes from a family of 200 000 with four dependants being more qualifying than the one who comes from a family of one with the 122 000. That's how the factors play with each other.

ADV. G. ALLY: Yes because you subtract the expenses from the income and the expenses because you have four children you have more expenses. Hence that you will come to a number that determines for you the contribution of that particular family. Is that not correct?

MR. DACA: That's correct. I think maybe let me get to the next slide. Probably talking just to emphasize the point that we have just raised in terms of how the Means-Test gets into an answer. Ja this is the one that I was looking for. The much more detail calculation in terms of how the Means-Test get into an answer with income, disposable income and the family contribution using the factors. There's more Weight that is put in for students who might be coming from that family who are studying at post-school education institutions. Then the actual calculation of how much loan or bursary that the student would get is based on the Full Cost of study limited to the cap. Other bursaries that the student might have received from other funders subtracting the expected family contribution, and then we arrive at the NSFAS loan or bursary that could be awarded to that student.

JUDGE J. HEHER: I'm sorry on the other slide that....

MR. DACA: Is this the one?

JUDGE J. HEHER: The previous one.

MR. DACA: It's the same, the slide that I am on contains that slide.

JUDGE J. HEHER: The one previous to this one. What is the postal code of the household come into the Means-Test calculation

MR. DACA: How the postal code comes in to the Means-Test allocation is, there is a course factor based on the same region because the costs are not necessarily the same in all the regions. Therefore the postal code allocates cost factors for the same region where the living expenses or sundries are not the same. I think STATS SA also produces for instance urban and rural inflation which are not necessarily the same number. Therefore the postal codes allocated cost for certain regions. It's used to say this family stays in this region and this is the structure of the cost for the typical family that stays in this region.

JUDGE J. HEHER: I see there's a step one which I wasn't aware of before that there's certain people who don't have to subject themselves to the Means-Test. Can you just explain that to me?

MR. DACA: This is what I started earlier on when we were talking about the Means-Test. Some of the changes we have made in trying to improve that system. This is relatively new, we started with this in 2013, 2014 Academic Year. We started with this by use system of Means-Testing in 2014. In fact we are busy now analysing the out-put of that system of Means-Test waiving and see how it relates to the real data that might come from those families. So this is something that is relatively new. It was part of the introduction of the Students Centred Model and the proof of the Means-Test.

JUDGE J. HEHER: I don't know how much of what [indistinct] and I don't know really what it represents. So shall we say a taxi driver cannot send his child to a Quintile 3 School?

MR. DACA: The Quintile 1 to 3 schools are the no fees schools in the country. That's how the Quintile system is.

JUDGE J. HEHER: So it doesn't matter how much your parents earn, you could go to Quintile 3 School. There's no Means-Test.

MR. DACA: That's was the test. We are now done with that test. We are overlaying other information just because we also had some limitations, it also has its own limitations than we are overlaying the grant system on top of the Quintile System so that we don't have to test certain learners.

JUDGE J. HEHER: So if you say all I am sure what that means. So a person who earns R300 000 a year and sends his child to a Quintile 3 school. It doesn't require any further testing in order to obtain NSFAS funding

MR DACA: In the initial version yes, but I think now it add. In initial version there was - - it was either or. Maybe I should also say that this was a pile of population it's not the larger population. : It was a pilot population where we trying to see how the numbers would turn out

JUDGE J. HEHER: No, I understand, I don't know how many Quintile 3 schools are in the country. Are they hundred, thousands, tens of thousands?

MR. DACA: Generally there's about 20% of schools in each of the Quintiles

JUDGE J. HEHER: 20% of schools in each of the Quintiles. What does that mean?

MR. DACA: In terms of the of the number of high schools in the country there's about 6000 high schools

JUDGE J. HEHER: 20% of them could be Quintile 3 schools. What does that mean? So is the any reason why Quintile system should not be used independently?

MR. DACA: No probably now in agreement that the Quintile system should not be used independently without any other system and we now using it together with SASA grant as an overlay of it.

JUDGE J. HEHER: Why the combination? Why it takes just the SASA grant? [indistinct]Why do you combine the two?

MR. DACA: Part of it, this is a new processes. When we have new processes especially now we are going to a bigger population. You need to be much tighter than - -So that if anything that might not have been done quite well in the SASSA gram system. We have another overlay with it. Which is why I am saying we are building an additional layer of control and if we - - Once we get to a stage of which we have worked with Social Development and SASSA and we are comfortable with whatever the processes that they have undergone. We will probably drop the Quintile system and rely on the grant system, but again because it's a new process we need to build more controls and be consecutive than just let it go. We've learned a few lessons with the Pilot system and the Quintile system and we have now gone for a little bit more consecutive because we are dealing with larger numbers and a broader population.

JUDGE J. HEHER: So this Means-Test that set out on this slide is not the [indistinct]

MR. DACA: Yes, because remember we started in 2014 with the Pilot programme. That Pilot programme is the one that heard the Quintile and the Quintile schooling system. We now are adapting it for the full roll out in 2017, but again there's a core Means Test which Universities have been using. The old model which is input rates, the data that gates collected it's included into the tool. This one is the system we call Means-Test Waiving. That is we are looking for the learners that we don't want to spend time on carrying out the detailed Means Test on.

JUDGE J. HEHER: That I understand. Thank you very much.

ADV. G. ALLY: Well, let's start again. You are now in November 2016 to implement a different model in 2017. Are we on the same page? Is that correct?

MR. DACA: That's correct.

ADV. G. ALLY: Right, so what is the Means-Test that you are going to use now? Because you see you've given this page as and you've qualify now to say that we are not really using. So what is the Means-Test? What is, what are the determinants that you use, your steps? Because it seems this is your guide to your partition.

MR. DACA: Let me walk a few steps back. The practitioners or the Universities have never used the Means-Test Waiving System. The Means-Test Waiving System was only piloted at NSFAS Central. The Practitioners or the Universities were using the Means-Test. There are two things which is Means-Test and Means-Test Waiving. Means-Test Waiving was piloted only in a limited population within NSFAS, but the Means-Test has been used throughout the whole sector over a number of years. Off course with modification from here to there.

