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SET 7 – HEARING 1 – DAY 2

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

PARTIES PRESENT:

The Chairperson
Commissioners
Head of Evidence Leaders
Evidence Leaders
Experts
Secretariat

WITNESSES:

Mr. A. Mukoki – SA Chamber of Commerce and Industry
Mr. M. Maluleke – South African Democratic Teachers Union

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SESSION 1 – 28 FEBRUARY 2017

ADV. K. PILLAY SC: Good morning Chair, Chairperson the next stakeholder to appear before the commission is the South African Chamber of Commerce and Industry and we have representing SACCI
5 the CEO Mr Alan Mukoki and the policy manager Miss Helen Ndlovu.

JUDGE: Mr Mukoki, Miss Ndlovu do you have objection to taking the oath?

MR. A. MUKOKI: I do not have an objection.

MS. H. NDLOVU: I do not either.

10 JUDGE: Thank you, do you swear that the evidence that you will 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. A. MUKOKI: So help me God.

MS. H. NDLOVU: So help me God.

15 **MR. A. MUKOKI [d.s.s.]**

MS. H. NDLOVU [d.s.s]

JUDGE: Thank you.

ADV. K. PILLAY SC: Thank you Chair. Mr Mukoki see that at the initial stages of your presentation you explain who SACCI is and perhaps we
20 can begin there with you taking us through the presentation and we will ask questions as and when they arise.

MR. A. MUKOKI: I seem to have missed what you just said about presentation.

ADV. K. PILLAY SC: No I am saying that at the beginning of the

presentation you deal with who exactly who SACCI is, I think that is a good place for us to start and then we have questions for you which we will pose as and when they arise.

MR. A. MUKOKI: Okay, I think yes, thank you Chairperson and all the
5 other representatives, we are the South African Chamber of Commerce, as you would know South African Chamber of Commerce is the largest of the South African business associations or chambers as it were, not necessarily the oldest, most people always assume that the South African Chamber of Commerce is the oldest purely because it is the
10 National Chamber of Commerce but the Johannesburg Chamber of Commerce an industry is the oldest due to obvious reasons of the discovery of gold in Johannesburg but SACCI then becomes the second oldest organisation, it has been there for more than 150 years.

We represent three categories of membership, we represent
15 company's which are direct members of SACCI, these are the large corporates, multi nationals, big organisations like banks or insurance company's, they are the direct members of South African Chamber of Commerce and then we also have the small, medium and large corporations generally those that are not listed on the Johannesburg
20 Stock Exchange and these generally join SACCI via their local town or regional chambers, chambers like Witbank Chamber of Commerce for instance or Middelburg Chamber of Commerce or Ekurhuleni North Chamber of Commerce that is the category of business that then would join through those chambers and then those chambers become affiliates
25 of the national mother body which is us and then you have the third

category of membership which is what we refer to as the associations, in other words you have associations like the Morehair Association of South Africa, the Hospital Association of South Africa, the Securities Industries Association of South Africa which actually employs close to 5 300 000 people so these are all the security company's that join that association then they are also direct members of us.

When we look at the SME's who are affiliated to us through their own local regional chambers they are about 22 000. And then you have got many of the ones that join directly through the associations. Our 10 purpose really I would think is (1) it is in the space of lobbying and advocacy where we represent the business interests in the space of policy legislation and regulation, we are the people who go out to talk to government or legislatures or regulators in respect of certain of the regulations or pieces of legislation that we think would not be conducive 15 for our business members or the economy in general or job creation or whatever the case might be so we do tend to participate in a lot of the policy that government looks at. We are consulted, we are also the biggest affiliate within BUSA because you may know that there is an organisation called Business Unity South Africa and the reason that 20 organisation came to being is because the South African Business Associations are generally known to be split into three, South African Chamber of Commerce which we represent is the largest and then you also have the Afrikaans Handels Instituut which is a smaller chamber, ethnic based and then you also have Navcoc which is also a smaller 25 chamber ethnic based because that represents generally the black

businesses.

So the three businesses obviously they are the chambers and then you have got a whole range of other organisations such as Business Leadership South Africa and other affiliates within BUSA but
5 the direct link generally is that BUSA then is almost of some kind of a federation which then looks after the other interests but we still do all our policy work ourselves so I think that that is a fair representation of what the South African Chamber of Commerce really is.

ADV. K. PILLAY SC: And you mentioned that SACCI is the biggest
10 affiliate within BUSA.

MR. A. MUKOKI: Yes.

ADV. K. PILLAY SC: Does this mean that SACCI plays a large role in the governance of BUSA?

MR. A. MUKOKI: Yes absolutely because we also sit on the board and
15 we are the largest affiliate, without SACCI obviously there is no BUSA because we represent the majority of the businesses so yes that is true.

ADV. K. PILLAY SC: Thank you, you can continue with the presentation.

MR. A. MUKOKI: Okay so we looked at this presentation in the context of the brief that was given to us, we were given a list of questions that
20 needed to be answered and ...[intervenues]

COMMISSIONER KHUMALO: Just sorry before you start can I just verify Mr Mukoki, so SACCI is an affiliate of BUSA.

MR. A. MUKOKI: Yes.

COMMISSIONER KHUMALO: Okay so the presentation here would

have been endorsed by BUSA or BUSA would have a different?

MR. A. MUKOKI: No we do not work like that we are not, we do the work that we do ourselves, in other words the charter that forms BUSA does not make them represent us, on issues where government for instance
5 wants to talk to one person it then would be BUSA in that particular case, similarly I mean we were at Nedlac together with them but BBC are represented separately within BUSA, BBC being the Black Business Counsel because they split away from BUSA. So we do not take orders from BUSA we are an independent affiliate so we continue to do our own
10 work on our own.

COMMISSIONER KHUMALO: Could they have a dissenting voice from maybe this?

MR. A. MUKOKI: Highly unlikely but I think that I cannot speak for them, I sit on the board of BUSA myself but I cannot speak for them because I
15 am not here representing them, not at all, highly unlikely because we know exactly their position.

ADV. K. PILLAY SC: commission Khumalo just so that you are aware, we are in discussion with BUSA and they will be making, they will be coming forward to give evidence in the course of this month.

20 MR. A. MUKOKI: Okay may I continue.

JUDGE: Please.

MR. A. MUKOKI: Chairperson through you, so we looked at the question that was raised, I think that the first question that we were asked was what is it that we understand free education to mean and our
25 understanding of free education of course is that student will not be

denied access to education on the basis of income or whether they can afford to be at University, so that is the first point. We also understand the point to include issues of accommodation because when you say education is free you cannot say education is free without dealing with
5 the issue of where are people going to live because Universities are not necessarily in places where people live and some of the student come from very far in outlying areas so they may not be very near their own homes where they live.

We also deal with the issue of nutrition because you cannot say
10 education is free when people go to school and to lectures and they are hungry so to us it includes the idea that there will be a provision of adequate nutrition and meals to the students who happen to be on that campus, we also believe that you cannot talk about free education unless you deal with the issue of provision of the tools of learning. In the
15 world in which we exist today that will include things like laptops, access to libraries whether online or otherwise, iPads and all those kinds of things. We also believe that those students who may be accommodated at a distance from those campuses or where the classrooms are they will be provided as well with free transportation to get to class.

20 You cannot deal with all these issues unless you address the issue of healthcare because many times people are unhealthy and they cannot get to a place and they cannot go to school because someone has a headache or whatever health situation they are facing we do believe that it should also include a provision of free and adequate
25 healthcare in all aspects of healthcare be it psychological or physical

whatever the case might be. And that students also need to have free access to recreational facilities, it is an established fact of course that when people are fitter they are able to get to gym they can pursue any of the issues which are helpful to their recreation that they tend to perform
5 better in class.

We also believe that in today's world that students should have free access to the internet whether you call it WiFi or any of the methodology but you should have that in today's world because if you do not have any of these particular elements you would be unlikely to
10 consider that to be something which is free so those are the points that we dealt with and there was a second question therefore that dealt with how ...[intervenes]

ADV. K. PILLAY SC: Mr Mukoki before we move onto the second question may I ask you about the first bullet point where you state that
15 students will not be denied access to education on the basis of affordability. Now you frame that in a negative sense in other words that student will not be denied access to education, you have not addressed the right to free education and whether you believe that there is a right to fee free higher education.

MR. A. MUKOKI: Well it is deliberate and I think that you are quite correct to point that one out, through you Chairperson, in that the issue of the right to free education yes you have a right to free education but we do not necessarily believe that everybody has a right to fee free, I think that we are making a very clear difference, a differentiation that
25 certainly I would argue and I am sorry to speak on behalf of people in

this room, many people in this room not everybody would not necessarily fall into the category of I need my kids, I need the government to pay for my kids to go to school but the issue is one of resources of course, I do not think South Africa can afford free education for everyone so in that particular case what you want to do, you want to make sure that that negative statement is very clear that you will not deny me access because I do not have money so people who have got money need to pay for themselves and people who are at particular income groups where they can afford to pay they should pay.

10 So the idea of universal free education is not one that we actually propose because we think that that is not necessarily affordable in the context of South Africa besides that we think that it is not necessary. The issue that we are dealing with here is people who are unable to get University or any institution of higher learning purely because their income or economic circumstances are quite difficult.

COMMISSIONER ALLY: Mr Mukoki

MR. A. MUKOKI: Yes sir.

COMMISSIONER ALLY: Perhaps we can delve into that principle that you are indicating that the moment where you say affordability is key in determining who gets free and who not. Two aspects, when you indicate that so (1) are you indicating that the poor person must receive free education (2) in respect of affordability, when do you determine affordability at entry or do you determine affordability at exit and are the two mutually exclusive.

25 JUDGE: Well there is a third possibility, you do not determine it at either

entry or exit but you determine it at any stage when it becomes relevant.

MR. A. MUKOKI: Thank you for the question, through you Chairperson, yes I think that generally the entry point at which you are ever going to know that there is a problem with money is when the student applies and
5 many institutions in the world, I certainly can speak for some of the bigger institutions, your Harvard's or whatever the case might be, you apply first, the issue of money is not discussed, you apply first and then you must be accepted, when you are accepted we then sit down and discuss how are you going to pay, can you pay, can you not pay and if
10 you claim that you cannot pay then whoever is your you know benefactor, whether it is your parents, your mother, your dad, they then need to submit their income statement because those are the people who are effectively applying for the student, let us see your income and expenses, let us see where you are spending money and maybe you
15 need to sell the Porsche, maybe you need to downgrade the house whatever the case might be but in the final analysis I think that these things are done there is nothing new, you know they are done all over the world where you can then sit down and say income affordability, yes you can and it does not necessarily mean even where you say that
20 people cannot afford or can afford it is hundred percent.

There are people for instance who can afford 30 percent, there are people that can afford 10 percent so it is going to, affordability means exactly that that you are going to make a determination of what the parents are actually able to afford and therefore you will then cut it at
25 that particular level. Other institutions for instance will look at particular

students and then they would even offer them you know some kind of vocational opportunity in terms of work in the library or computer science lab whatever the case might be so you look at the entire eco system of where you can actually assist the student and I do not think that that is a very big issue because it does not necessarily take a very, very long time so that can be designed in a way that is very simple.

So I do not think that and yes indeed through you Chairperson where the Chairperson is raising in respect of there will be cases where originally someone was able to afford but during the course of the studying, maybe second year or third year the parents have lost their job or something has happened, retrenchments and then you can still make a determination at that particular point in time but I think that the main principle is you ought not to deny people access to education because they do not have money, that is the main point and also you cannot be paying for people who can afford because that also works against the system of what you are trying to do.

COMMISSIONER ALLY: Let me put an example to you and see whether that fits within your explanation, you apply to a particular University and all things being equal in Utopia you go through whatever number of years, let us say you are a bright student three years for a bachelors degree and you get your job you now can afford that which you could not afford at the beginning, would you say that that person retrospectively should be able to pay in whatever manner percentages of the income at that particular time that you determine is the threshold, would it be reasonable and fair to expect that person to then pay for the education

because your principle is affordability.

MR. A. MUKOKI: Through you Chairperson, well commissioner yes indeed in fact we will come to that particular slide in our presentation. The proposal that we are making is that there is, when we say allow or
5 create an opportunity for access it does not necessarily meant that that is a free ride, in other words the money goes in as an investment but the people are not going to pay, our argument is that those people who have qualified and they have jobs they need to pay back because we believe that the state as an institutions should not be offering bursaries at all, in
10 fact what they should be offering is loans, in other words so you are giving financial assistance that should come back because if you want to create a sustainable system there is no point really in saying I am giving you R60 000 you are now qualified to as an accountant you are working somewhere but you should not pay back that money, I think that every
15 person who receives money from government or from the state they should actually be paying back that money to sustain the fund itself so that it goes forward so we are not making a proposal that anyone should be given a free bursary, I think that the private sector is good enough for that kind of stuff they can give scholarships.

20 The Universities themselves they do have scholarships for that category of student in any even because they do do their own fundraising, I think we are really saying, what you are trying to do, you are trying to create universal access and if you are going to deal with the issue of universal access it is very important for you to be able to deal
25 with how you manage the resources and in what way are you going to

find the balance so state money cannot go and it does not come back, it has to come back.

JUDGE: Can I just interrogate that a bit Mr Mukoki, does SACCI not accept that to a certain extent, perhaps not entirely but to a certain extent higher education is a public good and that particularly in the knowledge economy it is more important for us to ensure that we have graduates that are being absorbed into the economy?

MR. A. MUKOKI: Well yes I think that there are two positions, I have a personal position but I think that the position is that yes indeed we train people because we know that these people are going to be absorbed into the economy and they are going to make a significant contribution so yes indeed it is a public good in the final analysis and I think that every other person who makes a contribution whether you are a fitter and turner, whether you are a sweeper you are also making a contribution, I do not think that that contribution is only specific to those who have got high skills because they are in management because they are CEO'S, I think that everyone who is in the economic cycle is a contributor including people who are consumers by the way even though they may not be earning an income themselves but they are buying something and they are paying the VAT, they are actually contributing to the economic production in the country so yes it is indeed a public good.

ADV. K. PILLAY SC: And if it is a public good then should government not contribute towards the cost of attaining the public good?

MR. A. MUKOKI: Oh yes by all means, through you Chairperson, commission that is a contribution and just because I am contributing to

your education by way of a loan does not mean I am not contributing. When you are in a position to pay back you should pay back the money that is just the way it is, it is just a fair process you did get access, you did get the education, you do have a better job, you are getting paid
5 better than you were before so it is only a fair process that you should pay back so that other people behind you can also get the same assistance, I mean you want sustainability in the process because it is very easy for a lot of these things to go bankrupt because money was expended out there but it never actually came back so yes you are
10 making contribution and to argue that but I am now working and I am paying taxes well that is a separate matter altogether, you need to pay tax anyway whether you did get government assistance to get your education or not so that is a separate argument. But for now we are saying that since you are in a position to pay back you should pay back it
15 is a very simple process.

JUDGE: But taking into account what you say about sustainability, I assume you would not be opposed to some sort of incentives say for example just to take something at random if a student completes his degree in the prescribed number of years, prescribed number of years
20 he should get a 50 percent reduction in the amount of the loan that is repayable, something like that?

MR. A. MUKOKI: Through you Chairperson, I think that Chairperson in the final analysis the issue is very simple is how much is available, yes you can go into spaces where you may want to give people discounts but
25 we are dealing with a situation as it obtains in South Africa today, there is

not money, it does not matter what we can say to the Minister of Finance that he must go find more money it does not actually exist, we are sitting at 50.7 percent of total debt to GDP so everyone is scarping for money wherever they can find it and if you look at the challenges facing South
5 Africa and the social investment required in many, many areas not just in the area of higher education there are still children studying under trees in the South Africa of 2017.

I do not think that today in the next 20 years we will ever reach that stage where we could afford to give people an incentive or a
10 discount so the argument yes it would be a very, very good argument in a future where we have money as South Africans and I think that we are able to pay a way in many, many areas and we have reduced the debt but at this point in time Chairperson I think it would be very, very difficult to just give away money especially to people who can give it back, I am
15 very, very deliberate by saying that because you have to also acknowledge and it is one of the points we will be making later on that even though we are putting all this money into the system, one of the big points that we are making is that we have to address the issue of the failure rates of students because if you are going to be arguing that 42
20 percent or 50 percent of students who start first year are not actually going to finish their degrees, effectively you are saying that if I pump R10 billion into the system I am actually going to write off the 5 billion.

So it becomes an incumbent unfortunately for the 5 billion people who did graduate that they need to pay back the money not necessarily
25 because they are paying it back on behalf of the 5 billion that did not

succeed but you then need a different solution for why is it that so many people are actually not finishing their degree so you do need to have a very holistic situation around that.

JUDGE: Well referring only to myself you are speaking to the converted.

5 MR. A. MUKOKI: Thank you.

ADV. K. PILLAY SC: I think to others of us it is not quite so clear. Can I ask you this, the principle that students should pay back, does that apply to rich students as well as poor student?

MR. A. MUKOKI: Well be the argument is that this is not, this universal
10 access I think propose, does not affect rich students because they would have paid for themselves anyway, in other words these are not the people who are going to have to rely on the state for assistance, they can pay their own way so they do not have to pay anybody because they do not owe anybody anything so they will continue to do whatever it is
15 that they are doing.

ADV. K. PILLAY SC: And can I just pick up on that, how do you identify a student as a rich student?

MR. A. MUKOKI: You do not identify a student as a rich student, you only identify a poor student who cannot afford that is the only time
20 because that is a student who was actually applied for financial assistance so it is not you who is going to the student, it is the student who is coming to you as an institution to say I cannot actually afford to pay and then you take them through the process of let us see your application and let us talk to your parents, let us see how much they
25 earn, let us look at the income and expenditure so that is all that you are

doing, you do not have to worry about people who did not actually ask for money, that is not your problem anyway.

ADV. K. PILLAY SC: And if students who come from wealthy backgrounds apply for funding, what should happen to those students?

5 MR. A. MUKOKI: Well that is very simple they are not going to get the funding because quite clearly they can afford it so you know I do not think that reasonable people would apply, we assume that they are University students because obviously they are reasonable, got a certain level of cognitive ability and so I do not think they will apply because the
10 process should be very clear that this particular program is only for people who cannot afford.

JUDGE: So you do not propose a universal loan scheme?

MR. A. MUKOKI: No I do not propose a universal loan scheme I am proposing universal access via a loan scheme specific to those who
15 cannot afford.

COMMISSIONER KHUMALO: Just Mr Mukoki, I wanted to just go back to your slide and just check if online studying is considered in these principles of SACCI.

MR. A. MUKOKI: We come to that in the final slide yes. I can continue
20 then we will come to that.

JUDGE: Before you move from here perhaps Miss Pillay at this point I am not sure whether you can transpose the constitution up on the slide on the screen for Mr Mukoki and you have developed your argument and Miss Pillay asked you certain questions arising from your position that
25 you have given, now there are people that would like the constitution to

be interpreted to mean that fee free higher education must be progressively given to all that attend such higher education institutions. Now I am not sure whether you have read that particular section and whether you have considered your view in line with that. The other view
5 is this, all the constitution says in section 29 [1] [B] is that you must give access with the available resources you must take reasonable measures to progressively provide higher education to those who need it so with those two interpretations and so the first question is have you considered your position in line with what the constitution says or have you given
10 your position in line with logic as you see and as a person living in South Africa today?

MR. A. MUKOKI: Through you Chairperson, no commission we did not necessarily consider it in the context of the constitution we simply considered the questions that were raised and obviously the logic and
15 the view of course is that I do not know you know the idea of the constitution and the original intent of the framers may or may not have considered the difficult circumstances in which we find ourselves today and I think that yes you can promise because that is an ideal thing that you would like to have if that were possible but where you are not able to
20 do so you are not also going to be able to do that so some of these things can be dealt with in a way that is very different and this is a very big issue by the way it is a massive, massive problem, much more bigger than the issue of floor crossing which forced parliament to go for another constitutional amendment so yes I think you can go for a constitutional
25 amendment if in fact a clause in the constitutional is creating a problem

which is not practical to resolve.

Yes ideally you would like to do that but today you have got a very serious problem and you know that that problem relates to people who cannot afford and we have to find a way around dealing with that so
5 we did not necessarily look at the constitution we looked at the practical reality on the ground in respect of how you can resolve the problem.

JUDGE: May I ask you about healthcare, you have a student who lives in a commune, slum dwelling in say Nugget Street, goes to Wits on a student loan and he naturally from Nugget Street he can walk to
10 University and does so, now is such a student to receive healthcare, is that your proposition?

MR. A. MUKOKI: Well through you Chairperson, the idea is that we do know that these things happen in many environments, we understand if you look at perhaps maybe basic primary education in South Africa today
15 and you see the stratification between say maybe private school education and maybe public school education you will find that the resource allocation, I certainly have a daughter who goes to one of, a school where there is a school psychologist and some of the interventions that you get told as a parent you have got access to if your
20 child is not happy or she is not doing the homework there is going to be an intervention around are there any psychological issues that the child I facing.

