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SET 6 - DAY 5

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

PARTIES PRESENT:

The Chairperson
Commissioners
Head of Evidence Leaders
Evidence Leaders
Experts
Secretariat

WITNESSES:

Mr. W. Minnie – Department of Higher Education and Training
Mr. H. Mashabane – Department of Higher Education and Training
Ms. M. Erra – Department of Higher Education and Training

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SESSION 1 – 10 FEBRUARY 2017

ADV. T. MABUDA: Thank you Chair today's witnesses are from the Department of Higher Education and Training I will request, I am not certain if everybody is going to be giving evidence so for the purposes of
5 swearing in if you can just clarify that for us.

JUDGE: Well welcome to you, how many of you are going to be talking?

MR. W. MINNIE: Thank you Chair I will be leading the presentation my name is Wean Minnie I am with the Department of Higher Education and Training in the National Skills Fund in particular as well as part of the
10 skills development branch and my colleagues might need to answer questions here and there.

JUDGE: Well if they do need to answer questions we can swear them in but for the moment we will swear only you in, you do not mind?

MR. W. MINNIE: Yes I do not mind.

15 JUDGE: Do you swear that the evidence that you are about to give will be the truth the whole truth and nothing but the truth, if you do raise your right hand and say so help me God.

MR. W. MINNIE: I do.

MR. WEAN MINNIE: [d.s.s.]

20 JUDGE: Thank you. If anybody else should [break in recording] before you do speak and when speakers change from one to the other let the new speaker please his or her name on record even though he or she might have spoken before simply so that the transcribers know who it is that is speaking, thank you. Yes Mr Minnie.

ADV. T. MABUDA: Thank you Chair. As discussed earlier with the witnesses a lot of the presentation consists of policy issues which we have already dealt with in the commission so the witnesses will be focusing on the financial aspects of the National Skills Fund as well as
5 the Seta's. The presentation is basically there are portions that the witnesses will be focussing on and we will just ask Mr Minnie to proceed with the presentation and based on ...

JUDGE: Mr Minnie.

ADV. K. PILLAY SC: Chair may I suggest that we ask the witness to
10 confirm the contents of the presentation because that will go in as an exhibit in any event and then he can focus on the highlights of the presentation.

JUDGE: Yes, you have prepared a substantial written memorandum do you confirm its contents?

15 MR. W. MINNIE: I do.

JUDGE: Both as to fact and opinion?

MR. W. MINNIE: Yes I do confirm the contents thereof and also the references to the underlying reports, I would just like to highlight that some of the content we have put in is still in reports that is in draft form
20 at this stage, I just want to put a disclaimer if I can say on the fact that it is in draft.

JUDGE: Well that may be that is fine. When you come to give direct evidence about any particular aspect that derives from something that is in draft form would you mention that?

MR. W. MINNIE: I will do so.

JUDGE: Thank you. Yes.

ADV. T. MABUDA: Mr Minnie you can proceed with your presentation and we will ask you questions as and when they arise.

5 MR. W. MINNIE: Thank you. So this is quite an extensive slide, I will be going through some of the slides more quicker and then some of them I will go into more details especially around the financial aspects thereof. So the first two slides it is just the content then the overview of the South African context, I believe you may know this already but just to highlight
10 that there is 19.7 million youth in South Africa which makes up 55 percent of the South African workforce.

JUDGE: I find it astonishing that you call youth people of 34 years of age.

MR. W. MINNIE: Yes that is the Stats SA classification between what
15 they consider to be adults and those to be considered youth so I have mainly along those lines made the distinction.

JUDGE: I see thank you.

MR. W. MINNIE: Okay.

ADV. T. MABUDA: Just before you proceed what is the basis of
20 considering 15 year old as working class or as people that are employable?

MR. W. MINNIE: Ja it is a good question, I do not have any basis to make that conclusion so it might be that I am distorting the figure in that sense specifically for 15 year olds.

JUDGE: Are the children not supposed to remain at school until they are 16?

MR. W. MINNIE: That is correct yes so yes if we take out the 15 years it is probably then the 55 percent will come a bit down but nevertheless I think the importance is just to indicate more or less the percentage of those between say 16 to 34 years of age.

JUDGE: I find this very misleading I must tell you because if you take 15 to 34 that is pretty much half of the population anyway, is it not?

MR. W. MINNIE: That is.

JUDGE: I mean if you are using 34 as your cut-off age and 70 as your age that people stop working it is pretty much half of your working population anyway so to say 55 percent consist of people between the ages of 15 and 34 means very little it seems to me, it depends on where you draw the line, if you say people are adults from 30 the position becomes different, anyway.

MR. W. MINNIE: Yes Chair as I have indicated that is the classification used by Statistics South Africa and distinction so I have merely based it on that.

JUDGE: Yes well that seems to me to be meaningless but there you are.

MR. W. MINNIE: Okay, alright so I think or well I would just like to indicate then is, I know the slide might not be as clear on the screen but if one starts to look at where the 19.7 million youth are and I am using the classification 14 to 34 years of age one would note that 6.2 million is employed, that is 31 percent, the unemployed category for those that is active ...[intervenes]

JUDGE: Sorry I am trying to find this, where is the 6.1 percent?

MR. W. MINNIE: I am not sure if I can point, is this thing, there it is, it is that.

JUDGE: What colour?

5 MR. W. MINNIE: The dark blue.

JUDGE: That is 6 percent, 1.1 million University students.

MR. W. MINNIE: So it is on the top right hand corner, the big blue block.

JUDGE: The employed 6.2 million.

MR. W. MINNIE: 6.2 million.

10 JUDGE: I see righto.

MR. W. MINNIE: Okay the unemployed category is the big green block, the dark green one that is 29 percent and that is for those that is actively seeking work or discourage [?] because remember your unemployed category is also categorised into certain further categories and then

15 there is ...[intervenes]

COMMISSIONER ALLY: Sorry Mr Minnie and this is where as the Chairperson says it becomes difficult where you draw statistics from somebody else. Now what is the unemployment rate in South Africa, it vacillates between 25 and 35 percent and here you put 29 percent so it
20 becomes, unless you are making a point about it in terms of your whole presentation then the relevance is seen but if it is just there to take note of and taking note also means that you are accurate in your numbers and I am not sure that you are accurate so perhaps you can indicate what point you would like to make around this paragraph.

MR. W. MINNIE: Okay the point I would like to make follows on the next slide which I am getting to but the figures I got from and it is there referred to in the right hand corner it is the statistical release from the national and provincial labour market specifically for the youth quarter 1
5 2008 to quarter 8 2015 and then the information on the PSET system I got from the information that the department also gave to the presidential commission specifically.

JUDGE: Yes now this 29 percent refers only to the youth and so if one looks at the overall population that would be varied by the percent of the
10 remainder of the population that is unemployed.

MR. W. MINNIE: Correct so this pie chart is only referring to the 19.7 million youth that is ages 14 to 34 so I am not looking at the entire population here specifically okay. Alright and then those in school, your basic education system 2.7 million that is 14 percent and that is ages 14
15 probably to 18, 19, I do not have the exact pages category on that. Then those in the post school ...[intervenes]

JUDGE: That means that you have some overlap with the youth.

MR. W. MINNIE: Come again?

JUDGE: Well if the school learners of 14 to 19 you have an overlap
20 amongst, with the people who are 15 to 34.

MR. W. MINNIE: No, no what I am referring to is the 2.7 million is part of the 19.7 million youth being the ages 14 to 34.

JUDGE: Now it is 14 to 34, sorry.

MR. W. MINNIE: No, no I understand Chair I am trying to explain the

figures here if you will allow me.

JUDGE: Yes alright, anyway it gives us a general picture.

MR. W. MINNIE: Yes I think that is why I am trying to say I am not putting in all school learners in here, it is only those that falls into that
5 age category which I am breaking down.

JUDGE: Alright.

MR. W. MINNIE: Okay, right and then if you look at those in the post school education and training system and I have highlighted there the big, a big red block, it is those smaller portions of the pie that is about
10 2.6 million that of our youth that are in the PSET system and I am referring now to those in the University, those in Tvet colleges and those in community colleges as well as those in workplace based learning. Now the Universities you know these figures already is 1.1 million, the Tvet college is 0.8 million ja 800 000 more or less and your community
15 colleges it is actually 280 000 more or less.

I have rounded off some of the figures here and there to the nearest 100 000 and workplace based learning is round about 400 000 learners so I think just in general to give the portion of the pie and a picture of where the youth as classified in terms of statistics ages 14 to
20 34 what portion of the pie where they are more or less okay, as a general picture Chair. Then what is also important to note is that obviously, sorry 5.7 million are still unemployed so if you compare the unemployed category versus those that is in the post education training system not to say that the PSET system should cater for all of them but it seems a bit
25 imbalanced to some extent.

Alright so if I just go to the next slide and I think this is the point I would like to make, if you look at the unemployed category specifically and if the post education training system is to be expanded and to cater for then specifically one would note that and this also comes from
5 statistics SA report that if one looks at the education levels one notes that 93 percent of the unemployed category specifically that is 4.8 million either have an education level of matric only or an education of below matric, so many have not completed their matric yet so 60 percent of your unemployed youth category do not have matric and 3 percent of
10 them only have matric.

So I do not want to make a direct conclusion but it is likely that a large portion of them should then be or are likely candidates for your community education and training system and your Tvet college system based on the current level of education and what should also just be
15 noted is that those that do pass their matric certificate only 30 percent qualify for University entrance or is eligible for University entrance.

JUDGE: Sorry just to go back to the previous slide, what is the percentage presently catered for in the Tvet system, 4 percent.

MR. W. MINNIE: 4 percent yes.

20 JUDGE: And the number that can be or should be catered for is, go again to the slide at which we were.

MR. W. MINNIE: This one?

JUDGE: Yes, well bring in your insert onto that.

MR. W. MINNIE: Oh yes so we saying that 70 percent of those that, of
25 those that passes matric should either be catered for ...[intervenes]

COMMISSIONER ALLY: Mr Minnie.

MR. W. MINNIE: Yes.

COMMISSIONER ALLY: Just go further down.

MR. W. MINNIE: Yes, yes, so maybe the word must is not the correct
5 word I have used in the presentation there, we are saying that 70
percent if they are to enter the PSET system should then be catered for
by the Tvet system and the CET system if they are not eligible for matric
ag sorry if they have, not eligible for entrance to the University but they
have passed their matric.

10 JUDGE: No but what you are indicating as I understand was that 4
percent are presently catered for by the Tvet system.

MR. W. MINNIE: Yes that is 4 percent.

JUDGE: Now you are telling us that potentially 70 percent can or should
be catered for by the Tvet system.

15 MR. W. MINNIE: Chair I just want to distinguish here, the previous slide
I referred to the overall population of 19.7 million.

JUDGE: Certainly.

MR. W. MINNIE: 4 percent were only catered for currently as the
situation is currently. If we look at only the unemployed category Chair
20 then, but this ...[intervenes]

JUDGE: Sorry you say 70 of the unemployed must be catered for by
Tvet.

MR. W. MINNIE: Sorry this note at the bottom refers to only those that
passes matric so it does not even refer to this unemployed, maybe my

slide is misleading in the way I presented it but what I am referring to in that note is only those that passes matric at the end of the day, only 30 percent of them are eligible for University entrance so it means 70 percent of them if they are entirely to be catered for by the BSET system
5 into the space or the Tvet college space.

JUDGE: Yes.

ADV. K. PILLAY SC: Are you able to put a number on that, a headcount, because I know the Tvet number that we looked at before was 800 000, that is the number of people in Tvet's at the moment and in terms of this
10 70 percent are you able to put a number to that percentage?

