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SET 5 - DAY 1

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

PARTIES PRESENT:

PARTIES PRESENT:

The Chairperson
Commissioners
Head of Evidence Leaders
Evidence Leaders
Experts
Secretariat

WITNESSES:

Dr. P. Lehohla - Statistician General

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SESSION 1 – 23 JANUARY 2017

JUDGE: I regret to tell you that we once again have the laser-beam showing in our eyes. I am not sure what the need of that is. Thank you.
Good morning Ms Pillay, it is still morning, just, and welcome to the
5 commencement of the hearing this year.

ADV. K. PILLAY SC: Good morning Chair, thank you. Chair, the next witness is the Statistician General, Mr Pali Lehohla and he is, his evidence will be led by Mr Mabuda.

JUDGE: Yes?

10 ADV. T. MABUDA: Thank you Chair.

JUDGE: Well I am afraid, Dr Lehohla, we have got to swear you in. Do you have any objection to taking the oath?

DR. P. LEHOHLA: I have no objection. No objection.

JUDGE: Do you swear that the evidence that you are about to give will
15 be the truth, the whole truth and nothing but the truth? If you do say: So help me God.

DR. P. LEHOHLA: So help me God.

DR. P. LEHOHLA [d.s.s.]

JUDGE: Thank you. Yes.

20 ADV. T. MABUDA: Thank you Chair. This is day 1 of set 5 of the Commission of Enquiry into Higher Education and Training. This set seeks to examine the meaning of Fee Free Higher Education and Training, within the context of the demand. As Ms Pillay has indicated the first witness is Dr. Pali Lehohla, who is the South African Statistician

General. During the course of this testimony we seek to identify the beneficiaries of Fee Free Higher Education and Training. This will require the commission to interrogate the concept of who is poor, rich and who falls within the missing middle, for the purposes of ... [inaudible]
5 of financial aid. Dr. Lehohla has prepared a presentation for us. Dr. Lehohla, you can proceed with your presentation and we will ask you questions if and when they arise.

DR. P. LEHOHLA: Thank you very much. I had asked that perhaps if the technology allows, at times it does not, so that I need to, in
10 answering the questions which arise in the presentation I have, I thought that I need to just structure the context, if it is allowed, but that context had to be presented to you. Unfortunately the design of the context is something that cannot be easily seen when it is printed, because it is dynamic, so I needed to just do that and then go into the presentation.
15 So if I am allowed I could, I would like to plug my computer.

JUDGE: Well your counsel must lead you as he thinks fit.

ADV. T. MABUDA: That is perfectly fine with me. It is just, I think we just need to make arrangements for whatever presentation it is to appear on the screen. Chair, if you can just give us a few seconds.

20 SPEAKER: You can just put ... [inaudible].

JUDGE: How long do you need?

ADV. T. MABUDA: Chair, if we can just adjourn for about five minutes? Then as soon as this issue is resolved ... [intervenes]

DR. P. LEHOHLA: If I can just connect the computer it will be fine.

JUDGE: Yes, well for the moment we will adjourn for five minutes and you will call us as soon as you are ready.

ADV. T. MABUDA: Okay.

HEARING ADJOURNS

HEARING RESUMES

5 JUDGE: Alright, can we make a second attempt?

ADV. T. MABUDA: Thank you Chair. I believe everything is in order now.

JUDGE: Good.

ADV. T. MABUDA: Dr. Lehohla, you can proceed with your presentation.

10 DR. P. LEHOHLA: Thank you very much. I must say I am a bit uneasy, because I did not know how the nature of the submission, but if I happen to stammer it is because of the uneasiness brought about not knowing the nature of the submission. But I thought I should put the context, Chair, because answering the specific questions, which I think are very
15 appropriate, perhaps we ... [inaudible], we are trying to solve possibly a problem and I thought that I should characterise the problem, so that in answering the question I will give the broader context within which a running comment on the issues of education become important.

20 So let me give the context, and the key issue that I thought one could look at is whether there is a demographic dividend for South Africa. That is the natural process of number of children born through the progression in life going to delivery the bonus that many countries that have gone through such a dividend experienced in South Africa. My conclusion is, it will not, for a number of reasons, and this preamble that

I am putting as a presentation says what it is why it is not going to happen. Now given that, what are the key issues that I want investigation in South Africa, and why does it matter.

So the question of demographic dividend, as I said, arises out of what we have seen historically in countries, the Scandinavian countries, the UK, all those countries went through a long period of time, of 150 years, to go through the transition. In China the transition was much shorter, because it had very-very direct human interventions. In South Africa the interventions were very, was so, the transition was also short, because there was very direct human intervention, but without the consequence of benefit from the number of children that were born, and as we transited from a high number of children ... [inaudible], particularly amongst the black population. This benefit did not accrue, and as we look at human resources and human resource development we have to, in the back of our mind, understand that the demographic dividend is not possible for the black, or for blacks in South Africa, because we have not obtained that bonus of young people moving through education and succeeding in education. So this is the background I give.

So here what we see is the population in 1996, and these are the changes that have occurred in population in 1996. Below here it is those who are 0 to 14, 0 to 4, 5 to 9, 10 to 14, and those who are 65 and above, I am not in that group yet, of 65 and above. But this is an age pyramid. The age pyramid shows what the changes have been in South Africa since 1996, and what has happened to education.

So let me replay this, having described, explain this. So you can

see that in 1996 many people did not have education, where the rate represents those without education, even at the primary level, but by 2016 there was education, people had education, had basic literacy, primary. The orange, the green here, light green, is secondary and the
5 deep green it is higher. Now by 2016 South Africa had this inner circle here of people with higher education, which is the university education. The ratio ... [intervenes]

COMMISSIONER ALLY: Sorry Doctor, I think our technology is really failing us, because I know you are trying to create a picture for us to go
10 along with you, and it seems when you press on play I thought it would have gone slower, so your 1996 would stand longer for us to get an impression of what you are saying.

DR. P. LEHOHLA: I see.

JUDGE: Because while you were explaining your graph we were
15 already at 2016 and you are talking about 1996. So, ja.

DR. P. LEHOHLA: That is the picture in 1996. That is the picture in 1996 and we can see the inner green here, which is higher education that we are concerned with, and this red is those without no schooling, less than primary, and of course the elderly who were predominantly
20 without schooling. Here the children are without schooling because by virtue of their age, they are still young, they are still trying to go into school.

Now through time to 1996 to 2016, we need to see what changes have occurred. The changes that have occurred, we can see that fewer
25 people who are now at older ages, at least fewer have less, have no

schooling. This inner higher has also increased since 1996. Secondary and of course primary is universal. Now, so we need to anchor that, and then we need to look at ... [intervenes]

ADV. K. PILLAY SC: Sorry Dr. Lehohla, on the higher, as it increases,
5 does it collerate with the ages, which age group is on the green?

DR. P. LEHOHLA: The age group is here, unfortunately I am also betrayed by the screen size there, because it has distorted. Here, up here you see is the elderly, this is the pyramid, here are the elderly, the 80 to 84, 75. So these X's here, these Y, X's here, these here, shows
10 the age groups. 0 to 14, 5 to 9, 15, 34, 35 to 64, 65 and above. As I put my curser on this it shows the years, the age groups, 65 to 69, 60 to 64. But it is for all categories of education.

So let me get back to this 1996 and go to 2016 ... [intervenes]

ADV. K. PILLAY SC: Doctor, I apologise, just before you move on I just
15 want to check something. The heading says, "Educational attainment".

DR. P. LEHOHLA: Yes.

ADV. K. PILLAY SC: Does this show people who have completed, completed the higher education?

DR. P. LEHOHLA: Completed yes, higher education. It shows those
20 who have completed different levels of education, with the inner the green, the deep green, being higher, the light green being secondary, the orange being primary and the red being no education. And this side we are measuring the age, what age are they. Here we can see it is 5 to 9, 15 to 29, and so on and so on.

So by 2016 we had about, for people here, between 20 to 24, 25 to 29, 30 to 34, and so on and so on, that number had increased between 1996 to 2016. Now in absolute numbers we have 779 000 black who have completed a degree, 570 000 whites, 90 000 Indians and 5 90 000 coloureds, that have completed a degree, but we also have to relate that number to the base population, that 790 000 blacks are in 80 percent of the population, and by "black" I mean a black African. These definitional issues are problematic at times. Coloureds are 4 million, 5 million. Indians are 2 million and whites are about 4 million. So when 10 we look at the graduates amongst whites, we must bear in mind that they are 8 percent of the population, and when you look at 779 000 blacks they are 80 percent of the population.

So in a world that would have been equal, or at least if it is standardised at the white population, the number of graduates that were 15 black, standardised at the white population, then should have been almost 4 million. So 787 000 - but of course, that number is much closer to the Korean situation, if you look at graduates per capita, and the Korea it is quite high in the states, so it is Finland. So that might have been too ambitious a target. But whites are like Korea, and blacks are, 20 are like blacks. In South Africa there is no other comparison.

So now, if we look at education, male or female 1996, now you have got the pyramid, male or female, we actually see a fair amount of equity in education in South Africa between sexes. Of course, this does not translate to work, the world of work, place itself quite differently. Now 25 here ... [intervenes]

ADV. LEKOANE: Sorry Doctor, I am over here. If I can go back just a bit, the persons who obtain higher education, does that include post-graduate or is it under-graduate?

DR. P. LEHOHLA: It is both under-graduate and post, it is all the
5 aggregate here.