Maybe trying now to answer the question is students are now applying and now we actual still have two streams of how they come in for financial needs. Those that don't meet that criteria that is laid out there which is SASSA grant and Quintile One to pre-school will go to another funnel. That funnel is please provide us with information about this and this so that we can input your information to the Means-Test. These ones who have may be a criteria for Means-Test Waiving would wait at this stage which is the academic performance rating.

Then will all be combine at their academically consolidation because this core-odd has been Means Test and this core odd go through the actual tool of the Means-Test. For instance you may have students who are at Quintile who might not have applied for the social grant, but their parents might have been poor and managed to be subsidised by someone to manage to go to a Quintile school. That's why there is a realisation that because you are not Means Test Waive doesn't mean that you are disadvantaged. It just mean that the administrative process is made much simpler for these students who have been tested by other Government systems.

ADV. G. ALLY: I am trying to get clarity on this system now. Where I am sitting your right hand says those people are Means Test Waive. People in you left had there's a system that applies to them. Those Means Test Waived people or students. What are the criteria for waiving them? Is it still as the present Means Test Waiving criteria Quintile 1, 2 and 3 or SASSA or it's something else?

MR. DACA: The Means-Test Waiving criteria will be Quintile 1, 2, 3 and SASSA. In the Pilot the Means-Test Waiving was Quintile 1, 2, 3 and OR SASSA.

ADV. G. ALLY: Okay now I am with you. So it's not that you've abandon the Means-Test Waiving you just added another layer and in your response to the Chairperson you said it is AND now and no more OR as another layer for you to assimilate all your information that you have to get to the determinant of whether you waive a person or not. Is that correct?

MR. DACA: That's correct.

JUDGE J. HEHER: If you have a SASSA child at Quintile school. That person will not be waived.

MR. DACA: They will not be waived. They will be part of the background. The Quintile 4 and 5 schools also have sufficient facilities for the learners that are studying there to be able to scan and sent through the information to NSFAS. The Quintile 1 or 2 schools don't even have those facilities

and we are almost trying to balance a whole lot of things in the application process. So that we don't create a same layer level of disadvantage by the nature of school that those learners have gone to.

JUDGE J. HEHER: So if you [indistinct] that won't be waived

MR. DACA: They will not be waived either.

ADV. M. ZULU: What percentage of the operating budget goes to that administration scheme?

MR. NAGE: Just a question of clarity. What do you mean by operating budget? Do you mean the allocation that we disbursed to students? So the appropriation happens separate, the Department decides 6.4 billion to be [indistinct] from DPE. That would be appropriate then NSFAS would get other funds. That's a separate process.

ADV. M. ZULU: Let me ask you differently. How much does it cost you as NSFAS to administer this skill [inaudible?]

MR. NAGE: Currently right now we get an allocation of 200 million

ADV. M. ZULU: Per annum.

MR. NAGE: Per annum.

ADV. G. ALLY: Sorry Mr. Zulu

ADV. M. ZULU: Are there any instances where the money that you allocate to Universities that is refunded by Universities. In other words where the money is funded and not utilized by Universities then it gets returned to NSFAS.

MR. NAGE: Yes there are those instances.

ADV. M. ZULU: While given this outcry that there is no subscription money by Universities for NSFAS to fund students at Universities. Why is that so?

MR. NAGE: So let me make this illustration. Having discussed how we allocate funding to Universities with this raise base formula that we just spoken of. What happen is we have on a full cost of study, if you remember that table. We tuition fee, we have meals and all of that. Just take tuition fee. Universities would have given us the numbers and estimated tuition fee. At the end of the year when we close our books and do the Final Report in Process.

Universities would say we had estimated that the cost of study say R2 million now it has cost us R 1.8 million. Then they run a process that they call credit refer. So it is that R 200.000 that comes back to NSFAS and we knock that off against the student fee, but what tends to happen is- - So that money is very negligible but then we apply to National Treasury through a process that we call Retention for [indistinct]. That money comes in January and in April along with the recovered funds to pay Universities what we call upfront payments.

ADV. M. ZULU: I understand, the next question relates to the inefficiencies in a system. The issues of dishonesty. We heard a lot is said about the issues of dishonesty that certain students misrepresent themselves to NSFAS leading to NSFAS losing a lot of money. What I want to hear from you is whether you've conducted any audit relating to these issues of dishonesty and misrepresentations committed against the scheme.

MR. NAGE: Yes and No. I will start with the No part, so last year the Department itself instituted a Forensic Audit. So the Departments are running Forensic Audit around affidavit just to determine the

validity of it. Just their data analysis some of the things came and we are not pre-averting that you will see students being enrolled in three institutions in one Academic year. That's quite an anomaly and in different provinces. So those are the things that are coming up, but from our own processes years back. Yes we did conduct some Forensic investigations at different Universities and those reports were submitted to the Department for processing.

ADV. M. ZULU: May you be at liberty to share the information that came of those investigations with us.

MR. NAGE: We can make those reports for those Universities available. So we did not do a wide spread Forensic, but we can share those ones.

ADV. M. ZULU: You selected a number of the Universities where you conducted these Audits.

MR. NAGE: Yes hence I said yes or no because the Department one is across all the institutions.

ADV. M. ZULU: Thank you.

ADV. G. ALLY: Was that information shared with the Task Team, The Presidential Task Team? For them to come to certain findings. Are you aware whether it was or not?

MR. NAGE: No, to best of our knowledge no. It was not an information that was requested of us.

ADV. G. ALLY: Okay

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

MR. DACA: I was just finishing off this slide I am not sure if there any question on this slide before I step out the Means-Test and [indistinct]

ADV. K PILLAY: Just a very brief one, under the Students-Centred Model does the Means-Test remain the same? From next year onwards. Under the Students-Centred Model does the Means-Test remain the same?