MR. W. MINNIE: No I cannot put a number now at the moment but what one can do is to go look at the latest results that came out from those that passed matric in this last year and then look at how many of them were actually eligible for University entrance versus those that are
15 probably eligible to go elsewhere and I think those figures one can get and I just do not have it with me. Okay so I think the point we would like to bring across is that given the consideration of the needs for South Africa's youth especially the unemployed, the question should be asked which system should therefore be prioritised for growth, is it only the
20 University system or is it to be focused more on your Tvet college and community college system and maybe your workplace based learning system taking into consideration the current education level of our unemployed category of our youth.

The current funding allocation in South Africa and I am just
25 quickly going through this, these figures you got from the Department of

Higher Education and Training is showing that the largest number of learners in the Universities, that is 1.1 million followed by Tvet colleges 800 000 and community colleges 275 000 learners. The funding allocation to these subsystems are also a reflection of this reality that
5 most learners are enrolled in Universities, Universities currently getting 54 percent of the total allocation from the state to the PSET system while Tvet colleges receives 8.4 billion that is 15 percent and community colleges 1.8 billion that is 3 percent.

JUDGE: So the 1.1 million students are served by 54 percent of the
10 allocation and the 800 000 Tvet college students are served by 15 percent.

MR. W. MINNIE: That is correct Chair. So I think this pie here is a breakdown of the money going to the PSET system, the big blue block the 54 percent that is the University allocation serving the 1.1 million in
15 the Universities, Tvet colleges the green block there at the bottom that is 15 percent. Community colleges that small 3 percent blue block and the skills development system the left top corner of 16 percent.

JUDGE: We also know that there is twice as many Tvet colleges as there are Universities.

20 MR. W. MINNIE: That is correct Chair there is 50 Tvet colleges and if I am not mistaken 263 or 65 campuses across the country for Tvet colleges so each Tvet college has more than one campus.

ADV. T. MABUDA: Mr Minnie in relation to the statement on the left of the slide that the largest PSET system growth is envisaged for the CT&T
25 subsystems, has a policy been passed by the department in relation to

that?

MR. W. MINNIE: Yes that policy is the white paper for post school education and training which gives the indication of the growth or the headcount numbers required for or envisaged for the Universities, Tvet
5 colleges as well as community colleges and it is also, there is also a target in the national development plan for each of these three subsystems for PSET.

JUDGE: This figure of 56.627 billion what is, is that an annual figure relating to all the income that is put into each of these sectors?

10 MR. W. MINNIE: Yes that was the figure the department also made available to the fees commission in their presentation, they just gave more detail I just put it in a pie charge.

JUDGE: Is that ...[intervenes]

MR. W. MINNIE: So it is an annual figure.

15 JUDGE: It is block grants as well as specifically targeted grant.

MR. W. MINNIE: Yes it is an entire funding envelope.

JUDGE: Earmarked grants yes thank you.

MR. W. MINNIE: Ja, it is the entire funding envelope Chair. Okay so just to go onto the next slide, the Seta's and 14.7 billion that is 26
20 percent of this entire funding envelope for the post education system from the SDL for funding in the main workplace based learning. This current learner enrolment funding the PSET system and I am referring to the pie chart seems to be in contrast with the needs of the unemployed youth for the attainment of skills that could lead to the employment as

the focus is primarily towards the higher education sector.

Now if I just go to the next slide and I believe you have received this from the Department of Higher Education and Training as well, these are the NDP targets for each of the different subsystems in the post
5 education training system, you will see I have put it there in blue blocks right next to each system with the percentage of growth needed for each of the three subsystems to the right hand corner and you will see that the system growth for Tvet is to be 1.7 million addition headcount enrolments in the system according to the NDP and that is 13 percent
10 increase from what is currently with the TUT college the target 1 million from the current 275 000 so it is a 264 percent increase from what it is currently at. Universities also growth envisaged not as high as the other two subsystems but at 32 percent. So I do not want to go into too much into this I think you have these policy indications already.

15 JUDGE: I am sorry, what in the PHEI, what does the P stand for?

MR. W. MINNIE: That is Private Higher Education Institute, so it is a private University and so on okay. Then I just think the point I would like to note is that workplace based learning forms a critical component of the learners learning pathway or education pathway especially in your,
20 well not only Tvet's but even in your University.

COMMISSIONER ALLY: But Mr Minnie now I see why we are confused, we were given a number of 969 and you continually being referring to 1.1 million and I was wondering where you got this 1.1 million from and now appears that it comes from the Private Higher Education Institutions the
25 1.1, in the DHET presentations and evidence before us while it was

merely mentioned it was not included as part of the funding from the department itself and I am not sure now why it is included here unless it is only as you say on the top depicting the shape and size of the education system, the PSET education system as a whole.

5 MR. W. MINNIE: Yes thank you for that.

JUDGE: And private education, higher education is more than 10 percent of the higher education in this country.

MR. W. MINNIE: Yes thank you Chair for that question, this is merely a depiction of the South African context it is not about the funding at this
10 stage, it is however trying to just form a general picture overall of the scenario so it is recognised that our private institutions do play a role also in providing education.

JUDGE: Well it does actually have a very substantial effect, I mean supposing we were to say that there is money for free higher education
15 in this country and it should all be ploughed into the Universities and Tvet that may have a disastrous effect on private education and force the 143 000 into the public Universities or many of them into the public Universities which would have knock on effects in the way of additional infrastructure, additional teaching and all sorts of other costs as well.

20 MR. W. MINNIE: Yes Chair I do not have any basis to form an opinion on that obviously research based but maybe my general indication would be that that should be considered and it should be careful not to as you indicate negatively effect the private institutions that is already doing education and training for our South African population so yes I cannot
25 make a ...[intervenes]

COMMISSIONER ALLY: You see Mr Minnie and that is where problems arise when you come with a slide such as this because opinions have been made around whether private education should be funded also by the government so when you put it up as this you then actually we start

5 debating the situation that the Chairperson has put to you because the private education, higher education institutions have come to this commission to say all we are saying is this in fairness you should, if you say that you do not have spaces for all these people in accordance with the NDP by 2030 that you should have 1.5 million higher education

10 students then we have the space for them but we would also like a subsidy for those people that we are taking in so that debate and I did not understand that your evidence today is going to get into that kind of situation and that would have been discussed with Dr Parker and them and so forth and this why Mr Mabuda was trying to ask you the

15 relevance for what you were coming to give us because here we can debate this slide for some time as to how the system should look and whether you could provide us constructive debate on that is another question also, you see where I am going with this?

MR. W. MINNIE: Thank you, if I may just respond, the information I have

20 given here is merely an oversight of the current picture of the higher education system, the Tvet college system, the community college system.

JUDGE: But it is telling us things that, it is making clear to us certain aspects, one of the for example is there are a number of people who

25 have contended for the de-commodification of education, I am sure you

like that phrase, which means that people should not be able to sell education and that means wipe out the private higher education institutions, everybody must go into a public institution which is provided free of charge which automatically tells you that you must provide for
5 another 10 percent plus of the post school learners and the same applies to some extent to the private colleges because more than 10 percent of Tvet education appears to be done through private colleges, 79 000 against 711 000 so these people who provide the commodification good or bad are providing a vital service by the look of it.

10 MR. W. MINNIE: Yes Chair I think what I would like to indicate here is that this is the current picture of the headcount enrolments in the three subsystems, the questions you are raising to me is policy matters that is not necessarily something I can answer in my capacity.

JUDGE: No but it is just that it comes out of your slide, now for that we
15 are grateful because it raises important questions but then these are not things that you wish to address?

MR. W. MINNIE: Well I do not think that I am in a position to address it Chair.

JUDGE: Okay well I suppose you will in the sense that you are going to
20 tell us about Seta funding which is directed towards the Tvet colleges and if I were to ask you is Seta funding directed towards private colleges what would your answer be?

MR. W. MINNIE: Chair there are private colleges that do receive portions of the levy funding even from the national skills funds
25 perspective.

JUDGE: I see.

MR. W. MINNIE: So it is not only public colleges it depends on the grant regulations that governs that.

JUDGE: Alright we will bear that in mind thank you.

5 ADV. T. MABUDA: Chair just before we proceed, Mr Minnie's colleague would like to add.

JUDGE: Yes what is your name sir.

MR. H. MASHABANE: My name is Hubert Mashabane.

JUDGE: Yes Mr Mashabane do you swear that the evidence that you
10 will give will be the truth the whole truth and nothing but the truth.

MR. H. MASHABANE: I swear so help me God.

MR HUBERT MASHABANE: [d.s.s]

JUDGE: Thank you. What is your position?

MR. H. MASHABANE: My position is director at the National Skills
15 Fund.

JUDGE: Yes what would you like to say?

MR. H. MASHABANE: The point these slides are also trying to illustrate
is that the needs for post school education are more than what we are
talking about higher education we also talking about people who have
20 dropped out of school at Grade 2 who need some form of post school,
they cannot go back to class due to age and other circumstances and
these are the 5.7 or 2.7 people we are talking about currently the system
does not cater for them, your community education and training colleges
which are the only avenue where these people can go can only cater for

300 000. Now if we continue to then stress the higher levels of post school education namely your higher education institutions and your Tvet colleges we are excluding the majority of our countrymen and women that is the point Mr Minnie is trying to make that when we look at growth
5 of the system or even distribution of funding there is a lair that is currently not catered for.

JUDGE: Yes.

ADV. T. MABUDA: Judge, Chair there is an additional colleague of Mr Minnie that would like to give testimony.

10 JUDGE: Yes what is your name please?

MS. M. ERRRA: My name is Melissa Erra and I am with the Department of Higher Education and Training.

JUDGE: Yes in what capacity.

MS. M. ERRRA: I am the director responsible for Seta support.

15 JUDGE: Yes and what would you like to say Miss Erra is it?

MS. M. ERRRA: Correct Chair.

JUDGE: Okay I suppose that I better swear you in. Do you swear that the evidence that you will give will be the truth, the whole truth and nothing but the truth.

20 MS. M. ERRRAERRA: I do so help me God.

MS. MELISSA ERRRA: [d.s.s.]

JUDGE: Thank you.

MS. M. ERRRA: Chair if I can just indicate and respond to your question about the Seta funding and how it is being directed, whether it is being

channelled towards private provision, just to indicate that the Seta funding based on the grant policy is directed to various parts of the system so University, Tvet colleges, community education and training as well as private provision and that is subject to which institution is able
5 to offer a program that is scarce or critical in the country so we might not find that an institution in the public system is able to provide so I just wanted to augment the response.

COMMISSIONER KHUMALO: On the community colleges what vehicles did you use to channel the funds there?

10 MS. M. ERRRA: In terms of the community colleges at the current point in time they are in the process of being established so there is a lot of support interventions and the identification of specific programs that are required to be offered through the community system and that is still much at a policy and planning stage in terms of where they would reside
15 and the intervention.

COMMISSIONER KHUMALO: But currently are there any community colleges that are being funded directly or is there a vehicle that you use to access that group that you are referring to?

MS. M. ERRRA: I am not able to respond to that directly.

20 COMMISSIONER KHUMALO: I mean it is your evidence here that the Seta is being channelled to those different places but there is no concrete evidence that says where does that go.

MS. M. ERRRA: In terms of, there is projects that are currently funded from for example the construction Seta but I do not have the specific
25 details with me at the moment and hence me being reluctant to indicate

any specific information but there are interventions with such Seta's to the community colleges in a very small scale type of project at the moment.

ADV. T. MABUDA: Thank you Chair. Mr Minnie unless there is anything
5 further that you would like to point out from the slide to slide 30 we would like to deal with the funding of Seta's and the NSF which I believe is in slide 30 so if you can just point out certain aspects maybe that you would like to, in relation to the slides before that, then you can move on to the funding.