Now here we are actually looking at the pyramid in 1996 of whites versus black, and here we are looking at proportions. So if you look at the green on the left, the deep green on the left, you see the proportion of whites with degrees, compared to the proportion on the right of blacks
10 with degrees, and that is where this illustrates the notion of a demographic dividend. That amongst whites you can see that this green bar, relative to the total of this bar here, up to here, you can see, you are looking at about 30 to 40 percent of that as a proportion of that age group, if we look at that green.

15 If you come this side and you look at the distance you have to travel from this green to the end of this red you can see it is very, very small for the same age group. That is why there is not, it is not going to be a demographic dividend. Now if we move forward in time to 1996, you can see how that green centre that we are talking about changes,
20 and increases amongst white, and also increases just marginally amongst the blacks.

So you can see the situation, and now if you come to absolute numbers, to 1996, you can see the absolute number of people who are black to the right and the absolute number who are whites on the left,
25 and of course the proportions, or at least the absolute numbers over

these total number this side, that indeed there is going to be a demographic dividend, this side not. So the benefits of investing in the young, or rather the prospect for investing in the young amongst the blacks, there is no-one to invest in, because they are past the age of ...
5 [inaudible].

So there has been a lost dividend from the group of 1976, there is a continuously a lost dividend in the current group and there will continue to be a lost dividend. So the bulge (?) at the bottom of children where I was born, I was born with six, five siblings. So there were six of us. I
10 only have three children, they are not married yet and they are past the age at which I got married, and I do not know whether they will ever have children. But up to now they do not.

So the pyramid is shrinking at the bottom, very-very rapidly. So there is no, where we saw to get the bulge from which you can get this
15 dividend. Amongst white, when they went through these stages, and the Indians, they actually invested in the children, that is why you will see this dividend this side. Amongst blacks that has not been possible. So this is the context of human resource development in South Africa. So that we talk about fees must fall or fees must - whatever it is, and for this
20 we can look at different population groups.

So I also go here, and I need to, pardon, this is not - I do not want this. I do not know why this is not stopping. It is the story of - he is just narrating the kind of problems that young children, people have. But I do not know whether you want to see that or not. But I wanted now to go
25 into my presentation, having given this contest.

COMMISSIONER ALLY: Go ahead, Doctor.

DR. P. LEHOHLA: I will go to the presentation, but let me just repeat - I will use this one, do not worry, I will use this. I need to show what has happened since 2011 to 2016. In fact, not since 2011, because the
5 people we are talking about here are people who are still alive, who have actually gone through university. Now this is what has happened in terms of different population groups. You can see that the years are '79, '91 and so on, and this, across time, gives the proportion of people who actually completes a degree, giving that they have been, they passed
10 matric.

Now if you look at the trend line, you can see that both coloured and black actually go South, whereas Indian and white go North. So it means, if you started with a core of 100 amongst whites, today and the next, there is an increasing return amongst the children that actually
15 pass, and that is where the demographic dividend is. But amongst blacks, year in, year out, if we were to fill a dam then that dam will never be full, in fact, we will increasingly over time empty that dam. That is the kind of crisis that we have in education in South Africa.

There are many reasons why that is the case, and I am sure those
20 before me have said what the reasons are. So if we were to aim for coming to 5 million graduates who are black, at the rate at which we are going that is not going to be possible, because of this progression.

ADV. T. MABUDA: Doctor, has there been a statistical analyses of why those demographical coloured and black students are not completing
25 their degrees?

DR. P. LEHOHLA: That is a very interesting point. In 1953, on the 20
what of September, I cannot remember the exact date, but it was in
September, between the 20th and 30th that the then Minister of Bantu
Education, Verwoerd, who became later the prime minister of South
5 Africa, said, what is the use of teaching a Bantu child mathematics when
it cannot use it in practice. That point corresponds more or less to, I
could show another graph, and you would see what happened to the
Indian population.

The Indian population took a different trajectory, the coloured and
10 black population headed South, the Indian headed North, toward white.
Because by that statement the Bantu education was introduced and
education amongst the blacks was destroyed. Now, what we are seeing
now is the consequence of that legacy, because there was a battery of
laws that ensured that happened, that there is no need to teach a Bantu
15 child mathematics, and what we are seeing here are the consequences
of a systematic process.

The Indians did not depend much on being employed, it is only
now that they are actually becoming employed, becoming employees.
They are self-employed and they could generate their own income and
20 they could take their children to school. There are other circumstances
that we find in the Indian community, that you do not find amongst
blacks, black Africans, but those circumstances are also important
amongst coloureds, that amongst blacks the migratory labour system
has been very-very important in the destruction of education.

25 So these partings that we see here are of people who could be

now 80 years, and this is their ... [inaudible] experience, because this graph show ... [inaudible] experience. It is not just something of current, but it shows ... [inaudible] experience amongst the whites, and that is why the notion of the demographic dividend in terms of framing the issue
5 in education in South Africa is important. So there are many reasons, most of them anchored in the absence of support to people at home.

To that ... [intervenes]

COMMISSIONER KHUMALO: Can I ask that - sorry, subsequent to the year that you said, has introduction of different legislation made any
10 progress from this, or is this just directly from that impact of 1953?

DR. P. LEHOHLA: Very difficult to answer that question, because we have not touched that, in terms of whether the legislation that was introduced. You mean in education?

COMMISSIONER KHUMALO: Yes, in the progression of the of the
15 rights, you know, that were taken away from them.

DR. P. LEHOHLA: As you can see this progression suggests that either it is an impact, proportionately it is a failing one. The absolute numbers are increasing. I mean, one of the problem issues that were raised by some of the people who were arguing, this issue was that, but the blacks
20 have doubled. I said yes, they have doubled, but from a very low base, and it does not matter how much they double, for as long as they cannot progress, the progression line does not, it is not an increasing one. It is not enough East facing one, like the one of whites. That is wasteful, this is waste. It means you studied the cord, and that cord goes to waste.

25 ADV. T. MABUDA: Doctor, just on that issue, is there an indication of

what percentage of matriculants enter higher education, black versus white, in terms of proportion?

DR. P. LEHOHLA: Yes. The number of people that now enter university is about what, 47 000, against 30 000 whites. So entry into university is about 70 000, and then Indians and coloureds come into the mix. So if there are 30 000 whites entering university, or 40 000.00 whites you would expect 200 000 to enter university every year. But it is only 47 000, and once they have entered that university this is the kind of performance whereby they actually head South.

10 So this is wasteful, very-very wasteful resource mobilisation at university. I mean - and the problem is this, and I needed to point here, you can see here, although the number of blacks that entered university, around 75, were very few, but look at the gradient, it was positive, it was heading North. But by about here it started heading South. You can see
15 that although level entry was lower for blacks compared to level entry for whites the gradient, the slope was almost similar.

For every one black person there were 1.2 white people that were succeeding. Now, for every one black person here, in terms of these performance, there are six whites succeeding to date. So this is where
20 the problem is, that blacks do not succeed when they are at university. Yet, actually, although they were fewer then in the '80's they succeeded. But now they are not succeeding.

COMMISSIONER ALLY: Doctor, just to perhaps ask the question in relation to, you will recall that you had the **Bantustans** and independent,
25 so-called independent states where we had your black African also.

Now in terms of your statistics was that taken into account in developing this particular graph? Namely that from '76 to '94, that the census only took people within South Africa and not in the Bantu stand - well, and not within the so-called independent states, and therefore that, that
5 particular factor is also taken into account in the analyses. So does your graph take into account that historical data?

DR. P. LEHOHLA: Chair it does, because we are asking all South Africans, as of 2016, who are of different age groups, irrespective of where they were at the point in time. Asking what has been your ...
10 [inaudible], and in terms of looking at the different points in time they were at, the information shows that they were succeeding, irrespective of where they were.

The nature of circumstances post this period has been in part the doors of learning opened, and then they opened very-very widely, and
15 universities got over-subscribed and, so it is almost a consequence of probably successful policies of opening doors of learning, without adequate support to take us through.

JUDGE: What is the explanation ... [inaudible]?

DR. P. LEHOHLA: We have not really looked into why whites suddenly
20 succeeded proportionately. Because here you are saying, for every 100 that come in, in the previous year, relative to the 100 that come in the following year, the subsequent cohort succeeds much better than the previous one, and that is development. For blacks you are saying the subsequent cohort does poorly all the time. That we, one does not
25 necessarily know, but one would have expected for a development

environment for blacks to go in that direction.

But of course the circumstances that surround blacks are such that they cannot actually move in that direction. Amongst other things the kinds of assistance that is available to students. It is not as
5 adequate. So if you do not have 5000 to top up, you do not have it. Even if you got to 95 000, if you do not have that additional 5000 you do not have it, and the student is bound to fail to succeed. The system of support, particularly for the poor, is ... [inaudible] very-very ... [inaudible].

When I was at university in Lesotho, I come from Lesotho, that is
10 where I was born and bred, when you passed matric yours was to go to university and everything else. What you had focussed on was books, nothing else. But in South Africa students are exposed to this little bit of that, that little bit of that, and they are supposed to coordinate that. It cannot be, when you are from a family that has not been exposed. Even
15 the best of those who have been exposed, they cannot coordinate little bits of money in order to be at university.

COMMISSIONER KHUMALO: Doc, can I just - on that lack of support has there been any research to quantify what would be needed for that support, maybe to assist that graph?