Now health is a very, very critical issue indeed because when students enter Universities they should have free access to healthcare,
25 whatever the nature of that healthcare is and it does not necessarily

mean tertiary or whatever the case might be but the basic healthcare that students should have whether it is inside the campus, whether there is access because you have got a medical aid card of some sort but I think that students should definitely have healthcare because it is a very
5 critical building block in respect of this thing that we refer to as dropout rates because there are people who dropout because of health reasons, there are people who drop out because of nutrition reasons so it is composite, there is no way you can solve the problem of money if you do not resolve the issue of the source of the problem of why people are
10 dropping out because that is where the money is actually being lost more than anywhere else.

So yes indeed you need to have healthcare and for students in particular they need to have universal access to healthcare, whether they are going to get it on the campus or whether they are going to have
15 a medical aid card that allows them to access any general practitioner in their area, it should be given to them as a matter of necessity.

JUDGE: But in the proposition I have put to you of the student in Nugget Street he is within a stones throw of the General Hospital.

MR. A. MUKOKI: Yes.

20 JUDGE: Where healthcare is provided free.

MR. A. MUKOKI: Yes.

JUDGE: So why should it be necessary for the state to duplicate that provision through the education system?

MR. A. MUKOKI: Well yes because healthcare basically does not
25 necessarily mean private healthcare, it could mean basically both public

and private because there will be in that particular case you have the same situation today with certain of the medical aids which made a determination in respect of where you can go if you are covered by them so you could be of those particular models within that healthcare provision system that you have for students that if you live in a particular area you have access to the General Hospital or you have access elsewhere if it is after hours you can go to this particular place, if you are looking for your eyes, the idea is that you need to have that particular level of access for students.

10 And it has to be different because if I say to you sure Chairperson the student lives in Nugget Street and if they had to go to General Hospital today it could be two days of missing classes before they can be attended by anyone so therefore there needs to be a different system that says these people are actually in a hurry because
15 they have to get to class so they need to be attended to in a way that is very different and there is nothing wrong with General Hospital and Wits University agreeing to deploy one or two doctors that specifically looks after the student section, not because you are creating an elite process there but you appreciate the fact that there is a serious problem where
20 people need to attend classes and they cannot just be waiting in long hospital queues for two or three days.

COMMISSIONER ALLY: Mr Mukoki are we not conflating or putting two separate issues and trying to put them together, the health issue is a health issue where you can apply the same principle you are putting
25 forward in respect of education, if you cannot afford your education you

must still be given access to that education. In respect of health you might nuance it in a way because you might never be able to afford it but is that not the responsibility of the health ministry to be able to provide those socio, one of those socio economic rights as pertaining in the constitution such as health, to people that need it and therefore as put by the Chairperson why must it be put on the education system, I understand you are saying well this person must go to class and so forth but why should it be separated from the, why should it be part of education and not lie best where it is namely in the health and that health is provided by the health ministry, whatever clinics there are and wherever they are, if they need to be increased then they must be increased because I see your point being a healthy student is a successful student, I have got no problem with that proposition but I have a problem with you putting forward that the education department must take care of the health of the student also, that is my problem.

MR. A. MUKOKI: Through you Chair, yes commissioner that exactly is the argument that is creating the problem for you, you need to provide the healthcare. Let me give you an example, a campus could have a clinic inside the campus, I do not understand why that is a, it does not matter who is providing it, in the final analysis the student needs to have access to the clinic which just happens to be inside the campus, I do not know how many students are at Wits 40 000, 50 000 whatever that number, you can have two or three clinics inside the campus, whether the provision is coming from the Department of Health it is fine we do a deal with the Department of Health, there is a service level agreement,

the Minister will provide that part service but there needs to be a service inside the campus to deal with that issue of health whether it is General Hospital who are giving us a satellite clinic inside the campus it really does not matter, in the final analysis we are saying that students need to
5 have access to that healthcare.

So the mechanics I think the process is a different issue, the most important thing is principle in that if you are ill as a student you need to ensure, we need to ensure that you can get the assistance that you need to get at any hour because if you are living on campus and
10 now there must be a night nurse or an emergency section there, there must be a doctor and these things are not necessarily that hugely expensive, the very same doctor who is sitting at Monisan Clinic could be sitting at Wits at any other time at night so that students can be attended to.

15 JUDGE: Just so long as it is not outsourced.

MR. A. MUKOKI: Yes absolutely.

COMMISSIONER KHUMALO: Mr Mukoki as you are saying most campuses I do not know but where I went there was a clinic on sight that was fully serviced, the nurse at times that at this time they could be
20 available and all of that so is this saying that we need to improve on that or maybe there are other facilities, other varsity's that need that facility.

MR. A. MUKOKI: Yes well absolutely because it is not universal and secondly you do not just need to have a nurse there because a nurse just wants to bandage you or something, you need to have a doctor,
25 there has to be an emergency doctor that is available to see the students

and in many campuses the students go to see the nurse and then they are referred to somewhere else, they have to leave class and they have to go to that particular place where someone else is where they are going to General or some other place, Coronation. So what you need to do you need to be able to say we know that the doctor is coming between 14:00 and 16:00, the doctor is going to be here between 15:00 and 18:00 and therefore or every other day or every day, that you need to strengthen that particular resource allocation in that particular space, that is all we are saying.

10 COMMISSIONER KHUMALO: I see the constitution has come, I wanted to follow up on what Commissioner Ally was asking earlier and then you said you relied on the practicality you did not look at the constitution.

MR. A. MUKOKI: Yes.

COMMISSIONER KHUMALO: So I do not know if the evidence leaders have got questions to say now that you have seen what the obligations are and the constitution do you think what is suggested here in line with that?

MR. A. MUKOKI: Well ja I did try to answer that through you Chairperson, commissioner through that question to say well you know the issue is very simple in that in the final analysis the constitution may well be asking you to do things that cannot be done because you do not have resources, not that these things are not realistic, they are not realistic only at a particular point in time. My analysis of the situation is that we are not going to be able to resolve this issue permanently for the next 20 years unless we change the mindset and we do a step change in

respect of doing things completely and totally differently so yes if you have that particular clause as I said earlier on you may well need to get the parliamentarians to argue for an amendment that it does not make it a right but it makes it a privilege, well a privilege only affecting those who
5 are actually poor or those who actually do not have the income so I do not think that those things should affect, I do not think there is a divisive issue either it is highly likely that you will get you know unanimity of some sort around the issue of whether is it okay to amend the constitution that it does not actually say everyone must get free access
10 but it should say those who cannot afford.

COMMISSIONER KHUMALO: Mr Mukoki is the enquiry whether we should amend the constitution or are we able to fulfil the obligations that are bestowed on us in terms of the constitution, can we progressively.

MR. A. MUKOKI: Through you Chairperson, commissioner you are not
15 able to fulfil that condition right now and you are not going to be able to do that in the next 20 years in my estimation.

COMMISSIONER KHUMALO: We are going to a membership seeing if they cannot help us fulfil this.

ADV. K. PILLAY SC: Mr Mukoki Commissioner Khumalo raises that point
20 almost in just but I think it is an important point.

MR. A. MUKOKI: It is.

ADV. K. PILLAY SC: You have recognised that higher education, that it is a public good and that certainly your affiliates, your membership benefit largely from large numbers of graduates being or coming from
25 the higher education institutions, in that instance what role do you see

for business in the funding of higher education?

MR. A. MUKOKI: Well through you Chairperson and I am glad you asked the question, Helen asked me the same question yesterday and she said so how are you going to answer this question, I did not know
5 the two of you spoke but obviously we have an answer for that. Well the argument was made that I have taken a lot of public platforms before to make the same argument and I have been in meetings with government ministers and they have made the same point, why is it everything is left to government, what are you as the private sector doing. Then I then
10 asked the very simple question and I say okay so where do you get your money as government, you only get money from three sources, CIT, which is Corporate Income Tax, PIT which is Personal Income Tax and Indirect Tax via VAT and other customs duties, whatever the case might be.

15 As a private sector we are responsible for 95 percent of the income that government has. The government does not make money we make the money and we give it to the government so the government cannot turn around and say well we are doing everything, no you are not doing anything you are spending, we are doing everything as the private
20 sector. So if you want us to give you more money you then need to create the necessary conditions for us to make more money by giving us the opportunities in the space of policies or whatever the case might be so businesses can make more money so that we can create more CIT and more PIT so if we employ more people government is going to make
25 more money.

So I think that is the tongue in cheek answer that my own affiliates are saying well if they ask you that question go and answer it thus that we are already the people who are contributing other than that I think that you will be aware that many of the big corporations they spend
5 up to 10 percent of their turnover on corporate social investment so to date the huge maturity of bursaries that are being awarded to students they actually come from the private sector, this is over and above any of the taxes that actually get to be paid so I think that we, it is a very clear acknowledgement that yes indeed business becomes a beneficiary of
10 the students who come out of Universities and I think that to the extent that we can increase our contribution it should be a matter that gets to be discussed more and more.

ADV. K. PILLAY SC: Are you able to quantify Mr Mukoki how much of money your affiliates, your membership spends on education through
15 their CSI initiatives?

MR. A. MUKOKI: Not at this point in time, all I can say my, that is just personal history is that many of the CSI programs have always emphasised the issue of education anyway so I do not have the numbers but I think that we can get those numbers out.

20 ADV. K. PILLAY SC: And have you discussed with your membership what conditions need to be enhanced or need to be changed in order to ensure that they spend more money towards CSI initiatives?

MR. A. MUKOKI: Through you Chairperson no we have not done that, we have not done that.

25 ADV. K. PILLAY SC: And would the crisis in higher education has there

been a discussion around ways in which your membership could increase their contribution towards the funding of higher education?

MR. A. MUKOKI: Not at all through you Chairperson, I think that the private sectors position is that there is a lot of wastage in the system,
5 that the issue is not one that relates to the private sector, that we have to find a very holistic and this part of this presentation is to find a holistic solution to the problem because our understanding and my interpretation quite clearly perhaps it is unfair is that government seems to be looking at this problem in a peace meal way and not resolving the entirety of the
10 problem. You know I always tell the story of a sheep farmer who keeps going down to the river because every second day he wakes up he finds that one of his sheep has disappeared and when he goes down to the river he finds that there is a crocodile and he keeps shooting the crocodiles, they die, but every second week another crocodile is out
15 there and it is eating another sheep until someone says to him hey wait did you know that Jan from next door is actually a crocodile farmer and when they go to Jan's farm they find that there is a little hole in the fence where these things are actually escaping so the issue is very simple is that we need to figure a way of resolving the problems at source so that
20 we do not have to be always trying to kill a patient symptoms when we do not actually deal with the cause of the problem.

The cause of the problem, education in our view is, it is the myriad of factors and all these factors need to be resolved, it is not just a question of throw money at the problem all the time, the issue actually is
25 not money, the issue is how money is spent and how the system itself is

actually working in using the available resource allocation that has been given so to the extent that we are making the presentation that we are making, until we resolve those issues we cannot come to the point where we say we need more money, we have to figure out first why is it that we
5 are spending the amount of money in the manner in which we are and where is the money going and why is it that we are not solving the problems that we are supposed to be solving with what we have at this point in time because South Africans will tell you when we go to the World Economic Forum, we go to the IMF, we argue this point that we
10 are expenditure on education is amongst the highest compared to a GDP so why are we not getting the same results.

So I think that those are the discussions that we need to have so that we are able to resolve the question in a way that is holistic and there are many, many other examples that we are able to give in this
15 presentation around some of the solutions in respect of the things that can be looked at.

ADV. K. PILLAY SC: Can I just understand some of the inefficiencies you are referring to, is this inefficiencies in spending by government or inefficiencies in spending by institutions?

20 MR. A. MUKOKI: Through you Chairperson, it is a combination of both, for instance I mean we make the argument in our presentation that (a) why do you continue to throw money into a bottomless pit if you do not address the issue of the high dropout rate okay so until you have got the data around why you have that whether you talk to Stats SA or whoever,
25 the data is not looking very good in respect thereof. As soon as you start

having numbers like 48 percent, 52 percent dropout rates you have got a very massive problem, you cannot now go out and say I need more money until you resolve the issue of why am I having 52 percent dropout rate because that is a loss, that is a right off completely there, 10 billion
5 in, 5 billion loss so I need that 5 billion, you cannot say other people must now give you the 5 billion you need to now go back into the system and say well let us just hold on, let us just hold everything together, lets us understand, let us get the optics around why are we having these high dropout rates, what needs to be done, can I get back 30 percent of
10 the 5 billion, can I get back 20 percent, perhaps maybe that is the solution we do not know so until we run the data and it is very, very clear and it is properly researched and it makes a lot of sense we are not going to be able to do that, that is just one example, just one example.

The other example of course that we make Commissioner
15 Khumalo also referred to is the issue of online provision and building digital platforms, that is a very simple case there, you can spend far less money going digital than we are at this particular point in time and it is not because we are saying South Africa should start this, there are many, many other people who own digital platforms like Cosera, 127
20 Universities came together and they put together a content on the web and in many cases it is actually for free, it is not academic yet that which can allow you to get a degree but you get certified in respect of whatever qualifying authority in respect of those particular programs and they are very, very clear and they are really, really good and they actually very,
25 very well researched.

So to the extent that the Minister of Finance can say I am putting down 52 billion into the education system we have to then have this holistic debate about why is the 52 billion going to the education system, should 20 billion not go into the building of the necessary digital
5 infrastructure that you need to have. Alright let me give you another example, in ...[intervenes]

COMMISSIONER KHUMALO: Mr Mukoki just bring you the context of the commission and the constitution as we are saying, the feasibility of progressively availing the right to the, what is the policy of SACCI in this
10 respect, we are faced with this conundrum of providing whether or not we can provide fee free education and we are relying on hearing if SACCI has an interest in assisting this commission or the country with this particular issue that we are here for. Is there a particular position or policy that SACCI has because from what I am gathering you saying
15 your membership is clear that we have contributed enough we do not need to contribute anymore is that the evidence you are giving this commission that your membership is not interested in anything other than what they have done already?

MR. A. MUKOKI: Through you Chairperson, commissioner the argument
20 that we were having at that particular time was a different argument. We are here and we have proposals but if you ask me a question of the terms of reference of this commission of we are here to discuss the constitution, that is not what we are told so I am not aware that this is why we are here to give testimony on how do we deal with the issue of
25 free access to education in line with the constitution. We were sent

questions and we actually have prepared a presentation in line with the questions that were asked so we have not finished answering those questions because we have a presentation that we were told should take 45 minutes but our members have not said we are not interested, they
5 have not said that, I am saying that, I was making an example when with being in meetings with government ministers when they asked this question, not this commission, when they asked the question why is business not doing enough so I am giving you an anecdotal answer that says business then says but what do you mean we do not do enough
10 when we are the only people doing anything but that does not mean business is not doing enough.

I have given you an example about CSI and businesses participating in a lot of the discussions with government by the way and the issue of education, there is a presidential working group between
15 BUSA BBC and the government and there are five streams and education is one of those particular streams and these issues are actually being dealt with so business has never said we do not want to participate in anything.

COMMISSIONER KHUMALO: So there is there no position or policy on
20 this that has come out from membership?

MR. A. MUKOKI: Through you Chairperson, I think you probably, I probably did not understand your question are you asking about the constitution or which question?

COMMISSIONER KHUMALO: The question of whether the business is
25 willing to contribute further than you have said they have contributed if

fee free education is an option in this country, obviously considering all the other factors that you were talking about, about the inefficiencies, the readiness of varsity, emphasis on success for the funds to be available, for us to further that is SACCI interested or is there a proposal that you
5 guys are going to bring here, I see you brought the head of policy, is there a policy other than CSI that SACCI has on those issues?

MR. A. MUKOKI: Ja through you Chairperson, I do not think that our answer is that we have CSI, my answer is based not the questions that you have asked us, we have prepared a presentation with proposals in
10 respect of those particular questions, we have not done our presentation, we have only gone through the first page, I am not so sure whether you would allow us to continue with the presentation so that perhaps you can see what are the other answers that we have actually given but at this point in time ...[intervenes]

15 JUDGE: We would like very much that you do that please, thank you.

ADV. K. PILLAY SC: Just to round off the point that was raised by Commission Khumalo is that thus far your answer has been that the contribution by business in terms of the taxes it already pays, in respect of CIT and personal income tax as well as your CSI contributions.

20 MR. A. MUKOKI: Well they are, through you Chairperson, commissioner our answer is not only CIT, PIT, VAT and CSI, our answer is we need to find answers that are holistic, our answer is it is not a money play, our answer is we need to look at a whole range of different solutions, our answer is not we need to pay more money, our answer is we are already
25 contributing as a country, I am not talking about business, as a country in

terms of our percentage to GDP is amongst one of the highest in the world, the issues is not so much we need more money, the issue is how do we allocate the resources and those are the issues that we wanted to deal with in respect of how else then within the amount that is there do we find the savings and how else do we allocate the resource differently, our answer is not business is not interested and therefore you know we do not need to come here because we are not going to pay more money, we did not say that, as I have said we have been in engagement with government outside of this particular room as I said, there are five presidential working groups with a state President and a business leader shares on the one side and a President shares on the other side and one of those working streams includes the issue of education, so business has been involved with the issue of education continuously and our engagement is there.

15 In respect of whether SACCI has a particular policy on the issue of education no we do not have a particular policy, our engagement through BUSA, through the government in many of the aspects that we are dealing with is there, this particular commission is something that is new to us as SACCI, this is the first time we have been asked to come and present and when we asked what are we expected to present on we were then given the questions that we have prepared answers for so that is the question that I am given, I do not want this commission through you Chairperson to walk away saying SACCI people came and they said we are not interested, we are paying PIT and income tax and VAT and that and our CSI is adequate, that is not what I am trying to say.

JUDGE: You have made your position very clear thank you very much.

MR. A. MUKOKI: Thank you.

JUDGE: We would be pleased if you would proceed.

MR. A. MUKOKI: Thank you. So we have dealt with this issue, I think
5 that we have made a comment around, you can switch it off.

COMMISSIONER ALLY: No we will come to this part a bit later.

MR. A. MUKOKI: Okay, anyway the second question asked in your letter
sent to us is how possible is free education and we are arguing that
SACCI believes that free education is desirable and possible in South
10 Africa but this will require a step change in thinking and in prioritising, in
other words how do we prioritise on what we already have ...[intervenes]

ADV. K. PILLAY SC: Mr Mukoki in this slide do we understand free
education to mean free education for the poor?

MR. A. MUKOKI: Yes free education for those who cannot because our
15 context is that you have people that can afford and then you have got
people that cannot afford so free education for us means free education
for those who cannot actually afford absolutely and we make the
argument that ...[intervenes]

JUDGE: And I am sorry to disturb you, does it also carry the condition
20 that when you say free education you mean a contingency loan?

MR. A. MUKOKI: Yes absolutely, it is by way of a loan because our
argument is that you can only, if you want a sustainable program it ought
to be that the people who have received assistance should be able to
pay back when they are able to pay back because there will be people of

course that come out and they are not actually able to pay back even though they did graduate so you are not going to rely on those but those that are in a position to pay back they should actually be able to pay back on terms that are reasonable to them as well.

5 ADV. K. PILLAY SC: And how different is what you are proposing, how different is that from the current NSFAS position?

MR. A. MUKOKI: Well I think that the, again I am going to go back to this issue through you Chairperson, commissioner to this issue of the fact that you have this particular commission means there is a problem
10 so the argument that we are making is that this should not ever, ever be a problem so in other words you should be able to give anyone who is in a position not to afford access to money so the complaint right now is that not everybody is getting the money and some people are getting money some people are getting part of the money, some people are not
15 getting all of the money and some people are getting money for certain things but not for all of the things that were mentioned because we mentioned a number of things, we did not just mention the tuition, it is the tuition, it is the accommodation, it is the meals, it is everything must be included as the healthcare.

20 So in a sense therefore the argument that we are making is that the free education should include everything that any other typical student who can actually afford would have access to because you are creating equality in that kind of a system so yes indeed you are only targeting people who cannot afford you are not targeting people who are
25 able to afford for themselves. And then there was a question about

should free education apply to everyone ...[intervenes]

ADV. K. PILLAY SC: Sorry Mr Mukoki.

COMMISSIONER ALLY: Sorry Mr Mukoki let us just go back a bit to your previous slide.

5 MR. A. MUKOKI: This one?

COMMISSIONER ALLY: Yes, you indicate that you require a step change in thinking and I think you have explained that thinking, when you say and in prioritising, what do you mean by prioritising?

MR. A. MUKOKI: Through you Chairperson, when we say prioritising
10 and you will see it in the later slides, one of the arguments of course that we are making is that you need to prioritise the digital infrastructure, you are spending money in particular areas at this point in time but you need to then prioritise certain things, you need to take people outside of the classrooms and get them into different classrooms and to digital
15 classrooms whereas people want to spend more money building buildings or paying more you know people to arrive in class or to pay for the transportation, we are saying leave people wherever they are and just make sure that you can get them access and we will come to that particular point around we think that can actually be done.