MR. DACA: Yes the Means-Test remains the same. The Means-Test is, it has got factors that needs to be changed on a year to year. Some numbers get adjusted for inflation, but the basis of the calculation remains the same.

ADV. K PILLAY: And because previously under the non- Students-Centred Model the usual kind of model you had Weightings with rates. Under the Student's Centred Model how does weighting feature in this equation?

MR. DACA: The race does not come at all into the Means-Test. Race was only used to calculate allocation to Universities, but going to individual students, race is not a factor at all. It needs just to look at family income. No there's no race factor.

ADV. G. ALLY: Unless you've got something specific to deal with in you Means-Testing. The next slide I think is you're [indistinct]

MR. DACA: The next slide is on the overview of the funding and I spoke about this yesterday already. Various funding that comes from various sources. This is the 2016 Academic year in totalling just over R14 billion petitioned allocation that was made by the Government for this year. If there no questions I am not going to stick on this one. I think I am just going to spend quite some time on this one for yesterday. I am struggling to see my eyes are failing.

ADV. G. ALLY: It comes with age Mr. Daka.

MR. DACA: I just want to go through this slide. This slide, what it shows on the left it shows the allocations that go to Universities and the number of students that have been funded. I think the point was made yesterday again about reducing numbers of students that are being funded at Universities especially the last three years of funding. TVET Colleges on the right. The amounts are - - the rand value at TVET Colleges are much smaller, but the number of student funding is larger because TVET Colleges compared to Universities are very small. The 80 percent of the cost of attendance at TVET Colleges starts with subsidised by the Department through the grant that the Department gives to TVET Colleges. Therefore students are required to pay only 20% of what is the total cost of attendance. Also because some programmes are trimester programmes some are semester programmes because are very [indistinct] compare to the cost of study at a University.

ADV. G. ALLY: In respect of TVET Colleges. TVET Colleges or the Governance which are the Counsels have a problem with the criteria used to allocate funding to them. Have any comments or say? Or is it as you said yesterday. All you do is to implement, give them that money a bursary and you give it to the institution. Will then fund the NCV and Report 191. That's all you do.

MR. DACA: Our role is very minimal. We are not responsible for the allocation. I think the Department would be a much better place to be able to answer on the allocation for TVET Colleges. I think we should emphasize the point that the allocation formula that we spoke about was the allocation formula to Universities. We don't deal with allocation to TVET Colleges.

ADV. G. ALLY: Now you see the problems I am having now is your slide. The says the number of TVET College students and the funding that you have and you know the funding model of the Department of Higher Education and Training is Full Time Equivalence. Which is the big debate between the Governors Counsel and the Department of Higher Education and Training. So when you say the number, is that number correct. Taking into account that all that the Department funds is full time Equivalence.

MR. DACA: The number that we have there in that slide is the number of students that were funded. That is not Full Time Equivalence it's real students that are walking to colleges and funded through the NSFAS system for that particular year. Therefore we are not talking full time equivalence here. That's why if you look at those numbers there for instance you might have a student who just come in for the first semester of the year, but we count that as one student. For that student was at College that year sorry for that time.

ADV. G. ALLY: So what would be the purpose of for this slide on the TVET side? I know you used it for the University slide. One draws analysis from that that is given and the number of students is not a pre-determinant of the amount of funds that you are giving. So what's the purpose of the slide indicating the value of the funding and the number of students from your point of view?

MR. DACA: Couple of things from our side, is we further break it down between NCV and 191. Which is the 191 of the trimester and semester programmes. We then look at the average cost per student. We also drill even further to look at the differential cost between various Colleges. Whether they are secure differential in the cost between Colleges. Also to see because in as much as the Department uses the FTE to fund the College, but they also measure the absolute number of students who have walked to the College in any particular year. Therefore we compare that 235 000 to the total number that have walked into the Colleges in that year. As to what percentage of the students who have been in the system for that year were funded through the bursary programme.

ADV. G. ALLY: Okay continue.

ADV. K. PILLAY: Mr. Daka before you carry on may I ask a question? You said that it's not a requirement that students be enrolled for a FTE course. So any course at TVET would qualify for NSFAS funding obviously provide all the other criteria. Does that mean that when NSFAS funds that student pays the tuition because the Department would not subsidise that student's tuition because it's not [indistinct]. Does this mean that NSFAS pays a 100% of the cost?

MR. DACA: No, NSFAS doesn't pay 100% and there's contestation in the TVET sector on this FTE. The theory of it for instance if the student is going to be there for one trimester, the student is the third of the FTE. If that student stays there for the full year then he's full FTE. Which means we are funding that student for the trimester. That student even in the day issue grant as a third of the FTE. The student must have attributable funding for being the third of the FTE.

We are also funding only the third of their studies because they are only there for a trimester. Therefore we are not funding them for the full year. We are funding them only for the trimester that they are at TVET which means that at some point applied uniformly the two should really contradict each other.

ADV. K. PILLAY: We discovered they are the context of TVET students, they are what they call unfunded students. There's quite a complex number of reasons why TVET Colleges have unfunded students, but essentially unfunded students would not in any way be subsidised by DHET. What happens to those students? How much of their tuition fee do you pay?

MR. DACA: For qualifying students, we still pay the tuition fee which is the 20% of the full cost of taking a student to the TVET College. I think the other question the Department and the TVET Colleges are dealing with it. I think what happens in some of the Colleges, the Colleges will end up taking the some of the pain for some of the so called unfunded students who are at the Colleges.

ADV. K. PILLAY: Whether or not the student is funded or unfunded you still pay between 20 to 30% of the tuition fee.

MR. DACA: That's correct because that's the recognised tuition fee because the others should be absorbed by the system which is the Department. When the College student gets charged at Colleges they get charged for the 20 to 30% which is the recognised tuition fee portion at Colleges.

MR. NAGE: I just want to talk about the NSFAS fund. I think we've spoken about this same thing since yesterday and I am just not going to spend a lot of time on it. NSFAS runs three programmes.

