

# A SUBMISSION TO THE ENQUIRY INTO THE FUNDING OF SOUTH AFRICAN TERTIARY EDUCATION QUALIFICATIONS

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## Introduction

Dear The Honourable Justice Jonathan Arthur Heher

Please accept this submission to The Commission of Inquiry into Higher Education and Training (The Fees Commission) which was established in terms of section 84(2)(f) of the Constitution of the Republic of South Africa, 1996.

### 1. The demand for tertiary education qualifications

1.1 Most students attend university to obtain qualifications that will allow them to earn a greater lifetime income than had they not attended.

1.2 In deciding what university course to study, students presumably consider whether their likely future earnings justify the costs of their course. Generally the net economic benefits to graduates are relatively high.

### 2. Loans should be used to fund university attendance costs

2.1 University attendance is clearly an investment.

2.2 Such an investment is thus appropriately financed by student loans which can be repaid out of the extra income earned by graduates.

2.3 All people eligible to attend university should have access to loans that will meet all of the costs. Apart from fees, these include living expenses, transport, clothing, books and so on.

2.4 Many students can't afford to pay all the fees and other costs up-front because, under current arrangements, many cannot borrow the full costs of their courses.

2.5 Loans may be offered by financial institutions, but, given the risks associated with educational loans, the state will need to be a major player through funding a reformed National Student Financial Aid Scheme.

2.6 It is also essential that the South African Revenue Service is given the statutory responsibility for managing the student loan repayment system.

2.7 A properly enforced repayment system will, amongst other things, encourage potential students to think and research carefully about the value of their proposed courses of study.

3. **Reduction of tertiary education costs is essential**

3.1 The levels of costs, student demand and fees are interrelated.

3.2 There must be a national enquiry into the costs of tertiary education to establish if they can be significantly reduced so that fees can fall.

3.3 Is the traditional “bricks and mortar” system the cheapest means of providing many tertiary education programmes? Providing, for example, electrical engineering qualifications might require relatively expensive on-site laboratories; providing courses in post-modern discourse studies does not.

3.4 Why, furthermore, should each SA university offer subjects in, say, economics when relatively cheap access can be had to world class economics courses offered by Yale, or Princeton or UCT? The costs of such duplication aren’t trivial and put pressure on fee levels.

3.5 The Government should amend the Higher Education and Training Act to create rules that will allow students to design their own degrees based, for example, on Massive Open Online Courses (MOOCs) from prestigious universities.

3.6 Study and assessment for such degrees can be conducted on-line from home.

3.7 The relative costs of such an approach would be small compared with existing arrangements. It would add an extra dimension of badly needed competition to South African tertiary education.

3.8 Hopefully the Council on Higher Education and the South African Qualifications Authority are capable of the imaginative thinking needed to design and implement such policy innovation.

4. **Conclusion: “free” taxpayer-funded tertiary education is not an option**

4.1 Some call for taxpayers to increase their subsidies to tertiary education, even to the point of funding “free” education for students.

4.4 This is completely inappropriate because tertiary education is a private investment, and a loan scheme that covers all costs is fair to all concerned, especially disadvantaged students.

4.5 Others call for increases in business taxes to be used to fund universities which taxation, however, raises the prices that all have to pay for goods and services, especially the poor.

**4.6 Taxpayer funds must not be diverted to funding the acquisition of tertiary qualifications. An important reason is that there are far more pressing social justice uses of taxpayer funds such as spending on improved social grants and the public health system.**

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