20 COMMISSIONER ALLY: Thank you.

MR. A. MUKOKI: So should free education apply to everyone, we are saying here the only determination should be income and affordability as I have dealt with this point, as a developing country South Africa cannot afford to provide free education to those who can afford it, effectively
25 South Africa cannot afford free education at this point in time due to the

economic situation and many, many of the competing needs that South Africa has in respect of the budget that they have.

The funding formula that was another question in what do you think the funding formula for free higher education should look like, so we have raised this issue already to say we first have to deal with the failure rate because that is a very critical issue that is causing this money problem to start with because you are throwing money into a bottomless pit in respect of the percentage, I have even highlighted there are certain faculties and certain Universities where the failure rate is actually 65 percent, the people who start in the first year 65 percent of them will not make it towards graduation so these things need to be understood very, very clearly because what is where money is being wasted, that is where money is lost basically in the system.

JUDGE: I have understood you thus far that to be addressing only University education as higher education and you have not specifically or even by inference referred to technical education.

MR. A. MUKOKI: We include all of those in the Tvet's as well apart of the higher education system yes.

JUDGE: If that is so then your first bullet point on the funding formula for free higher education and the need to deal with the failure rate we have had various presentations from the Tvet's and it is quite clear that the problems in the Tvet's extend a long way beyond the failure rate and the black hole that you are speaking of is very large in the Tvet system.

MR. A. MUKOKI: Yes.

JUDGE: And so that there may be a lot of problems there that need to

be dealt with, with the same rationale that you have given here.

MR. A. MUKOKI: Yes.

JUDGE: Before money is poured into the hole.

MR. A. MUKOKI: Absolutely Chairperson that is the point that when we
5 look at Tvet's or Universities or all the other higher instructions the issue
of failure rate seems to be a very general issue amongst all of them, you
will have different of course, you go to Wits you will find that the
percentage is not the same as maybe University of the North, University
of Limpopo so they are all different but we do know that there is a
10 constant amongst all these Universities and Tvet's that the dropout rate
is just seriously very high.

COMMISSIONER ALLY: Mr Mukoki the Tvet system gets worse and we
would like to hear one part of business which is SACCI what the position
is. You would have heard, if you did not, on television that there are
15 people out there that have completed the academic course for certain
diploma or certificate but are unable to gain the workplace experience to
get that certificate or diploma physically. Now I have posed this question
to the department in terms of at Nedlac and you sit there through BUSA,
are these discussions not engaged with in terms of why is it that the
20 student that is doing a particular course, vocational training course is not
able to get workplace experience and what is industry doing about it,
what contribution are they making because it persists and besides the
persistence perhaps you have, as the Chairperson put, the academic
part is a different problem in that your lecturers or your teachers are not
25 qualified enough, that is a different part, I am just putting to you the one

of the workplace experience, does SACCI have a view on that issue?

MS. H. NDLOVU: Good morning.

JUDGE: Just place yourself on record please.

MS. H. NDLOVU: Yes my name is Helen Ndlovu the policy and
5 advocacy manager at SACCI. On that particular point commission we
have identified it as a problem both at Nedlac and in our bilateral with the
Department of Higher Education and just to say that there is a task team
that the department is putting together which I am a part of to just sit
around the table and look at creative ways that we can solve this issue,
10 we do recognise it and we do want to get involved as industry and see
how we can place the different students that are coming out of these
Tvet's, thank you.

COMMISSIONER ALLY: Now in terms of those engagements have you
dealt with it like project plan in terms of certain milestones and certain
15 end goals that you want out of this particular aspect and therefore what
the timelines are involved if any?

MS. H. NDLOVU: Commissioner the task team is yet to have their first
meeting, I think it will be in March, we will give feedback if this
commission is still operating at the time.

20 COMMISSIONER ALLY: Thank you..

MR. A. MUKOKI: Chair may I continue.

JUDGE: Yes please.

MR. A. MUKOKI: So we are arguing that in terms of that funding formula
as I said earlier on the state should fund students via loans and not free

grants purely because what we mean there is that we know that when people graduate they will be in a better position to pay back and I do not think that you will find too many people who have received this kind of assistance refusing to pay back, I think that is just a fair thing to sustain
5 the program and make sure that those who come after those who have received assistance are also able to be assisted given the funding constraints that South Africa is facing.

Alumni programs as a source of funding is one are that is one of the big recommendations that we make, the institutions in South Africa
10 are not using this strongly enough as a source of funding, I went to Wits I went to other places as well but the other places where I went are writing to me all the time about you need to contribute, you need to contribute, you need to contribute and I think that we need to encourage the instructions to build a very strong platform for people who graduated at
15 those Universities so that they are very much involved with the Universities and that becomes one of the biggest source of funding I know with places like Harvard for instance a few years ago their endowment was about 50 billion dollars and I recall in 2006 one individual what graduated with a MBA class in 1979 he just gave them a
20 cheque of 146 million dollars because people are very active as alumni so it is one area where we need to encourage, there are many, many people, when you travel the world you go to Australia there are many, many Wits graduates who are operating in many places in the world but Wits does not necessarily have a relationship with them, so does UCT
25 does not have a relationship with them so it is one area which we know

many institutions of the world have relied on strongly in respect of getting that particular support.

Tax incentives for funding education, you asked us earlier on what is it that business is saying so we are arguing for this particular
5 point even more that not only is it a question of CSI but businesses should be given tax incentives where we actually fund education, it is one area which is a lot more easier to do than it appears and it has been discussed with National Treasury before and they have resisted in the past but I think that it is one area in the current context that should
10 actually be looked at in respect of these particular tax incentives and at this point in time you will have a situation where the company's generally most corporations they will refund their own employees in respect of higher education but you do not get particularly tax incentives for doing something out there in the world.

15 As I say when you deal with CSI money, when you deal with CSI money it is actually a post tax amount that it is not a pretext amount, in other words you make your profits first and then you put money into the CSI and then only then can you actually fund it. We then dealt with the expansion of broadband delivery for online learning which is a point
20 through you Chairperson that Commissioner Khumalo has also raised earlier on as a first question of what needs to happen and we have raised this issue here for instance Cosera, 127 Universities and you have got big Universities there like Stanford and Yale who are offering courses online and for free in many cases.

25 Of course they are not academia programs but that is a platform

and is an example says that you can then offer the academic content in as well in a way that is very easy and if you go into any of the courses there is actually an app that you can load on your iPhone or Samsung phone or any smart phone and it gives you an index of all the courses
5 that they offer from science to health to business you know to everything that you can actually study and there are many, many other platforms as well.

I know McGraw Hill are also running a very beautiful platform in creating a very, very strong learning platform through that and that is
10 very key and the reason this is very, very key is because you then up being able to spend more money and of course people say so when you say expansion of broadband what exactly do you mean. There is very, very little penetration of broadband in South Africa and the big Telcors, telecoms company's are complaining largely about the fact that
15 government has not released spectrum so we need to make this point very clear, for instance some of them are members of SACCI and we were at a meeting with Miss Ndlovu here with me with one of our telecom members and one of the key issues they were raising before this particular event, we are talking about something else around policy,
20 they were saying that we need to get the government to release spectrum and spectrum basically means release the rate of frequency so that you can actually reduce the cost of data because it is all very well and good to say I can drive content through online, in the final analysis you need to have data.

25 Just to give you an example, if you went into any of the Cosera

courses they are all on high definition so they are very, very clear, very, very beautifully done but a one hour video that you are watching there is going to cost you about 2.1 or 2.3 gigabytes of data and that is very expensive in the contents of South Africa today but if you do lay down
5 the broadband cable throughout the areas that need it those costs go significantly down because people are able to give very significant speeds in terms of internet and for those speeds you need to have broadband and the investment required in broadband just to give you an example, in 2015 at a teleconference, a Telcor conference, in 2015 the
10 estimation was if you to wire the entire South Africa the entire 5 million kilometres of copper wire, if you had to replace that with a fibre for broadband the cost would be only a mere R60 billion, R60 billion to wire the entire country is really a pittance ...[intervenes]

JUDGE: 60 billion.

15 MR. A. MUKOKI: R60 billion, not dollars, 60 billion so you do not actually even need a fraction of that amount if you are talking only about schools or you are talking about communities where the kids actually come from so it is an investment, it is an option that significantly we need to look at and a typical example would be if you, the lecturer for stats 1
20 at Wits is able to reach one million student on that Stats 101, not everybody needs to be arriving on campus, all that needs to happen is that Wits or Unisa or UJ or Rhodes or whatever University just needs to make sure the student is registered and that is very minimal cost for instance so that is not the R60 000 a year of R50 000 a year of tuition
25 that you need for that particular student, the student is registered

broadband the only thing that we need is to figure a way of with what device do we actually empower them with them, whether it is an iPad or something it is still less 8000 and you can, there are new company's now who are building very, very cheap devices, some of them are here in
5 South Africa out in Boksburg, very, very cheap devices where you can get a table for less than R3000 and the more you are able to sell those the costs are actually going to be able to go down but typically the government will spend less money than we are currently spending in that particular model and it is a model that we are not saying is only, it is a
10 Greenfield operation that must start in South Africa, it is happening anywhere else.

The University of Virginia for instance run one of the most successful online education programs in the world today, very, very successful, people pass, the rates are high, the success rate is actually
15 very, very high. So that was the last one, so in a sense therefore the options are, in summary, we need to deal with the issue of rates in respect of the money that is there and I have to emphasise the point business are involved and we are engaged in many, many there processes outside of this one in respect of how do we actually get
20 together to resolve this particular issue.

The second piece of course relates to how else do we fix the problem of access to content and that is the issue that we are raising around digital is the way to go because South Africa does not necessarily have other options, it would be impossible in my view, in my
25 estimation of what is happening with National Treasury with the kind of

money that they have today even when do say sometimes that they are within 10 percent or something in terms of expenditure budget that is because they have told a lot of the other departments whether it is social services, whether it is health to cut down the expenditure so that they
5 can actually make the budget so there is far more need from National Treasury in respect of the allocation that is required for budget but digital is actually a source that is going to make sense to many, many people.

One of the other opportunities and I am sure many of you are familiar with a TV station called C-Span in the United States which is
10 basically covering congress, C-Span is very good, works all the time but if you ask what is the funding model for C-Span, C-Span is actually funded by the cable company's themselves so there is absolutely no reason why with ICASA and National Treasury, especially with the allocation of spectrum I know ICASA is in court right now with the
15 Minister of telecommunications around the tender that they issued last year because they were selling a tender, each four of the pieces of spectrum they were selling the option was 3 billion each.

There is absolutely no reason why treasury should be getting one of those pieces of spectrum that was actually being allocated or
20 compel any of the Telco's, telecom company's to offer to the Department of Education for free, both higher education and primary education because these things can be done, that would make it easy because the government is the big player through ICASA, they are in complete control of that particular spectrum. The investment that is required to go
25 on the ground as I say you can actually just like the Americans were able

to do with the cable company's to say you are going to fund C-Span out of your own coffers the telecom company's would be able to fund the fibre optical cabling on the ground because you also do not need access all the time, for the access the students need it maybe from morning to
5 17:00 or 18:00 and you can actually distribute that particular access in a way that is different so my advice would be, a recommendation would be it would be very, very critical for this particular commission to spend and I am sure that may have happened, spend time with the Telco's particular to understand, with Icasa in particular to understand what exactly is this
10 that can be done around broadband.

Where we talked to them today they will say it is going to cost too much money but there is a way which you can resolve the expenditure that can go in there because it is matter that is currently life as we speak at this point in time and it is actually being resolved, I thank
15 you Chairperson.

COMMISSIONER KHUMALO: Yes I think we have heard evidence to the suggestion of the different ways where broadband could be available and we also got evidence of the under sea cables, either East Coast or West Coast that could be available for online but in the context of it
20 providing access and it being free has any thought been given to the rural areas or potentially the satellite online assistance you know because as you are saying ultimately success is important so you place a person at home who is a low quintile student and you expect them to go through a material that they have never seen in high school so has
25 any thought been given to that effect with regards to online?

MR. A. MUKOKI: Ja I thank you commissioner, through you
Chairperson, yes indeed I think that the issue of rural areas is a very
important components of this, at his pointing out many of the Telco's are
not able to cover the kilometres that you require in terms of investment
5 to get into the rural areas and yes indeed you are quite correct satellite
is one of the options. There is a company in South Africa right now
which specialises in 34 African countries that we have been talking to
they specialise in providing cheaper than the current Telco's can and
internet accessibility in rural areas and they do go down there via
10 satellite and there is one telecom.

In fact they bought the business of Telkom International about
five years ago and they turned it around but there are many, many other
providers, again when it comes to rural areas you need spectrum to
make sure that you can do that but for rural areas there is nothing else
15 you can do other than to go there via digital and that is going to be much
more cheaper because the economy is available and it can be
subsidised in a way that is very significant by the Telco's as I say, we
should not allow a situation where South Africa has got capacity but the
capacity is not actually being used in this particular area and it actually
20 can be use and everybody can make money, the government does not
have to pay a lot of money.

COMMISSIONER KHUMALO: Have you, on the spectrum issue
because I know everybody seems to have ideas, if that spectrum is freed
and it is used I mean everybody is eyeing it so have you been able to
25 quantify what could be available if it is to be available for education

because it is up for grabs for everybody basically, like what you are saying the other priorities in the country so if it is to be allocated to education how much would that be because I know if it is, I think it is going to be auctioned if necessary and then people can actually allocate
5 it to education, are you able to quantify that?

MR. A. MUKOKI: It is, I do not want to speak on behalf of that through you Chairperson but commissioner as you know ICASA the only people who are in control of spectrum, let us just take one example for instance Vodacom, Vodacom is using on only 40 percent of the spectrum
10 allocated to them but they are able to do business for 85 percent of the business that they are doing right now so if we argue the question of spectrum of available, who controls spectrum, it is government. In terms of cost ICASA can allocate spectrum to government for free, they do not have to pay one cent for that because it is theirs, they decide who can
15 get the frequency, if you then want to be maybe perhaps maybe innovative around that you can then simply say right I am not going to give government spectrum I am going to only allocate it to the people who are actually bidding in the auction but a pre-condition of whoever is winning of the four bidders is that they are actually going to make
20 spectrum available to government.

And you then to then recall that the amount that is required is not going to be that high so no one is going to be affected negatively because you are releasing something that people can use, if you look through you Chairperson, if you look at why certain of the products that
25 Telco's are now giving, for instance when Cell C came in and they were

really, really competing on data bundles etcetera the response from Vodacom and MTN was to create these things now that they say unlimited, in other words just pay us 2000 and you have got unlimited calls, you have got you know 10 gigs of data, you have got everything, the only way they are able to do that is that it is because the spectrum is actually available, it does not actually cost them more money to be able to do so, so the argument therefore is, yes indeed you can either give it to government for free for the education and maybe the health sectors only and then or you can then tell the people who are actually winning it is a condition you will actually provide education for free in terms of that spectrum then the only cost that government will actually have to pick up is the one that includes the laying down of the fibre optic and as I say if you are to lay down fibre optic nationally, in 2015 the numbers were about 60 billion maybe say now with inflation 70 billion the education component alone will not cost more than 20 billion, we are spending 52 billion every year for education. 20 billion to lay down fibre optic cable and that cost is now something that, it is that, that is something that seriously needs to be investigated because it is the main option.

COMMISSIONER KHUMALO: Yes because on that, laying down the option is as I was saying the under sea cable that was presented here, but now another issue is access to rural people, are we able to quantify what would it need especially for the low transmitter areas, you know the ones beyond the mountains, is the cost there considered because it is unlike the cost where it just comes from the road, it goes the other side.

MR. A. MUKOKI: Ja, well outside of SACCI I know myself because I

have been exposed to the data and will be able to send that to you which was run by Usasa as well as certain players like Gondwana in that particular space but in rural areas you can go over a satellite. Currently for instance it is one of the big satellite providers will be charging Telkom
5 something like 3500 megahertz but this particular company because they are in 40 African countries they are able to get exactly the same product at R800 per megahertz.

So yes you can, it depends on who is the provider in that particular case but if government were going to be the provider and they
10 do a deal with Intelsat for instance they could get that cost much more lower into the rural areas, it would still be less than what we are currently spending on education because the issue is the reallocation and reprioritisation of the expenditure, the most beautiful thing and the opportunity that we have today is that the technology exists and the
15 technology is going to be cheaper than what we are actually currently doing and the providers are here in South Africa they are not outside of South Africa.

COMMISSIONER KHUMALO: It would be very useful for us to quantify that as I am saying, you remember the low transmitter areas in the rural
20 areas even the positioning of the, it becomes more costly so it could be a futile exercise if it is not quantified correctly.

MR. A. MUKOKI: Ja, I can share with you the presentation, I do not have it with me today but I can send you the data that was done by Usasa and other people around resolving that part issue and the
25 conclusion they made was that it definitely would be much more cheaper

and it actually can be done so I will be able to send the document.

COMMISSIONER KHUMALO: Judge you remember there was a presentation about the satellite online stations which would be a viable option you know for this commission to look at but the cost factor if it I think was maybe not emphasised so it would be nice if you, thanks.

ADV. K. PILLAY SC: Mr Mukoki like SACCI a number of stakeholders have made submissions to us on or recommendations on alternative forms of finance and a number of those submissions or recommendations implicate your membership so I would like to put some of them to you just to get a response from you on the proposals.

JUDGE: Would you like Miss Pillay to take an adjournment or would you wish to finish the evidence?

ADV. K. PILLAY SC: Chair I think if we could as Mr Mukoki if he would be okay with us taking the adjournment now and then probably spending about 15 minutes afterwards.

JUDGE: Quarter of an hour.

ADV. K. PILLAY SC: Thank you Chair.

MEETING ADJOURNS

MEETING RESUMES

JUDGE: Yes Miss Pillay.

ADV. K. PILLAY SC: Thank you Chair.

JUDGE: You wanted the witness to deal with certain specific aspects.

ADV. K. PILLAY SC: I am going to put that to the witness now. Mr Mukoki the first lot of recommendations that I am going to put to you I derived from a report called Tutu Kelesedi, it is a report prepared by the

student movement in pursuance of the fees must fall agenda, now just let me get to the recommendations, the first recommendation that the students make is, I just want to get, I seem to have lost my page, well I remember them more or less I am just going to put them to you. The
5 first recommendation that they make is that there should be what they call a Capital Infrastructure Fund and that big business and government be required, be compelled to invest in the Capital Infrastructure Fund and specifically that corporates be asked to invest their unused funds in the interest of the fund which would be dedicated to building up the
10 infrastructure of Universities which at the moment is seriously lacking
...[intervenes]

JUDGE: Just the Universities or the Tvet's as well?

ADV. K. PILLAY SC: I assume it is Universities and Tvet's although the report mentions Universities Chair. What would be your response to
15 that, to the creation of a Capital Infrastructure Fund?

MR. A. MUKOKI: Well I think that on the face of it the response, through you Chairperson, commissioner, there should not be any problem with the Capital Infrastructure Fund but I think that it is important to understand which problem are we trying to solve with a Capital
20 Infrastructure Fund, everything ought to start with what are we trying to achieve and why, in other words what does the Capital Infrastructure Fund do and where it raised an issue around corporates should use their unused funds, what does that mean, what is the unused funds, so I have not seen the document you can pardon me, I have not seen that
25 particular document so I do not know the context of what they mean, so

(a) what does the Capital Infrastructure Fund do and (b) which unused funds are they referring to, it does say building, I can only assume that it is to build an infrastructure, the buildings maybe of the Universities or something like that.

5 JUDGE: Perhaps the accommodation too.

ADV. K. PILLAY SC: That is correct and it specifically referring to the residential accommodation.

MR. A. MUKOKI: Okay, well ja that is a very important issue and business is much involved in student accommodation and I think that I
10 am glad that you asked that question because one of the key, I myself have been involved in advising one of our owner people around the building of the student accommodation in the Vaal, you know just in front of the casino Emerald Sky and an experience that comes out there is that the private sector is obviously prepared to build the student
15 accommodation and in many cases prepared to build the student accommodation on the same base price that NSFAS is prepared to pay but I do not know where that came from and I have not spoken to the Minister for higher education myself so I am only going to report what the Universities are saying is that the Minister then had told the Universities
20 that they should not be signing off take agreements.

So this creates a bit of a problem because if you are a business and you are going to build say the 2000 beds you need to have a sense that says there will be uptake and if the University itself is refusing to give you a piece of paper that says we are going to, you are meeting our
25 conditions on all aspects, everything that you are doing there meets our

conditions but we are still not prepared to give you a piece of paper so that you can make the finding possible for what we are trying to do so that is a real problem and we have spoken to many people and I know I spoke to the PIC myself about that because there are some, one of the
5 funding institutions that we spoke to and they said well there is that frustration in that the Universities themselves need to find a different way of how to deal with that because there is absolutely no reason why the Universities themselves should be building student accommodation, I think the private sector is very much able to do that in a way that is very,
10 very adequate so we would need them to be able to do that.