The 40, 60 Convertible loans, the 100% Convertible Loans and the 100% Non-Convertible Loans. Where institutions will fund the students. It's a loan and that's what it is. Other bursaries have the work break programme included as part of the contract given to students.

JUDGE J. HEHER: When you, when the student start out does he know that is a 100% non-convertible loan or does he always have the prospectus that he would be able to refund it.

MR. NAGE: The student know from the institution. They would have heard that discussion with the institution and witnesses.

JUDGE J. HEHER: Why should it be a non-convertible loan?

MR. NAGE: These are the rules that are included by the institution so let's say UKZN for an example will make 50 million available and they would say out of that R20 million we want to fund students and it's a loan and that's what it is. But what I want to talk about is the hidden benefit in what NSFAS

administer. I am just following on in what the people said yesterday. NSFAS has gradually migrated from being a Loan Scheme to a Bursary Scheme. So included in there the interest that we levy, firstly we apply in de-couple.

So if your loan amount is the X amount we can only charge interest to A point. The interest is kept at 80% of Repo adjusted annually on the 1st of April. Also while the student is studying NSFAS doesn't levy interest so there the benefit there? When the student exit through a drop-out or a graduation we wait for 12 months before we start levying interest on the student. Another is a normal progression where the student passes final year is a 100% between first year and second year its 40% and then I have spoken about the credit balance that when there's a difference in the fee account or the as [indistinct] allowances.

We take that money to reduce the student's fee that is owed by the student and the impact of this you would see it on the annual report. Say for example annual report for 2015, 2016. You would see that the social benefit component. The interest on a holy day and the interest rate is 1.1 billion and that is an amount that doesn't go to the student fee. There's a 2 billion that is included in there for the TVET bursary conversion and there's a 4 billion that comes up as a bursary conversion. So out of the 9.2 billion that we disbursed the previous academic year of study. We only recognised R2 billion as an amount that is owed by students. So almost 70 to 80% of what we disbursed became a benefit in one way or the other to students. That is the debt the student doesn't have to carry or to repay. This one I think we've exhausted it extensively yesterday. These are the different - - -

ADV. M. ZULU: Sorry what you just said, does it mean that NSFAS it's a scheme that cannot carry itself like workable scheme that can carry itself like give loans then service the loan because if you have rules that allow you to write off that amount, set an amount that gets converted into bursaries.

MR. NAGE: Just to make sure that I understand you correctly. There's amount that is being allocated to us and this slide talks about the benefits that are included per student. So if you de-couple it from just a sustainability of the skill because the skill is largely funded by Government. I think this talks about why this loan is attractive to students and also tomorrow when talk about the recoveries you will begin to see that not all the money that is disbursed to students is actually recoverable. NSFAS is required to go and recover

ADV. M. ZULU: Then which means that 100% of the students that you are funding they were all passing, you did not have yet a 0% failure rate. So it means that you will not recover per say as NSFAS.

MR. NAGE: There will still be money that we will recover because they would still be that 40, 60% conversion. What this does affects your nominal value of the loan book. So let's say for example if NSFAS was levying interest from day one. You will see the numbers tomorrow right now our nominal book is standing at 23 billion. I mean these are just rough numbers. The book might be at 35 because we would have levied interest from day one.

We wouldn't have the interest holiday. So when a student, he or she exits the programme either via graduate or drop out. We would levy interest from that time and you won't have Indiplum rule apply. So if I owe NSFAS as Lerato Nage 20 000. You can only levy interest on 20 000, but if I am a paying debtor. What we do as NSFAS is we take the first payment we reduce your balance. We levy interest on a reduced balance. So this number will actually be much higher with the impact of this benefit.

ADV. M. ZULU: Sorry, let me just try and understand so if the course is a BA course which is three years then I pass within the record time of three years. Does it not mean that the loan is converted into a bursary?

MR. NAGE: So let's say

ADV. M. ZULU: Does it follow automatically or you retain a discretion to make a determination as to whether you convert it or not.

ADV. G. ALLY: Mr. Nage perhaps you should start at the point where the conversion of the 100% is only done for the third year. First and second year has its own rules. The conversion for the 100% is only for that third year of study within that three year period.

JUDGE J. HEHER: That is not reflected on this slide 34

MR. NAGE: if we go to a slide that reads as follows. NSFAS Loan Product at the top you see that there's funding from DHET 40, 60 then the final loan then final year loan is 100% conversion. It is reflected there. Mr. Zulu just to try and - - -

ADV. G. ALLY: This was my understanding of your Limpopo presentation also, but what the Chairperson is looking for on the slide. I thought it was reflected somewhere also about the 100% in the final year of study. Yes that one.

MR. NAGE: Apologies just to answer you Mr. Zulu. I am Lerato Nage student A. I register for BA, I pass. 40% of that gets converted. This year I pass 100% 10 out of 10 and 40% of that gets converted into bursary. Second year the same 40% into bursary. If I get to final year and how do we define final year. We are saying this is the student who after they complete all the courses they are eligible to graduate and exit the system. 100% of that funding that is provided to them becomes a bursary.

JUDGE J. HEHER: No, no, no it says full loan value of final year of study. It doesn't talk about 60% in the two previous.

MR. NAGE: Yes, maybe I'm not - - it's a step up so I was - - first year you were given 10 40% of that is a bursary, 60% is a loan. Second year you get another loan 40 of that it's a bursary, 60 of that it's a loan. You get to final year the sample definition of it is that if you pass all your courses you are eligible to graduate and exit the system. That 10 that you provided with if you pass all of it gets written down. So

JUDGE J. HEHER: Then this surely isn't proper isn't correct. It should say on graduation full loan of all previous years of study converts to the grant.

