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Set 8 Hearings1 – Public Hearings

COMMISSION OF INQUIRY INTO HIGHER EDUCATION AND TRAINING

PARTIES PRESENT:

The Chairperson

- Judge J. Heher

Commissioners

- Ms L.T Khumalo
- Adv G. Ally

Head Of Evidence Leader

- Adv Kameshni Pilay, SC

Evidence Leader

- Adv Matseleng Lekoane
- Adv Tshifhiwa Mabuda

Experts

- Prof Themba Mosia
- Dr Genevieve Simpson

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Secretariat

- Gugu Ncongwane

WITNESSES:

Independent Higher Education Researcher

- Dr Dough Blackmur

Lesedi Fund

- Mr Khaya Sithole

Young Communist League

- Ms Precious Banda
- Mr Mluleki Dlelanga

JUDGE J HEHER: We can't seem to have the public support today as anticipated

ADV KAMESHNI PILAY: Good morning Chair.

Dr Dough Blackmur

JUDGE J HEHER: Yes, Ms Palllay.

ADV K PILAY: The next witness is Dr Dough Blackmur, an independent higher education researcher, and I will ask Dr. Blackman to be placed under oath, Chair.

WITNESS: Dr Dough Blackmur

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JUDGE J HEHER: Dr Blackmur do you have any objections to taking the oath?

DR DOUGH BLACKMUR: Not at all sir.

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

DR DOUGH BLACKMUR: So help me God

ADV K PILAY: Thank you Chair, Mr. Blackmur, may we begin with you just describing to us what your background is, your education background?

DR D BLACKMUR: Sure!

JUDGE J HEHER: Well, we have read it, and can we not take it as read?

DR BLACKMUR: Yes! I prefer that.

JUDGE J HEHER: You confirm it! You confirm it?

DR D BLACKMUR: I did send you that one page bio when I had nothing that's pretty comprehensive.

JUDGE J HEHER: Yes.

ADV K PILAY: We do have the brief as it may, thank you.

DR D BLACKMUR: Okay, thank you.

ADV K PILAY: Perhaps just for the purposes of the record you can just in brief fashion tell us your specific area of expertise.

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DR D BLACKMUR: I guess my specific area of expertise is in regulation. I have done a lot of work in regulation of education, but not only in education also in other areas. As you must have seen in my brief's page, I have been involved in the transport area as well. But I suppose regulation in education is the highlight. My bio would have shown that I was the Chief Executive of the New Zealand Qualifications Authority and that was a regulatory agency. And so, I guess it's in a word, regulation of education in particular.

JUDGE JE HEHER: I might have just asked you. You seem to me to speak from the New Zealand accent. Is that correct or you are born in New Zealand?

DR D BLACKMUR: No sir, I am an Australian. I have to say, but my wife is a New Zealander, but unfortunately most South Africans confuse her with an Australian and that gets her quiet upset.

JUDGE J HEHER: I see well. I am confusing you with a New Zealander.

DR D BLACKMUR: All right. I am not

JUDGE J HEHER: How is it that you have left those climes and come to South Africa?

DR D BLACKMUR: Yes, the University of the Western Cape advertised internationally in the early part of 2004; standard bank professor in management, particularly to assist in the establishment of some post graduate programmes and they invited me to fill that position. I and my wife came here in 2001. We expected to be in South Africa for 18 months, and I am sitting here in front of you sir, 16 years later.

JUDGE J HEHER: Professor Blackmur, before you came to South Africa, did you have knowledge of the South African educational system?

DR D BLACKMUR: No, not a great deal. I can't say that I am a specialist in all that at all. I was much more concerned with the New Zealand and Australian situations.

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JUDGE J HEHER: Yes, thank you.

ADV K PILAY: Thank you chair. In both your main submissions and supplementary submission Professor Blackmur, you deal with the notion of free education and the philosophical consideration that should be taking into account. Do you want to begin by addressing us on that question and then we move on to the some of the further content?

JUDGE J HEHER: I am sorry, what are your academic qualifications?

DR D BLACKMUR: I have an honors degree in Economics, a master degree in Australian and Asian Economics, History and Politics and the Doctor of philosophy in Industrial Relations.

JUDGE J HEHER: So you are essentially an economist? Will that be correct?

DR D BLACKMUR: I think so yes, that is the capacity and the same thing in which I appear before you today.

JUDGE J HEHER: Do you have a philosophical bias?

DR D BLACKMUR: I do believe there is such a thing as the truth, and therefore I am in the enmity with all my (post-masters) friends, but I am afraid I just put up with that.

JUDGE J HEHER: Yes, very well, thank you, yes

DR D BLACKMUR: What I would say is just really two major points, that I would want you to consider. First one is the basic issue of where would the money come from so that the poor people can access the university, and this accessing university would mean all the institution of tertiary education, to stop repetition. So, where would the money come from so that poor people can access university? Now, there are clearly a

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number of options. We could increase taxes. We could also introduce new taxes but of course. There are issues associated with using taxation. Taxation has an impact on the level of prices, and that can have an impact on the welfare of particularly the poor; increasing taxes can have an effect on people seeking tax evasions, which is something we don't want. And then, increase of taxes can also act as disincentives to investment, and we are particularly dependent on investment in South Africa, to achieve the goal that everyone thinks are appropriate for this country.