ADV. K. PILLAY SC: And do you think your members would be open to investing in an independent Capital Infrastructure Fund with little or low returns?

MR. A. MUKOKI: Well that is not likely, I cannot speak for them but that
15 is not likely because the issue of investment is a related issue, you know in finance we talk about the capital price model that dictates that risk must be related to reward because there is an allocation of capital that can be done in various ways, there will be money which is free that you can take a lower return because the risk is not high and that is why I was
20 raising the issue with where you have reduced the risk to the investor such as there is a guarantee either from National Treasury or from the Department of Education or from the institution itself that I am going to be paid in that case the investor is prepared to take a lower return because there is no risk of losing the asset because I know that I can put
25 my paper with the government or National Treasury I have a guarantee

so I do not have to have, to worry about you know what we refer to as a risk premium theatre because every time you invest first you say what is my risk free rate so if I have a 100 million I am going to put in, if I did not have any risk for this money how much would I take then I would say I
5 am prepared to take liable maybe around 4 percent right now, okay sure but I now have to accommodate for any potential risk that I can face, now I have to put in a premium on the risk free rate that is the part that needs to be removed and it is easy to remove that because National Treasury can give you a piece of paper guaranteeing payment or the
10 instruction itself or the department itself so that is a composite answer to the question that you are raising but people are always looking it is not just, many, many people are looking for that investment opportunity right now and I know that there is enough money in South Africa today to build student accommodation.

15 We were told I think two years ago there was, I do not know whether that is still the case this commission would have more of that data, 200 000 beds or somewhere thereabouts that were missing and I think that there is enough money to do that but we need to figure out a way of how do we guarantee that some money is going to get paid.

20 COMMISSIONER ALLY: 600 000.

MR. A. MUKOKI: 600 000, oh that is an even better number, so our members would be very excited with building the 600 000 members absolutely.

ADV. K. PILLAY SC: And if a mechanism was found to mitigate risk but
25 which ultimately will result in little return, would that still be an attractive

option?

MR. A. MUKOKI: Well as I have indicated there is always and a reward, if you are saying to me I have shut down the risk and I am a banker by the way by profession even though I am at SACCI now so I speak very
5 clearly on the subject, if you can show me that your return is less, sorry the risk is less or zero absolutely I am prepared to take less of a return because there is enough money for that by the way so that is the money which is sitting in the current account that belongs to businesses, it is sitting in current accounts it is not being used because there is no place
10 to put it in so that money can be available to put into those kinds of investments.

ADV. K. PILLAY SC: I think that is specifically what the students had in mind in the report, unused funds sitting in the bank accounts of various businesses, big businesses.

15 MR. A. MUKOKI: I hope that is what they meant.

JUDGE: Unused current account where?

MR. A. MUKOKI: What is happening is, well the accusation that has been levelled at business and it has been reported in the media is that businesses are sitting with 60 billion rand of money that has not been
20 allocated to any investments, it is sitting in current accounts of the banks and it belongs to business has been saying well we do not have any projects to invest in right now with a commensurate risk return equation so if that is the money that people are talking about obviously I would rather have my money in a student accommodation Capital Infrastructure
25 Fund than have it in a current account because I can get like 4 or 5

percentage points that is even better than what I am getting. Anytime you can put money in anything that is going to give you at least the rate of inflation is much better but it is much than current accounts because current accounts do not pay any interest.

5 JUDGE: Because the figure you mentioned is 60 million.

MR. A. MUKOKI: 60 billion was the number.

JUDGE: 60 billion.

MR. A. MUKOKI: 60 billion, 60 billion.

JUDGE: Who could possibly have calculated this?

10 MR. A. MUKOKI: I think the people that ...[intervenes]

COMMISSIONER ALLY: I think the first response is ...[intervenes]

MR. A. MUKOKI: Stanlib, the CEO of Stanlib was the first to raise that amount, Stanlib ja.

COMMISSIONER ALLY: However it is an amount, I thought your first
15 response would be that this amount was raised in the newspapers and banks are sitting with this 60 billion but you having inside information obviously you telling us now that it was Stanlib that came up with it.

MR. A. MUKOKI: The answer to the question is where did you hear that from is we were at a presentation with Minister Rob Davis which we
20 sponsored and the CEO of Stanlib did say that from his own data.

JUDGE: How long ago was this?

MR. A. MUKOKI: 6 October 2016.

JUDGE: So things could have changed since then.

MR. A. MUKOKI: Ja.

COMMISSIONER KHUMALO: Just a follow up, but on principle would your position be amenable to the creation of this fund, on principle, if all was ideal?

MR. A. MUKOKI: The difficulty if you ask a finance person that question
5 is the answer that you are going to get is that yes subject to, okay so everything is possible to subject to the terms and conditions, in other words if you ask me would I pay 50 000 for this phone, as an investment banker my answer to you is yes subject to, if I walk out here I am going to find three other people who are prepared to pay me 50 grand so in the
10 sense I think the terms and conditions especially around risk return would have to be determined but the principle of here is a Capital Infrastructure Fund is nothing new by the way there are however infrastructure funds but they are specific to other infrastructure things, energy, roads so a Capital Infrastructure Fund around putting together
15 assets in the context of buildings and whatever those buildings need to have whether it is technology is not a bad idea at all actually I think that it is an idea that can be progressed.

COMMISSIONER KHUMALO: Would you consider it your return on investment having a successful group of graduates coming back to the
20 workforce?

MR. A. MUKOKI: In other words is your question that instead
...[intervenes]

COMMISSIONER KHUMALO: If the fund is successful and it funds a group of students from business, big business as in your context is it not
25 a return investment to get successful graduates out of that?

MR. A. MUKOKI: If you are asking me about whether the money, there is two types of money, there is real money and conscience money, if you are asking me in real money is it going to be a good investment that X number of people have graduated the answer is no but if you are asking
5 me in the context of conscience money as we said whether that money is CIS money yes, so there is two answers depending.

COMMISSIONER KHUMALO: If we are talking the context of students, graduates repaying that money.

MR. A. MUKOKI: Repaying there money absolutely it is successful
10 because they are repaying the money.

COMMISSIONER KHUMALO: Okay so it would be a return on investment in other words.

MR. A. MUKOKI: Absolutely, if they are repaying the money absolutely.

ADV. K. PILLAY SC: Okay so if that fund is created the model should
15 include repayment for it to make sense in the investment context?

MR. A. MUKOKI: Not necessarily because remember you are talking about a Capital Infrastructure Fund, the Capital Infrastructure Fund has nothing to do with students paying back, the Capital Infrastructure Fund has everything to do with the cash flows that relate to when the students
20 are on campus using whatever money they have whether their own money or loan money to repay the accommodation so that is where the return is coming from, in that case yes the pitch of where do you want to pitch the expense, in other words how much do you charge for a bed will be determined by the risk so if the University or the Treasury has said I
25 am giving you a piece of paper where I am guaranteeing you payment

would investors be prepared to take less of a return, the answer for that is yes, as long as that return is risk free or is inflation linked that is all there is to it.

COMMISSIONER KHUMALO: In the conscience money context do you
5 see this fund working?

MR. A. MUKOKI: No absolutely because it is conscience money, that is the money you are putting for community development, you do not expect the money to come back so if you collected or you organised CSI money across the board and you were able to find say 20 billion
10 whatever the amount that you are looking for and you are able to build Universities of course that would be the investment because it is community investment anyway but however you need to also be careful because I know that the argument is that business benefits from University graduates but business employs very few University
15 graduates, the majority of people who are employed in our businesses are the low grade workers it is not the University graduates.

COMMISSIONER KHUMALO: Are they not your Tvet?

MR. A. MUKOKI: Well even those, the high skill sector in any typical company outside of say maybe professional businesses like banks and
20 insurance company's is very, very low. If you talk industry manufacturing you do not have a lot of highly qualified people there you have people who are skilled in knowing how to run the machinery or whatever the case might be so in the end businesses CSI program is not only dedicated to what you would consider to be the high level people
25 because Tvet people or high education type people or high level type

people it is not necessarily only for that purpose but there is nothing wrong with allocating a substantial resource to address that particular question because it is an important question to build skills for the economy.

5 COMMISSIONER KHUMALO: I digress, you have just said that people in your manufacturing industry they do not have educated people they are just skilled, it is like they are born like that and I think it touches on what has been a concern here that our Tvet students do not even have access to the workplace because they are supposed to do some training,
10 apprenticeship and they are supposed to be allocated afterwards, that percentage that you are talking about does it say that even if you send kids to Tvet they are not needed back in the business?

MR. A. MUKOKI: Well through you Chairperson I did not say that commissioner, my point is if you say I have got CSI money and how am I
15 going to allocate it and you take let us say maybe a significant portion of that money and you allocate it to people who are high level people, the majority of people working in company's are not high level people, the majority of people with the National Union of Mineworkers are not high level people, the majority of people with NUMSA are not high level
20 people, the majority of the workers within Cosatu are not high level, they are not high level skilled people so businesses generally employ a huge chunk of unskilled people that they are able to skill in the business itself right, so that is the first point that I was making, but I am not suggesting by saying that you do not need skills, you do need skills significantly
25 especially in the context of South Africa today.

COMMISSIONER KHUMALO: No I was hoping that access because the complaint is that when they finish at Tvet there is not enough absorption in the industry and you were saying that your observation has been that they are skilled, I just wanted us to get a sense of that and see because
5 as I am saying I am digressing just to see if is it something that business can help us with?

MR. A. MUKOKI: Ja, no I think that my colleague was trying to deal with that issue in respect of the task team that has been put together within Nedlac, absolutely business needs to get engaged not only in respect of
10 what happens to the kids that come out of, I just need to make this point sorry to digress as well with your permission Chairperson that it is not in the interest of business to have unemployment ...[intervenes]

JUDGE: I am sorry to have what?

MR. A. MUKOKI: To have unemployment, it is not in the interest of
15 business, we cannot, sir I have got a member like Vodacom, MTN they cannot sell more airtime to people who are unemployed, they can only sell airtime to people who have got income so it is in the interest of business, we at SACCI for instance we have seven key pillars in terms of our strategy, the first key pillar is inclusive economic growth and job
20 creation and we talk about quality jobs not just simple jobs so the issue of why students are not being accommodated from Tvet's, it is not only Tvet's there are also students who are not being accommodated who come from Universities and it does seem to be affecting a particular sector of the community and that is the black community mostly okay
25 and there is a very serious issue there that needs to be resolved in

respect of what is going on and why are people finishing University and they cannot act get jobs and I think that business absolutely needs to get around the issue as my colleague was saying, to deal with the issue of how do you give people internships, how do you deal with the issue of people who are finished and this is very discouraging and actually curbs the confidence.

ADV. K. PILLAY SC: The second point raised by the students is they propose the established of what they call the higher education endowment fund, now what the point raised by the students is that at the moment the third stream income of Universities is very unevenly spread and the bias is towards the historically disadvantaged Universities who have a larger third stream income than disadvantaged Universities and what they suggest is that a higher education endowment fund be created and that funding from third stream sources like corporates be made through such a centralised fund towards the Universities, do you have a comment on that?

MR. A. MUKOKI: Well my basic comment is that yes indeed I think that all of these are very good I would thing suggestions however it is also very critical to understand what the root causes of problems are before we resolve them because if you do not understand a route cause of a problem you are more likely going to misallocate the resource because you never really understood the route cause. I mean let us take the example and people have made this example that the extent to which is hundred percent accurate, I actually do not know, and some of the people in business have made this particular example. When you say,

say Wits University what is Wits University, is Wits University the building or the institution, so the argument is being made that if you look at the hours of use, 24/7 Wits University is only occupied four months in a year right.

5 Now therein lies a problem should UJ students also attend school at the building formerly called Wits University from 14:00 to 17:00 or 14:00 to 18:00 and should other students come in at 18:00 to 22:00 in exactly the same infrastructure and we just remove the branding that says Wits and you register wherever you register but you can use any
10 building that you find wherever you may find that particular building so I think these are all some of the issues that people are raising around, you need to have a very holistic solution to a very difficult problem and unique problem and you need to be very innovative around how you are actually going to resolve the question. the buildings exist and that goes
15 for any of the township schools you know, it is 12:30 right now, just arrive at 14:00 there is no one, that infrastructure is sitting there unallocated to anyone, it is not working and it started working from 08:00 to 12:00, after 12:00 there is nobody and multiply that by any factor and you are going to realise that you have got accommodation, you have got buildings at
20 least where people can move in, the problem is that you want people at Jan Smuts Avenue, why.

 So we have got to be able to figure a way around how do you innovatively look at solutions that are different to the solution, it is a lot more easier to move an individual, a lecturer than it is to move 200
25 students and I think that these are the things that even in the

engagement because I did sit in one of the commission, not a
commission in one of the engagements with the students around this
particular issue and they were making some very valid points but we
have not gotten to the stage where we have got some serious data
5 around understanding the real root causes of the problems in respect of
what exactly is happening so that when we come to the allocation we are
dealing the resource question yes and that is fair but we have not
actually dealt the root cause of the problem adequately in my view, at
least in the forum that I have been exposed to and it is possible that
10 many, many other people and this commission as well has dealt with that
very extensively, I am not aware.

ADV. K. PILLAY SC: Now Mr Mukoki the students also make very
specific recommendations about where to get alternative forms of
financing for higher education and the first concrete suggestion is a 2
15 percent increase in the skills development levy do you have a comment
on that recommendation?

MR. A. MUKOKI: Do you want to take this point about the Seta's Helen,
may I ask my colleague to just give you some views about the Seta's.

COMMISSIONER KHUMALO: Just before the colleague comes in, can I
20 just give you an assurance that we are on set 7 now and sufficient and a
lot more evidence has come into exactly what you are concerned about,
getting to the core of the problem instead of just throwing money at it so
we have had a lot of you know submissions and if you have further
submissions as well we welcome.

25 MS. H. NDLOVU: Thank you Helen Ndlovu again. The issue of Seta's is

a very, very serious one for business, I think with our AGM of 2015 one of the motions that came out of there was concerning the services Seta and the allocation of funds and the whole mess, I am sure you guys have heard, like you have said Commissioner Khumalo a lot of
5 representations around this so I am not sure at this point business would be willing to engage on putting more money into that system because as it is the system is not working well at all.

JUDGE: Why not?

MS. H. NDLOVU: I think some of the problems that we have identified
10 Chairperson is it starts with the board, the governance issues and the functioning thereof, I mean some of the boards are changed every 6 months, boards collapse all the time, the Minister is forever putting a new board in place because whatever has happened with the previous one and also with just the administration of it you know from putting in
15 your application, meeting all the requirements to the money actually coming out, sometimes you can wait for over a year or two for an application that has been approved, ja those are some the problems that we facing.

JUDGE: Do you have problems with the administration costs that Seta's
20 incur?

MS. H. NDLOVU: For us Chairperson we put in a lot of money and by we I mean business, into the different Seta's, for example some of the problems that came out were in the construction Seta where they had a fund of I cannot remember how much but it was a lot of money, into the
25 millions, and it was just not being used because the administration you

know of getting through the funds to the necessary places was just not happening so you have got like a 50 million sitting there at Seta and it is just not being used.

JUDGE: I asked you whether you had any problems with the
5 administration costs that Seta has put through?

MS. H. NDLOVU: Yes we do.

JUDGE: It seemed to me looking at the figures that Seta charge on an average something like 10 percent a year in administration costs, that is how they count.

10 MS. H. NDLOVU: Yes it is, we do have those problems and I think the other thing that the lady said was to the skills fund, there are different ways of getting through this, it is either through the Seta's or applying directly to the skills fund that sits with DHET as well. Either way we have got issues with getting the money through to the needs.

15 JUDGE: What is being done to correct all this?

MS. H. NDLOVU: We are talking unfortunately to labour, to higher education Minister, we have put our issues on the table with him, we actually met him last year with the CEO and with the President of the SACCI board and put the issues on the table and those are some of the
20 things that we are going to sort out through the task team that has been established but he also assured us that they are also going through a review process of the Seta system in particular and that our concerns will be noted in that review process.

JUDGE: Thank you.

ADV. K. PILLAY SC: And does business have a concern about how funds which are paid via the Seta's, how those funds are dealt with, in other words the purposes for which those funds are used?

MS. H. NDLOVU: We definitely do, I do not want to talk about rumours
5 so maybe let me not go there but we do have serious concerns about how those funds are allocated.

MR. A. MUKOKI: Then through you Chair all these issues are as my colleague is mentioning have been raised with the Minister because we had a motion that was passed at our own annual convention and we
10 presented him with the paper regarding a lot of those concerns but going back to your specific question around 2 percent our understanding because we are dealing a lot of issues not just the issue of education insofar as business is concerned we have been meeting with Minister Gordhan, as you know there are so many meetings that are taking place
15 between the Treasury Minister and business, one took place just before the budget itself was announced and work streams were put together, business would be reluctant I can assure you of an additional tax that come out of their income statement at this point in time and purely the argument that was being made and it was not even education that was
20 being discussed we were discussing other infrastructure issues and in particular the area of social development was that if you, the revenue and I am sure you have seen the fight between the SARS commissioner and his Minister around, there is a missing 26 or 30 billion that money cannot come back and of course the Minister is casted as performance
25 on the case of SARS but the SARS people have said well customs are

down, import duties are down and corporate income tax as well as personal income tax is down because business is not investing because we do not have money because you know the economies are slow, the people who sell to overseas are not buying enough so once the economy, the projection now is 1.3 percent in GDP growth that effectively means you are not going to get much revenue so if you come to business and you say I want to tax you more revenue so if you come to business and you say I want to tax you more that money has got to come from somewhere, it means we must now retrench more people because we need to make that money and so it is a vicious circle basically but that engagement is taking place with government, between go and business around, we cannot afford to pay more tax for anything.

JUDGE: Well this is fascinating especially as you have told me about the 60 billion that is lying in the current accounts.

15 MR. A. MUKOKI: The 60 billion cannot be taxed because it is 60 billion after being taxed.

JUDGE: Oh yes certainly but it is available to pay tax.

MR. A. MUKOKI: In other words so as you saw the last budget they are withholding dividend, they are withholding tax on dividends has moved 20 five percentage points that is a 25 percent increase from 15 percent to 20 percent and that business said fine we will accept that though they are actually complaining about that but if you look at the total composite of taxes they are generally very, very high and unfortunately in an international world investors are able to put that money anywhere else 25 they do not have to put it in South Africa so if our tax is much more

aggressive then what happens is that people take money elsewhere because nothing compels them to keeping it in South Africa and Mauritius has really given us a lot of problems right now because a lot of South African company's are moving to Mauritius and they still operate in
5 South Africa but the tax is now a different story down there.

ADV. K. PILLAY SC: On that topic Mr Mukoki the students propose a 2 percent increase in CIT and that that 2 percent be ring fenced for the purposes of higher education.

MR. A. MUKOKI: Well we dealt with that issue and in regarding to any
10 potential increase in taxes not only as it relates to the student peace but if you ask me who needs this money more it is not the students, if you ask me who needs this money more it is the people on the social development side, social welfare side. If you ask me who needs this money more it is the people on the health side, so sure students can say
15 that they need more money, everybody needs more money but even if you had to have that 3 percent it is highly unlikely that it is going to end up with the issue of fees, it is going to end up somewhere else where, because as we say when you see Minister Pravin Gordhan putting together the budget and I know you are talking to him on the 3rd, it is so
20 difficult because everyone wants more money and he has to be saying to people you cannot have, you cannot have, you cannot have so by the time you have the 2 percent available elsewhere it is going to go to anyone of those priorities and I am not speaking for him, he did not ask me to say anything so in the sense you end up with limited resources
25 and unlimited needs so there is no way, business is not going to be able

to come up with 2 percent CIT extra at this point in time.

JUDGE: Well it is a political decision.

MR. A. MUKOKI: It is.

JUDGE: As to what they regard as most important at any given time.

5 MR. A. MUKOKI: Absolutely.

COMMISSIONER ALLY: Yet if you indicate the two percent increase in CIT I think what is envisaged is almost a ring fencing of that amount to education so there is a difference between using the increase to be put in the pot of the fiscas where you do not know what is going to happen
10 and that is business problem, you are not managing your funds properly and now you want more and you continue "mismanaging" so if the students are envisaging a ring fencing for education purposes does that change the response?

MS. H. NDLOVU: Thank you, Helen again, I think the issue of ring
15 fencing for the Treasury is a challenge, they have indicated for example now with the proposed tax on sweetened sugar beverages, the main aim of the tax, the proposed tax is for health purposes but in the same breath they are unable to ring fence it to go directly for that purpose so I think we might also have the same challenge here and what their explanation
20 is that when you ring fence certain funds sometimes you get a surplus that you can use elsewhere and you cannot and it causes an issue for them at Treasury.

JUDGE: Why should you, instead of calling it an increase in corporate tax why you do not simply call it an education levy?