MR. NAGE: No, no apologies Chair. It means that for that year, that one year where if you are able to pass all your courses at one go and you are eligible to graduate just that year. That 10 that you were provided with you will not be required to pay any cent because it will be a full bursary, but you still owe the 120 from the previous two years. Yes

ADV. G. ALLY: So I don't know what colour it is to you. The middle one is what you were explaining to Mr. Zulu and the Commissioner namely that on graduation full loan value of final year of study not three years of study. That was my understanding the 10 that you say relates to the final year of study that is converted to a grant. So you still have your 60 and your 40 and the previous year.

MR. NAGE: That's correct

JUDGE J. HEHER: So no NSFAS recipient for the full period of his Degree can come out debt free

MR. NAGE: No,

ADV. M. ZULU: Sorry even on your explanation Mr. Nage. I want to try to check if there's a way that this scheme NSFAS scheme can sustain itself. Assuming that you paid the 60 000 for the first year, pay the 60 000 for the second year and third year is converted. Is it, can it sustain itself with those amounts?

MR. NAGE: The simple answer is no simple because of this slide, the discounts that are hidden in this slide. So the scheme has progressed over the years. It will never sustain itself from the re-injections of the repayment hence it will always require Government to always put money into it. So we get an allocation for over three years and it's implicit that the scheme will be funded for its life of existence.

JUDGE J. HEHER: Do you find that the incentive given by the final writing off of fee result in better graduation result, I should say. In other words, you understand what I am saying. If we didn't have this incentive can you say that your graduation results would have been worse? Or can you say because you have it this graduation results are better.

MR. NAGE: The simple answer is we don't have stats on that to check whether this programme. I think it was started in 2011 whether it has had intended benefit that the Ministry wanted it to.

JUDGE J. HEHER: Shouldn't there be some test performed to see if you getting value for money?

MR. DACA: There is a - - -

ADV. G. ALLY: Sorry Mr. Daga I've been leaving you. If can put your name on record because then you sound you are Mr. Nage for anybody reading.

MR. DACA: There is a study that we already commenced. I think we struggle in terms of baseline, we had find what it was before the introduction of the final programme in 2011 and what it was now. We still continuing with that study. We are trying to study the impact. There are the[indistinct] in the sector whether there has been an impact or no impact of the final program, but we are now trying to do something that is evidence based and be able to prevent an outcome to the Department and say this is what the impact of the final program has been.

ADV. K PILLAY: Mr. Daga apart from the impact of the systems graduates who graduates on time. What that decision demonstrate for this realisation of the right to further education?

MR. DACA: What it has done made a larger portion of the fund to be non-repayable. That's what it has done because there's a potential of about R1.3 billion in the final year fund that all of it might not be repayable because some students might not qualify to graduate and they don't benefit on the full 100% conversion. What it has done is it has made a larger portion of the fund to be non-repayable and probably talks to the question raised about whether the scheme can on its generate it might need to find students because all these implicit subsidies that the scheme gives to students in the form of low interest rates, not charging interest rates from students who are still studying. Off course it's just outside of the repayment risk which is affected by whether students do graduate, do get employment and when they do get employed we initially trace them and they pay back. There's some packages that are deliberate, but also some other repayment risks that the scheme has to deal with.

ADV. G. ALLY: I am not sure if you understood the difference between the two. All Mr. Zulu was trying to find out the sustainability of the NSFAS system in the way that it's running at the moment. Ms Pillay's question deals with something deeper. What we gave to you. What we've discuss with you on your first day yesterday is do you understand the interpretation given by some section 29 1B

and we've asked Ms Lekoane to read it out to you. It was about to progressive realisation and the practical measures that you put in place. Now Ms Pillay puts to you is it not that with this 100% in final year that if one cannot argue that that is also a means of progressively realising the right to education.

MR. DACA: I guess that argument could be made, I think we can't limit ourselves to what we have to do. NSFAS level is it has shifted a loan fund into a bursary fund. That's what it had done, that's the - -

JUDGE J. HEHER: Other than understanding I will make sense of the application at all. After all the progression you talking about is not progression to free education and the mere fact that you make fee free in the final year if you graduate compulsively contribute anything to the progression because when you've written exams you graduated if it becomes free for you after that. I thought it would make some difference.

ADV. K PILLAY: With due respect Sir, I think the right has to be interpreted in the light of the provisions of the covenant which guarantee at some stage that State will realise the right to free higher education. So that cast meaning of the depth of how you interpret the section 29 1B - - -

JUDGE J. HEHER: Sorry I understand what you saying. I must say I've never heard of into the word free into the constitution.

ADV K PILLAY: But that's really the argument is that the section 29 1B must be interpreted in the light of the provision of the right to file conversion because that will [indistinct] international obligation.

ADV. G. ALLY: And this is why Mr. Daka I was saying to you there is an argument that people say interpretation that should be given. Now as Ms Pillay says that people had argue that if you read the covenant and constitution together. There must be realisation of free education. Whether that is right or wrong in terms of the interpretation is something that we will debate also that is an argument and hence she puts it you in that manner. Do you understand that consequence of interpretation?

MR. DACA: I do and I've also heard the argument. I think there are reasons that people argue that thing because part of the argument that is on the other side even if we then say student must go to a loan system. You then burden them post-graduation with this scheme that burden post - graduation is reduced to the students.

JUDGE J. HEHER: I must say there's still a - - I've always understood the principle of statutory interpretation to be statute must be interpreted at the time they are file as they were at the time they were passed. They cannot [indistinct] with change in their meaning and since there was no convention at the time in which passing took place. There can be no question of free for education.

ADV. K PILLAY: I think that different in respect of the constitution Chair, in view of Section 29

JUDGE J. HEHER: Are you telling me the constitution can shift its meaning?

ADV. K PILLAY: That's correct Chair.

JUDGE J. HEHER: Well I'm astonished, maybe we will need authority for that.

ADV. K PILLAY: We do and we will put that before you at the appropriate time Chair. In light of provisions of section 29 of the constitution.

JUDGE J. HEHER: I hope [indistinct] of the constitution that once certainty to what it meant.