The second issue will be that government can borrow. I suppose the government could go to the capital market and say we want to raise a loan, to give to universities to pay for student fees, but I am afraid to say that I am. I think government borrowing is not the appropriate for us to do. Apart from anything, there is the question of servicing that loan, there is the question of repaying that loan, there is the question of that loan could have been used for other purpose. And so I also think South Africa is getting relatively close to the position where further borrowing can be economically problematic. And I think that we need to take very special care about the state of our borrowings, the state of our taxes, compared to our national income. We can also look at the budget and say let's redirect funds, from various social expenditures in the budget towards paying for higher education. I am very seriously opposed to that notion because I believe that the top priority for the expenditure of public money in South Africa is in the social grant area, and that anything that compromises that will have a major impact on levels of poverty and inequality, which is so desperately in need of addressing.

So what are other alternatives? The other alternative is the one that I further, and that is loans should be made to students, for all of their university costs. They can be repaid after the higher income that they would earn after graduation, and that particular method of approach has a major impact. It is the best way of breaking the link between a family's income and wealth on the one hand and access to higher education on the

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other.

The major issue to me in higher education funding in South Africa is that at the moment, many students who are academically qualified don't have the money upfront and I emphasize "upfront", to meet fees and other fees of attending university. And that to me is one of the major issues that's behind the arguments about phrase "fees must fall" songs but my favourite proposal breaks that connection. It says we would make you as society through the national students financial aids scheme a loan that would cover all of the cost of attending university.

And so you don't have to worry now about your family circumstances, and what we would do is that we would ask you to repay that over appropriate period of time, and appropriate rightful interest rates, after you graduated. That to me, that is fair, it is equitable and it preserves the tax payer's funds for investment in social expenditures which I say to me is a key priority.

ADV K PILAY: Mr. Blackmur, may I just ask a question around that, perhaps you may just want to just give philosophical underpinning of that submission from yourself.

DR D BLACKMUR: Well, the philosophical underpinning of that submission is this, is that undertaking a university qualification is essentially an investment. All of us who have taken university qualifications have basically been investing in ourselves, and we very largely make that investment because we believe subsequent to graduation, that it will give us higher level of income. People give us perhaps more attractive work, more interesting work, and also make us more mobile in the sense that we can work say, in any part of South Africa or any part of Africa or in any other country, for example, as we may feel necessary to do. Now that is an investment in ourselves. Investments are best financed through loans, but the society needs to say to people that want to undertake university qualifications that it is alright. We would make you a loan now which relieves

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you of all financial problems, at the end of the programme when you are in employment, we would expect you now to start paying out of the extra income you've earned, as a result of being a graduate to repay what the society has made available to you at the beginning.

ADV K PILAY: Now, Mr Blackmur, you articulate higher education as a private good?

DR D BLACKMUR: I believe firmly that it is.

ADV K PILAY: But is it solely a private good or is it both the private good and the public good?

DR D BLACKMUR: But the term public good I'm afraid, with all due respect, I am not saying you in particular, but the word public good is the one which is not used properly in most public debates over higher education. The public good is a very limited concept from economics which if you like I won't bore you with the technical details. But I don't deny that if somebody does a university degree and gets a good job and gets a higher income that they may also be perhaps, more diligent voter and in that sense the rest of the society benefits from this part of greater diligence. But I think is somewhat arrogant to say that people who don't go to university are not equally diligent and are cannot have the interest of the country at heart.

Thinking for example that the 17 year old person who went not to university but decided to say set up their own business and create employment; they too through their experiences and through their contributions may become very valuable citizen, although they haven't gone to the university. There is a suggestion that if you go to the university you are valuable citizen and therefore the tax payer must give you money. I don't buy that; it's not a public good at all. A public good is something which is like defense, or foreign policy, or something of that nature. It is not a university qualification.

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Overwhelmingly, the benefits of undertaking a degree accrued to the person who has the degree.

JUDGE J HEHER: Is it not a public good to extent that it produces higher tax for the country?

DR D BLACKMUR: It can produce higher taxes of course, but that doesn't make it a public good. The fact that it yields higher taxes is a public policy decision that will have a higher right of tax on high income earners. So, it's a higher right of tax that is the public policy issue but this doesn't make higher qualification or higher education a public good.

JUDGE J HEHER: That's certainly not altruistic, in that you do have a motivation to produce higher taxes.

DR D BLACKMUR: I don't think that is a motivation. There may be one or two but certainly not to me, yes.

ADV K PILAY: I just want to put it that there is a further argument, that is, that particularly giving the deeply unequal the nature of south African society that is important to ensure there are more and more black graduates specifically, coming through in order to transform our society going forward and there is element of redress put into that. Doesn't that notion, kind of support the idea that it is a public good, specifically in a South African context?

DR D BLACKMUR: No I don't think so. I fully support everything that you said and I particularly embrace that notion that you said that there is redress. Of course, that is a fundamental issue to think about but say that redress can be best addressed through some form of free education. I think it is not an appropriate public policy choice. I have spent 6 may be more years of my life making a hope contribution to the development of the very group that you are talking about at the University of the Western Cape. One of

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most enjoyable part of my life is working with black undergraduates and black post graduate students and indeed you'll see from my biography that one of the brightest honour that I have ever been given in my life is when a group of those students gave me an award for my contributions to African perspectives on education. So, I agree with you that it's absolutely critical and that education can indeed be a major way of addressing inequality but not through subsidizing fees to the extent that some people will argue. There are better ways of doing it; one of the better ways of doing it is improving the quality of not only our university education but as you know our secondary, our primary and areas of our childhood education. The redress that can come through that I think are far more important than the particular case that you mentioned.