20 DR. P. LEHOHLA: Let me go to my ... [intervenes]

COMMISSIONER KHUMALO: You made an example of 5000. So I do not know if that is ... [intervenes]

DR. P. LEHOHLA: Let me go to my presentation to quantify the kind of support that is required. Whether it is available or not, that I do not
25 know. What I have seen anecdotally with people that come to stance

and say like, they will say, well I do not have books, I do not have this, I do not have that, can you help, and the solution that we have always put on the table has been look, where we give you support we have to guarantee that you have accommodation, you have books, you have
5 everything. Any other thing that is not there is not, that will not complete there will not bake a cake. It will not be baked.

So let me go to this other presentation. I think what I have said is, we face a very serious problem because blacks are not going to see a demographic dividend. Because the ingredients for creating that have
10 long dried up, because women are no longer producing as many children as they used to 20, 30 years ago, in the - in fact in the '60's and the '70's. The average number of children that a woman gives birth to now in their lifetime is 2.5, and that is very close to replacement. So ...
[intervenes]

15 COMMISSIONER KHUMALO: Sorry, Doc, is that for African women or across the board?

DR. P. LEHOHLA: Across the board, on average. African women is about 2.7, so very close to replacement at 2.1. That is the first thing.

The second thing is, marriage in South Africa is not universal, and
20 what dampens this fatality it is single people, who do not give as many children, birth to as many children as those who are in unions. So we are faced with a situation that cannot change. And in fact, whether it should change, that I do not know, but we do not have the bonus from which we can reap the dividend.

25 Even when we had it, it was, there was no investment in it. Even

when we are investing in it the progression does not generate what we think it should generate. Even when we tried to invest in it, the number in which we invest are so few that they are not going to lead to any dividend. So that is the point I would like to make.

5 COMMISSIONER KHUMALO: So Doc, sorry, does the same demographic relate maybe for grants in other departments, SASSA?

DR. P. LEHOHLA: Let me, well I think the basics that are needed in terms of survival and dealing with poverty, those have been provided, and I think we have reached the point where we have the necessary
10 basics, the platform on food, on housing, on all that. That platform has actually reduced poverty in South Africa dramatically, from food poverty of 22 percent in 2001, to where we are now at about 8 percent.

So that cocktail has helped. Through that cocktail has also helped in school attendance for those who are in primary, and then of course,
15 the lower fee schools have ensured that South African children, 97 percent of them are at school. But I think the problem is, what they have taught.

Now here is the problem. Suppose the basic education was working, then we will be in the worst crisis now. So our respite is a
20 consequence of a poison chalice. That is, we are lucky because the basic education is not pumping as many children into university as it should. But even with this few we are not able to move forward. So you see where the problem is?

In fact, what we should prepare for is, fixed basic education, allow
25 for expanded tertiary and university education, because you will have

fixed basic education. If we fix basic education without addressing this issue at the top, then we will have even, a bigger crises. So our crises is mitigated by poor performance in the basic education.

JUDGE: Well Doctor, it gets worse then also, in that same cocktail you mentioned, if you fix your basic education you get more graduates coming on, do you have place and jobs for those people that you have now generated?

DR. P. LEHOHLA: It looks like I spent more time on this thing that I did not think I was going to present on. But let me for argument's sake, and also correct some of the numbers that are now on record. The slide here shows that there are 719 000 graduates that are black, 558 000 that are white, coloured 97 000 and so on. Now there is the unemployment rate. For black it is 9.8 percent. It is much higher, or rather, the target of MDP by 2020 says 14 percent unemployment. Graduate unemployment, 9.8 percent.

So would it be the case that they will have jobs? The evidence that we have before us is that graduate unemployment is very low. So it makes sense to invest in graduates.

COMMISSIONER ALLY: It makes sense to invest in what?

DR. P. LEHOHLA: In graduate education because unemployment is very low. I will come with the horrifying unemployment numbers for those who do not have any level of education, which is 27 percent, and then of course, if you come to youth you are going to 40 percent and so on. So graduate unemployment, yes it is, by race it shows that there are racial differences, but still it is very low. 9.8 percent unemployment rate.

South Africa will be ... [inaudible] experience that kind of unemployment rate.

COMMISSIONER KHUMALO: So Doc, later in the presentation are we going to hear about how it has been quantified, the state of readiness for
5 kids from basic education and for those who have entered varsity, for them not to fall of the wagon during that. Has there been anything to that effect?

DR. P. LEHOHLA: Unfortunately I just maybe encounter, I just count things that say, this is the number, that is the number, this is the
10 proportion, that is the other one. I am not in the policy space. But probably we can look at the numbers and say, what does the policy space say? If the policy space says we have created so many mansions in my father's house, then of course it will be.

So let me go to the other presentation, but let me first just show
15 unemployment levels, because I think we just need to have a sense of what the unemployment levels over a period of time has been from 2015 to now, 2016. Here, we can see that those who are 15 to 24, unemployment is 50, almost 50 percent. 15 to 24, or 15 to 34, 30 percent, and those who are 35 and 64 about 10 percent, and of course
20 this is in the general population, and when we go to graduates, you will those 50 percent, 34 percent and so on, graduates 9.8 percent.

So the question is appropriate to say, will they get jobs or not, but the evidence before us suggests that there is still very, lots of scope on jobs.

25 COMMISSIONER ALLY: And whether or not those jobs are available in

South Africa or not is not the point. The fact, the facts show those percentages presently. I am not sure whether the question was asked, whether they are available in South Africa or not, I do not think that was the point. The point on this chart or slide is that this is your graduate
5 unemployment at the moment.

DR. P. LEHOHLA: Well indeed, and what it suggests is those who are in planning should say by how much is it likely to grow, given what we have. Of course in that graduate we have a lot of people who, because of 1957, or 1953 statement by Dr Verwoerd, a number of people did not
10 do mathematical. If you change our intake into specific subjects it is less likely that the graduates will be without jobs.

Then I have to go to my planned presentation, and probably I think - no, no, I think the context here requires that we really go through this ...
[intervenes]

RECORDING PLAYING: ... [inaudible] in a rapid changing society, she
15 has gone through some changes in her family and personal life. Her ... [inaudible] mother passed on at age 75 since. Despite her grieve Lerato took comfort in recently finding out that her grandmother lived well beyond the life expectancy for South African females, which is 66 years.
20 Her father, a self-employed car mechanic, who is Lerato's personal hero, has been struggling to maintain his business. The tough economic conditions in the country have impacted on his clients who are now cutting back on some of their spending. Although on average an income received by households has increased from R103 000, to R115 000, a
25 nominal 11.8 percent increase, this increase has not been evenly

distributed and Lerato's family has not benefited from it. Her mother took early retirement due to her ill health. All these changes have impacted on Mpho, Lerato's brother, and he is thinking of dropping out of university to go and look for work. He is an active participant of the

5 #feesmustfall movement, as he understands the impact of expensive education on poor households. His caucus ... [inaudible] of the decision he is making, he will be joining the ranks of the young, unskilled and probably unemployable who make up 91.3 percent of youth unemployment. Lerato does not agree with Mpho's decision to drop out,

10 however, she appreciates his reasons. She has been doing her best to supplement their family's income, even though she has moved out of home. She would like to do more, but she is now a single mother of a three-month old baby. Lerato is not unique. She is one of the three million single mothers in South Africa in the age group 15 to 34, and also

15 she is one of the many young people who have established their own household. This has contributed to the number of households increasing by two million, where the average household size has decreased to 3.4 per household, from above 4 persons per household in 1996. As our democracy is now 22 years the question and development challenges

20 are about how Nthabisile, Lerato's sister, who is now 8 years old and then Lerato's baby who is three months old fare in the next 20 years. We may face a life of university dropout, we may face a life of youth unemployment, we may face a life unfulfilled, or will the implementation of the national development plan save their futures and guarantee a

25 better life for their children.

DR. P. LEHOHLA: I think that is - I need to escape this and go to the presentation that - I do not want to be that ... [inaudible]. I do not mind being transparent but. Let me go to the presentation which really tries to focus on the questions that have been asked.

5 COMMISSIONER KHUMALO: Also looking Doc, from the previous presentation, I know we have had a lot of presentations here on the commission about black tax. Is that, the emphasis on the previous conversation?

DR. P. LEHOHLA: There is in a way, I think black tax, but I mean this is
10 more anecdotal that when you get something you go to university, you also have to support siblings and so on. At times from the money that you get ... [inaudible]. So divesting resources from university education to other responsibilities that you have. But as soon as you complete you have to look at your parents and look at your own siblings.

15 The issue of the demographic dividend that I was trying to illustrate is, probably what needs to be done is to rescue those that are not yet born, and they have to be rescued by ensuring that they do not go the path that those who are born are going through and have gone through. If they are rescued through education and thinking about what
20 the future education will heed, that they have the possibility of saving their parents and guaranteeing the life of their children. At the moment both those are not possible.

COMMISSIONER KHUMALO: The enquiry, Doc, has been, the timing of black tax, if there is any obligation in terms of that. But I see in your
25 presentation there has been a couple of dropouts because a child

wanted to go home and support. So it means black tax does not commence upon attainment, or upon post-graduate. It could be at any point, and it is an issue if repayment is an issue for a dividend.