ADV. K PILLAY: Like I said Chair we will put that and I give before you.

JUDGE J. HEHER: Yes

MR. DACA: That was above our grade.

JUDGE J. HEHER: You either know your grade.

ADV. M. ZULU: Maybe what you can tell us is whether on balance as you look at the scheme has it succeeded in helping students from poor backgrounds to have access to higher education and become successful citizens. Are able to say that?

MR. NAGE: Yes, the scheme has succeeded in improving people's lives. We were on this slide. I think we've exhausted it extensively. We will move on to another slide. This one around the historic that debated it extensively yesterday so we won't be spending much time on it to bore the Commissioners. This one just explains the issue around unfunded historic debt and underfunded and what that means. We've discussed it yesterday as well.

Then we get to the Student-Centred Model. This as well we discussed it yesterday just for information for the Commission. Then we have students centred allowance payment. This is an illustration of how the allowance system works. The student would have registered would have signed what we call a LAF, Loan Agreement Forms for Universities and Schedule of Particulars for TVET students. The student will receive money via voucher system and there's those pockets that I spoke of yesterday books, food, accommodation and travel. We've registered with different merchant where the students will get assistance via those merchants be it informal or formal matter.

ADV. K PILLAY: Mr. Nage may I just ask you about the SOP [phonetic] because students in DUT and in UNIVEN complained partial about the voucher system and felt that they wanted the freedom to use the allowance where ever they choose to use it. Not necessarily at the Checkers and just so that they can compare, but just anywhere. That was the consistent complaint from both UNIVEN and DUT. Have you considered and can you enlighten us as to why it is that NSFAS has taken a decision not to give students access to cash when they get their allowances?

MR. NAGE: Thanks, that's a fair comment from students and that's some of the things, the learning that we've taken into account and the pilot. That is why this year in preparation for 2017 we've aggressively tried to sign up different merchants at different Universities and at different regions and different provinces. That's number 1. So the issue of access, that is a fair point from students and we take that very seriously.

Then on the second part, the issue of cash and allowances. The reality is some of the students you give them money, they go and buy shoes, buy things that are entirely not relevant in them being able to succeed. That's number 1, so you give them cash let's say at the beginning of the academic year we give them what it's allocated to them be it 20 000, that's number 1. Number 2. They don't pay their accommodation so we have the landlord phoning NSFAS harassing us as an institution. So we, one would say that we decided to be the parent.

JUDGE J. HEHER: Sorry, you decided to be what?

MR. NAGE: We decided to be the parent and allocate funds firstly per month. We give them a certain allocation per month and there's those pockets. For the accommodation, we pay that directly to the accommodation provider. For the other three, we give them to the students as and when they require the fund.

ADV. K PILLAY: I think the complaint related not so much to the accommodation payment. Payment of the accommodation directly to the service provider. I think it related to the allowances, the meal allowance etc. and we know we've read submissions about students who for example use a portion on that allowance to subsidise their families back home in circumstances where they come from very poor families. Now in that situation is the complaint that they should give to the freedom to use the allowance the way they want to use it, is another valid complaint.

MR. NAGE: From NSFAS side it's not, our sole mandate is to take tax payers money, administer that money, and distribute it in a responsible and sustainable manner because even in the old model. The one that currently exist you still find the same students phoning the contact centre for NSFAS in September and saying they haven't received their allowance.

The cares that they would ordinarily receive from the University. So that is the other flipped side even they are those who are not receiving money at all in time because another University might decide to pay the salaries for lecturers and other guys. So there's that part then there's this other one that as valid as it is that students come from very poor backgrounds and they need to assist. Ours is to make sure that the money is utilise in a sustainable manner.

JUDGE J. HEHER: It makes sense because if you can't control the use of the money then it would be reckless to pay it out.

MR. NAGE: It would reckless and some of the things that we want to start as a scheme from the next academic year is the - - Assist students on how to deal with money. Try and put that educational knowledge to them to say these are the funds, they are repayable in future. So make sure that you pass, you get out of the system and know that if you don't pay we are going to list you at the ITC. It will be a soft listing, it will be lock listing and eventually an advice listing.

ADV. K PILLAY: Questions of sustainability and control should arise because you give them the money on monthly basis. The complaint is why do you not give them that monthly allowance and allow them to do with that what they wish to do with it.

MR. NAGE: From our side there in lays the problem. There in students are purchasing things that are not going to benefit them in their course of study. There in lays the problem that students won't buy books with that money if we give them cash and they will fail. For us it is not a simple question of just disbursing funds and walking away. It's to make sure that students go to class like for the TVET for example they must sign that they have at least attended 80% of their course of study, you know before we can continue to just fund.

University students we need to know whether they have bought books, they have eaten because there are responsible students there who would buy books, who would pay for transport and those are the ones who are not complaining about the pockets that are included in the voucher. Those ones maybe might complain around access that there's few merchants. They have to travel maybe 5 kilometres go to checkers and 5 kilometres back and that is the one that we will entertain as NSFAS. If there are no any other questions on this slide we will move on to the other slide.

This slide just talks about the transactions that we've carried out as NSFAS. The amount of money that we've disbursed to date. The amount of merchants that we have across the country. We've got 3,413 merchants outlets across the country. So it just going to show that we are aggressively trying to sign up as many merchants as possible to enable the students to be able to transact and make their lives much easier. So if there no any other question of this slide I will move to the next one. The next slide talks about measuring the interest- -

ADV. G. ALLY: Just to ask you, the experience of NSFAS. Do you have a situation where because the merchants are now known that would have some credits scheme going on between students and merchants.

MR. NAGE: To our knowledge, what has come to our attention is students selling their vouchers not in cahoots with the merchants. Merchants adhere to the NSFAS rules 100% to the best of our knowledge. What would happen is that students would wait for me outside Checkers and say listen I got a voucher for meals. Give me R100 then I would go and purchase the things that you want and it is because of that that we've also started The Risk Office.