ADV K PILAY: The third argument for recognizing higher education as a form of public good is that it allows South Africa to participate in the modern economy, a very knowledge based economy and it is very necessary for more and more graduates to be pumped into the system to allow us to do some meaningfully and for that specific reason it should be recognized as partly a public good.

DR D BLACKMUR: No, I don't agree with that either. It's not a public good because we may need to participate in the knowledge economy if you like, the participation in the knowledge economy will come about very largely over not exclusively but very largely by students making choices as to what types of degrees they will undertake and we do see encouragement for students going into information technology, to mathematics, to a whole lot of related types issues there. We have public investments by governments in information technology and that will take us into that area there.

I agree with you that we need more graduates but the way of getting it is not to provide free fees because of some of the difficulties with that approach. But I will say this to

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strike a (caveat here), there comes a certain point where you can have too many graduates in the wrong field.

Now I am not sure whether we've got there yet, (except to say these) I want to come to the earlier point you raised. There is a very disturbing amount of graduates' unemployment amongst black graduates. And I say to myself various times now, 'why is this'? Now I don't know the answer to that question. I don't know whether the department has done a research on this. There may be matters of institutional racism in the labour market, in the employment organizations. I don't know but my heart hypothesis for what is worth is this, is for whatever reasons. The advice the black students get about what course to take in the universities may leave something to be desired, and they may do a number of courses and they graduated with a number of degrees which are not particularly suited to the requirements of the South African society in the 21st century and therefore find it very difficult to obtain employment.

I think I will apply that hypothesis. I have no proof. I don't know whether that's true or not but it is a feeling I have for what is what. I think we have to do and investigate more, the sort of advice about careers that graduates and choices of degree that in particular black undergraduates enrolling.

JUDGE J HEHER: We have been told that there is no real serious graduate unemployment.

DR D BLACKMUR: The only figure that I have seen would say that in the aggregate if you just take it as a mere statistics, that there will be termed. I don't know what the figure you've been told is reason might be single digit, 6% perhaps, something in that order, but the figure I saw for black graduate unemployment was double digits and was close to 16%. Again, certainly to be corrected Chair, but certainly what I was told.

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EVIDENCE LEADER: The overall unemployment rate among graduates has been estimated between 6% and 5%, but we had a Dr. Rogan from Rhodes University who indicated that there is a higher number of black graduates in the unemployment statistics. Then the average but the unemployment rates among graduates are less than 5% .That is the number that we have been given, but you could be right. I am sure or almost sure that that is what they indicate among black graduates that unemployment among black graduates that the unemployment rats and the question of why it hasn't been answered.

DR D BLACKMUR: Well, I think, commissioner that I don't know but we have experts here, but I think at the end of the day finding out is of critical importance and the research of the council on higher education, the research of the department of higher education and training, if it hasn't already been done should certainly be taken as a priority.

EVIDENCE LEADER: Well what I did do was indicate to the Chamber of Commerce (SACCI) that it is and they said well you don't need to do research. It is a fact that you have these graduates that are unemployed; black graduates. That Dr. Rogan did put it there and as fact and that it for you to draw an inference from that in terms of why it is. The indicators are that the black graduates come from previously disadvantaged universities or historically disadvantaged universities, and the business industry will rather take from Wits, Rhodes, University of Pretoria or those kind of universities. Then, the others. The reason I put to SACCI, who are a member of businesses was; but you in the industry you are suppose to be changing that mind-set. Why is it continually being allowed to be that way?

DR D BLACKMUR: If this is an attitude or a feature of an employer group, then, it is deplorable to simply say we are not going to employ a black graduate because say he

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went to the University of Western Cape is questionable. Let me say this point of view, this exactly what me and my colleagues at the University of Western Cape felt.

We have a fierce determination that the quality and standard of education been offered to all of our students would be of an international standard, such that there are graduates from the University of The Western Cape could go anywhere else in the world and be confident that their skills were on a par with those in those places. We are battling here the same perceptions, perhaps as well as a reality. What we do about the perceptions I guess is a wider social matter for us to address. I am not sure to what extent that stays within your terms of reference but certainly as a society we have to address that particular matter. There are a number of myths in South Africa education or higher education in South African which are distractive; one of which is that university graduates are in some sense superior beings compared to others of our community who should perhaps go through the trade business entrance. And that cultural view, in South Africa, is something that we as a society have to dismiss. I am afraid that I am not sure again if this deals with the black graduates unemployment question. But I wonder how many families, black families would say to their young people; 'you must go to the university because it is prestigious, don't go to become a plumber, or an electrician or a filtering turner or one of these major and important trades because they are not socially prestigious'. I think if social prestige is governing the choice of qualification and institution in our country; that is something to regret.

ADV K PILAY: Dr Blackmur the income contingent loan model that you proposed in this submission. Does it just on my understanding that all students be financed through an ICL system and secondly that it covers full costs of study? Perhaps you may want to address us on those two points

DR D BLACKMUR: Just before I forget, if you like I had a second introductory point

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which I will make quickly. Now and then I will come back to what you said. The second introductory point of my submission is this. I will respectfully ask this Commission to give very serious thought to recommending there is a root and branch fundamental investigation of the cost of tertiary education or a university education system in South Africa. I said in my submission that we heard very little in the debate about the cost of how we do things and I don't think we can leave that on the table. I think we have to say look, cost and fees are intermittently connected and we cannot just talk about fees without a forensic analysis of the drivers of cost in the system. Now, I will explain clear on that as you can see fit.