10 MR. W. MINNIE: I think the only thing that I want to mention up until slides 30 is which you know by now is the fact that obviously the Seta and the NSF was founded through Skills Development Act and the specific reasons given, I think what is just important is that and that is the focus we would like to bring out is that the main purpose of the levy
15 is obviously focussed towards workplace based learning and that is your apprenticeships, your learnerships, your internships, your candidacy and in some areas what they call part qualifications which includes skills programs.

JUDGE: Will you in due course deal with the question of whether the
20 Seta's or the employers who are involved in the Seta's are able to supply workplace training to the persons at Tvet colleges because we have heard that that is a major problem.

MR. W. MINNIE: I do not have that in the presentation details on that exactly and I do not have any detailed information at hand but I do know
25 that there is specific projects running with the Seta, between Seta's with

Tvet colleges specifically in order to link the Tvet colleges to workplaces in order to start to facilitate and grow that learning pathway from a learner from the college system to the workplace based system, that was why the department specifically facilitated that all Seta's open up was it
5 offices, offices at all the Tvet colleges across the country, now that does not mean that all 21 open up an office at the college, they have leading Seta's that opens up the office and then starts to facilitate these linkages to the workplaces.

JUDGE: But when I look at what you say are examples of workplace
10 based learning on slide 24.

MR. W. MINNIE: Yes.

JUDGE: I find there what people are complaining about in a sense that it is into those categories that the Tvet student must look to find workplace training, either apprenticeship, learnership, internship, something of that
15 nature. Now do you not have any knowledge as to whether this is a good and sufficient system to meet the Tvet demand?

MR. W. MINNIE: Mr Mashabane.

MR. H. MASHABANE: Thank you.

COMMISSIONER ALLY: Just put yourself on record Mr Mashabane.

20 MR. H. MASHABANE: The name is Hurbert Mashabane. What the department is currently doing in terms of trying to promote workplace based learning is to include targets in the sector skills plan of Seta's on an annual basis to say let us direct some of the funding that we have to assist your UOT students and your Tvet students, primarily those that
25 need to obtain workplace experience in order to graduate.

JUDGE: No but now my question is directed to this do you have knowledge of the adequacy of what is presently provided for the needs of the Tvet students or are you able to say yes there is a shortfall in provision of workplace training in this category and that category and
5 that category and in others it is sufficient.

MR. H. MASHABANE: We have evidence that there is a shortfall but how much of a shortfall is still a problem because we do not have the quantity of work spaces available that we can correctly match to the number of learners out there and this is because ...[intervenes]

10 JUDGE: But is there not any interlink from the departmental point of view between the Seta's and the Tvet's to find out what is happening?

MR. H. MASHABANE: There is a link, Tvet colleges have Seta offices however what is difficult Chair is that there is no concrete information from the workplace that says we have 20 spaces or 30 spaces which we
15 can then quantify and say throughout the year there is an opening of 200 000 spaces for Tvet colleges that is the information that we do not have at this stage.

JUDGE: But who finds the places that the Tvet students need to go to, who is that done by, do they have to do it themselves?

20 MR. H. MASHABANE: In most cases they have to do it themselves.

JUDGE: Okay.

COMMISSIONER ALLY: Let us come back, the problem as we know it is this, you have got two sets of programs within the Tvet college, the one funded by the department I think is the nated [?] program then you have
25 the other programs where students come on their own and they pay fees

for those particular courses that they take, you also have the Seta's like Merseta and so forth that provide funds for students that they want to do certain courses now the problem as we understand it number 1 is this that students undergo or take up courses and then are not able to find
5 work spaces to complete or get their certificate that they are in, that is the one problem.

MR. H. MASHABANE: Yes.

COMMISSIONER ALLY: And that apparently is part of the uprising of those Tvet students at the moment that two years ago I finished my, what
10 will we call it, N6, but I cannot get my N6 certificate because I do not have workplace based experience so that is where the problem lies that the moment, so he is sitting at home, he says well I think I can do the work but I cannot show anybody my certificate because nowadays you have got to show your papers wherever you go so what happens to me,
15 so what the Chairperson is asking is what is happening in relation to that vicious cycle that does not seem to be ending in terms of finding a solution to it.

JUDGE: Let me explain why this is important, because there is no point in pouring money into the Tvet system to provide for another million Tvet
20 students if there are no jobs for those students so they cannot find workplace training, that is a complete waste and so in our task of looking at the money we have also got to look at what the money will provide and if the money will not provide workplace training then there is no point in throwing the money so I would like to know from your representatives
25 what is being done to address this situation?

MR. H. MASHABANE: Chair what we are doing, a couple of measures, one is that we have then had to ask Seta's or direct them towards establishing stronger relations with Tvet colleges, concluding memorandum of agreement and part of the reason we are saying is that

5 behind it Seta is a group of employers in workplaces that when those relations are established it could have paved the way for what we might call easy transition from the institution to the workplace however things do not work as we would like them to and part of the reason is that the current policy framework in which Seta's fund their interventions is

10 mostly directed at employers, for example when they announce windows for funding internships and workplaces they normally give those grants to employers with the hope that they are incentivising them to open up spaces that will then take youngsters in that but often times the recruitment process for employers is not one that is very clear where a

15 young person can walk into a gate and say I am here for an internship that you applied for, that you advertised and so on.

So the system is still very complicated in a sense that it does not have all those pathways that we desire for youngsters to move seamlessly from completing your theoretical learning and then transition

20 into the workplace and those are the things that the department is working on but in the meantime there are mechanisms to put targets in the strategy plans of Seta's that on an annual basis given your funding this is how much you should be placing and there are numbers that we are reporting on an annual basis of learners that have been able to get

25 workplace experience and then continue to graduate.

COMMISSIONER ALLY: Mr Mashabane hopefully we would get some representative of Nedlac here, we have outlined this problem earlier on in the commission, at somewhere there is either no communication or a breakdown in communication. The funds that the Seta's have come from
5 the employers is that no correct?

MR. H. MASHABANE: Correct sir.

COMMISSIONER ALLY: Now one would have thought that they would be interested in how their funds are distributed and in growing the economy, it is clear from what everybody is saying we need skills to grow
10 the economy now there seems to be a breakdown in understanding a strategy of fulfilling that particular promise so from the Seta section of the department what if any communication of relationship do you have with representatives of NEDLAC with regard to this particular problem?

MR. H. MASHABANE: Chair through you, there are various mechanisms
15 that the government has done with its social partners to try and you know smooth the landscape of skills development, for example across all Seta boards we have representatives that sit at NEDLAC, labour, community, employers and throughout all of these discussion there is an agreement that we do need skills in this country, we should take a
20 different trajectory in terms of providing skills. You may be aware of other mechanisms such as the national skills accord where there was concrete targets that were put in those accords to say annually we will take 12 000 Tvet students, we will take 5000 UOT students and try and put them in the workplace so that ...[intervenes]

25 COMMISSIONER ALLY: So just explain UOT?

MR. H. MASHABANE: UOT is Universities of Technology there were all those hard targets agreed with social partners to say employers you will open up workplaces however some things are easier said than when they are done because the system still suffers those bottle necks, there are a number of students and graduates who come out looking for an opportunity they cannot find it, three years passes down the line they give up, they go and work elsewhere in a different sector so those are the things that the system still needs to iron out.

COMMISSIONER ALLY: That is the one part, that is obtaining employment, what we are talking about here is for that person that has gone through six months, 2 years, 18 months of training but has not received workplace based training because there is nowhere to go, that part of it because the other one of finding employment is another debate also but the one we are talking about is this person sitting at home two years without the certificate because he does not have workplace based training.

MR. H. MASHABANE: If we can clarify, in the case of your UOT student, University of Technology students they do not obtain any certificate because what they only have is that they have completed certain modules of their program.

JUDGE: But we are not really talking about that we are talking about Tvet.

MR. H. MASHABANE: Yes similarly with Tvet, in Tvet there are two streams or two programs the 'N' programs, your N2 to N6 and your NCV which is NCV level 2, NCV level 4. When you walk out of a Tvet college

with an NCV level 4 you have a complete certificate, a qualification, you can go knock on the door of an employer and say please hire me I have done administration and if possible they can give you that. When you walk out of a Tvet college with an N6 certificate you do not have a full
5 qualification, you need a further 18 months or 24 months depending on the stream, if you are in engineering and construction it is 24 months, you do need that 24 months or 18 months of workplace experience, experiential learning that is the one we are talking about.

MR. H. MASHABANE: Yes. That is what then obtain in the workplace
10 and then you go back to the department, in this case Umalusi Department of Basic Education and say here is my experience I have gained in employment and then they award you a diploma so there is that category of students who are mostly vulnerable who sit with part
15 qualifications in the country because we are unable to connect them with the workplaces.

JUDGE: That is what we are concerned about.

COMMISSIONER ALLY: That is the one we concerned about.

JUDGE: Because there is no point in saying hooray we have now got 2
20 million students where we previously had 800 000 because we found the money from there and it is all available and at the end of that time, of that additional million or 1.2 million that we found only 100 000 get workplace experience, it is a waste of money and it has no relation to feasibility at all on the use of the funds.

MR. H. MASHABANE: I agree Judge.

25 JUDGE: And we were told yesterday by the Germans in an entirely

different work environment obviously, how important the workplace experience is and how they manage to interact between the technical Universities and the employers, I am not saying that that is any example to you because you are in a different environment but that is what one
5 has to try to achieve as I see it and I do not see any great movement in that direction, can you make me happier in that regard?

MR. H. MASHABANE: I am afraid Chair I cannot make you happier because we still have teething problems in that area.

JUDGE: What are the prospects of doing something about it because
10 we are talking about the national development plan and we can, if we find the money we can put the money in and produce all these students but for what, so what are the prospects that you are going to be able to improve this?

MS. M. ERRA: Chair can I just respond to that ...[intervenes]

15 COMMISSIONER ALLY: Please put yourself on record.

MS. M. ERRA: Melissa Erra from the Department of Higher Education and Training. I just wanted to come back to the point of how are we engaging with constituencies at NEDLAC and other structures in terms of some of the challenges that we have highlighted, there is currently a
20 discussion that is taking place at NEDLAC where we are consulting the National Skills Development Plan which includes business and labour constituencies to address the challenges around governance because the governance matters are important in this aspect because employers and labour and community are representatives on these Seta boards that
25 are established so as part of that process of consultation which is

anticipated to continue until July the aspect of workplace based learning is central to those negotiations as well as the targets and the strategy that is envisaged in terms of aligning to the National Skills Development Plan moving forward from 1 April 2018 and also to indicate that this
5 National Skills Development Plan has also been consulted at the national skills authority as well as with the public at large.

In fact we received close to 10 000 inputs from stakeholders which include employers and labour regarding the performance of the skills development system which include Seta's, the National Skills Fund,
10 the NSA in terms of performing the objectives of the Act so there is an extensive document that the Minister did gazette on 15 November 2015 for consultation which outlines some of the challenges about access to opportunities, the opening up of work spaces and channelling of the skills levy through those governance structures. It is quite
15 comprehensive and maybe as required I will highlight them through any responses that we need to give to the commission.

JUDGE: So how many, let us suppose that there is money to fund the students, what sort of improvement is one going to find in providing workplace experience?

20 MS. M. ERRA: Chair in terms of the first issue is about access and the access that is being proposed in the national skills development Strategy is basically firstly starting off with understanding where those opportunities lie.

JUDGE: So nobody knows where the opportunities lie at the moment?

25 MS. M. ERRA: If I can just Chair indicate that currently there is

information that employers submit annually to the department through the Seta's, they are referred to as the workplace skills plan and annual training report, they are part of the Seta grant regulations so they are an annexure that in support of the Skills Development Levies Act and in that

5 template the employers are required to indicate what skills training they plan to undertake in the next 12 months as well as what training they have conducted in the previous year, why this is important to highlight is that it signals where are the occupations and the opportunities that the system or the labour market is requiring in the next 12 months. So this

10 information is utilised to inform what is called sectoral skills plans for the 21 Seta's.