DR. P. LEHOHLA: It is a mill around anybody's neck that has a prospect
5 for success, that is, and I think the presentation I will make really will illustrate that point. That there is that tax because of the absence of a demographic dividend. Those that were before these kids did not have the opportunity to work in order to cater for themselves in older life. So they have to be supported, while those that are likely to work have to
10 support both their siblings and those who come after them.

So the tax it is a continuous, and of course it is levied at every little opportunity that might arise, including taking away prospect for investment, that is in education and so on. So it is a very disruptive tax. So let me try and go into the questions that were asked, what is the
15 plight of the youth and how can it be reversed. Obviously universal quality basic education is fine. No-fee schools, I think are a good direction, and of course what they get taught in schools, very important.

But what happens to tertiary education? What is the average cost of tertiary education and I think that to have, that we have to ...
20 [inaudible] against average household income, and then the distribution of that income across the population. I think what we also need to ask is, there is a head mentality, a head mentality is, if I go to university my younger brother or sister must go to university too.

So when you think about the missing middle, we actually have to
25 think through the heads, or the imitation process. Does it focus on one

child, or does it focus on whether there are two children? Because I think that is not factored into the equation. Because once you have the second child if you in that 600, the whole thing becomes quite steep, and what we will do is to, in the presentation is to show what percentage of
5 that there is.

I have not pointed out to what happens to the general public, what their views on education is, and whether there are prospects for public mobilisation towards education. The evidence that we have, there are not, because in the recent survey that we ran across South Africa, in
10 another presentation that we have here, education did not feature as a priority. In fact, I should go to that one, because I think it is an important issue, because this issue of education is so crucial that if we do not - well now this is where the problem is, because I maybe encounter, I cannot pronounce myself on what we do not, or we should do.

15 So I am sure I am - we need to get to it. I was trying to get to it. Yes, we asked South Africans about what the challenges are. The darker the colour, the more severe the challenges. So the darker the purple there - oh, it is not showing. I am playing my own ... [inaudible] copy. My apologies, I thought that it was showing. My peremptory
20 statement has worked against me.

The darker the colour, that is why I asked Nozy to come so that she can remind me when I get excited and I do not see what is happening. It shows what the perceived challenge is. Here the purple shows that people are worried about safe water and reliable water
25 supply. That is what, on the mind of people. They are also worried

about inadequate employment opportunities. They are also worried about the cost of electricity. We thought that sanitation and all that, I do not want to go through that, but I need to go through to education. Now on the ranking this is number 15, education. It is priority 15, 17 in the
5 ranking. Those three that I talked about is 1, 2, 3. Now you can see how it is distributed by municipalities, at the municipality level. The question is, does it matter?

Now here is another slide, and I will go back to my presentation but here, we are looking at what drives poverty ... [intervenes]

10 COMMISSIONER KHUMALO: Just, sorry Doc, to go back to the last slide. So is it number 15 as a priority in what contest? The government or?

DR. P. LEHOHLA: We asked what are the issues that concern you as the community and we had a whole lot of things, but what was important
15 was water. Of course there was drought and these things are very much in their face. Unemployment and cost of electricity. Now we went on and on and on and then education popped up at about 15th position.

COMMISSIONER KHUMALO: Yes, was it the entire community or was there a special method for this survey? Just to get a sense of how much
20 these people feel?

DR. P. LEHOHLA: We went through 1.4 million households, so that the results are generalizable at the level of the municipality. That is the sample size.

COMMISSIONER KHUMALO: I am trying to link this with the massive
25 campaign for feesmustfall, and having looked at it as a number 15.

Does it speak to ... [intervenes]

DR. P. LEHOHLA: That is what is surprising. That in, at the heart of the feesmustfall, because we ran this thing in - there was the feesmustfall before the end of the year, we ran this in June, in March 2016 and it was
5 a pre ... [inaudible] to a local government election and education featured nowhere in those campaigns. Not in the community, not anywhere else, and I think it says a lot about the kind of crises that we see in education.

COMMISSIONER KHUMALO: Sorry Doctor, but was the survey
10 conducted in households or individually?

DR. P. LEHOHLA: In households.

COMMISSIONER KHUMALO: In households?

DR. P. LEHOHLA: In households, yes. But as a matter of public concern there was an issue about students and everything, feesmustfall
15 and all that. That did not seize South African's imagination, and I think that is really the - but I think there is an answer to it, and the answer why it was not so. I think I saw something here that was important. Which is this one.

You see here are assets, transfer of houses to the poor to build
20 assets. This is sanitation, this is electricity, this is water. People were worried about this water and energy for cooking and energy for lighting, electricity and so on. Now what we are looking at here is, what are the drivers of poverty in South Africa? The drivers of poverty, we have looked at, these important categories, and here we are looking at what
25 those drivers have been ... [inaudible].

We do know that poverty is reduced in South Africa, and to a large extent because there were investment in these areas of asset, water, sanitation and so on. But over a period of time the returns to the contribution of these as drivers of poverty has been a reducing one. But
5 there is one where the returns or the problems are increasing, and what is very important here is, in 2001 33 percent, as a driver of poverty, unemployment accounted for 33 percent of all this. In 2011 it accounted for 40 percent. So this is a ten year period. In 10 years it grew by 7 percentage points. In five years it grew by 12 percentage points. It
10 doubled in half the time. So it means the acceleration is more than twice.

Now second is years of schooling, that the number of years of schooling they had to go through you reduce poverty. But this is the second most important and in fact it is the bridge.

15 ADV. T. MABUDA: Doctor, before you proceed, what is the difference between the second one on that list and the second last one?

DR. P. LEHOHLA: Which one?

ADV. T. MABUDA: School attendance and years of schooling.

DR. P. LEHOHLA: Oh, school attendance is whether you are at school.
20 So 97 percent of children in South Africa are attending school, are in school, they are in school. So that part as a driver of poverty is no longer a driver of poverty because children are in school. This one says, how many years have you spent in education. So you see, it still remains a significant contributor as a driver of poverty. It was 16, it is
25 14, it is 11, but we also know that it is the bridge to resolving the problem

of unemployment.

So these two, unemployment 62 percent, and 52 percent, and years of schooling 11 percent is 63 percent. So the key drivers of poverty in South Africa are unemployment and education, which
5 contributes 63 percent, and this one is un-baiting, it is growing at an increasing rate.

ADV. T. MABUDA: But how do we explain the decline in the importance of years of schooling, as opposed to unemployment? Because you would assume as unemployment rises the importance of schooling as
10 well as a contributor also rises?

DR. P. LEHOHLA: School attendance it is, what we are saying is, as a driver of unemployment by 2001 it was a driver of unemployment contributing about 4 percentage points. Because the years of schooling, school attendance increased that aspect of poverty as a driver of poverty
15 decreased, and now it has decreased to a level where it cannot ... [inaudible], because 97 percent of children in South Africa are actually in school, and in part they also get feeding scheme, a warm meal a day and so on and so on.

So as a driver that schooling, its contribution as a driver of poverty
20 has been reduced because of the intervention. But here, on the years of schooling, which is how many years are you in school, the shorter the number of years the more you drive the poverty. Now the reduction, the increase in the number of years has not been at a pace, but enables us to solve the problem of unemployment. This is what this is.

25 COMMISSIONER KHUMALO: So what would cause the reduction in the

years of schooling? Is it changing it from being grade 1 to grade 12, or is it the period within which people do not repeat classes and then it is shorter?

DR. P. LEHOHLA: The years of schooling would mean how long you
5 have been at school, and probably have you been to school over the necessary period, and I think increasingly people are going to school over the necessary period, but not to the extent that it creates a bridge into resolving unemployment.

COMMISSIONER KHUMALO: So are you saying poverty could be
10 reduced if the years of schooling are less than what they are currently?

DR. P. LEHOHLA: If we spent the necessary number of years at school, so that those who were supposed to be in school ... [intervenes]

COMMISSIONER KHUMALO: So like kids do not fail?

DR. P. LEHOHLA: Yes. So that you go to school and get your
15 qualification, go to matric, go beyond that and so on and so on.

COMMISSIONER KHUMALO: Okay. Because in the presentation by basic education when you know, the enquiry was about the state of readiness and the comparison was made with, where there are A-levels in other countries or whether there should be another year added. Do
20 you think it will impact on that?

DR. P. LEHOHLA: I do not know, I have not done any experimental design on that. But the point is, there are 3.5 million people who are not in employment, not in education and not in training, who are 15 to 24. If you kept those people in school in order to acquire a skill the outcome of
25 that, depending on what they spent doing in school will change the

outcomes. So here, what the graph suggests is, the two most critical things that still drive poverty are years of schooling and unemployment. That is the shorter the number of years of schooling the more poverty you will see. The longer the number of years that you spend in school, 5 the greater the chances of resolving issues of poverty, because then you skill yourself.

So what these two do is, this 52 percent and this 11 percent add up to 63 percent, and they take a disproportionate ... [inaudible] as drivers of poverty. So the core, the accompaniment of these two things 10 determines whether South Africans continue to be poor or turn the tide. The most important thing I think here is that in five years the unemployment as a driver of poverty more than doubled. It contributed 12, it had 12 percentage points more in five years, compared to where it was 7 percentage points more in ten years.

15 So if you were to go and measure again five years, if these three points were to be, to determine the trajectory, in another five years, if this trajectory is 7, 12, then the difference between 12 and another 5, but doubled to 12, it may be 86 percent, and that might be the single most important driver of poverty, and if that becomes the case the benefits of 20 all this investment in the basics will be corroded and disappear, and the bridge is this one on education.