Coming to an income contingent loan, I am not saying that everybody who wishes to go to the university should be eligible for the income contingency loan. I am saying there should be means tested. I do not think rich families, very rich families should be eligible for income contingent loans. They can manage the university expenses through their own private resources and I think that that is fair and equitable. So, to me it got to be means tested. It does have to cover all of the cost; it does have to cover a reasonable estimate of transport, of food, of accommodation and of sound and safe health. Now depending on what number we come up with here that will govern the size of the loan that somebody takes. Is there another part of your question that I may have forgotten?

ADV K PILAY: Before we get there, may we quickly deal with the means testing. What do you propose is the adequate labour for the means testing? What shall the qualifying criteria be for an ict?

DR D BLACKMUR: I haven't got the scientific calculated figure. So, I don't have a systemic commissioned figure. So all I will be doing is a thumb suck and you don't need that.

ADV K PILAY: Should it be available for the poor, the missing middle, or should we use

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the manual testing?

DR D BLACKMUR: Look with my recommendation, for the purposes of entering university study; I don't believe there is anything like the poor or the missing middle. No such thing, because what you do as you say, if you are below this means tested income levels no matter how we put it, family income 600 or 80,. I am not sure, if you are below that, then you are eligible for a loan which covers all of the expenses. So, a desperately poor student from Queenstown wont battle with something of sort, will be able to say I don't have to find an upfront money for accommodation, transport and fees and clothing, and all of those sort of things.

I can take in a sense some of the income in the future that I am going to earn with my higher qualification and devote that now to these expenses. The why it will be done is that the State, the tax payers, the government will properly fund the National Student Financial Aid Scheme with enough funds for that and I don't have to worry anymore. You see my own view is that much of what lies behind the Fees Must Fall agitation is the idea that you don't have enough money to start with to go to the university. Why don't we lift that, heavy weight? Why don't we say, the society will make you a loan?

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SESSION 2

ADV K PILAY: Thank you chair. The next set of crop of stakeholder is from the Lesedi Research team who will be making representation on the Lesedi Education Endowment Fund and representing the team is Mr. Khaya Sithole.

JUDGE J HEHER: Do you objection to being put under oath?

Mr Khaya Sithole: No, I do not.

JUDGE J HEHER: Do you swear that the evidence you will give will be truth, the whole

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truth nothing but the truth. If you do, please raise your right hand and say so help me God.

MR KHAYA SITHOLE: So help me God!

ADV K PILAY: Thank you chair. The evidence will be led by Mr. Mabunda.

ADV TSHIFHIWA MABUDA: Thank you chair. Mr. Sithole if you can just begin by giving us a brief background of what the Lesedi Education Fund and a brief about your qualification.

MR KHAYA SITHOLE: Good morning the Lesedi Education Endowment Fund is what we believe essentially to be the solution to the crisis of funding of higher education. It is in summary self-sustaining funding model that actually enables students to Access University without necessarily having to pay at the point of inception. So, this is the summary of it. I am an accountant by training. I am currently a student at a Business School at the University of Oxford in the UK. My team members were unfortunately students. So, when we were due to present by 2pm they were available, but when the time was changed they couldn't make it. So, it was supposed to be three of us. They can't make it today.

ADV G ALLY: Does that limit your input? Or would that have been for moral or physical support?

MR KHAYA SITHOLE: It would have been more moral than physical support, but it doesn't affect our submission.

ADV TSHIFHIWA MABUDA: Chair, Mr. Sithole has prepared a submission for the Commission. There are several documents that he has submitted. So, we just request him to proceed with his presentation. We will ask questions when they arise.

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ADV K PILAY: Mr. Sithole before you begin with your presentation may we get a sense of who it is you are representing. You mentioned that there are one or two students who form part of your research team, but who do you actually represent?

MR KHAYA SITHOLE: OK. What happened was that in September last year there was a bit of fracas at the WITS University involving students and police. As a result of that stand-off, the students then decided that perhaps what created the tension was the fact that the state in the form of the Department of Higher Education had actually come up with a model for funding of education. So, they decided on the floor that they wanted to decide they are own model and they called me up to come and oversee the process. So, it was actually started by the Fees Must Fall Movement on the ground specifically at WITS University.

ADV K PILAY: May I ask, because we have before us (Thutokelesedi) which is also a funding model which has been developed by members of Fees Must Fall Movement. How does your proposal relate to that model?

MR KHAYA SITHOLE: Actually, Thutokelesedi was our first draft that we have today and we never sent it to this Commission. So, that is why we are happy to send the finalised version. So, it is actually the same team.

ADV K PILAY: It is the same time that came up with that model and what is the stage of the first model?

MR KHAYA SITHOLE: The first model was very political in nature and it had a lot of radical elements and since then, we have had a lot of engagements with a lot of people on the ground and we've had to refined our proposal into something that is palatable to the cross-section of society.

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ADV G ALLY: If you can perhaps develop this background for us. This model is developed by WITS students. Have you marketed it amongst all students across the universities in South Africa? Or have you engaged (SOUS) South African Universities and Students' Organisations in order to get inputs from them at all?