We started to separate compliance and fraud because one of the things we picked up is that, it's not that the students are intentionally defrauding the scheme. It's also just a knowledge of not understanding what those actions mean. So we as much as we are aggressive in making sure that these funds are utilised for their intended purposes, there's not fraud. We also realise our roles in educating the students. I will defer to my colleague on this one.

MR. DACA: Just the next few slides we will be dealing with the question of impact and we limit ourselves just looking at some of the studies that are out there and throughput rates. Just on the academic pass rates which is something else where the Universities measure the number of courses registered and the number of courses that are passed and that is sitting at about 76%.

A throughput is about the graduation of students which really matters which is the number that really matters. How many students do graduate and get into the high education system and how long does it take them to complete their studies. The various studies that I've and I think I've studied earlier that the various studies in some contradict each other, but some if you dig deeper you realise that they've used different factors in terms of arriving at what should be your uniform number, but they use different factors.

That's why they come to different outcomes in terms of what is the real throughput rate. A dropout is estimated that 30 to 40% of students drop out in the first year of study and the data shows us about 53% of students that never graduate and that's one of the studies. There was also the Stellenbosch studies that was done that concluded that 55% of students receive qualifications within 9 years. Most in the N+1 with only 38% who dropped out. That's the study followed the core-odd of students from 2000 to 2004 and their last reporting date was about 2011. They followed students and see how they stayed at University.

JUDGE J. HEHER: May I understand that if somebody gets a qualification in 9 years. How does he make N+1? Does that mean that he has done 3 courses a year and over 9 years he finishes up with only one year more than he should have taken if he had done all the courses in 4 years.

MR. DACA: The conclusion of this study which is the Stellenbosch study which was done on behalf of NSFAS was 55% of students who were in the system. They finish- - within 9 years they complete, but the N+1 is 38% of the students. No, sorry I am now confusing numbers. The N+1 it says the biggest impact is actually on N+1 which is most of those students will complete their qualification within the normal administration time plus an additional year. Then in the rest of the years there's marginally increase until it gets to about 55% in year 9, but your biggest impact is probably on N+1 and N+2. That's where most of the students would actually complete their qualification.

JUDGE J. HEHER: So those most students would have - - -

MR. DACA: Those that are going to complete.

JUDGE J. HEHER: Would have got N+1 let's say 4 years or perhaps 5 years then the balance would added up to 55% who received their qualification within 9 years. I understand.

MR. DACA: With these Stellenbosch studies, the drop-out number in the Stellenbosch study was 8% and some studies that have much higher drop-out percentages than the Stellenbosch studies. Part of the studies that we have is that some of them excluded UNISA as a -- in their analysis studies. Which means that the student who would have completed 90% of their course work in a residential University and go and do the last module at UNISA were calculated as dropped-out. While they have actually gone to complete their module or two and the University of South Africa which is a Distance Learning Institution.

JUDGE J. HEHER: I am just having difficulties in understanding that because 55% received their qualification in 9 year and only 38% dropped out then that suggest that you have a failure rate about 7%. That's your reason right.

MR. DACA: Drop-out and failure rate are probably the same.

JUDGE J. HEHER: Oh are they? And the other 7%

MR. DACA: The other 7% are the ones who are still sticking out after 9 years.

JUDGE J. HEHER: Good heavens. The reason of this is because you are funded.

MR. DACA: No it's highly unlikely, it's highly unlikely. As we say we run a model with together with Universities. We give the role to Universities to apply that's why I use a word highly unlikely because person should definitely be outside the rules.

JUDGE J. HEHER: Well one senses that its very impressive that people would work hard to actual get the Degree in 9 years, but in another sense one does ask oneself whether the student can be worth very much after having qualified after 9 years for the purposes of employment. Anyway through-put.

MR. DACA: The next slide deal with various other studies. I think the higher education has just concluded a study. In fact they are now doing the NSFAS portion of the study to see, how did NSFAS students perform in comparison with the general student population. There was a study again I think it was the mid of about a week or two ago, that was attributed to National Treasury and that also had completely different numbers to what we thought the numbers should be.

I think in this environment there's a bit of many studies and different conclusions. I'm not an -- As NSFAS we have asked a Department of high education and training to help us as they run with the core University database in terms of really understanding where is the student. There is one of those where a big number of students drop out whether it's 30% or 40% that's big enough. That say there's something that needs to be done about the drop- out rates of students. The next slides I think they were included for information purposes about where we are with the application process - - -

ADV. G. ALLY: Sorry Mr. Daka my knowledge for recollection has lost. The University SUN is

MR. DACA: Stellenbosch

ADV. G. ALLY: SUN

JUDGE J. HEHER: It's Stellenbosch University, it's okay.

ADV. G. ALLY: Oh I thought it was always SU, just the end I thought maybe on Stellenbosch University of the North perhaps.

JUDGE J. HEHER: Right now we are travelling.

MR. DACA: The next sets of slides is just about the Students Centred Model which I have spoken about. I think the last slide is just about where we are with the applications. The applications that we are receiving for the 2017 academic year. That's also an annexure to the slides that we've spoken about on the Students Centred Model and the co-operation agreement that we have with various Agencies to ensure that application system is accessible both online and the paper base application system.

JUDGE J. HEHER: What does the Methodist Church have to do?

MR. DACA: The Methodist Church has volunteered to assist us because of the number of churches they have across country, to assist us distribute application forms in the locality where they operate. Value Chain - - We have spoken also about Means-Test and one of the things we are doing in the Means-Test. In fact we are doing two research projects around the Means-Test. One is about the appropriate tools for Means-Test Waiving which is the discussion that we had about SASSA, Quintile 1 and Quintile 2 School.

The other one is the Parameters of the Means-Test 2 we re-looking at the Means-Test 2 to look at the parameter as to what should be the drivers of a fair Means-Test that will arrive at the results that NSFAS expects. The throughput rate, the study the DHET is doing on behalf of NSFAS to really understand from the core data as to what is the pass rate, what are the drop- out rates, what is the throughput rate of students who are funded by NSFAS.