ADV. T. MABUDA: Doctor if I may, on your presentation, the one that you, the last page that you were, the presentation that you gave to us, the reason we requested your testimony is ultimately to decide if there is 25 an offer, there is an issue where we have to set a cut-off point in terms of

who can be provided with free education, in this instance. Where is the cut-off point in terms of your statistics as to who is poor and who is not in the country.

DR. P. LEHOHLA: Yes, I will make the presentation now. It is just that I think the contextual issues have been a little bit more consuming and probably more, a little bit more interesting. So let me go to the main presentation. So here is - I have given you what the drivers of poverty are, health, education, leading standards, economic activity, and then that gives you the deprivation head-count. What is happening is, if you are deprived, in a third of this, then you are poor in educational attainment and so on, and this is the proportion of the youth, population deprived per indicator, and here we are talking about education. So 30 percent of the youth are deprived in that indicator, they are education poor.

ADV. T. MABUDA: Doctor what is that, in terms of population numbers, how many people make 30 percent of the youth?

DR. P. LEHOHLA: The youth it is, that is 15 to 34, that is about what, 20 percent of the population, that would be about 12 million, and 30 percent of those, that will be about 6 or so million. I will come with the actual figures. Let me not answer off the hook, off the hearsay. So the 3.1 million, there it is, total youth is 15 to 24, that is 9.4 million, but if we go to 15 to 34 that will be 20. But in the 9.4 million, who are of school going age, 3.1 million are education, will be education poor.

JUDGE: Sorry what does MPI stands for?

DR. P. LEHOHLA: MPI stands for Multidimensional Poverty Index. So

here, I think what we are doing was to give you a configuration of how we calculate multidimensional poverty, and that is the scheme of the multidimensional poverty, and here are the ... [intervenes]

COMMISSIONER KHUMALO: ... [inaudible] Doc? It says MPI?

5 DR. P. LEHOHLA: Yes, Multidimensional Poverty Index. Yes. And here it is educational poor, general health, functioning poor, fuel - and here we are focussing on the youth, in what households, under what circumstances do they experience, what are the circumstances that drive their poverty, and here we are saying this is the number that is multi-
10 dimensionally poor.

ADV. T. MABUDA: Doc, how do we centre these numbers?

DR. P. LEHOHLA: These are numbers that are based on 2011, but they will not change that much. In fact, I am having a release on Friday, and we will factor this and then update them to 2017.

15 ADV. T. MABUDA: And just on the last column, what is intensity of poverty?

DR. P. LEHOHLA: Poverty intensity is how far from the average you are in poverty. So there is the average poverty, but the distance that you are from that average, so that is the intensity, and the point about this
20 intensity is this, head count poverty is how poor you are, how many of you are poor, and that part has been dealt with through this cocktail of services that have been provided, such as sanitation and everything.

But intensity have to deal with the brain, how much do you fit the brain to solve the problem, and that is where education is very important.
25 So intensity has remained stubborn, in fact it has moved very marginal

from the time when ... [intervenes]

JUDGE: What ... [inaudible]?

DR. P. LEHOHLA: You get average poverty and intensity is the distance, how far from that average poverty you are, and the measurement is , you
5 run a survey into the community and you ask all these questions, do you have access to water, access to this, and perhaps I should come back here to look at multidimensional poverty, but here focussing on the youth. One of the things, and these are the explanations here that terminal health functioning, education, living standards and those living
10 standards taking into account all of this.

So we measure all of that and then of course economic activity, which is not in education, not in employment and training, and then of course, having done that these are the results which are reflected in this graph. But then you have to quantify who are these poor people. Of the
15 9.4 million, 3.1 million are poor, and they have, 33 percent of them, and 50.3 percent of them are, have high intensity of poverty.

Now the main drivers of poverty, I think you saw on the other graph that we showed the main drivers of poverty amongst the general population. What is happening here is that the main drivers of poverty
20 amongst the youth is actually educational attainment. The absence of that is the main driver. Amongst the general population it was unemployment. The data says, if we do not invest in the youth they will remain poor. That is what this data is saying.

Therefore, when they get into the general population it will be
25 unemployment. So we can see that adult unemployment is there, not in

education, not in training, it is a driver of poverty, general health functioning, sanitation. All these others are not strong drivers of poverty for the youth, but it is this educational attainment. The absence ... [intervenes]

5 **JUDGE:** ... [inaudible] how can you measure - how do you measure that educational attainment is the main contributor?

DR. P. LEHOHLA: You look at the circumstances of the individual and I do not want to go into statistical jargon, you look at the circumstances of the individual and you say, is this person poor or not poor, and what are
10 the drivers, if they are poor, what are the drivers of poverty? The predominance of the lack of educational attainment shows that amongst the youth this is what drives their poverty status.

ADV. T. MABUDA: Also just for my understanding, is this based on the answers that they give you, or is this after you have analysed information
15 that they have given you?

DR. P. LEHOHLA: You collect, you structure your - let me provide some background on multidimensional poverty analyses. ... [inaudible] talked about poverty and said poverty, or the absence of freedom is poverty. When we measure poverty classically we would measure poverty using
20 money metric measures. We still do. And we would say below a certain amount of rands and cents you are poor.

But that is a very inadequate measurement of poverty. When you do not have education you definitely are poor. When you do not have facilities around you to make life comfortable, you are poor, and this is
25 what we have done to measure poverty, and we have a theory

underlying the multidimensional poverty. We belong to a club in the world of 60 countries that have moved a step in measuring poverty in a multidimensional science, including measuring money metric poverty.

So the absence of these things and the extent to which they are absent tell you how poor you are. So here we are focussing on the poverty of the youth, what drives their poverty, and one of those is educational attainment. You asked, do we ask questions? Yes, there is a questionnaire that we take, we ask questions and then you do the analyses and the analyses derives this.

10 **COMMISSIONER ALLY:** Doctor, just on that score, your report, your 2008 report on measuring poverty which outlines what you have just said, you would also like that to be part of the evidence that you have given for an understanding of your presentation, is that correct?

DR. P. LEHOHLA: We could do that, but I think we have a much more recent report that looks at multidimensional poverty. That one was money metric, and we did something on ... [intervenes]

ADV. T. MABUDA: I am talking about the reports you provided to the evidence leaders in terms of understanding and as I understood that report you went in to, there is certain people that take the money metric, there is others that take the multidimensional as South Africa does. You say there is an updated report of it?

DR. P. LEHOHLA: We - yes Chair, we need to give you an updated report that reflects multidimensionality of poverty as of now, 2011, and I think if we are given enough time I am sure your commission continues, we will actually update that to 2016.

JUDGE: This measuring of multidimensional poverty is what you are telling us that it is not something that is universally accepted?

DR. P. LEHOHLA: No, it is universally accepted. It has a very strong theory driving it and there are 60 countries that are applying this
5 because of the deficiency that is observed in money metric poverty. If we measured poverty through only the money aspect then you will not get the totality of what poverty ... [intervenes]

JUDGE: Why do only 60 countries of 200 in the world apply it?

DR. P. LEHOHLA: It is because they have data, that is in part because
10 they have the data and they have the tools by which they combine the data. That is why this is the case. It is, there are actually two global movements, it is this multidimensional poverty, MPPM, and there is the OECD country movement, which does more or less the same thing, and the arithmetic or the calculus of it is the same.

15 JUDGE: Thank you.

DR. P. LEHOHLA: Yes. Now let us come to the numbers. Here we are looking at how many households actually have children at university, and what is the number of children. Now you see here we have, those who are staying on campus, one child, two children, three children, and four
20 children. Of course the numbers decline dramatically. But here it is, we are trying to see what is the distribution of children at university per household.

JUDGE: I am sorry, I looked at this earlier and could not quite understand, what is the difference between 1 and 2. Let us say between
25 a person staying on the campus and one child at university? Why

should the one child not be living on the campus?

DR. P. LEHOHLA: No, no, you see that are sources that we have. We do not have a register of children per household at university, and then we have two sources of information, one which looks at, you know, how
5 much do you spend on education and so on and so on, and university and so on, and another one that looks at the number of children. Now we pull those to ... [inaudible] to check, to compile the number of households that have children at university. It is a matter of sources of information. It is not a matter of anything. We could have concealed this
10 and just said, these are people with children at university, and then move to 1, 2, 3, 4 children, and of course the four or more ... [inaudible].

So now we come to the ... [intervenes]

JUDGE: I am sorry, what I do not understand is, you have got one child, two children, three children and four children. But the persons staying
15 on the campus must surely include some of them?

DR. P. LEHOHLA: Yes, that is what I have said, is in the analyses, because you have two sources of data that you have to put together ...
[intervenes]

JUDGE: Yes, but all these figures add up to 100 percent.

20 DR. P. LEHOHLA: Yes.

JUDGE: I do not see how you can take into account something twice and then come up to 100 percent.

DR. P. LEHOHLA: Yes, Chair, what I have said is that, because we do not have a single source we had to go and look at different sources of

data in order to compile this. What we are reflecting is more the sources of data, rather than whether this should add to 100 percent or not. It is just the sources of data, and these are mutually exclusive. These two are mutually exclusive and we have treated them as such in the sources
5 of data. I think it is a little bit awkward in the way we presented it, but they are mutually exclusive and that is why you can add them. There is no overlap between the two.

JUDGE: Go on.