MR KHAYA SITHOLE: The design team was essentially WITS students. What we have done since October is we've been participating in a process run by convener affiliated to the Nelson Mandela Foundation. So, we have presented it to a lot of students that have been in attendance there. But in those sessions it was representations from universities. So, not a million people have seen it, but representatives of those particular students. When it comes to (SOUS), they have been in attendance in some of the sessions, but also what our model really represents is that we wanted to be a talking point for people to then come back and give us feedback and inputs. What was really clear about it is that the most important thing, I suppose, has been missing throughout the system is that there wasn't really a model that has been conceptualised by students; that particular sense of ownership. So, this one in particular, now that we have developed it using students primarily and we are rolling it out and explaining it to people how it works. We wanted it to be a talking point we have embarked on a media campaign. We are doing a lot of talks on the radio; telling people that there is something that is available, please look at it and give us your inputs. So, that has been the level of engagement.

ADV TSHIFHIWA MABUDA: Thank you Mr. Sithole. You can proceed.

MR KHAYA SITHOLE: The Lesedi Education Endowment Fund; the name means education is light. Just to summarise what the issues are: the higher education environment is characterised by a couple of very interesting anomalies and we have got a lot of enrolments, the costs are escalating, but the subsidies are declining and the

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consequences of that is at some point in time the funding metrics became unsustainable. Just to articulate in summary what the funding metrics of universities ought to look like is that there are three sources of funding. You've got the state subsidy which you must call the first stream.

You've got the students fees which represent the second stream and you've got others which represent the third stream. So, what happened over 15 years was that there was a massive decline in the first stream income, which simply meant that the burden was then being shifted towards the second stream income. And at some point in time, it then turned out that the majority of students couldn't shoulder their share of the burden and that what was precipitated Fees Must Fall movement. My personal involvement in that started back in 2014 because we had a very unique problem at WITS University where we felt that the registration fee was quite unsustainable, it was very high.

And the proposal going forward was that the university was going to increase it by the Higher Education fees inflation index. What we were fighting primarily is the fact that the fee was 9,040 and any number that it is increased to be 10,000 introduces a psychological barrier to a lot of people because when you say to a person that in January you need to have R10, 000 just so you can arrive at the campus it became a problem. We started engaging in the process of how to deal with the funding crisis back in 2014. How that then worked out is that later on, at the beginning of 2015, there was a new crisis where the financial aid scheme said they couldn't fund some particular students. And we used the research we have done the previous year to then call the one million man campaign. So it was easy to roll out the campaign because the research had precipitated the campaign. What we then did was that we tried to work out how we can the deal with the registration fee problem. So, we came up with alternative proposal. One of them was to say that the university doesn't need to increase the registration fees because in our understanding the registration is a question of how

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much do you need to run your university before you get your subsidy from the government? Whatever that number is, you divide it by enrolments and that's what makes up the registration fees.

So, our first argument to the university was that when you came up with the model you are currently using, your enrolment was completely different. So, your enrolments have sky rocketed but your core running costs haven't increased at the same rate. So, there is no merit in keeping the registration fees at the inflation rates. That was our first point of departure.

The second one, we said even if you wanted to increase registration fees, you must be cognizant of the people that need to pay the fees are normal human beings out there who are subjected to normal salary increment; that will be inflation at 6%. So, we can understand increase at 6% and then implementing at the level of 13% on the rest of the fees because we understand how the higher education inflation index works. So, we had all those permutations on the table. Our most ambitious was to say perhaps you do need to reduce the registration fee because we can see that you don't need the same quantum. If you reduce the registration fees, you have communicated to society and students that you understand their plights and you are willing to facilitate access. So, that was what we put on the table in the conversation with the university. Unfortunately, the university thought otherwise and sometime around October, I was made aware that the University will be going ahead with the increase and the students then came back and said; what do we do now? And I said, guys we can always explain the inflation on the ground, to the students, it is the 13% that we cannot explain. So, if nothing else, we can settle for that. But the university was adamant that 13% was the way to go. And some point in time, the students then said we will take to the streets. And that's how the Fees Must Fall ground movement started; at least at WITS university. We thought it was a WITS problem, until Twitter decided it was a national problem. So, it became a nation

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Fees Must Fall campaign. So, throughout this time, the students were fully aware how the access to higher education can be facilitated. I mean the funding model that we had today is the latest version of something that we have crafted way back in October. The reason we even had this particular problems is that unfortunately, South Africa engages in some unique Olympic of legitimacy. And that we could come up to anyone back in 2014 and 2015, and say we've found a solution buy because our titles don't warrant us to be that one to find the solutions, nobody will ever listen to that. So, it has been very frustrating for us to get to this stage. Another fundamental problem that we have is....

ADV TSHIFHIWA MABUDA: Mr. Sithole, can you just clarify for us; what do you mean by our titles?

MR KHAYA SITHOLE: We are just random people; we are not ministers or politicians, our ability to galvanise people behind a particular idea is severely reduced.

ADV TSHIFHIWA MABUDA: Just before you proceed, can you just give us the reasons given for not implementing your proposal in relation to the registration fee?