JUDGE: Is that skills training not just skills training of the existing workforce?

MS. M. ERRA: No Chair it includes opportunities where they have

15 vacancies that employers have not been able to fill for a number of reasons which they outline in the workplace skills plan so they do provide us extensive information on their skills planning of their workforce but they also indicate how many interns there might be absorbing in that 12 month period and in what type of occupational

20 areas.

JUDGE: Now for how many years have they been submitting this sort of information?

MS. M. ERRA: They have been submitting it since 2001 Chair.

COMMISSIONER ALLY: Well Miss Erra you will realise 2001 your WSP,

25 your workspace skills plan, did not have the information required as you

are putting forward now, at that particular time all that you needed to indicate is how are you skilling your workforce not about new people coming in or interns and so forth, at that particular time in 2001 it was only about you yourself skilling your workforce and what you will recall at
5 that particular time it became almost a monotonous things where you just fill it up, you send it down to HR and HR fills in this, ask a certain sub department what skills do you need, nobody knew so they just put it in themselves so that was something different then. When did it change and how, what is the word, how effective is that particular query or
10 questionnaire in terms of guiding the department to come up with strategies in respect of certain problems as outlined here in the commission and by the Chairperson?

MS. M. ERRA: Thank you. Just to indicate that you are correct that this, the information as collected from 2001 has changed over a period of
15 time and the type of in, for the record do I need to introduce.

COMMISSIONER KHUMALO: If you want to place yourself on record first.

MS. M. ERRA: Sorry I apologise for that, Melissa Erra. Okay if I can come back, the information has changed as there are three skills
20 development strategies that were implemented over the past 17 years, we had national skills development strategy 1 and then we had the national skills development strategy 2 which resided under the Department of Labour and the objectives that were set out at that particular point in time did only require employers to submit specific
25 information related to the employment force in terms of skills training.

As, just to indicate, in 2010 when the DHET was established there was a significant review that was undertaken in terms of developing the national skills development strategy 3 and the first goal that has been set for the entire skills system was to improve the quality of labour market information for the purposes of better understanding what are the demands and occupations that currently exist in the labour market and what is required in the long term so as part of the National Skills Development Plan and the development of the national skills development strategy there is recognition that the data that has been collected from employers has not been able to significantly contribute in terms of defining the scope, size and shape of the demand and where specific opportunities reside and that has been documented at various research reports on the Seta system which includes the ministerial task team report on Seta performance as well.

But as part of the work that the departments undertaking, a project has been in a partnership with the human research science council was established in 2010 and the core purpose was about establishing a central mechanism for collecting intelligence about the labour market and it is not only looking at employers who participate in skills development but the purpose is to understand the full size and shape of the labour market including the informal sector which is important in the South African context so there is recognition that the quality of the information that employers need to submit needs to be augmented and more specific and as part of the National Skills Development Plan which is in consultation at NSA and at NEDLAC and

is in the public domain, there is proposals about reviewing the instrument that would require employers to populate information about skills planning interventions as well as identifying opportunities in the system, not only for one year period but for five year period and a longer term.

5 In addition Seta's have targets that have been included in their strategic plans which requires them to partner with Universities or research institutions to undertake research that is much broader than the data that is collected from the workplace skills plan and annual training report but that is very specific at sectoral level so that intelligence
10 system is very much in development at this stage and it is foreseen that the information we collect from employers will be more specific about the type of information we require to inform the planning for the PSET system so just to also indicate that the review is not only considering the employer inputs to the system but also what has been labours
15 contribution in the consultation of those skills intervention at employer level and hence there have been extensive discussions and negotiation at NEDLAC at this current time.

 And then just lastly to indicate that the national skills development strategy also required that the Seta grant regulations which
20 were promulgated under the Department of Labour period had to be revised and as such it was revised by the department and it was published by the Minister on 3 December 2012 and there is currently a legal challenge from employers regarding the reduction of the mandatory grant to collect that information and that is still currently under legal
25 review, I just wanted to highlight that last component.

JUDGE: Can I say that I, while you were being talking I tried to put myself in the position of a Tvet student who has done the theoretical or is doing the theoretical and wants to hear about the prospects of finding workplace training and I am depressed by what I hear because I have
5 heard nothing that tells me that there is any likelihood that I am going to find workplace training, do you have any comment?

MR. H. MASHABANE: The system as I said Chair is currently trying to steer resources towards providing for that particular problem, as I said all Seta's on an annual basis part of what they need to plan is how many
10 Tvet students require workplace experience they will be taking through their employer partnerships, similarly what we are doing at the national skills fund is to try and make sure that a lot of the funding that we employ is towards growth and achieving efficiencies in the area of the Tvet colleges. We currently for example are spending between 2016 and
15 2019 up to 2.2 billion, part of that funding we have directed it specifically to say you will provide funding for students who graduate from you or who come from your N6 streams and make sure that through your student support services you can find workplaces for them, we can provide a funding so their mechanism to try and stamp that problem but
20 as I indicated it is not sufficient there are still teething problems.

JUDGE: Yes thank you for that, thank you for your candour. Mr Minnie would you like to continue please.

COMMISSIONER KHUMALO: Judge can I just find out, if it is, is it a possibility maybe seeing that we have got a problem with access to the
25 workplace that the curriculum allows for non practical experience before

graduation or having it in-house or provided in a desktop manner, where necessary?

MR. H. MASHABANE: Yes it is possible to actually write the curriculum so that it does not require workplace learning however the problem comes in when such students transition to the workplaces because they will get into a workplace and have to familiarise themselves with equipment and all this things that require hands on kind of functioning, they often get to a point where employers are not happy with them, for example it is almost impractical to teach anyone motor mechanics without in some way linking them to the workplace that is why we always advise people that when you train an artisan they must be trained in the workplace, institutions cannot if you like replace the workplace so I am saying it is possible but it does necessary promote what employers want.

COMMISSIONER KHUMALO: I am not sure if we had evidence of maybe having if it is a mechanic student maybe you have a workshop in the institution and then we get external people to come and give their experience, especially where there is no access really to the workplace instead of finishing your theory and then you have got to waste a bit of time, I am saying in your interventions do you consider that and to an extent of how maybe Tvet college could have its own place where it renders the practical experience for different causes?

MS. M. ERRA: Currently the occupational framework of how learning happens in terms of theory, knowledge and practical is in, it has been determined through the national qualification framework which is what we use to channel and determine which qualifications require workplace

experience and currently this is determined based on employers informing for example the quality council for trade and occupations as well as the higher education qualification committee about which qualifications would require workplace experience so you might find in
5 the professional space, doctors will be required to undertake some form of workplace experience because it is a professional requirement and that is informed by how the qualification sub-frame has been determined.

In other case an artisan like an electrician is determined through the quality council for trade and occupation because the professional
10 body has determined a certain amount of workplace experience must be completed before they receive the certificate so it is not merely the structure but it is also informed by other inputs from professional bodies and requirements for entering a specific occupation and that has been the footpath that we have walked to inform the funding.

15 COMMISSIONER KHUMALO: Did you find that limiting, oh okay.

COMMISSIONER ALLY: Miss Erra what Commissioner Khumalo is, your answer, your response now relates to her first question, she is asking in the second one have you considered that at a Tvet college you have workplace based training in this sense, you have all that is necessary for
20 a mechanic to work on and you have an experienced mechanic looking over them, if you are carpenter or a finisher you have that within the Tvet college so that is the question she was asking, I know your response that you gave now relates to the NQF's and all those people that is to her first question, the second one is more relating to whether the department has
25 given consideration to the infrastructure that would assist in having

workplace based training at the college itself.

MR. H. MASHABANE: Unfortunately that infrastructure if the department were to consider it will be expensive because when employers demand a certain amount of workplace experience they normally would want that place where learning takes place to be vetted, you cannot just create a small tent and put an engine and that and say it is a workplace, they would want them to learn through work not through practical's, through work, real work that is in a production environment, unfortunately you cannot clone the workplace and put it in a Tvet college it will be very expensive.

JUDGE: My recollection is that the evidence was that some Tvet colleges are equipped with workshops and other not.

MR. H. MASHABANE: Yes those are workshops for practicals not for producing or for servicing a vehicle that belongs to a Toyota.

JUDGE: I understand what you are saying.

MR. H. MASHABANE: Yes.

JUDGE: Can you tell me what the present status of apprenticeships is?

MR. H. MASHABANE: The present state of apprenticeships is that we are currently relying mostly on employers and we incentivise them through grants for them to take apprentices.

JUDGE: So apprenticeship is a recognised system?

MR. H. MASHABANE: It is a recognised system that is still favoured by employers, in fact in the past we have attempted to kind of do away with it and use the learnership route and that they insisted that in terms of

training and apprenticeship we like to take them from day 1 and learn them in the actual premises and until they pass a trade test. What we are doing now is to kind of prepare through our Tvet colleges prepare learners for the apprenticeships, in other words they can exit your N2 or
5 N3 with part means and engineering subjects and employers are willing to take them into the workplace but their entire learning happens in a real workplace.

JUDGE: Yes, that of course involves the same problem of finding workplace employment.

10 MR. H. MASHABANE: It involves the same problem however because those are in a real production environment it is more acceptable than when someone comes into work just for purposes of learning. Remember one of the complaints employers have with taking in learners is that they require a lot of supervision for learning purposes not even for
15 just production, so if you take 10 students who have to watch you service a Mercedes Benz or whatever it means the guy who is servicing the vehicle is no longer tending the vehicle but he is also trying to make sure in part learning and that so that kind of disrupts production and all of those things.

20 JUDGE: Can you give me an idea as to whether the demand for apprentices is satisfied or is there an unsatisfied demand for apprentices?

MR. H. MASHABANE: We are currently not able to meet the targets that we have set which are targets that we draw from the NDP that says by
25 2030 we need to be qualifying 30 000 apprentices or artisans a year, we

are currently sitting at around 14, 15 000 annually which is what the system given the amount of funding can be able to produce so yes the demand and the projections that we have we are not able to meet them.

COMMISSIONER KHUMALO: Is it part of your programs that most
5 apprentices are outside the country, I know there is quite a few boilermakers in Australia, are they from your department or is it your own initiative?

MR. H. MASHABANE: The ones that we have records for are the ones that we train inside the country, some employers may be able to send
10 their own employees for more higher level training especially in your latest technology however the ones, the records that we keep as a department through our national artisan centre at Olifantsfontein are the ones that are at your entry level if you like, your beginner stage of an artisan up to where you pass a trade test, obviously as you proceed
15 forward it may be that you may be taken elsewhere outside the country, those will be initiatives of employers but not necessarily ones that are sanctioned by the department.

COMMISSIONER KHUMALO: Okay in your quest to meet the deadline, is it not of concern that there would be a lot of influx outside the country
20 after you have done the training and you have made all the necessary arrangements that you retain the skill, have you ever looked at that as a possibility?

MR. H. MASHABANE: Influx outside skills flight?

COMMISSIONER KHUMALO: Yes that people are going to other
25 countries as soon as they qualify, maybe it is for financial reasons or

whatever, I think Mr Minnie wants to respond to that.

MR. W. MINNIE: Yes thank you, later on in the presentation there is a slide of current indications of those apprenticeships that qualifies the, passes their trade test and then is registered as an artisan, what is their
5 employment status after that and that is specially again employment status in South Africa and what we found is from the latest tracers studies that was done by Sakkie is that 79 percent of artisans, nearly qualified artisans get employment within a year right after they qualify and that is employment within South Africa so I hope that answers your
10 question that there is not a flight ...[intervenes]

COMMISSIONER KHUMALO: Ja I just think we need to have an assurance that whatever interventions you are making there is a retention strategy as well for the country that we do not lose skills.