MR. A. MUKOKI: Well Chairperson the issue is as we say, our submission has always been based on we have to have a holistic, until the government can show cause and show that they have done the things that are wasting money it would be very difficult to convince
5 business that we must give you another 2 percent because I have made the first argument, you have got, when you start having 42 percent, 48 percent dropout rate you are actually asking me to lose 42 percent of the money that I am going to give you, why should I be convinced by your argument as government if you are not showing me that this is the thing
10 that you are doing to resolve that problem so I think that we need to have that, I do not think that in the end if we all did our part we would need the 2 percent but I also think that if we have done our part, all of us we have done the part and we have cut and we have looked for all efficiencies and all performance matrix that can be included in the
15 system people would be very willing to listen to say well ja, well maybe you are making sense because right now it is almost like a bottomless pit and it becomes rather difficult at a psychological level to move people not only in terms of their rationality but in terms of their values as well that it does not sound right in terms of my own values and in any event
20 you do need to have three things operating at all times, you need to bring integrity into the process, you need to bring intellect and you do need to bring imagination and it is quite difficult to find that balance when you believe that the person on the other side is not bringing a level of integrity into the process or intellect into the process and we must just
25 imagine what happens if we get the 2 percent and I think that that is

where we are in terms of this discussions.

ADV. K. PILLAY SC: And the final recommendation is not one you need to the students in fact we have heard this refrained from a number of stakeholders before this commission and that is that we should increase
5 the taxes in relation to high nett worth individuals, that is obviously personal income tax.

MR. A. MUKOKI: Yes it has happened, as you realise income tax on people earning more than 1.5 million move from 41 to 45 percent so that has happened, whether it is going to have the desired effect we actually
10 do not know because again you are talking about 100 000 people it is not significant in my view that you can, and it is a progressive tax system so it does not mean that everyone earning more than 1.5 million pays 45 percent on the entire 1.5 million it is graduated type tax so the amounts above 1.5 million would be affected but you do not have enough of a
15 community there to grab that tax but business has accepted that, you know high earning income individuals can be taxed more so we accepted the recommendation and it went.

ADV. K. PILLAY SC: But of course the existing tax increase is not specific for the purposes of higher education, it is a general tax increase.

20 MR. A. MUKOKI: Well yes because as business we never look at, our agenda is not education, you know our agenda is to deploy capital, create a return and create jobs and you know that is basically our agenda so when we look at taxes we do not look at taxes in respect of what they go where they are going but we have a lot of arguments and I
25 say in a way that is holistic, someone was interviewing me on TV the to

her day and they were asking me so where do you think this money should come from, I said well for instance have you looked at how much government is wasting money on big mega infrastructure and capital projects, just about every mega project that the government is involved with is over budget, it has got cost overruns and they never get delivered on time. You look at say the energy infrastructure, 2 mega projects Kusila Madupe the cost overruns on that are going into the billions, you look at something as simple as Gautrain, Gautrain when it was originally projected when the former Premier Bashi Mashilowa was there was 12 billion and at the last count that project went to 52 billion.

Right you look at the Transnet rail multi product power rail, sorry pipeline coming from Durban to Johannesburg, 12 billion moved to 28 billion, was sitting at 33 billion at some stage so our argument as business will always be but you are wasting money in other areas and then you ask money from us but you have got that money go look into the capital, mega capital projects and see whether you have built a capability to bring them within budget in terms of how you actually expand money in those particular areas, I am just giving you an answer because that question has already been raised of us generally as it related to where do you think government should get more money, we said efficiencies in respect of how you are currently spending money.

There is another piece for instance if you look at the Auditor General's report in 2013/2014 and I may not be accurate to the T in terms of hundred percent, R140 billion was spent by the government on consultants, these are just management consultants ja, so now you ask

a question who is being paid all this money, R140 billion, I can tell you one auditing firm that is making, their consultant division alone is making R3 billion a year on government on consulting alone, just consulting so now you have to raise those particular questions to say why is it that
5 unlike say the Americans for instance, if I consult in a metro say maybe a municipality in the East Rand Ekurhuleni somewhere and I am doing a module or financial controls than financial management, that project becomes a pilot, when it becomes successful it becomes a program of government, the South African government does not operate like that.

10 You could have a project, a consulting project in Ekurhuleni and someone else is doing something similar in Nelson Mandela, the two places are not talking to each other, someone is spending the same amount of money on exactly the same thing that other people spend the amount of money on.

15 COMMISSIONER ALLY: Sorry Mr Mukoki I think we having a problem, I am not sure if we are being picked up because one of your wires came loose just now and I am not sure whether that is the reason for you talking not into the transcription but somewhere else, I just wanted to make sure, is everything okay from transcription side. Ja.

20 MR. A. MUKOKI: So our answer through you Chairperson, commissioner was that we are not dealing with the question peace meal we are dealing with an entire question in respect of where the savings should come from and we have made these particular recommendations and therefore before we get to give us an extra 2 percent we would like
25 to have a view of how much work can we do in capturing all the other

opportunities to save money and not to lose money and to sort out the issue of efficiencies etcetera, etcetera.

ADV. K. PILLAY SC: Thank you Chair we have no further questions.

COMMISSIONER KHUMALO: Can I just ask one question, on
5 efficiencies we have heard that if maybe the government is run correctly and all the savings are made what in your opinion on the redistribution of those funds that are achieved in that because other departments seem to say if you have made a saving in my department that should be reused but how would you want that in your priorities?

10 MR. A. MUKOKI: I think that we all agree that education is a significant priority at this point in time, it is almost not just a priority it is an embarrassment that in 2017 there could be children who are finishing school, have passed well but they cannot go to school because of affordability so there is, education would be right up there on top of the
15 priorities in respect of the reallocation of the money given all the other holistic things that need to be done and I think it is when you find that money it has to go to addressing the issue of education, it does not really matter that you know public enterprises gave the money, in the final analysis the reallocation is done by National Treasury and I think
20 that as business we would definitely support the idea that education is definitely prioritised.

COMMISSIONER KHUMALO: On sustainability of that because the commission is supposed a long lasting solution for this, you saying at this point in time so I just want to check the long term effect of it.

25 MR. A. MUKOKI: Well as we said it is not just the issue of you save and

then that is a short term thing, you are doing all the other things that you need to do in terms of digital, you are doing all the other things in terms of resolving the issue of dropout rates, you are doing all the things that you need to do in terms of getting the alumni who are involved in those
5 institutions to contribute back, you are getting all, you are doing all the things in respect of because immediately you drop the dropout rates are higher, effectively it means you are getting more people graduating which means you are getting more taxes coming back because they go back into the place of employment and they contribute better to the
10 economy.

So it will eventually be a very sustainable, I do not see personally, there is no way in which this problem can be resolved with brick and mortar with respect to the students talking about capital infrastructure program, I see the capital infrastructure program going
15 mostly into the digital space because that is our world today and I think that that is the only permanent solution facing not only South Africa by the way, that is the same solution facing the region, we have to put in the 50 or the 60 billion required into the infrastructure and really, really unleash all this potential that exists not only for us but also for the region
20 as well.

JUDGE: Have you, are you aware of Mr Nxosana's ministerial task team and the report that it has brought out on student funding, especially for the poor?

MR. A. MUKOKI: I have not seen the report yet I have heard of the
25 report, I have not seen it yet Chairperson.

JUDGE: Well it seems to be a report with the banking buy ins so I think you might have been interested in it.

COMMISSIONER ALLY: Well the report as we have indicated to all that have come before the commission since it has been placed before us is
5 that since it was placed before us it is now a public document and was gazetted and they are asking for public comment and there is various models and options in there and they have got buy ins from the banking sector Asisa and so forth, I never saw BUSA's name, I saw BASA's name which is two different, I never saw SACCI's name either so be that as it
10 may I just wanted to put certain things to you, now you have indicated the way to go is the online platforms which by the way has been presented to us here however the other side of it has been from educationists who are of the view that it is not proven to be successful.

Now you mentioned the one in Virginia I think it was that has a
15 high success rate and I suppose my understanding of what you are putting forward is other means that one can use and these means need to be dissected and interrogated in order for them to be successful, do I understand you correctly?

MR. A. MUKOKI: Through you Chair, yes commissioner I think that you
20 know the educationists can make their own point around digital is not proven to be successful, where their own model has not proven to be successful at this point in time given the failure rate and the dropout rate and they are the people who are wasting most of the money in any event and I would not understand how a model would not be successful if I say
25 the Stats 101 lecturer sitting at Wits is sitting at the Multichoice studio

and he is delivering the content to one million kids instead of only the 60 kids in his class, I do not understand that logic how that cannot be successful, it is still the same person teaching the course, the difference is that instead of getting 200 000 or whatever number of people paying
5 50 000 a year you now have students who are accessing the same content and these things are simple, Stats 101 is always going to be Stats 101 it is not going to change over the next 5 years it is going to be the same.

Maybe one chapter, two chapters will be added but it is going to
10 be the same fundamentally so in the end the FAQ's, the frequently asked questions are always going to be known these are the questions, two students in a class asking the question or asking the question for the other 40 anyway because the other 40 had the same issue so I do not think that that model will not succeed, other people are running it,
15 Cosera is running it successfully, Virginia is running it successfully, there are many people South Africa needs to really move into that space urgently.

JUDGE: To some extent we saw the success of a comparable thing in Mr Smith's mathematical classes.

20 MR. A. MUKOKI: With Liberty Life, absolutely Chairperson.

JUDGE: Yes.

MR. A. MUKOKI: Absolutely.

COMMISSIONER ALLY: Look as I am saying an interrogation of that particular model must take place, it is probably not the place here
25 because you go into principles of pedagogics and all the rest of that that

determined how successful or not a certain program is and what the content of a program is, Stats 101 might be a simple issue that you can deal with, maths as Mr Smith put it on might be easily to deal with but other abstract matters might be different but you are not saying
5 completely digital and that is not the way I understood you so I understood you to be saying it is one idea that you putting on the table for the commission to consider and think about.

Now the other issue you indicate that in these other platforms and engagements outside of this commission dealing with one
10 specifically dropout rates, now perhaps you can share with us if it is something different from what we have heard here what exactly your resolutions are or viewpoints or proposals are with regards to these dropout rates and any other issues related to education in these other platforms.

15 MR. A. MUKOKI: Thank you through you Chairperson, thank you commissioner, well one of the things is that it is important of course and I do not have, I would not say that I have got the scientific data but I do have you know ethnographic evidence in respect of what I myself have observed, I used to teach finance at the Wits business school two weeks
20 in a year and I had some colleagues there that I knew, you know there are issues that need to be resolved in this South African higher education system, for instance at a University that I attended elsewhere the lecturer, the professor does not know your name when you send an exam, you use a password on your script and there are no issues
25 relating to subjectivity and bias perhaps maybe in marking your script

right, I have a niece of mine who just went to Harvard last year and she is studying biochemical engineering and she was at UCT before and she was there for like 9 months and she says first lecture, a lecturer walks in and says to all the kids 66 percent of you in this class will not graduate,
5 now you see we have a problem right there, so the lecturer walks into a class at UCT and says 66 percent of you in this mechanical engineering class are not actually going to graduate so these are some of the things that the educationists themselves need to deal with.

There is another example at Wits, and I am not going to mention
10 people, of a professor of economics and he makes the argument and this nearly became a legal case where the says I know these 13 kids I gave them A's in economics but when the scripts came back after being moderated they all got in their 50's, now I do not know how many of them failed, who actually had passed so these are all the things that the
15 internal process of the Universities they need to deal with, are there biases in the system or not, I do not know, but I am saying that my observation had been that these things continue to happen where education, so it is as though some of the institutions measure their success on how many people have failed not on how many people have
20 actually passed.

It does not make any sense to me if you say that I qualify to be at a University, why are people failing, failing for what reason what is going on, are they failing because they are not talented, are they failing because of the environment or is the institution itself priding itself on if
25 we want to articulate our standards here we can prove them to you by

telling you that anyone who studies maths here only 30 percent of people are actually going to fail, well that is not what other Universities like Oxford or Harvard or Stanford or Yale are doing, most people are actually passing there, in fact it is a scandal where one or two students
5 are not passing, everybody focuses, there are resources around why is person is having problems and we do not pick up the problem at the end of the year we pick up the problem three weeks, four weeks the very first test there is a problem with the student and the University must now focus on why we are having that problem so my point is, it is very
10 important to do that internal investment in respect of what are really the causes and we need the science behind it because you cannot just say this is what I said, this is not science it is just my observation on what I have seen that there are biases in the system and I do not understand myself what causes those particular biases.

15 So we can resolve that particular issue but I did make another point around the resource allocation in that Wits University should not be this building at Jan Smuts you know it should be in your head, I am a student of Wits, but we can allocate more people into that building other than the students of Wits, we can allocate people in many, many other
20 buildings, at UJ other than the people who study at UJ so there is an opportunity to do things differently in that particular situation. There is absolutely no logic in why classes must start at 08:00 or 08:30 there is no logic, I think people are all able to wake up, we can start a class at 06:00 there is no problem with that, I do not know why we must start at
25 08:00, we can start a class at 06:00 we can finish at 11:00, we can start

another class at 11:00 we can finish at 17:00 and you can start another one at 17:00 and you can finish at 21:00, there is nothing wrong with any of that.

But suddenly we have access to 400 percent people than the
5 hundred percent people that we had initially and there is nothing with that we just remove the name Wits just put anything you know and your relationship with Wits is on paper not in terms of where the building is.

COMMISSIONER ALLY: Then the issue, you see you have, your analysis relates to what is happening and you say the money is not
10 being used properly and so forth and that we need to be giving access more than not in terms of implied in that is, there must be academic merit, anybody who cannot afford should get, should be able to be given an education. Within that scope of work have you considered whether the fees that have been charged, you see we all jump to the other one
15 quickly to say maybe you are not using the money properly but are the fees that are being charged in your view commensurate with what the people are getting out of it or should you be charging so much for a given course and the question I am putting to you is the fee question which is an issue that now is being dealt with through the council on
20 higher education and them discussing the issue of the capping of fees and so forth, have you given consideration to that issue?

MR. A. MUKOKI: Not but you know in any given situation when you run a business the question of whether anything is adequate is a function of the determinance in your expenditure line, in other words what are you
25 spending money on, you cannot answer that question unless you answer

the question of where are you currently spending money and what are you spending money on, I mean let us just make an example with the earlier statement that I made, if you are going to be keeping this huge infrastructure as a University that you do not need ja, assuming that we
5 were to sell the buildings called Wits not the University itself but we sold the buildings to a private investor and the private investor is able to get more juice out of those buildings than Wits is able to, we have just resolved one mega problem for Wits because they want to maintain things, they want to secure things, they want to repair things, they want
10 to paint they want to do all those particular things but here is a private investor and it does not have to be a private, private, it can be a government company that owns the buildings but they can then utilise the buildings much more efficiently and much more effectively than currently is the case.

15 So that is one aspect for instance when you deal with what do you do with expenditure, it is a function of, it is very difficult to say if I am paying 60 000 a year that money is worth what I am getting, I think it is worth what you are getting whether you are paying 120 000, whether you are paying 10 000 the question is where is the money going and
20 therefore you now have a situation where you have got X number of people working in the University, maybe the salaries go up that way, the infrastructure goes up that way, the library, all those things need to be investigated very, very carefully in respect of why does everybody have the same and I see many of the people are legal people and you have
25 access to your own databases but you register to be part of the

database, you do not own it yourself ja, but every University they want to own a library I do not know why, a digital library can be, you buy access, you have to own the thing yourself because you want to have all these books and everything else for yourself so as in your profession you are
5 able to just access wherever, whether it is a law report whatever the case might be you do not necessarily need to do that, in the University you can do something so we need to then understand very clearly where is money being spent and how is, is this the most efficient way of spending money.

10 Look at catering for instance, are you using different catering company's or are we using one catering company, part of the model of why the franchise business is successful is because there are buying opportunities, if you are Nandos you are not R2-80 for a bag of potatoes because you are buying so many bags, you are paying R1-50 for a bag
15 of potatoes so the Universities all together can decide that we are going to buy potatoes in one place and therefore we are going to pay R1-50 and not the R2-80 so I would think that the investment commission through you Chair needs to be done on each and every expenditure line before we can know whether the 60 000 is the right number or not the
20 right number.

COMMISSIONER ALLY: Finally yesterday we got testimony from LIMP, I just forget the word for LIMP but basically it is labour intelligence issue, it is a partnership and Dr Rogan, Michael Rogan presented us with research and traces studies in terms of race as well as gender. The
25 interesting fact that came out of that research which he accepts was

local to Eastern Cape was that there appears to be that business is biased towards a certain race in terms of taking up student that have graduated and secondly a biased towards gender and to me I thought well perhaps it is a good opportunity to give SACCI and because of the
5 tentacles that you have within business an opportunity to respond to such assertions.

MR. A. MUKOKI: Through you Chairperson, thanks commissioner, well I think that you reasonably probably do not need any research from Dr Rogan to make that conclusion, it is obvious and it is apparent to any
10 reasonable person who has got good eyesight that that is just the way the system is skewed, the system in South Africa is skewed in respect of race and it is skewed in favour of males and that is just the nature of the South African problem if we may refer to it that way. We ourselves as an organisation of course, and within even the confines of BUSA we are
15 pushing for the idea of talking about inclusivity, inclusive economic growth, in other words when we say inclusive we mean that it has to be inclusive, it has to be inclusive not because it is a social justice issue to redress imbalances, if you look at that august of all bodies called the World Economic Forum and they, people go there and divorce every
20 year and towards September of every year the World Economic Forum produces a report which is called the global competitiveness index report and in that report they rate 140 countries and the good news of course is that South Africa has moved from number 51 three years ago to number 47 now, we were number 49 last year and South Africa is ahead of all the
25 countries be it in Africa, Latin America and the Caribbean except for

Chile where only two places are heard of South Africa.

And the point I am making about this global competitiveness index report is that they look at 12 pillars and amongst those pillars is the pillar of size of the market, in other words you would get a higher
5 rating if the size of your market was much more bigger, articulation is not one when we talk about inclusivity it is because oh it is a nice thing to do because of apartheid, no, no, no, you cannot be ignoring and this is the message that we say in our own documentation, you cannot be ignoring a huge developing market in South Africa that is the black market and a
10 huge really exciting market which is the female market.

You see if you want to have a big business so we are rated lower because the size of our market is so small, we are in this other group called bricks and one of the criticisms that have been levelled against South Africa is that we do not belong to that group, why, because you
15 see our size is less than 25 percent of the smallest member of bricks and that is Russia and why because we have got 54 million people but we have ignored the entire market, we are servicing a small little market in South Africa so there is absolutely no way in which we can be globally competitiveness, there is absolutely no way in which we can be a
20 country that has a significant GDP if we continue to ignore a market, not on the politics or social justice, just basic economics, principles you need a South African business to develop this market, the female market so that people have got money so that they can make our businesses to be much more bigger.

25 Of course social justice, very, very important criteria so yes

indeed it is true but it is an issue that business itself is now confronting so that it is not a grudge by, it is not a grudge sell like when you buy insurance for your car, you do not really want to do it but you have to do it in case you get into an accident, it should not be a compliance issue as well it is just a fundamental principle of business that for us to have bigger businesses for the country to be globally comparative we do need to do more work and to develop the markets that we already have and in particular the female market is a very significant market because of its psychological dynamics that market people always tell us about.

10 COMMISSIONER ALLY: I know I said finally, I just want to hear your response to, we have had testimony about certain surpluses that are out there that are lying there accruing interest and growing more and more over the years, does SACCI or business with your engagements have a problem with a suggestion that such surpluses could also be used
15 towards education specifically or other social means but because this commission is dealing with education and certain shortfalls besides mending the inefficiencies that you spoke about, does business and SACCI have a problem with the use of such funds?

MR. A. MUKOKI: Through you Chairperson, commissioner as I said
20 earlier on with an earlier answer is that if you show me an investment opportunity where the return, a risk return equation makes sense obviously no one will have a problem with that but we must also understand that it is not just a question of businesses having surplus, government has a lot of surpluses themselves, government has a lot of
25 cash flows and government has a lot of money ...[intervenes]

COMMISSIONER ALLY: Okay perhaps we misunderstanding each other, the surpluses we are talking about would for instance you have the UIF fund, you have Seta's, you have pension funds and so forth so in those scheme of things, remember you have answered the issue about
5 the surplus that is there, the 60 billion and so you have answered that particular, I was talking in this other sphere where Treasury would have a say in it also.

MR. A. MUKOKI: Well no absolutely I mean the wealth management company's because these things are regulated as well, in other words
10 how much of your pension money you can invest in particular instruments is a question of regulation, it is a question of the trusts that are running those particular pension funds but I am just saying as a business person if you could show me a risk return reward I do not think that that should in itself be a problem and there is another example of
15 cause which I had from Minister Motswaledi last week at Nedlac, we raised the issue of medical aids in South Africa in terms of the insurance laws they are allowed to give 25 percent reserves and he says but can I tell you a story they are actually keeping 33 percent reserves and they are sitting with R52 billion and that money is not being deployed into
20 anything at this point in time, that is what the Minister was saying so yes of course if you can then say yes there are reserves and we can deploy them differently as opposed to the money just lying there, there should not really be a problem because people design investment instruments all the time and designing a government bond around the financing of
25 education should not in itself be a problem.