MR KHAYA SITHOLE: I think what we find in WITS is that they always have to run a risk model and in that model their thinking is that the one way to assess people's ability to afford the fees is to able to test them on day one. So, if you kind of think we can afford to take a bit less, what you find is that once you do that, you do not know at any point in time whether student no 1 or 2 can afford to pay for the rest of the year. So, I think that was their reasoning, but they never ever told us why they thought that our proposal didn't have any merit because they simply said this is the higher education inflation index.

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MS L T KHUMALO: Can you for the sake of record clarify what Advocate Mabunda is saying that your status as student is not recognised. Did you mean it in that context? Were you saying that if a solution comes from student, it is not recognised?

MR KHAYA SITHOLE: Unfortunately, I do believe so, but when we came up with this, I was an academic. The students simply said we are not going to go to the streets if we don't really know what the numbers look like. They had dragged me into the process thinking that whatever they were going to communicate to the students' body at large had to be backed by hard core and real understanding of what the number looks like. When we then realised that what we had in our possession was a more universal solution rather than a WITS solution, we tried to then sort of push it forward. But state apparatus..., I mean some of the emails haven't yet been responded to since September last year. So, that's where the question of perhaps if we had been different entity altogether, we would have been taken seriously a lot sooner. It just hasn't happened.

JUDGE J HEHER: Alright. Please go on and explain this model to us.

MR KHAYA SITHOLE: Okay. The way the model really needs to be understood is that firstly, we looked what precipitated the crisis. So, if you look at the status of the university environment, you've got the enrolments which have been doubled over the last 15 years period. And throughout that period, the cost of running the system would have gone up by around 72%. So, in 2000, it would have cost 32 billion to run the system and that number escalated to around 55 billion by October 2015. On the extreme right hand side, you can see that first stream income as the primary funder of the university system only went up by 44%. Then, you've got this massive gap that developed over time where that missing component between the 72% and 44% had to be funded by the students. And that is really what we believe broke the camel's back

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because the entire simply couldn't shoulder their burden. So, in times of unpacking the solution, we then had a few issues that we need to crystallize. The first issue was the question was; exactly how much money do we need? The size of the funding gap was the first requirement and then after, there was the question of coverage; who exactly are we trying to fund. Those were the questions we had to battle with. And once we had so committed that those issues philosophically. We then had to embark on can the money ever be found? What would be the source of the funding? That is where we started our process as parts of that, we were given some non-negotiable. As part of the negotiable we were given was that we needed to incorporate outsourcing because as you might have been aware when we were on the ground talking about fees must fall, the question of outsourcing was intimately linked to this particular issue. So, we wanted that to be part of the conversation. We also had to acknowledge that we had a historical debt problem with all of students who went through university but who still don't know if they passed or not because they can't afford to pay to access their results. So, one needs to deal with issue of historical debt. More importantly, we had to interrogate the validity of a loan system in the way South Africa ran loan system before and decide whether we want to take that going forward. And the evidence indicated to us that the first that we need to do is abort is the loan system. You will see later in my slide why that was the conclusion. But there was the question of sustainability, because for us we cannot run the risk of having to go to schools every year to talk about fees being the problem. So sustainability question became key and also the key part of the design of what we call the Self-sustaining education endowment model.

Another key issue that I think it wasn't well understood on the ground until a few years ago was that every single year, a lot of families become poor in relation to university education. Because if you start off, let's say in 2008, you could afford university education and you are on the borderline, it simple means that once you have paid for

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your university education, you are left with zero. What will happen is that a year after, your salary or income, might go up by a particular inflation rate. However, the university costs will be up by a much higher rate.

So, every single year, there is a growing population of families that are actually becoming poor as far as university education is concerned. And that is the consequence of having that graph where the higher education is always outstripped the general inflation index. Our worry is that if we didn't talk about this problem, we might think that there are reference points in which we assess the person's affordability should happen at inception. But if a person is on the borderline, then that person can only afford for one year. Not for the entire degree. So, that is we have that particular graph up there. What existed was we had a financial aid scheme and the scheme has a very interesting history; because in our research, we discovered that how we ended up with this schemes was really a question of then higher education Minister, Professor Sibusiso Bengu having to deal with the question of how do we facilitate access to higher education so we can change the demographics. Our understanding was that there were two options on the table. The first one was to ensure that the basic education is strong enough to be able to produce the students that will access higher education. Or alternatively, you simply make money available. And the money option was adopted. So, the financial aid scheme was essentially created to facilitate access at a particular point in time. And if you look at some of deliberations that were mentioned when they were designing the financial aid scheme, they wanted it to be able to say to the people at a particular income level; we really don't think that you can get into university, let us help you out. What the model did was that it failed to keep up with the times. So, if you look at the way it assesses students on the question of whether they should be funded or not, it really doesn't match the reality of the fact that not only inflation has not been catered for, but also specifically higher education has not been catered for. So, you

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have a lot more people that are poor but can't be given access to university because the financial aid model uses parameters that are at odds with what the university system is looking for.

There was also the issue of how much it was covering and it has a ceiling for every student. So, if you look at that, it is R67,000 using 2014 figures. And for a lot of universities, that amount is simply not good enough. So, the problem with that is NSFAS actually creates its own victims, because if a person is studying at UCT and they've been told that they are funded by financial aid, it actually requires them to deal with a lot of other issues. Firstly, the university will take its fair share; tuition will be paid first. Then, accommodation and books become the student's problems. The situation is so dire that of the 26 universities that existed, 21 of them were actually above the R67,000 limit. And the reality was that number having been unchanged for such a long time, actually became meaningless to a lot of students. That was the first problem that we had with it.