ADV. G. ALLY: Perhaps do any one or both of you. If you had to be selfish in terms of Analysis and Response to the questions would the Universities be able to do the work that you were doing presently in order to continue with the education of the poor.

MR. DACA: I am not sure if I've captured the - -

MR. NAGE: The essence

ADV. G. ALLY: The work that you were doing in terms of funding the poor with Universities presently all 26, just for the University side of it of higher education and training for the moment. Would they be able to do the work you are doing as NSFAS? In terms of the type staff you were doing which mostly seems to me from what you have given us to be administratively natured. Would they be successful in doing it the way you have done?

MR. DACA: They have done it in the past, I think you know with the old model. Universities have played a big role in the administration of NSFAS. With NSFAS almost being a background administrator of the funding. NSFAS with the change taking a much more active. They have done it in the past, I think you know with the old model. Universities have played a big role in the administration of NSFAS. With NSFAS almost being a background administrator of the funding. NSFAS with the change taking a much more active role in the funding of students and taking a much more active role in maintaining the relationship with the students. Therefore we have an assessment some have done very well and some have done very in administration of student funding.

They have even topped up with their own money. They have also mobilise funding from elsewhere to ensure that even students who might not have qualified also get funded. Also because of the capping system some Universities above the NSFAS cap, they automatically top up for those students which means those students are not necessarily stranded because NSFAS has got a cap of

72 000 and fee might 110 000. Some have done very well, some have done very badly. There's instances where a student gets a book allowance paid in September.

There's this instances where a students would go for 6 months in their academic year without receiving their food allowances. In some instances students were getting their allowances as Christmas bonuses early in December. That's some of the things that have actually happened. You know the Universities differ in terms of their skills side, their capacity, also maybe they are focused on Financial Aid as a programme which is probably not core to their academic programmes. To administer the Financial Aid.

ADV. G. HEHER: In your experience, was this the reason why NSFAS was established 1. To ensure that poor and disadvantaged were exponentially advantaged or taken care of in respect of education.

MR. DACA: That seem to be the purpose when I read the Pre-embryo Act that seemed to have been the purpose of setting up NSFAS. That students who come from backgrounds that are disadvantaged, that that doesn't become a factor that hinder them to access higher education.

ADV. G. ALLY: And lastly I think Mr. Zulu asked this yesterday. What do you still need to incapacitate yourselves more to circumvent all the criticisms against you?

MR. DACA: Part of it was time because some of the criticism levelled against us was things that we were already having on the go, but we were testing them at a much slower pace than the expectation from the side. There's a lot of criticism about students who might have different experiences with different Universities where they didn't get the allowances. Therefore that's the NSFAS responsibility. They see it as the NSFAS responsibility to ensure that, they receive their allowance on time and NSFAS was not there to ensure that happens.

Also there will be capacity challenges both at the administrative capacity, but also a number of students are funded. I think of late we have now seen massive in the amount of funding that is made available to ensure that there's increase in number of students funded. Part of the criticism of NSFAS was NSFAS didn't fund all the students that required Financial Aid. You know that was fair, but again NSFAS does have all the resources to fund all the students that required Financial Aid.

ADV. K PILLAY: Mr. Daka I appreciate that you've got time constraint today, but on the last slide of your presentation you list key strategic objectives for NSFAS. Now we can probably deal with this tomorrow morning, but if you can just indicate to us how these strategic objectives are dealt with in your strategic plan and what specific action NSFAS will undertake? In respect of each of these objectives.

MR. DACA: Thank you. The last slide was dealing with the Strategic Objective of ensuring that we provide Research and advice Means-Test and those the three are actually the projects that we have on the go. On the research base, one is about the Means-Test because the Means-Test is a key tool that NSFAS uses and we want to make sure that the Means-Test is up to date. It takes care of the present day economic circumstances of families. The other one was about understanding the impact of NSFAS, you know on human capital and that's also linked to the Pre-embryo.

You know what is the impact that NSFAS is making. We have - - I think we were asked a question by Mr. Zulu about whether we think NSFAS has made a change and the answer is emphatically yes, but then again we need to produce hard evidence at certain places and say this is the hard evidence that we have. You know how many tax payers came to the NSFAS system. There's a lot of information

that we have, but we now want to bring it together so that we can produce a more cohesive document.

The last one is about throughput, I think we have already spoken about throughput rate. Throughput rate is something that has become contested in this space as to say where is throughput rate. What could be done to improve the throughput rate? And where is NSFAS in the broader discussion of throughput? And what could be the leavers that NSFAS can pull to improve throughput at least for NSFAS funded students.

ADV. K PILLAY: So if I understand what you saying, you saying that there's research initiatives in respect of all these Strategic Objectives. What's the time frame attached to those researches?

MR. NAGE: For number1 we should get a report by the end of this academic year. We should get that. Number2 that growing human capital, we just appointed a service provider to carry out that and we expect that we will get a draft report by January next year or February. Then number, the last one the throughput. That one we don't have time lines here, but all these are expected to have been completed before the end of the Financial Year End. In other words they should be completed by 31 March 2017

JUDGE J. HEHER: What I would like you to consider whether the whole system cannot be infinitely simplified by providing free, free education to everybody, with an obligation for everybody to repay a loan when he or she starts working. So you don't provide any bursaries at all, everybody works for what he or she can do. Works for nothing at University with a later obligation to repay when your income reaches a certain level. When the whole system cannot be simplified. Avoid huge amount of administration cost. Simplify the whole procedure for making payment for University education and salary payments. Tighten up the means of recovering the money. Encouraging people to finish more quickly. Have given any thought at all to the sort of development? Well think about it because I am not going to ask you to answer now.

MR. NAGE: Not yet Chair

ADV. M. ZULU: Thank you.

JUDGE J. HEHER: Thank you very much. Are we having the benefit of you, Gentlemen tomorrow as well? Well then I won't thank you for doing so well today. Adjourned