MS. M. ERRA: If I can just also add by indicating that when an
15 apprentice is indentured they sign a contract and part of the scope of that contract is that the apprentice must comply with the employment provisions of that employer and there are references to labour relations and Basic Conditions of Employment Act within that specific agreement so there are employers that have some retention strategies but there is
20 no overarching retention strategy for all of apprentices as it is dependent on employer policies where they have indentured learners.

JUDGE: Everybody is entitled to go where the money is. We will take an adjournment for a quarter of an hour.

MEETING ADJOURNS

MEETING RESUMES

25 MR. W. MINNIE: May I ask you, can I take us directly to the current rand

values that is in the Seta system as well as in the NSF and then we go back maybe to the other items?

JUDGE: No it is, Mr Mabuda is now leading you and we will not interfere again, if he is happy that you do that then by all means go ahead and do
5 it.

ADV. T. MABUDA: I am perfectly comfortable with that Chair, questions that were posed or we asked the DHET to answer was in relation to the surpluses sand the numbers, thank you.

MR. W. MINNIE: Alright thank you Chair. The slide in front of you that is
10 just what I would like to indicate in terms of the number of learners funded by the Seta's per learning program in the respective years being 2012/2013, 2013/2014 and 2014/2015, the dark blue one relates to learnerships and the light blue relates to part qualifications or skills programs and then you will see that the green block is artisans or
15 apprenticeships and your darker smaller blue blocks is work integrated for your Tvet's specifically, so these are figures across a different types of workplace based learning pathways, is that maybe is the correct word, for different categories of learning's undergoing workplace based learning in these different programs.

20 So learnerships you will note for the last, for the 2014/2015 financial year was 77 930 learners on learnerships and your part qualifications was 137 283, the two major categories. With artisans at 16 119 and that is learners funded in that years, so that is learners funded through the Seta system in those respective years in those
25 different programs. Now the next slide is just a breakdown per, of the

usage of funds by the different Seta's, your administrative expenditure versus your mandatory grant versus your discretionary grant in the 2015/2016 financial year. I am not going to go in too much detail on that because I would like to give a more overall picture of what is current in
5 the system.

I just want to mention that in 2013 the Minister of Finance did issue a letter to the Minister of Higher Education and Training to basically keep expenditure of the NSF and the Seta's within expenditure ceilings set by the National Treasury and this was effectively approved
10 by cabinet. The expenditure ceilings however was in contradiction with what the Seta grant regulations tried to achieve since the grant regulations tried to discourage the accumulation of surpluses but to uses thereof towards pivotal programs specifically.

ADV. T. MABUDA: Mr Minnie before you proceed, what was the
15 motivation behind setting these ceilings?

MR. W. MINNIE: Through our engagements with the National Treasury it came out at that specific point in time that if the Fiscus consolidates all the resources of the country into one consolidated view from the state that they try to curtail expenditure across government and it would then
20 create a scenario where government expenditure is too high in terms of the national consolidated picture and that would created a problem for the country in terms of its ratings and so on.

ADV. T. MABUDA: Okay thank you.

MR. W. MINNIE: That expenditure ceiling was lifted two years later in
25 2005, ag sorry 2015 my apologies 2015. Okay and then just to give you

the Seta reserves as at 31 March 2016 and this is the audited figures we have, the last audited figures we have indicates that the total Seta discretionary reserve as at 31 March 2016 was 10.4 billion rand less its contractual commitments that it has against that reserve leaves one with
5 then with a total uncommitted discretionary surplus or reserve of 1.18 billion rand.

COMMISSIONER ALLY: Mr Minnie if you can just go back to slide 50, now the evidence before us is that the various Seta's are in various stages of effectiveness and the one that is spoken about a lot is Merseta,
10 now when you talk about the committed amounts on slide 52 is it in relation to all these Seta's and do these Seta's that are not effective actually hold onto monies that can be used in other words?

MS. M. ERRA: In terms of the figures that are presented and the 1.1 billion that has been highlighted as a consolidated figure for all 21 Seta's
15 and within that if we break down the 1.1 billion it is allocated differently across the Seta's and we do not have a specific chart available that has been projected but I am sure we can make that information available. And in essence where there are Seta's that are either ineffective there could be information that indicates why their reserve is much higher than
20 another Seta because if they are under administration for example their expenditure might not be as effective as a Seta that has a fully operational board in place.

COMMISSIONER ALLY: Ja we understood that previously but Mr Minnie if you can go back to now slide 52, rather 53 where we were at. You say
25 remaining commitments, are these commitments in respect of all those

Seta's on slide 50 and that is why I was asking the question of the effectiveness and whether those commitments of 9 billion could be actually commitments of 6 billion for that matter?

MR. W. MILLIE: I understand, so basically whether those commitments
5 will materialise when it is due.

COMMISSIONER ALLY: Correct.

MR. W. MINNIE: Yes there is always even with the National Skills Fund some portion of a contract, if I can call it as such that is normally not used for a specific initiative and in some instances it is used to the full, I
10 do not have the exact percentages of what portion on average across may not be used for a specific skills development initiative but I am sure we can do the calculation to indicate that. From my experience from the National Skills Fund perspective was that it is more or less at a 6 percent un-usage percentage from the NSF's side specifically which is then
15 taken up as a saving and then reallocated to other initiatives.

COMMISSIONER KHUMALO: So how do you treat this surplus currently, is it ringfenced?

MR. W. MINNIE: Okay so if I can just explain, what the Seta grant regulations, the new ones that came into effect tried to achieve was to
20 say to the Seta's that when you have an uncommitted reserve and you actually do not have any plans for that money that is contractual at that stage then that at each financial year end then that portion of funding must be transferred to the National Skills Fund so it is almost like the same way the Fiscus works that if you have unused money it goes back
25 to the Fiscus and then the NSF is then supposed to carry that money

and actually deliver on it so that was the Seta grant regulations, I think 3
[11] if I am not mistaken, Seta grant regulation 3 [11] that specifically had
that determination and what happened was for two financial years, the
first one it came into effect there was a significant transfer of
5 uncommitted surpluses from the Seta system to the NSF the first year it
came into effect because obviously it had an accumulation of quite a
number of years of funding sitting in reserves the first time it came into
effect and I think we received 2.4, 2.8 billion worth of uncommitted
services in that first year.

10 COMMISSIONER KHUMALO: Did that include your interest from that,
that figure?

MR. W. MINNIE: That was just a transfer it does not include interest
received afterwards on that and so on. Then the year that followed it
came down quite significantly because I think to some extent the Seta's
15 got the message that if they do not use the money and commit it they will
lose it and also because of all the accumulated reserves over the years
has now already been transferred to the NSF and then it went down to
364 million the following year so it went down from 2.5 billion to 363
million the ensuing year. After that then obviously the Minister lost the
20 case that Busa brought in the Labour Court and one of the areas that
they did challenge was that specific clause 3 [11] which then basically
the court set aside and which is now being appealed to, and we will see
what the outcome then is of the courts is on that but at the moment it is
not in effect 3 [11] because of the Labour Court ruling on that clause. So
25 Seta's in effect at the moment as it stands do not transfer uncommitted

reserves to the NSF.

COMMISSIONER KHUMALO: And how do you treat interest do you treat it as uncommitted as well?

MR. W. MINNIE: So the way it works in accounting is that all your
5 income is put together in a pool, both your levy and your interest that you receive and then you deduct all your expenses and that gives you your remaining surplus which then goes into what is called your reserve so it includes interest in effect you can say that yes.

COMMISSIONER KHUMALO: So was there no directive from Treasury
10 on the treatment of ring fenced funds so to speak?

MR. W. MINNIE: What the NSF as well as the Seta's has to do on an annual basis is to apply to the National Treasury to attain its surpluses same as with other entities so that has been granted for the past number of years, what makes the levy a bit more of a challenge to just take the
15 funding is that it is an earmarked revenue stream which means that funding received from that earmarked revenue stream in terms of, if I stand corrected, the income tax, I am not sure but in terms of the legislation that it must then be used for the purpose that it has been collected so all the funding that is collected for the levy must be used for
20 the purposes as determined in terms of the Skills Development Act. Can I continue?

JUDGE: Yes please.

MR. W. MINNIE: Alright so on that slide as I have indicated as at 31
March 2016 there was 1.18 billion rand uncommitted discretionary
25 surplus in the Seta's, all 21 of the Seta's. I would then just like to take us

then also just to the National Skills Funds financial implications, that is, slide 87, okay I would, I have put up this graph but I just want to give some explanation on it of what this picture tries to illustrate. As you would have noticed that the or you already know by now is that the levy system which is F and the Seta's were transferred from the Department of Labour in 2009 to the newly formed Department of Higher Education and Training and what you see on this graph is that the blue graph at the back is the revenue received by the NSF over the respective years from 2004/2005 to 2015/2016 and the green graph in front is basically NSF's disbursements towards skills development grants and I specifically want to highlight to you the peak, it is that little red circle I drew there in the corner on the blue graph and that peak was because of two main additional income that the NSF received during 2013/2014, 2014/2015 and 2015/2016.

And if I can just quickly go back to the previous slide where it basically explains what was the reason for receiving that additional income, the one was that just over 1 billion was received from the Seta's for the construction of 13 new Tvet college campuses and the refurbishment of 3, I know in the slide I indicated 16 but it is 13 new campuses and the refurbishment of 3 campuses, existing campuses across the country and in 2013/2014 that was paid over to the NSF for a specific purpose to fund that specific project then in 2014/2015, 2.586 billion was received from the Seta's from their uncommitted surpluses so this is where I have indicated that that initial transfer was quite substantial that was paid over to the NSF.

And then in 2015/2016 it dropped to 364 million of the Seta uncommitted surpluses being transferred to the NSF and then as I have indicated that at the moment this regulation is not in effect as it is currently being set aside by the Labour Court but the department is
5 obviously at the moment appealing the regulation or the Labour Court ruling. Alright I just want to indicate, if one takes out and then obviously the National Skills Fund also contributed in two financial years towards the no fee increase that happened for the 2016 academic year and now as well so 2017 academic year, I have more details on that I will get later
10 to that on the presentation.

But I just want to indicate that if one takes out these peaks, if I can call it as such, these ones of instances that happened, what is the picture in terms of the NSF's total skills development grants versus its revenue and more your normal revenue, this is the next slide I have in
15 front of you now, you will note that yes under the Department of Labour the first few years you will see the blue which is the revenue exceeds its disbursements year on year on year then when it transferred to the Department of Higher Education and Training which is just after that red line in the middle you will see that it for the first two years maybe sort of
20 just remained the same but then after that it started to pick up the NSF's disbursements towards skills development initiatives where it in one year exceeded its revenue slightly and in the years that followed was very much on par with is normal annual revenue and its normal disbursements towards skills development.

25 So in effect in terms of disbursement efficiency the fund

improved quite significantly since it transferred to the Department of Higher Education and Training from the Department of Labour and like I said sort of maintained over the last three financial years from the NSF's side. I just want to take you then to the next graph and that figures on
5 top indicates the NSF's accumulated reserves and that figures includes now specific funding set aside for the Tvet college infrastructure development and so on but that figure shows how the reserves has grown and once again the red block or the red circle you will see there is a peak and that peak once again is because of the Seta surpluses being
10 transferred to the NSF in those respective years as well as the funding received for Tvet college infrastructure development.

