

# **A SUPPLEMENTARY 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 supplementary 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. Philosophical considerations**

**1.1 Much of the public debate over the financing of tertiary education qualifications revolves around identifying the sources of funds for “free” college and university attendance.**

**1.2 The debate explicitly or implicitly assumes that the taxpayer ought to fund the acquisition of qualifications by students.**

**1.3 This assumption must be challenged. The question is not if the society can make free tertiary education available, but should it.**

**1.4 The answer to this latter question is arguably “no” because qualifications are income producing assets for private individuals who have graduated.**

**1.5 Taxpayers typically should not finance income producing assets for individuals. If, for example, a person wishes to purchase shares in the hope of earning dividends and/or capital gains, she/he has to finance this purchase out of their own resources. Similarly, if a person purchases a house in order to rent it to others the taxpayer does not finance the purchase price. To do otherwise would magnify inequality in our society.**

**1.6 Taxpayer funds should be made available to finance, amongst other things (defence, foreign relations for example), non-income producing social justice objectives such as social grants, basic health care, access to justice for the poor, school transport in rural areas and so on.**

**1.7 Every rand that is devoted to “free” university education is one less rand that can be devoted to such vital public social justice expenditures.**

**1.8 If, as a society, we use tax income to fund “free” university education we condemn the poor to greater continued poverty than could have been the case.**

**1.9 Advocates of “free” tertiary education, in effect, are saying to taxpayers (and to the poor): *“You bear all the risks of my university attendance. If I graduate to a good job, then I will keep the enhanced income that I am now earning. If not, or if I fail to graduate, then my losses will be socialised by the community in general”.***

**1.10 The argument that “free” fees is a social justice measure in itself is false under the conditions that I recommended in my initial submission, viz: a properly capitalised NSFAS should make long term, full cost loans available on a means tested basis to all academically qualified students. Efficient repayment of loans will make the system significantly self-funding.**

**1.11 This loans model is far simpler and efficient than the complex and involved Sizwe Nxasana model currently that is being trialled.**

**1.12 I would add that such loans as I have suggested be made available to students regardless of the institution they wish to attend. Restricting loans to public, South African universities and colleges would provide them with an unjustified form of protection against competitors and would dull their incentive to innovate in, for example, cost control and teaching methods.**

**1.13 Under this loan scheme, there would be no “missing middle” or disadvantaged students from poor families because *this loans scheme breaks any links between access to tertiary education and family income.***

1.14 It is *this link* which, currently and especially in the past, has been responsible for the injustices in financing the acquisition of tertiary education qualifications.

## **2. Innovation and cost issues**

2.1 A feature of the debate over “free” fees and associated issues is the almost complete absence of any serious analysis of the relationship between fee levels and the costs of running the university and college system.

2.2 There seem to be some sacred cows in the debate including the apparent acceptance that the university system of 2017 will, physically, organisationally and pedagogically, be maintained in most essential respects for the next 50 or so years.

2.3 Some thinking out of the box regarding this could include the following possibilities. Each could have a downward impact on the costs of providing qualifications.

2.4 Expand the use of the recognition of prior learning.

2.5 Design a system of challenge examinations whereby any person who wishes to obtain formal recognition of, say, their knowledge of strategic management could register and pay a small fee to a university which would allow them sit for the examinations in strategic management conducted by this university.

2.6 Design a system whereby a person could assemble a series of MOOCs that would be recognised as a degree.

2.7 A centralised, electronic university and college admissions system for the whole country is worth considering.

2.8 Subjecting universities to the discipline of the capital market, whereby, for example, they may be taken over by other educational organisations could be a device to improve university governance, cost control, management and educational performance.

2.9 There needs to be a full analysis of the benefits and costs of the current system of higher education regulation in South Africa. Whether the benefits of bodies such as SAQA and CHE justify the costs to the universities and the wider society is worth investigating.

**2.10 Methods of improving university productivity also should be reviewed.**

**2.11 In general, these, and other cost matters, could be investigated by a national enquiry into the costs of running the tertiary education system in South Africa. To discuss fees in the absence of analysing the determinants of fee levels is to examine only part of the matter.**

**2.11 I would therefore respectfully urge the Commission to include such a cost enquiry in its Recommendations.**

**Thank you for this opportunity to make a supplementary submission.**

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