So what she want to do as an investment banker my advice would be to you, create a Treasury bond for education and get investors to buy into that particular bond on the back of a guarantee by Treasury, very easy you will get billions into that but it is against a sovereign
5 guarantee coming from National Treasury so that can be done and a letter of audit finding of because there is no instrument like that right now, in South Africa you have got Eskom staff, you have got Transnet staff but you do not have an education bond per say so that can definitely be done.

10 COMMISSIONER ALLY: Thank you.

COMMISSIONER KHUMALO: I am not sure with the investment banking background if thank you are a beneficiary of SAICA and do you think SAICA as a model at varsity's could be used as a perfect model.

MR. A. MUKOKI: I am not a beneficiary of SAICA, I am not a chartered
15 accountant.

COMMISSIONER KHUMALO: Oh okay, no but are you familiar with how they have been funded and how ...[intervenes]

MR. A. MUKOKI: I am not familiar with how SAICA has been funded sorry through you Chairperson.

20 COMMISSIONER KHUMALO: I was just raising it because your concern has been success you know and they are considered to be the very successful friend because of the nature of funding and the resources that are put into that.

MR. A. MUKOKI: I am not familiar with them sorry.

COMMISSIONER KHUMALO: Okay.

ADV. K. PILLAY SC: Thank you Chair we have no further questions.

JUDGE: Thank you very much indeed.

MR. A. MUKOKI: Thank you Chair, thanks for the commissioners.

5 JUDGE: It has been our pleasure thank you.

NO FURTHER QUESTIONS

ADV. K. PILLAY SC: Thank you Chair may we adjourn until 14:00 for the next witness.

JUDGE: Yes.

10 **MEETING ADJOURNS**

MEETING RESUMES

JUDGE: Miss Pillay do we have Mr Fakude?

ADV. K. PILLAY SC: Thank you Chair, yes the next stakeholder is the South African Democratic Teachers Union represented by Mr Fakude and Mr Maluleke.

15 JUDGE: We do have Mr Fakude, no?

ADV. K. PILLAY SC: I apologise Chair that is a mistake from our side.

ADV. T. MABUDA: Chair there are three names that were presented as the delegation from SADTU. I am aware that Mr Maluleke is here so Mr Motsepe ... [intervenes].

20 JUDGE: Welcome to you Mr Maluleke and Mr Motsepe. Thank you for coming. Are you leading sir, are you leading the evidence?

ADV. T. MABUDA: I am.

JUDGE: Thank you very much. Do you have any objection in taking the oath?

MR. M. MALULEKE: No I do not have.

JUDGE: Mr Motsepe?

MR MOTSEPE: No I do not have

JUDGE: Do you swear that the evidence that you will give will be the
5 truth, the whole truth and nothing but the truth? If you do raise your right
hand and say so help me God.

MR. M. MALULEKE: [d.s.s]

JUDGE: Mr Motsepe.

MR. MOTSEPE: [d.s.s]

10 JUDGE: Thank you.

ADV. T. MABUDA: Thank you Chair. The South African Democratic
Teachers Union is here to give evidence relevant to set 7 of the
hearings. They were asked to deal with the aspect of the missing middle
which the teachers profession represents the parents of most of these
15 children that consist of the missing middle, in the sense of they do not
qualify for NSFAS and they do not have sufficient funds to afford higher
education. There is a presentation that has been prepared by SADTU
and we will request Mr Maluleke and Mr Motsepe to proceed with the
presentation and I will ask them questions when they arise.

20 JUDGE: Yes. May we just ask that when we change from one of you to
the other in speaking that the new speaker puts his name on record
please so that the transcriber knows who is speaking, thank you.

ADV. T. MABUDA: Mr Maluleke just before you proceed can you just
give us an indication of what your position is at SADTU please?

MR. M. MALULEKE: Thank you so much. My name is Mugwena Maluleke and my position is the general secretary.

ADV. T. MABUDA: Thank you, you can proceed with the presentation.

MR. M. MALULEKE: Chairperson of the Commission, Judge Heher and
5 the other commissioners Advocate Ally and Miss Khumalo and the
members of the commission. As the South African Democratic Teachers
Union we want to take this opportunity to thank you for the opportunity to
come and present evidence on behalf of our teachers in the country and
in particular those that we call the missing middle. I must also apologise
10 because we did our presentation in a hurry because last week we were
busy with our National Executive Committee, but also I am not well so
my voice at a particular point might disappoint me but I will do my best to
ensure that we present what we can.

First our presentation, basically we will try to put the background
15 in the form of an introduction where we present to the commission the
socio-economic realities of the public servants. We know that basically
we are here to present the issues that affect our teachers, nurses and all
those who work in the public service who do not qualify for assistance by
our government in terms of the NSFAS however it was important that we
20 start by introducing this particular issue by indicating to the commission
that a newly appointed teacher or a teacher who is 5 years in the service
could be earning almost about R19 000 at post level one.

And then when we are looking at the tuition that this particular
teacher or any professional that is working in the Department of
25 Education would be spending almost an average of R29 000 in terms of

tuition fees and depending of course on the University up to R43 000. And the national average clearly in our Universities when you take the previously disadvantaged Universities it will be about R36 000 per annum. This does not include the resident fees that range from R10 000
5 to R49 000 per annum but also it excludes food which ranges between an average of R23 980, almost R2400 per month for 10 months and then clearly some books that would still be an additional cost on these particular public servants who are not receiving any assistance from the employer. So clearly it is that the average annual total cost of higher
10 education, just below 50 percent of the average salary of this particular teacher.

And clearly when it comes to the issues of meals we, some of us as the general secretary of SADTU I see it in the University council where we are dealing with students who clearly, some of them literally
15 drop out because they do not have meals and I have personally witnessed some of the Universities where I serve as a council member where literally those particular students do not have meals because they come from these particular families.

So in terms of the next slide it is just an indication of where we
20 are but also taking into account that the Minister has announced that this missing middle will be assisted in 2017. So clearly the slide that we are presenting is just to show the average salaries of deputy principals, HOD's and the principals that were reigning from 2008 up to 2016 and clearly it is that those who will be covered by this will be a sizable
25 number and we appreciate that because clearly when you look at their

salaries falling within the joint income of R600 000 a number of them will then be covered to a certain extent.

JUDGE: Mr Maluleke are these posts that you cite here secondary posts or are they primary education?

5 MR. M. MALULEKE: Well in South Africa the salaries of teachers are the same from primary to secondary school, so this is just general education band they are not including the colleges of education or technical colleges, they are just merely salaries of a primary school teacher up to Grade 12 to a secondary school teacher Chairperson.

10 JUDGE: What is post level one then?

MR. M. MALULEKE: A post level one would be a teacher who is not occupying a promotional post, a teacher who is literally spending the whole 7 hours teaching in the classroom.

JUDGE: And could that be a teacher anywhere from the most basic level
15 to Grade 12?

MR. M. MALULEKE: Yes from Grade 1 to Grade 12, they earn the same salary apart from your Grade R teachers. The Grade R practitioners are earning R5000 per month and they are not covered in this particular scale because they do not form part of the formal education system.

20 JUDGE: All right.

MR. M. MALULEKE: Thank you Chair.

JUDGE: Thank you.

COMMISSIONER ALLY: Perhaps to clarify also Mr Maluleke the R228 984 is the starting point of that particular notch which might range from

that to a certain range which then takes into account the experience of that post level one teacher because there is one, as you indicated it is 5 years, another one that is 20 or 30 years which will indicate why there is that difference, is that correct?

5 MR. M. MALULEKE: That is correct Chair.

COMMISSIONER KHUMALO: The Grade R determination, who makes the determination? You are saying because it is not formal?

MR. M. MALULEKE: Well because education is a concurrent power, the determination is made by the members of the executive council in each
10 and every province. So province A may pay R4000 and another province pay R8000. So like for an example KZN is paying R5000 whereas Gauteng is paying R8000 so the rest of the other provinces are below R6000 so the determination is made by the MEC without any collective bargaining because the sector is not yet declared a formal sector.

15 ADV. T. MABUDA: Mr Maluleke before you proceed, you have indicated that you are aware that the department will be providing support to the missing middle children during 2017. Has SADTU considered or has SADTU seen the ministerial task team report on the support for the missing middle and does SADTU have a comment on that specific
20 report?

MR. M. MALULEKE: Yes sir we have seen the recommendation. For now we have just generally accepted the fact that we think that a number of our members will be covered within that particular provision and clearly the comment that we would want to make would be that that is
25 not a sustainable solution itself. I think because the commission is still

working on that, it is just an adhoc kind of assistance that will be given because we are still equating the results of the commission. So we have seen the ministerial task team that has made that particular commitment.

ADV. T. MABUDA: Are there any specific issues that SADTU takes
5 exception to in terms of the report, that when you indicate that it is not a satisfactory model at present?

MR. M. MALULEKE: Well because we have taken it as something like it is a temporary arrangement that has been there. Our issue with the ministerial task team for the R600 000 clearly it is that it is still low,
10 because whilst still taking into account the fact that it is a joint income that the public servants would be covered as part of the missing middle, you have a situation where the very same public servants would find themselves in a very difficult situation because it is not like the assistance that is going to be given to them is going to be 100 percent,
15 clearly.

But also that it is that, it is the fact that there is not going to be any increase in the fees or in the tuition fees, but we know that in 2018 there will be increases. We do not know what then happens. Is it going to remain at R600 000 or is it going to be upped annually to be able to
20 cover the fact that the cost of education is not going to be stagnant. The Universities will keep on increasing them by 8 percent or even more. So therefore that particular threshold of R600 000 may not really take into account the difficulties these people are facing, however we have just accepted it as a relief that we are seeing because our position is still that
25 education is public good and therefore the state needs to be able to take

care of the poor and especially those who are struggling.

ADV. T. MABUDA: I know that you deal with the aspect of the education being a public good later in your presentation. I just have one question in relation to the ministerial task team report and then I will let you
5 proceed with your presentation. Does SADTU have a position in terms of whether the support should come in the form of a grant or a loan? The support to the missing middle, should it come in the form of a grant or a loan?

MR. M. MALULEKE: Our position as an organisation is that it should
10 come as a grant instead of a loan because already if you bring it as a loan it is going to even increase the number of teachers who are resigning from the system. We may not be dealing with the DA but we have had to suffer 27 000 teachers resigning, and the simple thing is that they tell you, look Maluleke you say that we must not resign and take our
15 pension money but look my child is at University and I am not able to pay for the tuition fee at the University including residence as well as, you know meals and therefore I have to do this.

Secondly is I am not able to afford housing and therefore I have, I am 48 years old and I have been working for the department for 25
20 years and I have not received any assistance. So we take it as we need a grant, however we will then be convinced when we debate or dialogue as a country in terms of how best we can be able to assist them. We are not really steadfast in saying this should happen, but we are open for persuasion.

25 JUDGE: Thank you.

ADV. T. MABUDA: You can proceed with your presentation.

MR. M. MALULEKE: The second area that we deal with on this missing middle as we deal with the contextualisation, we in terms of our slide there we are dealing with the commodification of education. We have
5 acknowledged and we have supported openly the Fees Must Fall and therefore we need to really put it very clear that as an organisation we do not support violence, we do not support the torching of properties, we do not support intimidation and the attacks that some of the students have suffered. However we have just supported the struggles of the students
10 on the basis that public institutions, as part of the Universities, we saw a situation where they have turned themselves in to really providing a second home loan by making education not accessible, not available for the poor. So we are saying that the commodification of education is one of the areas that we need to deal with because education cannot be
15 sold. We believe that it is a public good, it is a civic good and therefore it needs to be given to our poor students, especially from the working class who have been denied.

But we also believe that we need to develop the system and opportunities that allow the poorest of the poor to attain education which
20 is qualitative, education which is available and accessible to them through assistance from the government. So the commercialisation and commodification of education through what we call global education industry, which are fighting for what we call 4.4 trillion dollars and having seen this particular opportunity in education, it is something that we are
25 saying needs to be haltered because we believe that it will close the

doors of learning for many of our poor students in higher education as well as further education and training. So our argument therefore is that education should always be treated as a public good by institutions and therefore it should not be profit making in our country, especially where

5 we come from as a country that many of our students are still in the rural areas not having access to many facilities and therefore if you sell education clearly is that it is going to be afforded by those who have got the money. We want to also emphasise the fact that those who can afford must be and should be able to contribute in education and pay for

10 education, however the poor must be assisted.

JUDGE: May I just ask you, SADTU membership, does it include educators in private educational institutions of higher learning?

MR. M. MALULEKE: Currently we do have a few members in the private institution especially the churches, those who allow us to organise. But

15 profit-making institutions in the country, whether primary, whether it is technical college which is private, they do not recognise unions in terms of mobilising and unionising those particular teachers or lecturers in those schools, but the churches which were established a long time ago as independent schools assisting government and not for profit, do not

20 have a problem so we do assist those particular teachers.

JUDGE: Thank you.

MR. M. MALULEKE: Thank you Chair.

ADV. T. MABUDA: So Mr Maluleke just before you proceed, on the issue of commodification and commercialisation, we have received evidence

25 from a lot of Universities that have indicated that in essence they are not

running a profit on a yearly basis, the amounts that they generate from fees including the subsidy is used for expenses mostly so what is SADTU's understanding of these two concepts and why would you say that education is being commodified and commercialised?

5 MR. M. MALULEKE: We wanted to contextualise the support that we threw behind the Fees Must Fall, because we were afraid that if we do not support the struggles of the students to the extent that indeed we support our public institutions to remain public, the gap that was going to be opened there was a gap of private providers coming in, and we know
10 they have made serious applications to the Department of Higher Education especially in 2015/2016 taking advantage of the fact that there is destruction of property in the higher education institutions, there is violence and clearly many of the students feel that look we are no longer safe and clearly then they will go into the private institutions.

15 So we came in and supported that so that we are then able to find a solution where we can save the public institutions in ensuring that they continue to provide education. Clearly ones that are not for profit-making, the issue is that the education or the fees that they are charging are really not affordable to many of our students in the country. So when
20 I said that education should not be applying for a second bond because you know, it should be different, it should be taken into account the fact that look we are a country that is developing, we have adopted a developmental state, we need more students to be educated, to be trained, to be skilled so that we are then able to grow our economy.

25 So we see it as a hope for us and we do not want, you know,

what we call the private players to come in and then really exploit the situation that the Universities are no longer able to operate. We wanted to save the year or the academic year of the students when we supported so that we are then able to bring them on board, talk to them
5 as the students and as the teachers at a union movement and then saying to them look let us talk, let us find a solution rather than to see what is happening in that particular institution. So we re-emphasising just the fact that it is a public good because we see the Universities not really also playing their role in assisting us to find a solution because
10 once we are seated with the problem they then are able to up the fees and upping these particular fees does not take into account the real problem that we are facing as a country.

ADV. T. MABUDA: The reason I was asking was because, at least my understanding of the students demand for the decommodification of
15 education is that education is a right and the charging of fees itself is commercialising or commodification of education, what is SADTU's comment on that?

MR. M. MALULEKE: Well we have a different understanding and that is why we are saying whilst we are supporting the fact that the poor
20 students from the working class backgrounds must be assisted. We also are clear that there are people who can afford to pay education and in paying the education to us is not that it is being commercialised when you pay in a public institution. It is the same in our high schools, those who can afford to pay the high schools they do pay, although I would
25 have loved a situation that through the general education it should be

just 100 percent free. However we are mindful of the fact that we are a country that is developing and the resources of our country really are being contested in terms of many other things that we have still got to do in our country. The health system is collapsing, our infrastructure is
5 collapsing, we sometimes suffer from no electricity, you know and then we need to do many other things.

So we are saying that those who can really afford to pay let them pay so that the Institution of Higher Education must be able to maintain the high level and high quality of education in terms of infrastructure but
10 also in terms of being able to employ lecturers in numbers so that they are then able to assist us to expand this particular right or this particular public good to many students who have been closed because they could not be able to do that. So we differ slightly with the definition of the fees that are being paid to a public institution as commodifying education. To
15 us commodifying education is when you deliberately want to declare a profit, like many other schools in the country that are listed on the Johannesburg Stock Exchange where deliberately their ethos and their business model is based on the fact that you must see the student as a consumer, you must see money when you see education and therefore
20 you sell that particular education. If you do not have money you cannot go there and therefore declare profit for the shareholders on an annual basis. And we can say it is very lucrative if you look at the Johannesburg Stock Exchange. Many of the companies are going for that because they see it as an industry that you can make more money
25 because obviously they argue that the government or public institutions

are not able to utilise the budget that they are given efficiently and effectively, therefore they can utilise it so that they standardise education and cost-cutting measures and then use iPads which are controlled from one centre to tell you what to teach and what not to teach at a particular
5 point in time in the form of technology. We see that as an infringement into what we see as a profession, what we see education as a public good that can assist us to do this. So we differ slightly in terms of that with them. We believe when they talk about public good we agree with them, but when they say that nobody must pay we do not agree with
10 them.

JUDGE: What is your attitude to institutions like Boston College where education is made available to the public in the private sector? We have been told that there are something in the nature of 120 000 students at institutions like that. In some cases such institutions are supplying
15 courses which are not available at public institutions and in other cases they are supplying the same subject matter, have you a general view on that?

MR. M. MALULEKE: Yes we do Chair, Honourable Judge. What we are saying about those particular institutions is that those who could afford to
20 be in those particular institutions can pay in those particular institutions, however the majority of our people we are saying must then receive education of quality in our public institutions. Developed countries if you take for example Germany, Finland and the others, they believe in public education, they believe in public institutions, very few private institutions.
25 So we do not have a problem with the Damelin and Boston Colleges and

so forth. They are private institutions, they have got their own philosophies, however where they start declaring profit is where the problem is because then they are reducing education into a commodity. And therefore we will have to have a dialogue with them because if they
5 come in like the churches for example, the churches in this country, they have educated many of our leaders, they say look we see a gap here, you do not have this particular engineering course in all the Universities and we think that we have got the resources to be able to offer it at affordable tuition fees for those who can afford it. We would support
10 them 100 percent because at least there is a gap and they want to assist us to be able to expand this particular public good to many of our children in our country and so forth. So however once they start speculating in the stock exchange or the securities exchange, they have now reduced education into something else and clearly it is that if we do
15 not stop that particular movement that is growing globally we will end up not having public institutions. Clearly is that government, it is very easy to abdicate their responsibilities and says no if this institution can really manage the budget and they will be able to educate people so cheaply by paying the lecturers peanuts because they are using, I am sorry for
20 that language, I am treading on, I always believe the monkeys and peanuts and so forth, so I really want to apologise for that Judge.

JUDGE: You do not have to apologise.

MR. M. MALULEKE: Okay. Ja so because you are using a laptop or you are using an iPad to teach and therefore standardise education to an
25 extent that that particular education is no longer going to develop a

human being, but it is only going to, you know, reduce education into an instrument and say you are just going to be able to serve a particular purpose and not being a human being that is where we come in as a human rights organisation and say look we do not believe that education
5 must be reduced to that.

JUDGE: Now let us suppose that we recommend free education for the poor and missing middle class or partially free anyway for both of those groups, what attitude should be taken to the private institutions, should similar funding be made available for study in private institutions?

10 MR. M. MALULEKE: Yes Judge, if a poor student goes to study in a private institution because they could not get admission in a public institution, they must be funded fully by our government. So there should be no discrimination around those particular learners whether they are studying in private institutions, therefore even legislation must
15 then change and then say whilst you are a private institution in our country, education cannot be a profit-making business. So you educate but you cannot be making profit around that. I mean in Australia the law is very clear, you can educate, you can have a private institution, in Norway it is the same, you can have a private institution but you cannot
20 declare profit, you cannot do that for profit.

JUDGE: Thank you.

MR. M. MALULEKE: Thanks Chair.

COMMISSIONER KHUMALO: When you are saying it should be free is this for the entire duration of studying or is it certain years?

25 MR. M. MALULEKE: Well for us as SADTU it is that nothing is going to

change to a student from year one to year two to year three to when you are completing your studies. If you are poor you are poor and that is why education is hope for us, that that particular poor old lady or matured lady in Amalamulela Village who is educating her grandchild, 5 believes that that child is going to make a difference once it is funded. So it cannot be year one but obviously you have got to take into account that the student must complete. You cannot have students who are senior students in Universities and they do not complete. They must complete. There must be an issue of quality. There must be an issue of 10 commitment. So free does not mean no responsibilities. Free means that you carry a lot of responsibilities as students to ensure that you complete your studies.

COMMISSIONER KHUMALO: So does it extend to post grad?