Okay all the rest of the information is in the NSS's annual reports I just want to go through it quickly the next three slides if I may and then we would like to then also, the commission will ask questions after that
15 three slides. The NSS investment towards skills development from 2015/2016 financial year was 4.458 billion rand, 2.72 billion of that, that 61 percent is specifically towards education and training of learners meaning that is the funding of learners in the system for undergoing specific training or education. 969 million was towards the no fees
20 increase for the 2016 academic year only and 758 million was towards strengthening the post school education and training system and that is specific projects and initiatives aimed at improving efficiency and effectiveness across various aspects of the pose education and training system, some of them relates only to Universities some of them only to
25 Tvet colleges but some of them are cross cutting across the entire

system

COMMISSIONER ALLY: It is a bit unhelpful Mr Minnie, it sounds a lot of money but if there is no breakdown in terms of which effectiveness of the strengthening of the system is given to us then it is just a number that is
5 thrown in there and you are saying well that is the amount that you used for strengthening the system, is the system better after that, is it slightly better, we do not know.

MR. W. MINNIE: Yes thank you for that question Advocate, it is quite detailed all of that information so our annual report contains more
10 detailed overview of those different areas where funding has been provided but if more detailed information is needed by the commission on each of those initiatives then we have got specific reports on each one of them that can be provided to the commission.

COMMISSIONER ALLY: You see all we are looking for is where you
15 have a statement of that nature there must be some analysis to say, some analysis of performance to say well otherwise it is just as number and it is a big number but for your purposes now I suppose you just wanted to say, highlight to us that this is the amount that was used for that particular purpose.

20 MR. W. MINNIE: That is correct, for this presentation purposes I just want to indicate the amount in terms of rand values but we can most certainly make the other information available on the details around each of those initiatives what has been achieved, what is still remaining to be achieved.

25 ADV. K. PILLAY SC: Mr Minnie perhaps you could give us in broad

terms just an idea of the kinds of initiatives that were funded?

MR. W. MINNIE: I can, I just want to check I know it is in one of the slides, you looking specifically for post school education and training improvement initiatives?

5 ADV. K. PILLAY SC: That is correct yes.

MR. W. MINNIE: Yes okay, okay I would like us to then go, I will just quickly take us to the slides, okay so specific research and policy development initiatives funded by the NSF relates to the labour market intelligence project this what Miss Erra referred to earlier with the
10 development with human science research council on starting to put in place the necessary information systems and research related to labour market intelligence, what is the demand signals in terms of current demand within the economy for certain occupations and skills as well as what is the developmental state initiatives indicating what will be the
15 future demand for certain developmental state projects like the Sips project is one that we have also been funding on getting those demand signals.

Then we funded research like to the development of the white paper and we have also funded all the initiatives around developing the
20 white paper for post school education and training so these are research initiatives, I just want to take us then to, this is a list of them, some RPL research and policy development models that has been developed there RPL practices, review and so on. Other areas relates to the artisan system development, the national artisan moderation boy is receiving
25 very little funding from the Fiscus and in order to improve efficiency in

the national artisan moderation body as well as in Ndlela there is a capacity constraint so one has to address those specific capacity constraints to execute on certain of the tasks that they have to do and the NSF has been coming in since it has moved to DHE in order to start
5 to fill those gaps in order to start to deliver on these specific aspects that Nam and Ndlela has to deliver on.

I do not have the exact details of each but I can give you the report to indicate to you which areas the NSF has been funding specifically there as well as the artisan certificate system in order to
10 digitalise that, make it electronic so that it is more efficient that the apprenticeship that passes his trade test do not wait months on end in order to get a certificate, the certificate is important for somebody to receive it so they can get employment after receiving that certificate.

ADV. K. PILLAY SC: May I just ask a question on these initiatives which
15 you have got listed in slide 117, are these initiatives in terms of which the NSF participates in these processes leading up to certain policy document that are adopted by the relevant departments or is it providing the actual research to the Ministers concerned?

MR. W. MINNIE: The NSF does not do the actual research if that is
20 maybe the question, the funding is provided to the relevant institutions to do the research.

ADV. K. PILLAY SC: Okay it is not so much a question of who does the research but whether or not you are providing the research on which the ministerial policy issues are based so in other words are you contributing
25 to a process or is your research the process?

MR. W. MINNIE: The research agenda if I can call it as such is not determined by the NSF that is determined in the main through the different DHET, they in the main determine the research agenda obviously with the Minister and so on but then the other research that the NSF also funded was that done by the Human Resource Development Council and that is determined, that research agenda is determined by the council themselves and then there is also research done by the national skills authority which is also determined by national skills authority however the fund comes in and plays the funding role in funding those research to be done and it does not during the research process it is obviously engaged by the researchers on information on policy development aspects and then the fund does contribute to that process.

ADV. K. PILLAY SC: And does the fund have discretion as to whether or not to fund the Ministers research agenda?

MR. W. MINNIE: Look the NSF's accounting authority is ultimately where the decision is made and the accounting authority is the Director General of the Department of Higher Education and Training so and the Minister is the executive authority so how do I answer that question for you other than to indicate about discretion what to do research on and what not other than to indicate to you that that is determined by the accounting authority. What however is important is that obviously there is a limited funding so in some instances one probably has to prioritise certain research for some to follow later.

MR. H. MASHABANE: If I may add, when they published the new

national skills or the third national skills development strategy the department one of the things they indicated there was that the NSF will become a catalytic fund that will prioritise its funding on what are called national priorities and that is also indicated in the Act in terms of how we are established. So instead of simply looking at the national skills development strategy we then took a position to say let us determine what those national priorities are and we consulted widely with counter branches etcetera and one of the things that came out there was that we will fund priorities that are determined by the Minister, they include things like research, building the capacity of the system, will fund priorities that come from your Human Resource Development Council and that is around building capacity of the Tvet colleges, building the national artisan development system.

And then there were those priorities that are national priorities derived mainly from your medium term strategic framework, rural development, your new growth path so we incorporated all of those into our funded program and translated them into budget programs so what you are seeing in the examples of areas that are funded by the NSF actually come from what we call the strategic framework for the allocation of funding from the NSF which has been approved by the Minister.

ADV. K. PILLAY SC: You see Mr Mashabane I do not have, I am not really querying about the area within which the NSF conducts its research of funds research initiatives, I am really trying to get to the level of autonomy of the NSF to either agree or decline to fund certain

research initiatives. Now if you look at the list that you have provided on 117 in the ordinary course and if you leave aside the question of the NSF's involvement one would expect that that is funded by the Minister concerned who establishes a ministerial committee so I am just trying to
5 ascertain to what extent the NSF can decline to get involved in terms of the funding for a particular ministerial process?

MR. W. MINNIE: If I may just add, what is important is to note that in terms of section 30 [B] of the Skills Development Act he determines that the NSF can fund or should fund any activity to achieve a national
10 standard of good practice in skills development as determined by the Minister so I guess one then has to ask whether this specific determination in the Act counters what you call that autonomy or is it actually then specifically the NSF's mandate to fund these specific areas for that national standard to be determined.

15 COMMISSIONER KHUMALO: On slide 177 the ministerial task team on recognition these are, are they for the pilot, the envisaged pilot?

MR. W. MINNIE: Is it the ministerial task team on?

COMMISSIONER KHUMALO: [microphone not on] you list them and then there is ministerial task team on recognition, ministerial task team
20 on maths and science so the pilot project.

COMMISSIONER ALLY: In other words the Isfap project, that project.

MR. H. MASHABANE: No, those committees that we funded their primary purpose were actually aligned to what we believe the system will benefit from, for example on the area of RPL the issue at hand is that
25 there are quite a number of people who have a lot of what you call work

experience, someone who has worked in a ...[intervenes]

COMMISSIONER ALLY: Sorry Mr Mashabane lest you misunderstand Commissioner Khumalo's question, she is only referring to who is this ministerial task team not what they were doing and so forth so if Mr
5 Minnie or you could indicate.

MR. W. MINNIE: Thank you Chair I will answer that, this ministerial task team was not the Isfap model at all this is a different ministerial task team the ones listed there looking at different aspects, the one aspect was recognition by learning and the other one was on mathematics and
10 science foundational program so that is the purposes that those specific task teams were established with not the Isfap model, the Isfap model is something that came later this was task teams that was before that, I hope that answers the question.

JUDGE: May I ask a question please, pages 100 or slides 116 to 124
15 are all headed NSF funding areas due to fiscal shortfall, what does that mean?

MR. W. MINNIE: Okay if I can put it as such that things like the national artisan moderation bodies capacity constraints to execute on certain functions is in the NSF's opinion things that the Fiscus should actually be
20 funding because these are primarily fiscal responsibility areas in order to deliver on these aspects. Things like funding frameworks for Tvet colleges which is framed here as FET's and so are systemic improvements related to your theoretical learning institutions and to large percent those improvements are things that should primarily be Fiscus
25 funded. If I may refer you I think to information you got from the CFO of

the DHET you would have noticed that on the applications they have put into the Fiscus in order to fund certain of these initiatives it was not received the funding from the Fiscus and then NSF had to come in as the catalytic fund in order to address that in order to fund it because the
5 system to some extent cannot continue to function in certain ways if those areas are not addressed as a matter of urgency.

JUDGE: I see, there seem to be a very large number of areas which fall into that category.

MR. W. MINNIE: That is the case yes Chair and the reality is, is
10 because of the fiscal constraints that resulted in NSF being the next door to knock on if I can put it bluntly.

JUDGE: Alright thank you. The bricks think tank what has that got to do with NSF?

MR. W. MINNIE: My understanding is that came from a presidential
15 proclamation, that is where that originates from.

COMMISSIONER ALLY: Well where it originates from is not the problem, the point is how does the NSF get involved in that particular think tank, if you can answer, answer, if you cannot say you cannot?

MR. W. MINNIE: All I can answer on that is that the NSF is not a
20 member to the think tank but it funds the departmental activity related to the think tank.

JUDGE: I suppose either the President or somebody else was looking around for some means of funding the think tank and they alighted on the NSF, well it does not matter I just asked.

MR. W. MINNIE: That is all I can answer.

JUDGE: Okay.

COMMISSIONER KHUMALO: So a think tank would be maybe encompass a group of skilled people to think in a certain way, is that not
5 the connection, who is the think tank is it human beings who were supposed to be capacitated to think along those lines?

JUDGE: It really does not matter, it is really, it is simply a side issue that I alighted on.

COMMISSIONER KHUMALO: Yes, my question is on 119, slide 119, the
10 central application service is it related to the ones for regulation?

MR. W. MINNIE: That is correct yes.

COMMISSIONER KHUMALO: So clearing house is because it is being consolidated to Pretoria is that why?

MR. W. MINNIE: Yes I think that is how it works.

15 MS. M. ERRA: The clearings and the central application service is still a draft model so there are proposals about making it available provincially but a central data base be accessible centrally and coordinated for the purpose of the University branch.

COMMISSIONER KHUMALO: So what are you funding here?

20 MR. W. MINNIE: So in order to implement a central application service one has to do preliminary work to determine what, shall I call it, model, operating model, what financial model etcetera it will take so this is the preliminary work in order to set up the central application services that was funded by the NSF.

JUDGE: What you are showing us here is a whole lot of useful subjects to which the NSF funds are being applied?

MR. W. MINNIE: Yes I would hope so.

JUDGE: Ja.

5 MR. W. MINNIE: Ja so I guess what I am also showing is that here through this is that a lot of the systemic improvements in the post school education and training system was actually funded by the NSF over the past few years, one area I just want to quickly touch on then is your University system, those are projects that has been funded in the
10 University system intervention at Universities, governance and effective administration, there is a specific project for that and project about for the oversight committee in transformation in South African Universities and there is also a specific project incorporating HIV and AIDS aspects into the University curricula but in the main if one looks at some of the
15 impact made on Universities and I will take you to slide 112, 113 I am not sure but those are infrastructure development initiatives that the NSF funded for the University and it is mainly utilising the surpluses that the NSF accumulated to address cares and critical skills areas in the University system where there is not sufficient infrastructure capacity in
20 order to deliver on those cares and critical skills areas.