The second problem is that consequence of putting the students into a system that is so financial dysfunctional is that rating g as very low. And with low rating, it turned (this is Higher Education's number) that only 4% of the money that was spent on NSFAS actually being recovered. What it means is that it was an unsustainable system not only for universities but society. So, perpetuating that participate system simply talks about the need to be bailed out. It doesn't make sense anymore. Those were the practical questions, but then there was the philosophical conversation whether it makes sense to actually advance loans to people and then ask them to pay back because by default most of the students that end up with the loans are those that are from poor families. That is one problem. According to the financial aid model, if your family income is below R22, 000 which means 10,000 a month, you can't afford higher education. Essentially, you are poor, but bizarrely, once you are qualified and the moment you starting earning

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R30, 000, they say you can afford to pay back the money. So, there is a complete misalignment in those two numbers because if you are telling me that 2 years ago that with under 22,000 a month, I can't afford to pay for my education, it make no sense to say two years later, I should start paying for my education as soon as my income is R30,000. We couldn't reconcile that number to what the financial aids was supposed to do.

The secondary probem.... (cuts)

ADV TSHIFHIWA MABUDA: Sorry, Mr Sithole, before you proceed. What exactly is the issue? Is the R30, 000 or the repayment of the loan?

MR KHAYA SITHOLE: It's both. So, R30,000 as a starting point for repayment makes no economic sense. Simply because a person who earns R30,000 a month probably has a lot of expenses that need to be catered for so their disposable income is non-existence. The second part is relates to repayment.

ADV K PILAY : Sorry, Mr. Sithole, before you proceed can you move to your previous slide again. You've averaged 5 universities there. Do you know what the average fee is in all the universities?

MR KHAYA SITHOLE: Yes we do, we have the data. NSFAS actually provides us with data of 174,820 at 2014 rates.

ADV K PILAY: Was 30,000 an example or a figure?

MR KHAYA SITHOLE: It is the reality.

Adv Matseleng Lekoane: In terms of?

MR KHAYA SITHOLE: The repayment cycle kicks in for NSFAS.

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ADV TSHIFHIWA MABUDA: I believe he said 13.

MR KHAYA SITHOLE: 30,000 per annum, 2500 per month.

ADV TSHIFHIWA MABUDA: That was the threshold used at which you start repaying?

MR KHAYA SITHOLE: Yes. So, those were the issues with the financial aid scheme. The other philosophical problem with financial aid scheme is that the people that end up taking these loans are poor black students. So, what we have now is that you look at two completely different students; one is poor black student that needs financial aid scheme. The other is a relatively well off student that can pay his way through the system. What happens is that the poor black student will graduate and then be asked to pay back the loans while the student who pays his way through the system doesn't have to pay anything. The problem with that is no person in the history of education in South Africa has actually ever paid for it because the system has always been subsidised.

So, for us the philosophical conversation is that we take state funds and subsidise the entire system, and then say only the poor black students need to put something back into the system. So, we had a fundamental rejection to the way loans system was rolled out because it actually created victims out of the people who had said we are too poor to access this system in the first place.

The graph on your right indicates to you what the consequence of the R22, 000 criteria is. So, based on university costs being R75, 000 as an average, a family might get rejected by NSFAS first, on the basis that they are just R 22000. So, that family will then be asked to 61% of the family gross income into funding that student for a year. Even if you spoke about average South African family that had some taxable income, that

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family will be on R251, and they are still being asked to pay income into funding one student in a particular year assuming the student doesn't decide to go to UCT which makes the situation even worse.

So that was really our assessment of what the financial aid model looks like. So, we are very clear that we think that a loan system lost the ability to be the way.

The next question is what exactly has the state done and has it done enough. So in 2015, there was 0% increase, but that was simply a political statement rather than a solution to the funding crisis. In 2016, there was then this idea that there must be a cap of fee increase of 8%. Unfortunately, that still doesn't deal with student whose family earn R125,000 a year because they are expected to pay whatever they pay in 2015 and the state only covers 8%. So, I suppose students on the ground saw that this has nothing to do with the higher education funding crisis.

Another important issue is that in all our engagements with universities, they always that the 11, 12% they use as inflation index rate is simply because they can't go any lower. It is what you call higher education inflation. So, they have always been very clear that they are powerless and helpless in managing those particular costs. Unfortunately, last year when the Minister of Higher Education then decided the number to be 8%, it appears that the universities suddenly learnt how to manage their costs to be below 8%.

So, all of these things suggest to us that this is not a question of visibility, but of willingness. Another key issues we need to address is a lot of students that we have engaged with have a fundamental problem; the terms of reference, because in this commission, the terms of reference were phrased in such a way that we were asking that whether that should be done. But that has been answered in 2012 because the report exists. It says it should be done the implementation is what we should be looking for. So, one of the key reasons that motivates us to really come here is that we've got a

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greater problem because every single person who has come here, has come here to present to reasons why this should not be done. All of them have forgotten that we have proved that free education is possible and we have a model to prove so.

In the 2017/2019 medium term budget, Finance Minister has committed addition funding to NSFAS and again, this is what you might call a social disaster. Before, if you go to South African society and say give another R8 billion, but 95% of it will never be paid. I am not sure they will agree to it. As long as NSFAS has 4% recovery rate it makes no sense to keep pouring money into it.