MR. M. MALULEKE: Well as an organisation we looked at 15 undergraduate and said that for free education up to undergraduate and then post grad clearly we would argue that particular field, you still would need funding for that as long as you do not break so in other words if you complete your undergraduate degree and you continue for your post grad in terms of an honours, we would still argue that you can be 20 subsidised or be given an allowance to be able to proceed especially in those particular areas that as a country we need, because obviously then it becomes a choice on whether the person has got to continue and so on. But obviously we need to encourage as many students to remain at Universities to do post grad, is it not, given the fact that we are a 25 continent known as a TB continent, a continent that has got only

illnesses and not having many other things.

So you need a lot of PhDs to be pushed and to be supported by government in a particular field so that we are then able to produce as many papers in health, in social sciences and in natural sciences to be able to deal with these particular problems that are there because if we
5 compare the papers that we have in health and compare that with many other countries, even a country like Bahrain, we are not able to compete with it, a very small country. So we need to do that, but it cannot be general. What I am saying is that we need to look at what the human
10 resource needs of our country is and then be able to fund those particular students who want to remain at higher education to proceed and qualify as best as they can.

JUDGE: Thank you.

MR. M. MALULEKE: Thank you. If I proceed with the next slide which
15 deals with public education, I think I have already said a lot about public education. Maybe it is just that I should note this particular slide to then say, clearly this was just a motivation that we must always be able to see education not as a commodity so that we making education a public good because according to the UNESCO this is a humanistic approach
20 for respect for life, human dignity, cultural diversity and social justice through education so we believe that indeed if we could arrive at that particular situation that would be good for our country.

COMMISSIONER ALLY: I am sorry you can complete your sentence.

MR. M. MALULEKE: It is fine.

25 COMMISSIONER ALLY: Okay Mr Maluleke I listened to your viewpoint

in regards to laptops, iPads, technology and that comes from your background as a teacher obviously because you were taught how to teach and what it is to impart knowledge to a person. Now before you presented we had SACCI and the CEO Mr Mukoki giving an idea to
5 expand the way we think about education, namely that you should not think of education as a school being that building where you go to. The same with the higher education institution being a building like the University of Pretoria and that you must go there in order to receive your education, and that this expansion should take into account that the
10 world, the globalised world is moving and that online platforms are also a means to an end in providing that education, what do you say about that kind of expansion and idea?

MR. M. MALULEKE: Thank you for the question. Indeed online education is not something that we can say we do not agree that it
15 should happen because we have always had distant education through UNISA for many, many years and so forth. However what I was trying to explain was when eventually what you do with that particular online is to standardise education to the extent that it loses its meaning okay. It loses its meaning like when you have the bridge schools in Africa for
20 example in Uganda and in Kenya where there is a person in Washington or in New York sitting in their particular office and instructing this teacher who is not qualified to teach because he was trained by a laptop or an iPad for 6 months and this teacher has got to teach and say, today this is what you teach and from this page up to that particular page. So that
25 collegiality of education that you know that human phase of education as

then being reduced to something like an instrument, and that is where we have a problem. So there is nothing wrong with technology when you use technology as a support, as a resource but when technology then replaces human beings, but also apart from just replacing them also

5 destroy the essence of education because you want quick fixes. You produce this person who can only sweep, I am not saying that sweeping is not an important thing, I am just saying here is a teacher who has been trained through that particular kind of laptop for 6 months and then the teacher, when the children have a problem with the discipline, that

10 one in Washington cannot press a button and say this is how you deal with this because you need to understand the background of a child, because the background of a child is an input into education. You need to understand the socio-economic situation of the community because it is part of the input in education. So you need to use technology for

15 assisting you but not to really destroy the essence of what education is supposed to be, because then it does not satisfy the definition by the United Nations in terms of education. Whether it is the primary or higher education it still remains a public good that has got to produce human beings and not machines.

20 COMMISSIONER ALLY: Well let us perhaps interrogate that further because it seemed that you do not have a problem with it and yet do have a problem. Now the proposition put by some with regards to online education would be this, you would be able to transpose, the lecturer would be for example at the University of Pretoria and students,

25 wherever they are in the rural areas or wherever, would log onto the

laptop and have a face-to-face, each of them would be able to see and you will recall that you have a similar kind of thing, not that it is, it is an assistance at the moment in terms of educators on TV that are doing certain syllabi on TV to help students. Now this is in higher education
5 where you are able to provide your lectures on this platform. So I just want to get clarity whether you have a problem with that kind of innovation.

MR. M. MALULEKE: As I have indicated that you have got to understand that content and the delivery of that particular content may
10 be different, is that here is a person who is using the technology to deliver the content. So SADTU does not have a problem with online, we have received some kind of an online when studying with UNISA and so forth but what we would want to guard against is that we even go beyond and impact on the content that needs to be given to the extent that the
15 student who is sitting in a lecture room eventually is reduced into some kind of a robot who is not able to interact with that particular content that is being given. So whilst you may use a television to do that it should be part of how you accelerate education, how you reinforce particular issues, but the student would still need somebody to assist them.

20 COMMISSIONER ALLY: So therefore a further discussion would have to take place in terms of how this innovation lends itself to better education without taking the quality away, because I think from where you are standing all you are interested in is the quality of the education that you are providing to whoever is receiving it. Is that correct?

25 MR. M. MALULEKE: That is correct but also whilst it is quality, it is this

particular human being that is going to graduate from that University, what type of a human being are you going to be able to produce so the outcome is very important for us. So in terms of the peoples education for peoples power which basically was conceptualised through the Freedom Charter and implemented or we took it further in 1986 through the National Education Crisis Committee or Coordinating Committee, it is putting an emphasis on what we believe as education which produces self-standing human beings, producing critical human beings that are going to be able to participate in the economy, participate in the day-to-day running of our government, running of our institutions. So without really going at length is that that is why we believed that if we were to afford this particular students assistance in education we can be able to achieve what the Freedom Charter has already put as a programme to say open the doors of learning and culture. But obviously the issue of peoples education for peoples power is that again it goes back to then say if you say peoples education, is it an education that is going to produce robots or is it an education that is going to produce human beings who can live together in peace and be able to build their country so we wanted just to contextualise that so that you understand where we are coming from as an organisation.

COMMISSIONER KHUMALO: Other than the Freedom Charter, what other legal instruments have you guys relied on in assembling your position?

MR. M. MALULEKE: Well as I have said commissioner when we were doing this we were in a hurry. We believe so much in the UNESCO

position in education, because UNESCO's position as we can take it for many years has always been regarding education as an opportunity, a life experience you know being able to give that particular young or an adult person that particular chance in life. So it is one of the legislative things that we are relying on, especially the United Nations and the UNESCO, but we also relied more on the yellow book of the African National Congress, you would understand that we are part of their alliance, so it has always been giving a clear programme in terms of what type of education we must have especially in higher education because we needed a transformative education.

A purposeful education is dynamic, it is that it needs to respond to the question of the day, the resources or the minerals in our country, what are we doing to ensure that we are able to skill our people to be able to beneficiate but more than that to be able to even do a hanger because I see we are buying hangers from China, even something that is very simple that to hang a jacket I still have to buy that. So then education that we were looking for was an education that could be able to empower us so those are some of the instruments that we have looked at and we did not go into an in-depth research, I must indicate, because we did not have enough time because we were very busy last week.

COMMISSIONER KHUMALO: Just another question, as the missing link though at this stage, the progressive nature of the right that comes from this, do you think it is being served, for lack of a better word, at this stage, do you think the rights that are bestowed by those instruments,

the government has done anything at this point or are we starting afresh as if, you know?

MR. M. MALULEKE: Look as an instrument the budget of the country has always been favourable to education because acknowledging the
5 backlog that we have in education, it is not enough. Though we may be saying it is 6 percent of the GDP that we spend on education we are seeing gradually that more money is being put into higher education to service this missing middle but it is only recent. Okay for the past 19 years we have not been able to benefit as the missing middle especially
10 when it goes to higher education, though the other part of education we have benefited because we have got no fee schools and so forth, although it is still not enough because you are not going to address that in 20 years when you have the rural schools that were not built by government, they were built by our parents and they are not up to the
15 standard that is required. But still we improvise and produce scientists from those particular schools so there is a part that government has done but there is a lot that still needs to be done, let me be honest. There is a lot that this country, we still need to do in education, especially if we take education as priority number one in our country but also if we
20 understand that education can help us to a certain extent to deal with the triple challenges in our country.

COMMISSIONER KHUMALO: In terms of priorities education is an apex priority.

MR. M. MALULEKE: Yes commissioner it is, it is. Look in terms of a
25 decision and a policy position of government, but also practical in terms

of the budget. The budget has not been decreasing, it has been keeping up with the need because indeed you acknowledge the problems that are there and the increases in NSFAS, the increase now that we have seen through this particular budget, it is the highest since 1994 in higher
5 education so but I am saying it is not enough. I think that is the way that I can say it, but it is not that the government has not done anything. The government is trying to do everything and therefore it is not going to be government alone, we have got to come in and assist the government to ensure that we are able to achieve this particular priority number one or
10 the apex priority of government.

COMMISSIONER KHUMALO: Thank you.

COMMISSIONER ALLY: Mr Maluleke all I can say, because you said you had time constraints in developing your testimony for the commission, I would like you to perhaps give further thought. The
15 instruments that Commissioner Khumalo was trying to bring to you is what the constitution says, what the Freedom Charter says and so forth, where the issue of education is dealt with. We do not want you to put a position that you have not thought through but if SADTU has a position on those particular instruments and whether they are being achieved or
20 not we would appreciate that.

MR. M. MALULEKE: Well in terms of the constitution of our country as an instrument having declared education as a right, as I have indicated is that the government is trying, we have not achieved it, okay we have not achieved everything that we would have loved to achieve because
25 obviously there are limitations that are also there that we need to

recognise. However we cannot say that nothing has been done. That I think is the point I wanted to put forward, is that there are attempts to address these particular issues and this is one of the most important areas that you are doing to try again to say, look the constitution says
5 that education is a right and therefore where possible it needs to be done.

There are so many other things that we have not achieved which would then translate into quality learning, for example the issue of language in education, which is very fundamental for any other human
10 being, is something that we are lagging behind around that. That is why the students are talking about decolonisation. We have seen the struggles in Pretoria University where the issue of language came in very sharply and so forth. Those are the things that the constitution is very clear about them however we think that these are the areas of dialogue,
15 the areas of engagement where we can say how do we achieve that which the constitution is very clear, it is not ambiguous and therefore we deal with those particular issues.

COMMISSIONER ALLY: The issue I was referring to was the specific one of Section 29, and this is why I did not want you to perhaps engage
20 at the moment because the response could be philosophical as well as legal and I am saying to you take the opportunity to engage with the text as well as what other people have said and if you are able to give a position you can still provide it to the evidence leaders after that, taking into account you never had the time to delve into a lot of the issues.
25 That is all I was getting at with that.

MR. M. MALULEKE: Thanks commissioner, thanks I really appreciate that. We will look into that so that we can, if that opportunity and window is still open for us to go back and present that we will do so by submission we can do that, thanks so much. We again wanted to
5 present a situation and clearly is that others who have come before us might have presented the link between education and economic growth. We think that if indeed we can arrive at a situation where we are able to afford our students that access and that availability of education of quality, it will improve the human capital in our country as a labour force
10 but also critical in our country we would know is the issue of productivity. And we think that with quality education empowerment that can be given we think that we can be able to improve the productivity of our workforce in ensuring that we are able to grow our economy. That is very fundamental for us because it is not just about being educated, it is
15 about how we use the skills that we have attained to ensure that we increase our productivity, just like in any other developing countries that have really progressed from where they come from just by merely empowering their people to be productive and it is support that needs to be given.

20 But secondly it is about, you know, the innovation in terms of capacity of the technology to really bring the elements of innovation in our people to produce new products but also in improving our processes through our education. We think that we can be able to address the issue of unemployment and the issue of poverty and inequality in our
25 country. But we also believe that linking education to the economy is the

facilitation of that diffusion and the transmission of information that we need to understand and process new ideas you know to successfully implement these new technologies that are required today in our workplaces. So we think the higher education plays that particular
5 important role in empowering our students in this particular regard so that we impact on the economy. We will just summarise the limitation of the current system.

COMMISSIONER KHUMALO: Okay I just wanted to check, we had Prof Makgoba the other day and he was giving us an impact of having a
10 higher percentage of graduates in the country and he was linking it like you are to the economic growth and he was talking graduate specifically. Do we link this to the vocational training as well, the Tvet's?

MR. M. MALULEKE: Yes commissioner we do link that and we are aware that yes indeed we have got so many graduates who are in the
15 streets not working. It is what the students are also demanding to decolonise education, make sure that the human resource plan in our country addresses these particular issues so vocational education like we are beginning now to say even in the basic education, let us re-curriculate the programme that we have to ensure also that we introduce
20 these other vocational side of education so that we are able to have people who can create employment for themselves but obviously participate actively in the economy so we can do that.

I always ask many people Honourable Judge, to then say when you wake up in the morning and your tap is broken you are not going to
25 get a South African in the street to fix your tap you are going to get our

brothers and sisters from other countries because their education system was such that they were afforded that particular opportunity to then say apart from your academic subjects that you are choosing, here are the two main vocational subjects that you have got to do, either it is
5 carpentry or it is going to be plumbing and therefore after Grade 9 they are then able to make a living for themselves so then you are able to address the issue of poverty, the issue of unemployment but obviously critical is that that person is actively participating in the economy and then helping to grow the economy so it includes those people.

10 The limitation, as I was saying, just to summarise the limitation of the current higher education system, critically where we started seeing it in 1998 which ran a counter to kick also the white paper, was the drop in the retention rates of students in the public higher education institutions, and secondly was the historically white Universities continue to have
15 considerably high retention percentage than the historically black Universities, and there is a reason for that. And therefore these are the limitations, the large number of financial exclusion started being observed at that particular point in time and this has been growing and then we have not been listening and I think that is the word that I can
20 use. We have not been listening.

We should have seen it coming that the exclusions kept on increasing when we opened up the Universities, the measures and then we increased the number of Universities. We were chasing a target but when we were chasing that target we did not respond with the resources
25 that were needed for us to be able to address the system so that it is

able to have a better retention. So these financial exclusions who were refused permission to register because they have not paid what they were owing but also that they needed to register before they can be paid. These are some of the problems that the Council for Higher Education
5 and Training looked into them but again we did not respond to that and we think that had we responded at that time we would not be in a situation where Universities had to be torched. Not that one is really encouraging violence but we are saying that we did not listen to each other.

10 ADV. T. MABUDA: Mr Maluleke do you by any chance have the numbers in terms of what proportion of these students that drop out is attributed to financial exclusion?

MR. M. MALULEKE: Well because of the rush that we did, we did not put into that. However in terms of the work that we are still going to be
15 doing, we can provide the number of the students. But for now we do not have the actual numbers, but we think the missing middle is where predominantly the students who were not allowed to register constitute the biggest number because these are the students that did not qualify for NSFAS and therefore they were relying on the Eduloans and so forth
20 and so forth. So they are a sizable number. We do not have the actual figure we can always produce that figure when we do the submission next.

ADV. T. MABUDA: In addition to that are you able to give us a number in terms of the population of the University or of the higher education
25 students, what percentage of that consists of the missing middle

students?

MR. M. MALULEKE: Yes we can provide that in the additional submission that we can make so that we can then categorise the disadvantaged, the previously disadvantaged as well as those who were
5 advantaged then we can still provide that particular information in whatever form that can assist the commission to deal with this particular missing link, the missing middle students.

ADV. T. MABUDA: Would these numbers also cover Tvet colleges as well?

10 MR. M. MALULEKE: Well the numbers will not cover the Tvet colleges, we will only be covering the higher education in the form of Universities because the Tvet colleges to a certain extent, poor students have been assisted, to a certain extent they have not been excluded in the Tvet colleges. There is no exclusion in the form of registration, in the form of
15 you having to pay your debt first or having to enter into an agreement like the exclusion that was happening there so the Tvet colleges are far different from our Universities but if the commission would want us to provide that, the number will be very small of the missing middle in the Tvet colleges but it will assist to an extent. We can provide that in our
20 written submission.

ADV. T. MABUDA: Thank you.

COMMISSIONER KHUMALO: I am saying the retention rates that you are saying there was a drop, is the drop purely on financial exclusion or do we also include the academic drop outs and exclusions or just social
25 issues?

MR. M. MALULEKE: Well we are bias towards the poor students, so clearly it will be on the financial basis. It will be on the financial basis, majority of them were excluded on the financial basis. Academically you will have senior students and so forth so we can address that but for us
5 critically is the financial exclusion clearly that is the major, major issue. Then as we are dealing with this particular limitation of this current system in higher education, the issue of the loans and the banks not being able to provide but obviously the Universities were forced to produce cash flow as part of them being able to be granted some
10 overdrafts or whatever by the commercial banks.

This forced the Universities obviously to then follow the question of payment systems by our students to the extent that clearly it caused more and more problems by excluding these particular students because the banks want that and the Universities needs the banks behind them.
15 And so the banks were supposed to be sensitive and we hope that as they make their presentation they can assist us to then say, because the banks must help the country to develop what is their role is in making sure that indeed the Universities are not confronted with stringent systems that they have that will end up forcing the students not to be
20 able to complete their studies. So we do not want to you know bore the commission but that is where the problem is currently where the banks has also contributed to our problems in higher education by demanding more financial exposure by the Universities.

So teachers as the missing middle we are all aware that a
25 financially abled student or those parents who are able to pay University

fees of the access commission and loan facilities so the teacher first has got to be able to afford to go and apply for a loan and clearly because the banks have got a standard, the majority of our teachers are in debt and they are not able to, if we take our own teachers which we are representing, two third majority of our teachers when we were doing a survey in terms of what are the killers to them, the first was that we are indebted to financial institutions in the form of a housing loan or a student loan that we are paying and therefore it was a huge number of them. We do try to assist them but it was not going to be possible to assist each and every one of them.

So this missing middle, they do not qualify because of the threshold of 120 000 per annum and you could see that in 2016 a teacher who has less than 5 years in service will be earning about 228 000 clearly it is outside this particular threshold so therefore they were not able to be catered for. So whilst the NSFAS was going to be able to cater for lower middle class children and professional teachers unfortunately the threshold has excluded our profession.

So there was an assumption which is still there that look you are a teacher you are a professional therefore you can qualify to get a student loan or you can be able to save and so forth, the reality is that the living standard put these people at a disadvantage because they have got to deal with a number of things with the salaries that they are receiving and therefore they are not able to satisfy that particular assumption that because they are the middle class they can be able to access commercial loans for education. It has proven very difficult

because the majority of them they do not even own fixed assets, as I have said at the beginning and therefore they think that the most important thing for them at 48 years, 45 years age, they need to have a dwelling they need to have a house and therefore they have got to
5 choose between educating the student or going for a housing loan.

But commercial banks of late have not been able to even grant them these particular bonds because of their financial situation and the level at where the threshold of government in terms of the housing system was that you can qualify for a housing loan of about R270 000
10 now there is no more a decent house for 270 000, you cannot find it so that threshold again had confronted these particular professionals for not being able to get the housing loans from our commercial banks therefore it led to the resignation in their employment to then access their money, go and build with the hope that you can come back because the country,
15 we still lack teachers in numbers and therefore they come, and some of them they do not come and they become a burden of the state eventually because if they are not able to be reappointed into the department they are then going to have to queue at SASSA for their pension at a particular point in time. We do not think that is a circle that we would
20 want to see, it is a vicious circle that we do not want to see. So these particular assumptions need to be understood that that is why it has forced us to then say that we need to be assisted.

We have done other things commissioners, like going to the government employee pension fund and say to them, cannot you create
25 a housing scheme just for the teachers, for the public servants so that at

least they can be assisted so that they unlock some of their disposable income towards the education of their children because it was a realisation that they are not being assisted so we needed to come up with other things but obviously it was also about the dignity of these particular public servants, in particular the teachers who are 48 years, 50 years who does not have a house and so but as a result it was clearly about them being able to have a bit of disposable income to service the debt that they have with the Universities and the other lenders who are not following the strict rules of the bank and therefore they take their ID's, they take any other form of identity and their ATM cards and therefore as teachers, as professionals would have to go and beg them to allow them to access their money month-end and so forth. So that is the reality that we are dealing with throughout so we think that we are left out.

15 ADV. T. MABUDA: Just on this issue of student loans for education, do your members find institutions like Eduloan useful in the sense that they offer more favourable interest rates for education?

MR. M. MALULEKE: Well they do that however they have experienced a problem again because some of them as they went out to take loans from unconventional lenders, they do not have an ID, they do not have other things so Eduloan is not able to grant them the loans. Whilst it was helping a majority of our members basically as teachers were not able to access Eduloan as a result that it still has to follow the conventional way of credibility and so forth, which the majority of our members are suffering from.

25

JUDGE: Where do you stand on the Funza Lushaka business, do your members obtain the benefits of that scheme?

ADV. T. MABUDA: Well the Funza Lushaka is strictly for the entry level most of the time therefore it does not help our members unless our
5 members children who want to do teaching, so it is unfortunately limited because then the scope is that you only can get that when you do teaching not when you want to follow any other career.