And the one is the SARTAEC, that is the South African renewable training and education centre, which trains wind turbine technicians for the new wind energy farms going up in the Western Cape and the Eastern Cape and that is a new skill that is being delivered now
25 in South Africa, we did not previous train that skill in South Africa. If we

look at then at the building on the right that is the new medical training facilities the University of Pretoria and that was aimed at doubling the intake of your MB CHB University students for more doctors to be trained through the University of Pretoria and the other one is the veterinary science facilities at Onderstepoort which also doubled the intake of veterinary scientists and then the right hand corner is just one of the Tvet college campuses at Thabazimbi which has now been completed.

So there is other infrastructure facilities that is also being built which I do not have a picture for here but that is at the University of Johannesburg specifically work integrated learning engineering facilities so that is to actually give your engineering students a workplace environment where they can attain the workplace skills in order for them to register as engineers. So yes those are significant investments that went into the University system specifically from the NSF and it was specifically utilising the surpluses towards that. Chair then if I can just take us then quickly to the next slides on the funding of, NSF funding of the no fees increase and I think that is slide 125 and from 126 to 126 and onwards.

So the total no fees increase for the 2016 academic year was 2.33 billion rand, is this now correct, okay sorry that bottom indication is showing shortfall funding from the NRF should be NSF, no this is, sorry no my apologies the NSF funded 1.274 billion rand, the NRF refers to the National Revenue Fund, my apologies on that one it is not the National Research Foundation.

25 COMMISSIONER KHUMALO: National Research Fund.

MR. W. MINNIE: National Revenue Fund that is the Fiscus basically.

COMMISSIONER KHUMALO: That is what I wanted to ask.

MR. W. MINNIE: Yes.

COMMISSIONER KHUMALO: Was this returned in the manner you
5 described back to the Fiscus and then.

MR. W. MINNIE: So the way it was funded was that ...[intervenes]

COMMISSIONER KHUMALO: I am saying, remember you saying if
there is the uncommitted fund it goes back to the fund and then it gets
distributed there.

10 MR. W. MINNIE: No let me explain how this happened and then also if I
can explain your question that you are asking, the NSF's surpluses was
never at any stage returned back to Treasury or the Fiscus but it was
agreed that the NSF must pay R1.274 billion of the 2016 academic year
no fees increase. The total funding thus that came from the PSET
15 system was R395 million from the reprioritisation within the University
system itself meaning Universities were requested to say what can they
contribute from their side so they internally looked at what they can
reprioritise within and they said okay we will pay internally from the
different Universities, in total it came out to R395 million.

20 Then the DHET then reprioritised from historically disadvantaged
development grant mainly aimed at your HDIs your historically
disadvantaged institutions R361 million and NSF had to pay R1.274
billion from its surpluses and it was at that stage agreed that it must use
its funding that it received from the Seta uncommitted surplus in order to
25 fund that R1.274 billion.

COMMISSIONER KHUMALO: Mr Minnie how were these funds directed to these, like you saying it funded the no fees increase through NSF, did it go to NSFAS or did it go direct, that is what I am trying to?

MR. W. MINNIE: So the NSF paid it over to the Department of Higher
5 Education and Training that funding and that funding was then paid over by the Department of Higher Education and Training to the different Universities.

ADV. K. PILLAY SC: Mr Minnie can we just go back to how the Act provides that money in the fund can be used, so section 28 of the Act
10 says that the money in the fund may only be used for projects identified in the national skills development strategy as national priorities or for such other projects related to the achievement of purposes of this Act as the Director General determines so can you just help us understand what happened behind the scenes and how did it come about that the
15 Director General determined that this project was one which NSF money should be used for.

MR. W. MINNIE: Okay I will explain what happened during that time as it happened and my participation we had with that. At the time when the President made a decision that government shall fund the no fees
20 increase meaning it being zero percent the department then went and had to calculate obviously what the shortfall amounts to now after that decision has been taken. Then there was a meeting obviously called to the Union Buildings where we had to meet the presidency and the National Skills Fund as well as Treasury as well the department were
25 invited to that specific meeting. It was then agreed that the National

Treasury and the department the NSF will meet after, that during that meeting, and it determine where can funds come from.

Before that department however already started with a process to engage the Universities to ask them what is the amount that they contribute towards the specific shortfall at that time. After that meeting the department then were able since the Universities came back and said this is the amount each of the University can contribute, it came then out to R395 million. The University branch themselves then went and they determined where can they reprioritise funding from and then they managed to indicate that they can reprioritise R361 million from the historically disadvantaged development grant and National Treasury came when we had the meeting with Treasury then after the meeting the presidents the Union Buildings, Treasury came and said they can only fund R300 million and then effectively NSF had to fund the balance that is how it happened.

COMMISSIONER ALLY: No when you say had to fund Miss Pillay is asking you, you have heard her read the section of the Act, you have now moved ahead before us determining how you got the authorisation contrary to what, if it is contrary to what Miss Pillay has indicated the section says, you say we funded the shortfall after everybody else how did you get to fund that the process there.

MR. W. MINNIE: That then was after determining how the shortfall, what the amount is that the NSF should fund, the NSF then proceeded to obtain approval from the Director General of Higher Education and Training as well as the Minister in order to fund R1.274 billion of the

shortfall from the NSF.

COMMISSIONER KHUMALO: Now the section provides that the DG has to determine the project as one which is related to the achievement of the purposes of the Skills Development Act so what was the project
5 specifically and what did the DG determine that it would assist in the realisation of what purposes of the Act?

MR. H. MASHABANE: I indicated earlier that when the NSDF was published we and discussed with various branches in terms of what are these priorities that the National Skills Fund could fund and one of those
10 priorities is called a DG priorities beside skills infrastructure which traditionally we have not funded but we got sign off from our Minister to say these are the areas that the NSF will prioritise its funding over the five year period of the NSDF and under DG prioritise we have worker education, we have skill system institutions capacity building so those
15 things that you see around us building additional buildings and that are part of what the DG determined to say we have not expanded the system let us put in some money and increase the training of doctors, all of those things we agreed that they are consistent with the purposes of the Act, if you produce more doctors you getting more skills into the country
20 so it is not in conflict with what the provisions are in the Act and that.

So I am saying all of these projects when they are tabled before the NSF we always go back to the framework and say is this thing still consistent with what our Minister has agreed we could fund and that is ...[intervenes]

25 ADV. K. PILLAY SC: Mr Mashabane we are now we are dealing with the

2016 no fee decision, no fee increase decision so I am just trying to understand how that fits into the framework?

MR. H. MASHABANE: It fits into the framework because currently members we are funding bursaries, full time bursaries in Universities, we
5 are funding around 15, 17 000 students, 1.2, 1.5 billion it is still money that goes into higher education system whether you apply it to a no fee increase it means it is a student who benefits whether it do it via a traditional bursaries which we fund through NSFAS it is still the same thing, it is not inconsistent with the ...[intervenes]

10 ADV. K. PILLAY SC: So on your interpretation on any funding which goes towards higher education would be one which falls within the framework of the Act?

MR. H. MASHABANE: Yes.

COMMISSIONER KHUMALO: And the Act is not limiting to the manner
15 in which it is done in terms of consistency?

MR. H. MASHABANE: It is not limiting but we have tried to define it in such a way that it is not very broad, for example if a motion or a project was tabled to say we want you to fund all the academic staff in this University we would always argue that it will not be sustainable the first
20 thing because we do not want to take over functions that should be funded through the Fiscus for which the amount of reserves we have cannot sustain. If we have to put a building it is a once off allocation but if we have to provide continuous subsidies clearly the income of the NSF will not be able to afford that so it is those interventions which we believe
25 will catalyse the system, stabilise it and allow it to proceed with the other

funding that comes from your normal funding streams.

COMMISSIONER ALLY: Proceed Mr Minnie.

MR. W. MINNIE: Thank you. So that was the allocation for the 2016 academic year no fee increase. If you look at the 2017 academic year
5 the total no fees increase that the NSF then had to fund using its accumulated surpluses and what was remaining of the Seta reserves it amounted to R5.288 billion that the NSF then had to fund for the 2017 academic year but that includes 2.37 that has to go towards NSFAS for its shortfall in terms of the 2016 academic year and the no fees increase
10 for Universities and Tvet colleges to those respective amounts and in total it is R5.288 billion from the NSF towards the no fees increase for the 2017 academic year.

JUDGE: So what is the uncommitted surplus at this moment?

MR. W. MINNIE: Thank you Chair, I will take you to the next slide, I just
15 want to make a correction on this one, my colleagues now have just informed me I by accident used the wrong figure for the current available reserve funds, it is not 10.609 at the moment it is 11.028 billion, effectively there is a 400 more or less million rand extra on that figure, I will give the commission the correct figure through the secretariat on this
20 slide specifically but in total the NSF has a current available reserve of 11 028 140 less funding towards no fees increase of 5.288 billion less current commitments, those are contractual commitments of 5.687 billion which means that the total uncommitted reserve of the NSF at the moment is 52.460 million.

25 COMMISSIONER ALLY: Let us just understand the mathematics here,

your current available, I just want to because I could have misunderstood you, you said 10 million, is it 10 billion?

MR. W. MINNIE: It is 10 billion so it is.

JUDGE: it is 11 billion.

5 COMMISSIONER ALLY: Yes then that makes sense because if you saying 10 million less 5 billion then the mathematics just went out the window.

MR. W. MINNIE: Yes my apologies, the three zeros on top usually indicate it is, in financial statement terms, it is being round off to the
10 nearest thousand.

COMMISSIONER ALLY: Ja but it is just for transcription purposes.

MR. W. MINNIE: Correct.

COMMISSIONER ALLY: If you are saying 5 million then it does not make sense.

15 MR. W. MINNIE: Of course my apologies. So just to clear, it is 11 billion less 5.288 billion less 5.687 billion which then leaves a total uncommitted reserve at the NSF of R53 460 000.

JUDGE: Okay thank you.

MR. W. MINNIE: If I can just indicate to you the impact of funding a no
20 fee increase through the NSF, the NSF before the no fee increase it was busy putting aside funding and starting to put in place certain areas that it wanted to disburse this funding towards which then had to obviously once it was indicated NSFAS had to fund it, had to reprioritise it the way from a stop all work that started to happen in that area. The NSF

effectively wanted to use R1.5 billion towards additional workplace based learning opportunities and that is mainly through the state owned company's. Another 1.5 billion was earmarked to the specific, there is a whole list of PSET approval initiatives and R2 billion was set aside
5 to leverage additional funding for addressing student housing infrastructure development. So those are broadly the implications of the funding of the no fees increase from the NSF.

ADV. K. PILLAY SC: [microphone not on]

MR. W. MINNIE: The entire no fee increase for the 2017 academic year
10 is funded through the NSF.

ADV. K. PILLAY SC: Do you have an explanation for why that is the case, why was the entire amount taken from the NSF?

MR. W. MINNIE: I do not have an exact explanation for that, all I can indicate to you is what happened once again that letter was received
15 from the National Treasury indicating that they will fund the impact of the no fee increase from the 2018/2019 year onwards meaning you have to carry it now on the baseline going forward from that year and the instruction was that for the 2017/2018 financial year it has to be funded through reprioritisation within the post school education and training
20 system.

JUDGE: So it was the only milk cow standing in the national pasture so they duly milked it.

MR. W. MINNIE: Chair that I believe, I leave up to your observation.

ADV. T. MABUDA: Mr Minnie just based on slide 128 of your
25 presentation, you would say that the NSF is in deficit at the moment?

MR. W. MINNIE: As I have indicated the figure of R10.6 million, let me just go there, ag billion my apologies, R10.609 billion is not correct it is R11.028 billion okay that is an error on my side so the NSF has a total uncommitted reserve of 52.416 at the moment.