DR. P. LEHOHLA: Yes. So ... [intervenes]

10 JUDGE: So that means that the one child, two child, three child, and four child are not accurate, because they must be, they must all be included somewhere in the 288 000. In other words the 288 000 must actually be apportioned between the 1, 2, 3, and 4?

DR. P. LEHOHLA: No. You are right in the question that you are asking.
15 However, these two that was said, this one and this one and that one are mutually exclusive. What we have done is to pull that from two sets of information, what we could have done, of course, for elegance of presentation would have just been to add this as one category and then two children, three children and four children, which is an outline.

20 COMMISSIONER KHUMALO: But Doc, how far are we from precision when using these two tools?

DR. P. LEHOHLA: No, no, there is not any problem around precision. In fact as you will see that there are 671 000, and we will come back to this point. 671 000 households with persons in university, and we know that
25 there are 938, therefore per household there are about 1.4 children that

are in university. So that is the information that we have.

So in relation to the questions that I am being asked, we do have at least a proportion of households that have more than one child in the university, and of course, when you look at the missing middle we may
5 have to think about how do we navigate that space.

JUDGE: Well I was going to ask you, will you be able in due course to give us some statistics which will tell us approximately how many additional students would be admitted to university if everybody had access?

10 DR. P. LEHOHLA: Chair ... [intervenes]

JUDGE: In other words, people were not deprived by financial constraints.

DR. P. LEHOHLA: Constraints?

JUDGE: Yes.

15 DR. P. LEHOHLA: Looking at the number of children that actually qualify for university education, it appears that everybody is, it is possible the only, the ones that remain outside are very marginal. However, the question is whether they get the full subsidy, because NSFAS says they can.

20 JUDGE: Well is there any missing middle then?

DR. P. LEHOHLA: That is the next slide, I think ... [intervenes]

JUDGE: Yes, but that is why I asked the question, because if there is no missing middle then that reflects that everybody is being educated somehow or the other?

DR. P. LEHOHLA: The issue is, how big is this missing middle.

JUDGE: That is right.

DR. P. LEHOHLA: And are we not focussing on the, on the least of the problems? I think that is - the next slide I think ... [intervenes]

5 JUDGE: No, the reason why I ask you is quite simple, because one of the things that this commission has to decide is whether fee-free education is feasible. Now if we were to be told, for example, that fee-free education would result in another 100 000 students from below the R120 000 per year household level, and another 100 000 between
10 R120 000 and R500 000, if we were told that, for example, that would be an additional 200 000 students. We would also have to ask whether it is feasible to accommodate them in the existing infrastructure, and that is why I am asking you, how many additional students are we likely to have, if everybody is able to go to university?

15 DR. P. LEHOHLA: Chair, it is based on the number of children that actually qualify for university entry, and in terms of that it is about, as I said, there are 47 000 blacks that go, 30 000 whites, entry, about 100 000 out of the 700 000 that have written matric, and that comes in year-in, year-out. Now suppose ... [intervenes]

20 JUDGE: How many are presently being deprived by lack of means?

DR. P. LEHOHLA: That we do not have, but let me try and be helpful in my answer. If the university, number of years that are spent at university are three, and the streaming in of children into that system is at the rate of about 100 000 and they go through three years, and then you have
25 about 70 000 of PhD and post-Doc, they are now 150 000, the maximum

number of people that would be in the university at any given time would be about 600 000, instead of a million. Now there are many people who are repeating in the system, for reasons that we have shown.

5 So the point is, the university, given the throughput from high school should be able to absorb the number of people that come to university. But there are many people at university that have gone past sell-by date, and it is constipating the system. But the reasons for that are very profound and they have to be tackled.

10 But now, if the high school system functions it means that there are more children that can actually come through the system, and if the system at the moment is having about a million then the system from High School has a possibility of pumping 200 000 a year into the university system for three years, four years with masters and PhD, or a few other years with masters and PhD, then the system does have, if the
15 one million is what it is capable of carrying now, does have the capacity to do so. Whether there is enough funding for that is another matter.

COMMISSIONER ALLY: Well Doc, let us just take the Chairperson's point further. Let us assume we give you all the money that is needed, we are not going to go into the need in terms of factors into the need in
20 terms of factors for success rate and so forth, all we say is, we give you the money that is needed. Now can the present infrastructure and structure of lecturers and so forth, take all the people that would pass through? Remember now your premise that your basic education is working and therefore the three years and so forth, and now, and we
25 give you all the money, can the infrastructure take all these people?

DR. P. LEHOHLA: Chair, the question has two parts to it. It is how much come from the high schools. That number we are saying is adequate to go through into the university system. But the system is constipated. So it has to be unblocked first in order to allow the free flow. So at current
5 levels of throughput from high school the university system should be adequately equipped to carry. But it is trapping a number of people in the system. I think that is the problem, that is where the problem is and that is what has to be unblocked. But unblocking that means fixing the education system and basic education. That is in part. But if we look at
10 it just as pure numbers, as we experience them now, where the problem is, is the constipated system.

JUDGE: Dr Lehohla, is it convenient for us to adjourn for lunch now for half an hour?

ADV. K. PILLAY SC: Chairperson, I did raise with the Chair this morning
15 that the SG unfortunately has got time constraints today. So if it is possible for us to have a brief tea adjournment and then we can recommenced in 15 minutes. If that is okay with you?

JUDGE: That is fine.

DR. P. LEHOHLA: It is okay. Although I was warming up to the next
20 slide, Chair, but I think let me stop now. Thanks, Chair.

JUDGE: 15 minutes, thank you.

HEARING ADJOURNS

HEARING RESUMES

END OF SESSION 1

25 **SESSION 2**

JUDGE: Yes thank you, you are still under your oath doctor.

DR PALI LEHOHLA: [still under former oath]

JUDGE: Can you pick up your evidence.

DR. P. LEHOHLA: Thank you Chair.

5 JUDGE: The point that you were warming to?

DR. P. LEHOHLA: Yes I was warming to the, I think we just needed to clarify the question that was raised and I think the confusing probably phrasing of this which was yes the number of children that are at home, these ones are at University, these ones are, two have been at home,
10 University with one child, two children that are on campus so these ones are home based so that is the categorisation, it is, they are all mutually exclusive when you add them up they come to 100 and the 1.4 average student per household.

Now the cost estimates that I think has been submitted and you
15 know that 112 000 University of Cape Town, University of KwaZulu Natal 91 000 and University of Pretoria 102 000 breaking all the categories including meals, books and stationary, accommodation and etcetera, etcetera and that is the context of showing how many children or how many students stay with parents at home which probably then diphase
20 some of the costs of accommodation and costs of meals. Now the income per households with persons enrolled at University this is the annual income that they have, those 0 to 100 000, 213 and then of course they accumulate to 671 000 which are the households that have children at University, and of course the more than 600 000, those who
25 earn more than 600 000 there we can see that their number is 139 000

and 400 to 600 000, 85 000 12 percent and 20 percent.

ADV. T. MABUDA: Sorry doc just before you proceed, has a similar analysis been done as to students in Tvet Colleges?

DR. P. LEHOHLA: No not we only focused at the University that if there
5 is such we could do a similar analysis.

COMMISSIONER ALLY: So there has not been a request from **DHET** to do an analysis?

DR. P. LEHOHLA: No not but if the commission Chair requires it will be done.

10 COMMISSIONER ALLY: Thank you.

DR. P. LEHOHLA: I take it, it is required?

COMMISSIONER ALLY: The scope of the commission requires us to look at the post school sector as a whole so it looks at University's, Tvet's as well as community colleges so this just indicates a partial
15 picture of the numbers we have to deal with so Tvet's are also quite important for us as well.

DR. P. LEHOHLA: Now here we are looking at average prices, average ...[intervenes]

COMMISSIONER KHUMALO: Sorry doctor if I may just go back to the
20 previous slide, now on this slide how do we determine who is poor here and who is not?

DR. P. LEHOHLA: Well if use money as that which determines who is poor or not well the category ...[intervenes]

COMMISSIONER KHUMALO: Yes because, sorry, because I

understood that you said that you used the money metric standard so beyond a certain threshold you are considered poor now if we look at all these numbers who would be poor here?

DR. P. LEHOHLA: Those 0 to 100 000 would certainly be, depending on
5 the number of people they have in the household because the average number of households, number of persons also determine how many per capita whether there is water, there is electricity and so on, it is very difficult to say amongst this as we see the numbers now who are poor but what we did was to be guided by lower than 600 000 that those
10 would be in stress if they have to take their children to University.

COMMISSIONER ALLY: Okay.

DR. P. LEHOHLA: So that is the guidance we got.

JUDGE: Are you now aligning poverty with an inability to send your children to University, I am not saying that it is wrong to do so but is that
15 not what you are doing?

DR. P. LEHOHLA: What we are doing is to clarify, we have given multi dimensional poverty that these are the dimensions of poverty, we are now saying let us look at the money side and break it down in terms of who amongst these households at University to describe the situation,
20 whether they can afford or not afford it is a policy question, has it been count I can only say these are what the numbers say, I could clarify them in relation to issues of affordability or not and we have given what the invest will require 102 000 per annum and if you are earning 100 000 you cannot afford that, you will remain with nothing for food. 100 to 200
25 000 if you were to pay 102 000, 91 000 it is impossible but it also

depends how many children you have at University. 200 to 300 000 still very, very steep if a third of your expenditure goes to education, 20 percent goes to mortgage, the other amounts it means you really, so is 600 000 affordable, what happens to all the other obligations that you have, it is a, but ours was to try and show the numbers in the different categories.