JUDGE: Yes.

MR. M. MALULEKE: So in this missing middle the problem remains the
10 large gap between the rich and the poor in terms of this missing middle. So we have stated the issue of this annual number of teachers resignations per annum there are so many, we will provide the actual numbers because the five financial years is 14 000 but we have heard more and then we can, if allowed, we will do that so that we give a
15 scientific figure to you in the written submission just to see the problem of resignation in our institutions and the impact that has in terms of experienced quality teachers who have left the system due to the fact that they were not able to afford the education of their own children.

Some, like the question came, this resignation may be as a
20 result of ill health you know death and many other things however what we are interested in is the resignation of the young, strong, active teachers who have a desire to see their children going somewhere in life and not being able to be assisted so we can provide that particular information to the commission.

25 ADV. T. MABUDA: Mr Maluleke in terms of those resignations, I am not

sure if you are referring to the issue of, is there any indication of where these teachers go after they resign, the younger ones?

MR. M. MALULEKE: No, as I have indicated that some of them they resign with the hope that they will come back. Now the Minister has
5 since issued a circular that says do not employ them when they come back, employ the Funza Lushaka graduates okay, and clearly there is a fiscal consideration is that these people must pay the loans that were given through Funza Lushaka, so employ them and prioritise them but a school suffers because a school needs an experienced maths teacher or
10 an experienced IsiZulu teacher and the school is denied that particular right to re-employ this particular teacher who has resigned on the basis that they must take a new teacher who still has to be oriented, who has got to be inducted and be able to assist us. So it impacts on the quality but also impacts on the morale of the school because once you are
15 refused to re-employ these experienced teachers, clearly it is going to impact on your results come the end of the year and the principals then they end up also resigning and joining the teachers, despite the fact that the principal to a certain extent could be able to afford a commercial loan to educate their children as you can see from the figures.

20 However some of the principals then resign on the basis that look our country is chasing the numbers, it is 80 percent or 100 percent pass, now if I cannot have that teacher who teaches physical science and mathematics in Grade 12 and you give me a new teacher who has no experience instead of allowing this teacher to graduate and be able to
25 teach I would rather resign because the problem is they are being

embarrassed, they are being humiliated in all these meetings that the MEC's call, some in Mpumalanga had to leave a meeting in Standerton and walk home because of poor results. Just a principal who is a parent who has the teachers, who has been leading because his results have
5 dropped have to leave a meeting because he says, I am telling you now walk out of this particular meeting, you are fired, go back home.

And sometimes it is that we do not appreciate the fact that it is not them who create the conditions, the conditions are there already that this particular learner has had particular problems and they could not
10 pass but the principal has got to take that so if you say that they must not re-employ these particular experienced teachers in a way you are contributing to the low morale that we see. I do not want to motivate for my teachers but I am merely saying that they are there some are employed some are not employed so they will look for other greener
15 pastures and we are losing the human capital in education and that is a concern for each and every citizen of our country to lose experienced and highly qualified teachers.

COMMISSIONER ALLY: Mr Maluleke just for me to understand, are you saying that those particular teachers that resigned are now being treated
20 as the VSP, voluntary severance package teachers, from the late 90's and early 2000's, in other words when it happened then and you resigned with the voluntary severance package you could not return without the permission of the head of department, you are now saying there is another circular from the Department of Education or the
25 provinces that indicates where a person has resigned that person cannot

return if there is a Funza Lushaka teacher that can take that persons place, is that correct?

MR. M. MALULEKE: Yes commissioner that is correct. The only slight difference is that when you retire on a voluntary severance package you do not get punished to receive your pension. This teacher has taken a knock in terms of the tax because has not reached their retirement age so there is that particular circular that says clearly you have to prioritise Funza Lushaka. The way forward that we would want to propose to the commission, we want to firmly say that a call for free higher education is a necessary call, we are also emphasising the fact that it is still that is for the poor in the short to medium term where we are clearly saying that the poor should not and must not subsidise the rich, the rich must pay.

We are also saying that the parental income threshold must be revised as an immediate urgent measure to accommodate the missing middle. We appreciate the 600 000 however we are saying that it needs to be revised. We are also proposing that financial capital through institutions and big monopolies like the South African Chamber of Commerce and the South African Banking Council and many others must contribute in the covering of the costs of education they have to play a developmental role in our country. We also call even multi-national companies that are repatriating the profits from our country as we have seen that the former president Thabo Mbeki was assigned by the African Union to look at the outflow in terms of tax havens and tax avoidance by these, we need to strengthen those because we think that if we are able to collect enough taxes and not allow multi-national

companies to do what they are doing in our countries we can be able to fund a free higher education.

We are proposing that the concept of education tax, the target in capital must be properly researched and the relevant legislative
5 framework must then be developed to address that so that we do not just come up with something that can create problems into the future however we think a scientific approach must be found to ensure that indeed an education tax is something that we can consider and we are making a firm proposal to the commission.

10 ADV. T. MABUDA: Mr Maluleke before you proceed the education tax, what form will it take, is it personal income tax or are we talking about corporate?

MR. M. MALULEKE: We are talking about capital, corporates that is why we are saying targeting capital you know forgive our language, capital to
15 us is corporate, it is multi-nationals it is corporate companies and big monopolies that have the money so we need to tax them.

ADV. T. MABUDA: In the previous presentation that we heard today as Commissioner Ally had indicated we had SACCI here and the issue of increasing corporate income tax was raised and the understanding
20 seems to be that if that is increased ultimately what these corporates are going to do is they are going to move to different jurisdictions where the tax rates are lower which will then contribute to lower employment and so on and so forth, can SADTU make any comment on that?

MR. M. MALULEKE: Well we need to be engaging, that is why we say
25 research it so that we allow them to engage with us and all of us. One is

that it is time that they become patriotic because we still do not believe this threat that they will run away, of course I may be dreaming here but I still do not believe this thing that they will run away because we still have mineral resources in our country that have not been exploited and they
5 still need them so it is important that they ...[intervenes].

JUDGE: Well it may be that their shareholders will run away.

MR. M. MALULEKE: Well the shareholders will be looking at profit in terms of whether they can make a profit, they are still making a profit. Since 1994 they have made huge and beautiful profits and I think that we
10 should not just take that and say because a business forever say that no look if you do this, this is what is going to happen. The issue is we need to research and say what happens in other countries in terms of corporate tax, what happens in other countries that are offering free education in higher education, for example in Germany and others, what
15 happens, who pays for that is it not coming from the taxes, how are they doing it, so we think that if we look into it and find a scientific method and then not exclude them in this particular exercise, engage them, dialogue with them we think that they will begin to be understanding their responsibilities that that which they are afraid of now and they think they
20 can run away, wherever they run to tax havens, they can run to our neighbours here in Mauritius, it is not sustainable is it not, it is just not sustainable.

ADV. K. PILLAY SC: Mr Maluleke can I just put something to you that was raised with us by National Treasury when they made a presentation
25 before us and it was the following, that one of the consequences may not

be the flight of capital but it may be that capital passes on the cost of an increase in CIT to the consumer by increasing the price of goods which will affect, ultimately affect the ordinary workers and drive up inflation.

MR. M. MALULEKE: As we engage with them we also have to be
5 activists ourselves as consumers, we must no longer allow anything that can just be imposed on us as consumers just because people want to raise these huge profits that they take, they have a huge responsibility and a duty to ensure that our country remains stable, that our country is able to grow the economy so we still believe that culturally, they have a
10 culture that they have got to understand when they go to any other country and one of the things that they have got to understand is that the country is experiencing a problem and therefore they have got to come in and all of us arrive at the situation. So they can want to pass that clearly it is that in this country we have got instruments, of course they
15 were laxed a little bit when people were manipulating the currency, it is fine but now we are aware, we have got to be very active and ensure that consumers are not taken for a ride like the e-tolls and so forth. We cannot be taken for a ride anymore.

Lastly as one of our ways forward we humbly request that whilst
20 I have indicated that the Universities deserve to maintain their infrastructure and be able to maintain quality education we think that whilst you are still dealing with this particular you know important issue, can they not be requested to hold on with the increases so that we are then able to address the issue of free education and arrive at a solution.
25 And secondly is that whilst we are still busy with this, can they not also

reconsider the outsourcing of University services as part of cost cutting measures because whilst we are resolving and trying to find a solution retrenching as many people in the Universities is not providing us with a stable country and I think, with my little knowledge, a politically unstable
5 country is mostly the one that will drive the investors away not tax.
Thank you so much Honourable Judge and the commissioners.

ADV. K. PILLAY SC: Mr Maluleke we know that SADTU members are in the main members of the GEPF, that is correct?

MR. M. MALULEKE: Yes ma'am.

10 ADV. K. PILLAY SC: And we had testifying before us Mr Abel Sithole who is the principal of the GEPF, the principle officer and one of the issues that was raised with Mr Sithole was the possibility of utilising through some mechanism, utilising the unclaimed benefits which sit in the GEPF for the purposes of funding a higher education on the proviso
15 obviously that government steps in and guarantees any further claim should the member come forward to claim an unclaimed benefit, do you have a response to that?

MR. M. MALULEKE: Yes I do, we will appreciate any assistance in higher education as long as it is done legally. If the laws agree or allow
20 the GEPF to use unclaimed benefits as long as government guarantees that and that is lawful well we will not have a problem with that because as we have already said that we have also gone to the GEPF and said invest in the housing of the members of the pension scheme because it is their money but we needed to do it in terms of the existing legislation
25 so that no claimant would come and say no look I did not receive my

money, there was a national threat of nationalisation of our scheme and so forth which was not there so we fully would agree with Abel around that particular proposal, of course it is a sizable amount of money it can make a difference.

5 ADV. K. PILLAY SC: I should just correct that that was not Mr Sithole's proposal, it was something that was put to him.

MR. M. MALULEKE: Oh it was put to him, oh no thanks, I will support it that we should be able to can utilise the money on the proviso that the government can guarantee that if the claimant were to come back, I do
10 not know where they are, if they were to come back now and claim their money then they must be paid.

JUDGE: Only on that basis, in regards to is not, we are not contemplating of raiding pension funds or anything like that, neither are we contemplating using money from pension funds without providing
15 some sort of government security, it only goes that far.

MR. M. MALULEKE: No we support that, we support that particular proposal as long as it has got all the securities that are necessary, we would support it. Remember our plea is that we need a stable country, we need a growing economy and we believe that education can make a
20 difference and really any solution that can really afford us a country to have stable Universities that are public we will appreciate that as long as it is not going to again cripple the poor so we want to thank you so much.

ADV. K. PILLAY SC: One of the other proposals or recommendations that have been made Mr Maluleke is that we recommend the increase or
25 an increase in the skills development levy by 1 percent or 2 percent, do

you have a response to that?

MR. M. MALULEKE: Well because I did not give a thorough thinking to this or thoughts to this thing, my problem with the current process is that I see the Minister doing is to take from the skills levy that is where we
5 need to be saying this education tax is where we need to be relevant to say increase the skills levy because again the problem would be that we are not using it for the purpose that it was designed for and I have my own fears around that particular situation so we need something that will directly deal with higher education.

10 JUDGE: Well it may be that the skills levy should be directed into the Tvet colleges rather than the Universities so that it is really directed to the provision of technical expertise.

MR. M. MALULEKE: You have our support if the skills levy would then go and be utilised by the Tvet colleges, you have our 100 percent
15 support.

ADV. T. MABUDA: I just have one last question. I asked you earlier in relation to whether the support to the students should be offered in terms of a grant or a loan. We have received submissions that there is a considerable private benefit to higher education especially in Southern
20 Africa so which basically in that sense the cost sharing model is more appropriate in this country. In your view do you have a comment in relation to the aspect of private benefits of private higher education because in your presentation it seems that you are of the view that it is a public benefit?

25 MR. M. MALULEKE: Our interest sir is for public benefit, is that whilst I

may not have more information around that and I do not want to burn my fingers but clearly is that our presentation is based on our belief that is public.

JUDGE: And what would you say to a loan scheme which only makes
5 the loan repayable if and when a salary level is reached which is appropriate for requiring repayments of a loan and if that level is never reached the loan is never repayable.

MR. M. MALULEKE: Well it is something to consider. I think as we
debate the different scenarios of how we can fund education we may
10 arrive at those particular scenarios and I think it is something that can be considered however from where we stand now it is that particular categories of our teachers need to be assisted through a grant.

JUDGE: Oh yes.

COMMISSIONER KHUMALO: On the last, the outsourcing of University
15 services must be halted, is it not a consideration if it is part of an income maybe a BEE company is a beneficiary of this outsourcing, is the middle class opposed to that?

MR. M. MALULEKE: From the union perspective that look sometimes
this outsourcing is even more expensive than in-sourcing because the
20 issue is that the company that you are outsourcing these particular services has to declare a profit but also it is just to ensure that you cut the costs by the Universities but clearly is that I am not convinced that it is always about you know saving the money for the Universities to be able to provide services to our students, most of the time it is that it is
25 more expensive to outsource.

COMMISSIONER KHUMALO: Is it not maybe that the benefit to it is that once outsourced the workforce gets to benefit from the varsity, like a student gets a discount for having a parent who is a staff member so to speak, so is it just the cost effect?

5 MR. M. MALULEKE: No, no from the perspective where we are talking about outsourcing maybe I do not understand that other one.

COMMISSIONER KHUMALO: It is that you qualify for a staff remission or something if you are employed at varsity so if there is a cleaner or if there is you know a maintenance guy and the child comes to study at the
10 varsity, I think they are entitled to a discount.

MR. M. MALULEKE: Well that is the benefit of an employee, I do not think that it is done only through outsourcing is that an employee of a University, the majority of the Universities if you are employed your child can study for free or a particular amount can be paid. We are talking
15 here purely of outsource services to the Universities, that is a provider to the Universities because Universities want to cut the costs but in cutting those particular costs exploit our workers because they are paid peanuts because the person who is owning the company for cleaning okay pays them not even a minimum wage. They exploit them because they want
20 to maximise profit that is what we are talking about but the benefits by employees of the Universities, if they are employed by the Universities then they get that particular benefit, it is more important because then at least then you have got loyalty for your employees.

COMMISSIONER KHUMALO: But are you not concerned about the
25 increasing HR budget because then the evidence that has been led here

is that the salary budget becomes the biggest expense in the University?

MR. M. MALULEKE: Commissioner I have seen what happened in education when they outsource okay I have seen it, I run a school and I was a principal, I could repair a door for R70.00 because I will go and
5 buy a lock for R70.00, I have seen an outsource company coming to a school of the poor people and repair a lock for R450.00 because government most of the time is being triple charged or ten times charged. So if that particular school were to employ a janitor and employ somebody that we can train to repair those particular doors it will save
10 the money that they are paying for R450.00 to repair one lock of a door where we are not exploiting this person who can give this person a living wage through the government rather than to be using that money. So my experience of outsourcing in education is such that I want to run away because it has always been that it is driven by profit making more
15 than efficiency and saving the money to be utilised by the school. So I do not know how different would it be if the Universities are outsourcing and then it says no look we are not going to increase the number of employees we are going to save here, the issue is sometimes it is not going to be a saving.

20 JUDGE: Mr Maluleke I think, subject to correction that the whole topic of outsourcing is very peripheral in what we are doing if it has any effect at all on what we are doing, that seems to me to be very much an internal matter for Universities the cost of which on the burden of education tuition fees cannot really be measured.

25 MR. M. MALULEKE: Yes Chair, it may not be something that you are

really dealing with it here, we just mentioned it because it is one of the sources of irritation and then our interest is to see a stable there, because as unions really it affects us so we can throw any other thing to the commission because we have this hope that finally we can save our
5 country.

JUDGE: Thank you. Thank you for taking the trouble to come and present and for the work that you have put into it.

COMMISSIONER ALLY: Mr Maluleke in this commission we have received evidence to the effect, which applies to most of your members,
10 that the quality of the teacher that you have is the reason for the dropout rates or not the reason, one of the reasons for the dropout rates of students in higher education. We have had submissions from the Department of Basic Education and Department of Higher Education and Training, we would just like to hear from SADTU in respect of that
15 position as well as what you were doing for your own members in respect of improving their skills because as you know teaching is a skill in itself and if you do not have a position now you could even include it in your additional submission which you will be making.

MR. M. MALULEKE: No on this one I have a position, it is my favourite
20 one. It is that we have adopted an attitude that says that a blame game in South Africa is not going to solve the problem and that is why our attitude is very simple, let us dialogue, let us work together to find a solution. Education input by the teachers can be quantified in terms of what contribution it has and therefore if it contributes to about 16 percent
25 to the education of the child it would mean we need to go back and say

where would we get the 84 percent and that would come from (1) the inputs in terms of the infrastructure in our school, the environment which is very critical in terms of that.

So therefore we need to go back and say if the students are dropping out of Universities because they did not get adequate you know transferable skills for that matter for them to be able to school there, what contributed to that, we need to look at the entire system and therefore the Department of Education had established what they call NEEDU National Education Evaluation Development Unit and I like the words 'development unit'. It was to look at exactly all these particular contributing factors, it is the teachers, if the teachers are contributing towards these particular qualities which we are not seeing we address that particular thing. Now in our country the following happens, teacher development, which is a life-long right to the teacher to be able to teach you know effectively in the classroom because of you have one improved the better potential knowledge of this teacher and the content knowledge of this teacher and balance the two, is that it a right.

Now in this country the budget does not provide for that, it is an excuse that you must go and say from the books to then develop that. Now any manager will tell you if you go to a bank a CEO's pre-occupation 45 percent it is the employees, they must be able to provide a service. Now in our case if the employees who are critical to quality education you do not say anything about it and you say no you must wait when we have got the savings and if we do not have the savings then what happened, the curriculum is changing every day, the world is

changing, it is a system and therefore the teachers are not being provided with this particular service and what then happens ,what do we do when we see this thing.

We have established an institution, not only us, all the teacher unions all of them we agreed in one meeting we are going to help the department train so as I am speaking here we are in the Eastern Cape and Limpopo training the teachers to understand how to implement the curriculum in assisting the department so we go out of the country and raise funds and where possible the government sometimes will give us the funds but obviously until they say so we do that. We have identified principals as key because they provide leadership and then we have got what we call SMT training, we train throughout the country ourselves, because we thought that no look once we are a union we are also a union in education, we also have to contribute from our side in terms of the skills so we are doing that however we think that we will be making a lot of noise all the time to say to Treasury you cannot have an accident and say that teacher development is accidental, the National Development Plan that the government has adopted has put that as priority number one.

It says (1) you have got to develop the teachers, (2) is that to avoid the dropout start at early childhood development, provide the children with two years of socialising them into the education, make sure that they are ready, make sure that they are healthy because at least the 1000 days of their life you will be able to track them and say the mother was going to an antenatal clinic and therefore there is vaccine, the child

is getting the nutrition and all those particular things so if you can guarantee those things, which have nothing to do with the teacher by the way, you can guarantee that in terms of the National Development Plan we are clear that we can address the issues of dropout because it is also
5 our concern.

That is why we have embarked on a programme ourselves as SADTU, every year we go to matric, Grade 11 and encourage them to do their best throughout the year, not during TV January, no throughout the year to then say we want you to do your best, in particular in the rural
10 areas so we want to take responsibility for these children that we send to the Universities. We are contributing and everyone else is contributing, however we think collectively we must then address it so it cannot be that it is this one and that one. So we must address the limit. We have proposed to the department, get your human resource plan right that is
15 the demand of the NDP, which they do not have okay, to tell them what is there, what is not there, what needs to be there on an annual basis so that they are able to address the fiscal consideration of the country to then say can we have so many teachers or not so until they have that and not every time react to a situation and so forth, we cannot.

20 But the last one is standardise. Testing and testing and teaching for tests will not guarantee us a better product at the University because at the University you need a child who can be able to research or a child who has been able to explore alternatives that are there, we have not taught them because we were giving tests and tests and tests and there
25 is a book that is written about us, you must read it, it is very damning to

us, we accept it but the writer is also praising Finland and we praise Finland because there is no testing, it is about the fact that the teachers are being given the opportunity to engage and interrogate the curriculum with their students in ensuring that they are able to say we want
5 accountability, we want productivity, so I take responsibility for our teachers for whatever product, these are our products.

COMMISSIONER ALLY: Thank you Mr Maluleke.

ADV. K. PILLAY SC: Thank you Chair we have no further questions. Chair regrettably we are unable to sit tomorrow so we adjourn until
10 Thursday.

JUDGE: Thursday afternoon?

ADV. K. PILLAY SC: No Thursday morning Chair.

JUDGE: [Microphone off].

ADV. K. PILLAY SC: I think we have got no one scheduled in the
15 afternoon but we have the morning session, in fact we have witnesses the entire day on Thursday.

JUDGE: [Microphone off].

ADV. K. PILLAY SC: I think it has developed since then Chair.

MEETING ADJOURNS

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SET 7 – HEARING 1 – DAY 2

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

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