5 JUDGE: That is a positive figure.

MR. W. MINNIE: That is a positive figure yes.

JUDGE: This is all very exciting. Have you no good news for us at all?

COMMISSIONER KHUMALO: Ja you saying the other five it is commitments, so currently it is sitting with you pending the finalisation of those, the contractual obligations so to speak.

10 MR. W. MINNIE: That is correct it is commitments that is not due immediately it is over a period of time as the project is executed.

COMMISSIONER KHUMALO: So how long are those projects maybe if you focussed them and what is happening to the interest currently?

15 MR. W. MINNIE: I can do an analysis on the forecasting of when the commitments will be due into the different years and it is also not easy for me to say they all due within three years or so it varies, it depends on when it started and ended, usually a project is around three years, three to three and a half years because usually training is for a three year period.

20 COMMISSIONER KHUMALO: And the interest on that do you use it for operations or?

MR. W. MINNIE: The interest is used once again towards skills development so the total revenue is combined and that is then used for

skills development and a portion thereof for the funds administrative purposes which is currently 2.6 percent of the total revenue.

ADV. K. PILLAY SC: Mr Minnie may I just ask you about the cost of funding the no fee increase and that is dealt with at slide 129. Now at
5 the first point you say that R1.5 billion worth of additional workplace based learning opportunities were lost in the form of apprenticeships as well, how many individuals are we talking about?

MR. W. MINNIE: It will depend on the type of training what the unit cost per individual is but if we should make and this is a very rough
10 calculation, one would look at apprenticeships being funded as determined by the, as it is a very long policy name but there is a specific artisan policy on determining what the funding is to be provided for training and it is round about 150 000 per apprenticeship to be funded through the NSF specifically towards apprenticeship development
15 however it takes 150 000 is not the full cost to train an apprenticeship, the full costs and it once again depends on the type of apprenticeship, it is on average estimated at about 350 000 over a three year period to basically train an apprentice.

So what effectively happens is that the NSF funds 150 000 but
20 the employer comes in with the other was it 200 000 to basically fund the training of the apprenticeship and the rationale behind that was that during the training of an apprentice there is also production output so the employer has a benefit coming from that. The NSF however first engagements with the state owned company's it became clear that the
25 state owned company's have training capacity to actually train many

more apprenticeships than what they require as an organisation internally for the organisation itself and the NSF has been moving towards saying if the SOC historically was not only trained for SOC purposes the organisation itself but it were also trained for what we call
5 the national pool of apprenticeship so the SOCs will only fund that 200 000 if I can call it as such for the employer contribution limited to what is required for their own internal capacity as an organisation but they are not necessarily willing to fund the 200 000 employer contribution for the national pool.

10 And that is where the NSF said but you have this training capacity and the national pool requires these apprenticeships so we will as NSF will maybe consider not only funding the 150 000 but also funding the additional 200 000 to train, to increase the number of apprentices for the national pool so those were initiatives that was in the
15 pipeline however we had to ...[indistinct] so let us make maybe a rough calculation on that and say R1.5 billion divided by 150 000 for 50 percent of the funding and maybe 300 000 for the other 50 percent of the funding and that will give you more or less a figure okay.

ADV. K. PILLAY SC: And these opportunities were still opportunities that
20 the NSF was creating, there were no individuals that were lined up to take up the opportunity?

MR. W. MINNIE: No so what happened at this stage is the NSF has already started to because we have existing projects with a number of SOCs as you probably saw in the presentations earlier which we started
25 here earlier so the engagement started so we have started already

engage those SOCs to look at how they can take on these additional numbers and so on and proposals has not been tabled yet we are only starting to receive it now but obviously we have to now limit the funding that is available for that and we are also, we started the process of not
5 only engaging your SOCs but your water boards like Rand Water and so on for training of your apprenticeships.

ADV. K. PILLAY SC: In the second bullet point you mentioned 1.5 billion lost for PSET system improvements, what are those improvements of the PSET system?

10 MR. W. MINNIE: Okay so I have a list of about, sjoie it is quite a lot it is probably about 80 initiatives that the Department of Higher Education and Training indicated to me that they require funding for but it amounts to R11 billion. I do not have the details on which ones have now been prioritised from that list of R11 billion for funding from the NSF so all I
15 can give to you is what are those specific projects that DHET identified with R11 billion I do not know which ones would have then bee prioritised we have not done that exercise.

ADV. K. PILLAY SC: The third bullet point you referred 2 billion loss to leverage additional funding for student housing infrastructure
20 development, can you just explain to us what that refers to?

MR. W. MINNIE: So there is a specific initiative at the moment that is running a, shall I call it at the beginning of a pilot initiative also partly using EU funding for doing feasibility studies on student housing infrastructure for Universities, I think it is 3 or 4 Universities and one Tvet
25 college and then after that it is then actually to use NSF funding to, if I

use simple words, to unlock additional funding from the private sector in order to basically construct these student housing infrastructure at different Universities in Tvet colleges across the country. I do not have with me exact details on how that works but we can definitely get you
5 that information on how it all typically work.

ADV. K. PILLAY SC: And then perhaps you could just provide morning information in respect of the last point, no funding available for international doctorate bursaries.

MR. W. MINNIE: Yes so there was a bursary scheme that the NSF or,
10 not a bursary scheme but a scholarship scheme that the NSF was requested to consider funding, it was not at a significant number but it was more or less at 100 million per year to fund learners for international directorate scholarships so it is not learning in South Africa but it is actually going internationally.

15 ADV. K. PILLAY SC: Sorry I missed out one point and that was 4 which refers to the seed funding available from the NSF of funding of operational costs of 13 new Tvet colleges.

MR. W. MINNIE: Correct, so there is no operational budget at the moment for those 13 Tvet colleges from the Fiscus neither from the NSF,
20 the fee that has been completed or constructed the Fiscus could not provide any operational funding for that three Tvet colleges and the NSF basically had to provide seed funding for a period of three years in order to operationalised those there Tvet colleges.

ADV. K. PILLAY SC: Sir can I just understand, those three Tvet college
25 sites they have been established they just need to be operationalised?

MR. W. MINNIE: The sites has been identified as well as the transfer of the physical land and things like that that has been set in motion, I understand it is complete. Where it is with regards to operationalising it, it went out on tender, the construction, the physical construction so all
5 the preliminary work was done and the tender evaluation process is basically where we are at the moment or it is actually the whole initiative is done through the Department of Higher Education and Training with the NSF doing the funding portion.

COMMISSIONER ALLY: Just come back a bit, you spoke about three
10 colleges that you had started funding and there is now no operational funds available, is it to complete or to start it?

MR. W. MINNIE: The construction has been completed, the building is existing it is there, it is now to fund our activity, lectures, facilities, administration, everything that goes with regards to actually using it.

15 COMMISSIONER ALLY: So providing the lecturers and the equipment and so forth, is that what you are talking about?

MR. W. MINNIE: That is correct, although I know the equipment has also bee provided, meaning you should have a college that is ready to function but money to make it functional is being provided for three years
20 from the NSF and then thereafter there is nothing on the table at the moment.

ADV. T. MABUDA: Sorry Mr Minnie, considering the demands that are on the skills fund at the moment are there any policy changes in the pipeline to try and recapitalise the skills fund, for instance increasing the
25 levy?

MS. M. ERRA: There is as I had indicated earlier, there is currently proposals that have been gazetted for comment on the National Skills Development Plan and that includes re-looking the focus of the Seta's, the National Skills Fund, the National Skills Authority as well as the
5 National Artisan Moderation Body and all the other related institutions so there are a number of proposals on how they should be reconfigured and what are the funding sources. If I can just indicate the proposal for the National Skills Development Plan is that the skills levy, the values that we have discussed remain the same in terms of quantum but the actual
10 rand values and where they will be steered based on the strategy is where a lot of the focus and priority is on so it will not, the re-prioritisation is based on what is the new strategy going forward.

ADV. T. MABUDA: Is there any indication in terms of the time period of when these decisions would be made?

15 MS. M. ERRA: The National Skills Development Plan is as it is currently at NEDLAC and that will continue until August and then it has to go through a process of public comment and then to the cabinet processes and parliament so we are planning that in the next 12 to 18 months, we are hoping for 12 because we want to consider implementing from 1 April
20 2018.

ADV. T. MABUDA: If you can proceed with your presentation if there is anything further that you would like to highlight.

MR. W. MINNIE: Thank you I have noticed it is 13:00 already so if I can just proceed to ...[intervenes]

25 JUDGE: Do not let that worry you.

MR. W. MINNIE: Is it, oh okay, alright. So I think I would just like to highlight and we can go back to the rest of the slide but just some of the closing remarks that we have on this presentation which basically talks about section 29 of the constitution and specifically where it says everyone has a right to further education which the state through regional measures must make progressively available and accessible and what we would like to mention is that workplace based learning is considered an integral part of the learners education or learning pathway with your theoretical learning obviously being delivered and in some cases similar to practical learning at your University, Tvet college and community college but the practical training component is received in the workplace so the question we therefore would like to raise is whether the constitutional right to further education does not include further education available through workplace based learning meaning apprenticeships, learnerships, internships, candidacy, your part qualifications which includes skills programs.

And if it includes that portion then the question is, is it then not a constitutional responsibility on the state to also progressively make more workplace based learning opportunities available and accessible and not merely only the theoretical learning component received from Universities, Tvet colleges and community colleges.

COMMISSIONER ALLY: Did you ask your DG that question, I see you asking it of us I would have expected you to have asked your Director General who has his own views on these matters also before you come to us, we have our own views also but I would have expected that you

would have started there and said to him well we think it is, it forms part of that and therefore it is the department that is supposed to be funding that particular area of the work.

MR. W. MINNIE: So I have not asked our DG this nor our Minister, this
5 is a point we are raising in this presentation for consideration.

JUDGE: Well it is a perfectly fair question and a very relevant one, Yes.

MR. W. MINNIE: And it has to do with the constitutional rights so I will leave that for the commission to find the answer to that. What I would like to indicate is that if it does form part of that constitutional right one
10 needs to ask the question if one then takes funding away from one component of this what is called provision of further education, meaning workplace based learning and merely providing it to another component is it really achieving the objective of making it progressively available and accessible, thank you.

15 JUDGE: Well the state, supposing the state is obliged to do the best it can the state then allocates its resources as best it can, whether it is the best perhaps is another question but not a constitutional one but your point is entirely valid thank you. Is that your presentation?

MR. W. MINNIE: That is it in short, if the commission has some time
20 also please do look at some of the trends that has been coming out especially in terms of the positive trends coming out of workplace based training, apprenticeships and learnerships specifically where we are looking at an 80 percent employment rate after learner fences that so that is a specific point we want to make and also to note the increase of
25 learnerships, apprenticeships and internships that has happened over

the last five years it doubled in some categories from 2010 to where it is at the moment thank you.

ADV. T. MABUDA: Chair the witnesses have addressed all the questions we have asked them to address.

5 JUDGE: Yes.

ADV. T. MABUDA: So we have no further questions.

JUDGE: Mr Minnie you and your team are to be complimented on the comprehensiveness and the care with which you have presented this and we are grateful to you, I hope we can give the consideration to it that
10 you have put into it thank you.

MR. W. MINNIE: Thank you.

NO FURTHER QUESTIONS

ADV. K. PILLAY SC: Thank you Chair we convene on Monday the 20th.

JUDGE: Monday the 20th.

15 ADV. K. PILLAY SC: That is correct.

JUDGE: I see and what exciting thing do you have for us then?

ADV. K. PILLAY SC: We were meant to begin with set 7 during that week Chair but we will now have an extension of section 6 due to the fact that we have got a number of key witnesses who will still be
20 appearing before the commission.

JUDGE: Yes thank you very much. Thank you we adjourn.

MEETING ADJOURNS

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SET 6 - DAY 5

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

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