COMMISSIONER KHUMALO: And can I just ask why you chose 600 000, you say below 600 000 you are in that category that may need, well that may be poor or poorer or the levels?

10 DR. P. LEHOHLA: We have been guided by the 600 000 which is the, it is not really our choice here is the number that is given and what we said, we said well given that number what is the spread below that number and what is the spread above that number and what percentage of households 600 000 and more so that if you were to say they are not
15 to pay or they are to pay you know the burden that you are carrying 20.7 of the student body would be in that category of those that can pay or not pay, it is difficult for me to say this should pay or this should not pay but I think as I go into the presentation I may clarify a few issues that say what are the educational outcomes and therefore given those outcomes
20 what then are the prospects at University.

Now these are average incomes of people, average annual household income for people with no person at University and one or more persons at University this is what the average annual household income is and on average all households are 157 000 and you can see
25 that by and large those with children at University have slightly higher

income 363 which is almost two and a half times.

JUDGE: Sorry ...[inaudible]

DR. P. LEHOHLA: Yes I think Chair it is the question of averages yes, there will be those with zero income in that 363 000 but it does suggest
5 that I mean people with children at University are largely those who have money but it is the extreme values to the upper side of the income band that pulls everybody, it is an average, certainly there are as we saw in the distribution of income or in fact in these distribution we have shown that with persons enrolled there are those who is 0 to 100 000, 213 000
10 and that is a big number, they have children at University, that one percent of households have children enrolled at University earning 0 to 100 000. Your point is correct but the average is an average mean it skews the number to the upper end

COMMISSIONER KHUMALO: Sorry doctor just for my clarity, are you
15 saying there is no absolute poverty line at which point you cut off and it is context specific?

DR. P. LEHOHLA: There is absolute poverty line and it is usually, there are three lines that we compile, there is the food poverty line, there is the lower bound poverty line where in addition to food we may have a few
20 things and then there is the upper poverty line, those we have we have calculated them yes, and we can show them in money metric money terms that this is what those lines are.

COMMISSIONER KHUMALO: But do they relate to this slide of the various household incomes?

25 DR. P. LEHOHLA: What we wanted to show here is the distribution of

households by number of children that come from those households with these kinds of income brackets, some of them are poor at 100 000, 0 to 100 000 those are definitely very much money metrically poor and then of 100 000 to 200 000 that is, but the number is 13 percent and so on.

5 So I suppose what you are asking is whether the poverty lines in relation to this bracket say no, no we will give you that yes.

JUDGE: What that last slide does show is that ...[inaudible]

DR. P. LEHOHLA: Indeed.

JUDGE: ...[inaudible]

10 DR. P. LEHOHLA: Yes and of course when you go to the next slide it gives your racial composition and then of course I think that is where the issue gets even more complex with the missing middle yes.

COMMISSIONER KHUMALO: Doc we are purely focusing on University's with these figures not tertiary?

15 DR. P. LEHOHLA: No we are not, we did not go into tertiary, we just focussed on University, yes we did not go to all other tertiary institutions.

COMMISSIONER KHUMALO: So even with the earlier referral of the readiness in basic education it is not readiness for tertiary it is readiness for varsity?

20 DR. P. LEHOHLA: No it is, the question of readiness let me split it into two, the first is the current performance of the system in terms of his throughput it should allow for University's to take on children who have got University qualification or who qualify to go to University, the problem is that once they are in there they are trapped in a chain and that is

where the cost I think increases because you have people who do not have to be there for a variety of reasons that we have already tried to outline so the system has to be streamlined to ensure that once people are there they have the ability to be there and move through.

5 COMMISSIONER KHUMALO: Earlier you made reference to the constipation in the system and I know it is part of what you are supposed to look at if other than varsity is there any other alternative that a girl child or a boy child would leave school and have a look at it, are we able to quantify that instead of the assumption that everybody must go to
10 varsity, there is technical colleges, there is different?

DR. P. LEHOHLA: Yes the Tvet's are there they are available I am sure people can go to them and they should because they are, they have to be exits along the way not everybody goes to University, there are a whole range of skills that you need. There is a slide that I want to get to
15 which probably may not answer what has to happen tomorrow but asks a very pertinent question about Tvet's so I will go through that, of course this is just an average and Chair you are right the system caters substantively for the poor that is what that slide has said. Now if you look at now the number of households earning more than 600 000 per
20 annum irrespective of whether they have children at University or not, there is 157 000 for Africans or African black and we have 670 000 households that have children at University.

Amongst whites it is 533 000 and 139 000 of them earn about 600 000 and then of course amongst coloureds and Indians and that is the
25 average income so in dealing with this matter by race I think it does pose

interesting questions around if you were to go above 600 000 who in the majority then are you funding and how do you deal with the transformation project. It is a very interesting question and of course we are just showing here the number of households that are earning less than the average, there are households earning 600 000 or less so we also show that information and of course this is a, whether they have any person enrolled in University or not at University, for those who are 600 000 or less the number that is enrolled, the proportion of that is about 5 percent out of the total, for those above it is 17 percent pointing to the fact that those of with higher incomes have their children at University.

Now we come to education outcomes and this is the point that I was raising here, I need to go back to repeat that graduate education shows that employability, employment possibilities are higher but other tertiary has very, very, although it is different from only matric other tertiary is not, shows that it is very wasteful, the question is if we need the technical skills, the technician skills, mechanics and so on why are we having this high level of unemployment out of Tvet's so the question is not so much about whether they will go to Tvet but the outcomes very clearly show that they are counter productive completely, at 28 percent unemployment rate for people who probably have gone to Tvet to do motor mechanic and this and the skills that we know are needed in industry the question is what are they producing.

We have a much better prospect for a job when you come from University, is it the attitude of the industry, is it perception, is it but the reality here shows that 28 percent unemployment, the Tvet system it is

failing.

ADV. T. MABUDA: Doc besides analysing each situation individually is there not a way in which you can determine affordability of the general University attendant of University, in terms of this bracket of people
5 would generally be able to afford University and these people would not be able to afford University, besides looking at each individuals situation because I understand that you say it will depend on whether the person has two kids or has one kid in University or not, is there not a formula of some sort where you can make that determination.

10 DR. P. LEHOHLA: I see, it is not very clear to me how we do that but if education takes from your income about 15 or 20 percent that is I think sizeable, that is I mean I am looking at what the University's charge 102 000 so much, if you are earning 600 000 that that leaves you with very little for your mortgage, your other costs that are associated with what
15 you have to do, so the barrier I think it is at too low, there is the second issue which is, it is always very likely that siblings follow one the other, it is likely that the one child goes with the second child so it is 200 000 from 600 000 wipes your savings, it wipes everything.

So I cannot determine what but I know that there is a standard in
20 mortgages that your income that you pay to the mortgage should not exceed 18 percent I think that standard it is well established but what the standard in education is that I do not know but looking at 600 000 relative to 100 000 and the likelihood that those who are 600 000 and above would always have more generally likely to have two children then
25 it gets quite heavy but we can go and work something on that and look at

what the norm is.

COMMISSIONER KHUMALO: So doctor are we perhaps, should we be speaking of affordability for higher education instead of poverty are they too distinct?

5 DR. P. LEHOHLA: The size of it yes I think it is true that when you are poor it is highly, you will not afford University education by any standard of poverty, I mean the poverty lines that we have here it is 498 if you look at food poverty per capita, 714 per capita per month and upper bound it is 177 so per capita and if you have an average of three people per
10 household the amount amongst the poor will be 3000 per month that is 36 000 per annum and the fees is 102 000 that is well beyond so in terms of the poor the fees are well beyond their space.

COMMISSIONER KHUMALO: And what does the picture look like when we speak of households with an income of 600 000?

15 DR. P. LEHOHLA: If you look at the income of 600 000 this is where we have a 20 percent of the student body or 20 percent of the households that have 600 000 and above, 20 percent of those have children at school. What we have not done is to see whether they have one or more children but it is always very likely that the children of the middle
20 class two of them, three of them will go to University so even where we have determined a line is still a bit of an issue as to, the point I am driving towards Chair as I come to this last part 1 slide is to say that those who graduate have a very high propensity to get a job and work and if they work they have probably the platform against which whatever
25 form of repayment is levied can be available to them, that is really the

key point that the barrier of entry could be there when people have to pay fees if they cannot afford but when they have gone through school they are likely to get a job and therefore can pay.

And as you look at this 88 percent of them do get jobs when they
5 have graduated but at the tertiary, at other tertiary we see that, yes this slide it was not showing there, I mean what the slide suggests is that graduates have a better chance of getting a job and if they get a job they have the prospects for their education after the fact. Other tertiary the way stage is just too high, the prospect of getting a job is very difficult
10 but graduates do and therefore probably the model may be one that looks at you go to school you will pay when you start working, the success rate of working is fairly high so the barriers probably need not sit at entry but it is not a barrier I mean by setting this at entry it becomes a barrier but by setting it at work it is facilitative and then you can work on
15 models of at what rate do you pay, how do you make sure that that happens and so on because part of the upfront barriers that come at times I think necessitate the clogging of the system and it becomes dysfunctional things become too opaque, we need pick and do all those things and they become too complex to manage policy wise, I do not
20 think it is an easy solution but I see it as something that says the ability of the economy to employ graduates is such that at least there is something done correctly at ...[indistinct] level.

The inability of other tertiary to create people that actually go and work requires that there is something that gets done at tertiary education
25 to solve the problem. The inability of matriculants to go through the

system requires something that has to solve that problem and of course less than matric because the outcomes of these are just too grave to think about especially when we do not have the prospect for a demographic dividend and I think that is what my message would be, whether it solves the immediate problem that I do not know, what addresses the immediate problem that I do not know.

COMMISSIONER KHUMALO: So doctor from a policy planning perspective would a policy maker, I beg your pardon, from a policy making perspective would they be able to say this is the standard by which we measure poverty or not are they various measurements of poverty?

DR. P. LEHOHLA: In terms of poverty, no in terms of poverty there are very standard measures and we publish that that line all the time and we will be publishing another one, we have been revising them, adjusting them by inflation and it is the 719 which is the upper, R719 per capita, 428 food line and the other one is, upper bound is R1077, 714 and 498, those are the poverty lines, anybody above that per capita per month so we are talking about 36 000 per capita, three persons per, it is 36 000 per household or 48 000 if the household has four people.

ADV. T. MABUDA: So there has been no indication as to where the amount of for instance 122 000 for a NSFAS originates from or do you have an idea of where that amount would have originated from?

DR. P. LEHOHLA: That I do not know, I do not know, I mean if we look at this matters from a poverty perspective these are the definitions of poverty from a money metric point of view. If you talk about, I see where

the question of affordability and poverty come, if you talk about affordability there has to be probably a standard like the banks have adopted they will not give you a bond that exceeds 18 percent of your income, now we could use the same kind of a logic and say what does
5 102 000 relate, how does it relate to your income because it is an investment almost, well probably better than a house or not but if it cuts in more than 18 percent of your income you have to have food, you have to have this, you have to have that, is it affordable.

In terms of our income and expenditure survey I think household
10 expenditure on education is what, so from a household expenditure side which averages everybody, expenditure on education probably is about 3 percent household but of course education is basically free so there is very little that we as parents pay.

ADV. T. MABUDA: Is this inclusive of higher education as well or it is
15 just ...[intervenes]

DR. P. LEHOHLA: It is an aggregate, it is 2.7 percent.

COMMISSIONER ALLY: No further questions from us Chair.

COMMISSIONER KHUMALO: I just, I wanted to say on the conclusions
from the last page where it says 80 percent of University attending
20 households earn less than 600 000, this is precise?

DR. P. LEHOHLA: Yes it is precise statistically.

COMMISSIONER KHUMALO: Okay.

DR. P. LEHOHLA: Yes.

COMMISSIONER KHUMALO: And tested as recent as now?

DR. P. LEHOHLA: Yes, you recall that we said 20 percent of the student's body come from those who earn 600 000 or more.

COMMISSIONER KHUMALO: Okay so is 80 percent of what figure if we are getting 671 000 below?

5 DR. P. LEHOHLA: 671 000 households it is 80 percent of those are ...[intervenes]

COMMISSIONER KHUMALO: Of the population.

DR. P. LEHOHLA: Yes, in South Africa we have 671 000 households that have children at University out of 15 million households.

10 COMMISSIONER KHUMALO: Okay.

DR. P. LEHOHLA: So it is about that percentage, so it is less than 10 percent, it is about 6 percent, less than, yes it is less than 10 percent. Now of those that go to University 80 percent of those have incomes less than 600 000 and the 20 percent which is the compliment of 80 and 600
15 000 or more.

COMMISSIONER KHUMALO: And the 1.4 below?

DR. P. LEHOHLA: For every household that is why ...[intervenes]

COMMISSIONER KHUMALO: Is it a percent or a figure?

DR. P. LEHOHLA: It is a figure, it is a, we know also that 938 000 are at
20 University coming out of this 671 000 now we need to know on average how many children are there per households, it is 1.4.

COMMISSIONER KHUMALO: 1.4.

DR. P. LEHOHLA: Children, that is on average.

COMMISSIONER ALLY: Statistically.

DR. P. LEHOHLA: Yes 1.4 but most of those in all likelihood will be from households that earn 600 000 or more that is where you have two children at University, more than one child at University.

COMMISSIONER KHUMALO: Okay.

5 DR. P. LEHOHLA: And therefore the cut off or the 600 000 as is being discussed they have to take into account are we talking about one child at University, if it is 600 000 is it one child, what happens when you have two and you are under 600 000 what do you do, that is the key question.

COMMISSIONER KHUMALO: No thanks doc.

10 COMMISSIONER ALLY: Just to perhaps take that point to its logical conclusion, in your view if you have the cut off of 600 000 presents a problem where you start having children, one or more children at University it might be fine if you have one child at University as your figures show, am I correct in putting it that way?

15 DR. P. LEHOHLA: The issue is that for, there is what would I say, households that have 600, households any more than 600 000 and have children at University have a disproportionate contribution if we look at the kinds of, so it is more likely that you have children, more than one child from those households at University. Now if we make the 600 000
20 the cut off we must be cognisant of the fact that it is more likely that there is more than one child who goes to University from those households so the risk of affordability at that level still exists, that is really the important point that we are making in as far as that is concerned.

25 COMMISSIONER ALLY: Thank you doc.

JUDGE: ...[inaudible]

DR. P. LEHOHLA: The point of the slide is really just a repeat as you draw the conclusion, in fact I have two slides Chair that really talks to this, it really talks to first the outcomes in education, they are saying that
5 University education has better outcomes in terms of employment and productive citizenry, very, very crucial, lower unemployment rates, certainly worth investing in, in whatever way we choose to invest. Secondly those people who have got University have the high propensity to get a job and therefore if there is a repayment model it has to apply
10 probably at the time when people work rather than upfront before they go to school, that is the one slide. The second is if we are also looking at tertiary, other tertiary it is very paradoxical that in a skill staffed country our tertiary system has this high level of unemployment.

JUDGE: ...[inaudible]

15 DR. P. LEHOHLA: It is related Chair I am coming to that.

JUDGE: Just go back to the previous slide please, yes.

DR. P. LEHOHLA: The essence of the slide is a repeat.

JUDGE: No I understand that but just explain to me why, what happened in 1994 which caused that catastrophic decline in African
20 completion of degrees, I take it these are dropout rates?

DR. P. LEHOHLA: Yes this is, this shows that there is high dropout rate so the University started taking a lot of children into the intake of students was high, the resources probably at University were not adequate, the funding of students to attend University were not adequate
25 so leading to a very high wastage, that really is whether and

...[intervenes]

JUDGE: Yes but over the years since then there has been a considerable increase in funding and in the number of students who are supported and why has the decline continued?

5 DR. P. LEHOHLA: Chair I probably become opportunistic at one level where I do not understand I am just saying those are the numbers that is what it is but I think here is the increasing number intake at University without adequate resources, both to support the students or the money to support the student and so on and this is continuing and if we go to
10 2016 it is continuing.

JUDGE: Well the money to support has been there because NSFAS has been over a large proportion of that period supporting the students financially but the decline continues.

DR. P. LEHOHLA: The decline continues, I mean well it is very difficult
15 we need to really go into that space to understand what is happening, why are the students not performing. Is it that they are not ready, is it that they do not have the necessary money, is the cap that the NSFAS puts because in part what happens is the student will come to first year then not proceed to second year or dropout during the course of that, is
20 it the cap or he goes and he is promised money for NSFAS thinks that he will get the additional 10 000, does not come, the wheels get off.

JUDGE: Alright.

DR. P. LEHOHLA: So, and of course if we think about it the feeder system from the basic education has had its own problems but the reality
25 is the University education system has a very high dropout rate but for

those who finally go and finalise have a very high employment or at least very low unemployment rate.

JUDGE: Yes, alright thank you.

COMMISSIONER KHUMALO: I am not sure what the evidence leaders
5 have planned but are we able to get some statistics on the feasibility of the entire higher education system other than varsity so that we are able to get a sense on what is the feasible and what is not?

ADV. K. PILLAY SC: We will look into that Commissioner Khumalo. Chairperson I should just indicate that one of the reasons why the SG
10 was called to testify was to place his report which was placed before parliament last year, the one headed financial statistics of higher education institutions 2015 to place that report before the commission now we are in the process of putting together an exhibit list which will just number and label all of the exhibits before us, we would ask that that
15 report be made and exhibit before you.

JUDGE: Yes by all means, which one is it?

DR. P. LEHOHLA: I think what emerged out of that report Chair is that the system is constipated, that it has numbers of people that do not belong there because of this progression ratios that are a dropout rates.

20 JUDGE: The report you are referring to Miss Pillay is the one headed enrolment is it not?

ADV. K. PILLAY SC: Chairperson I believe that the enrolment slide is part of the report which begins two slides before that, that is correct that is the one.

JUDGE: Yes thank you doctor.

DR. P. LEHOHLA: Thank you.

JUDGE: Thank you for your extensive input and bon voyage.

DR. P. LEHOHLA: *Merci beaucoup.*

5 ADV. K. PILLAY SC: Thank you Chairperson, we do not convene tomorrow because we do not have the venue available to us and we have just received some news from the Minister of Finance we just want to clarify exactly what that entails and we will get back to you and let you know about Wednesday.

10 JUDGE: Thank you. In the meantime we will adjourn thank you.

MEETING ADJOURNS

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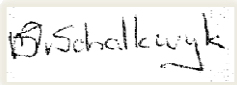
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