And then came the big question; how much are we asking for? If you look at the how university funding have worked out, we have the three stream of incomes. We took the number of 55 billion for 2014 and we say that the number is understated. What that number incorporates is simply how much did universities collect in that particular year. So, if am not a university resident student, the university does not know how much that year costs me. So, the number is missing from 55 billion. Universities in South Africa do not have to buy books for their students. So, the number is missing a crucial element of accessing higher education; which is where the books would come from? So, in our calculation, we worked out the cost of the system will be around R72 billion at the current day rates. So, that's the starting point; 72 billion.

MS LT KHUMALO : Sorry to disturb you. In that figure, did you accommodate transport fees for students staying at home?

MR KHAYA SITHOLE: Yes. How we worked out that number is that we looked at the NSFAS status. NSFAS has stated that average full cost of study which accommodates full costs with books is R4820 at 2014 rates. We applied 6% from inflation and we worked out that it will cost each student around R90,000 to actually cater for all their courses. If you take 90 per students and you multiply it by current

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university population, you get a number closer to R72 billion. That was basis for our calculation. After the R72 billion, we then look around ask what happen to historical debt, because those are the people that needs to be unlocked from the system? They are trapped in the system because they can't access their results. They are not within the university, but they are students. So, we worked out that that will cost us around R5 billion once off cost and there was also impact of in-sourcing which gave us another R3 billion. That's where the R80 billion per annum comes from.

We then went to the funding mix as I mentioned earlier which is made up of three sources of stream one-state resources, corporate contributions and funding gaps which funded by the students.

ADV G ALLY: Mr. Sithole, you said the amount that needs to be sourced to ensure access to higher education to all students. Is it just for NSFAS students in the system or other students that are able to pay?

MR KHAYA SITHOLE: It will be absolutely everybody.

ADV G ALLY: So, your model proposes that every student in the university is funded?

MR KHAYA SITHOLE: Yes, it does.

ADV G ALLY: Did you consider what the cost implication will be in relation to TVET and community colleges, or you just considering universities only?

MR KHAYA SITHOLE: We use university as reference point because TVET are by large fully founded by the State. And another important for TVET and colleges is that the data is not as robust as the universities. If you look around the universities, it will tell us how much it costs. TVET is more tricky.

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ADV TSHIFHIWA MABUDA: We heard that they are fully funded but there has been a large decline in the subsidy. So, there is some problem of funding in TVET. So, theoretically the funding of the system is negligible but in actual fact it is not. The point I am making is that would that be a considerable for funding?

MR KHAYA SITHOLE: It will be until we get to the very end where I will show you we don't have a million students in the system, but a million burdens. But that is the issue of the design rather than system.

ADV K PILAY: May I ask you of the first bar, the R80 billion?

ADV K PILAY: You said arrived at the amount through fictional cost of 90% and you multiply by total population of students, ultimately what that will it gives you is the total costs of fees not the total costs because it does take into account all the government subsidies, which is a cost to government.

MR KHAYA SITHOLE: The way we worked it out was to say clearly that universities exist for servicing students and if you ask a university how much it will cost to accommodate a student, they will say R90000. So, on the basis of the fact that it costs 90,000 to accommodate a student, how much as it caused the entire system? So, our understanding is that universities always use that as a starting point and when they get to the government, they say they need subsidies to run the universities. That's why the subsidies come in. If you ask the universities, they said the number in 2014 was R25 billion. So, they are saying the cost running the entire system is R55 billion which then grows up to 18 billion.

ADV K PILAY: What I am putting to you is that the information before us is quite different from that in the sense that 90,000 refers to fees, which is the student costs but not the costs of the entire system. You have to factor in the subsidies by the state.

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MR KHAYA SITHOLE: Our starting point when we work out the R55 billion it incorporates all the three components. So, it was the sum of all three that we started with.

ADV K PILAY: I merely pointing out that the information before us is different. It presents a different picture. It is far higher than that.

MR KHAYA SITHOLE: That's very strange from 55, anything above that will be very interesting. The one important is that the state subsidies we used 2014 rates of 38%. Corporate contribution we cut at 29% and the students are responsible for the 33% of the cost which works out to be R27 billion. That's what you need to run a university system on an annual basis. The question will be where would you get that R27 billion rand if you wanted it to happen?

For us, here is what the picture looks like: you have the users which are the students and you've got the source which what we need to galvanise. What we then did was we had to go to the ground and there were a lot of screaming marches, but especially we got the point across to say that: every university qualification has three primary beneficiaries. These beneficiaries are student graduates who get the jobs. The second is the society- better educated society, and the third is corporate that employs you on the basis of the skills that you have. So, what we are looking for is to share the burden equitably across the three. The way the state contributes to the system is through the subsidy which is 38%. However, 15 years ago, the subsidy was at 50%. What we are advocating for is if the university is predominantly made up of white students which were the case in 2000, and it is now predominantly made up of black students, it makes no sense for government to reduce its contributions from 50% to 38%. What we are advocating is the restoration of that 38% subsidy component back to 50% level.

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ADV K PILAY: Let me ask you a question Mr. Sithole, because we had the department before us on numerous occasions. And the explanation in the decline of state subsidy is that the state has elected on policy ground to divert subsidy allocation to NSFAS allocation. You will see while the subsidy has been decreasing, there has been increase in NFAS allocation. And the policy choice behind this is to ensure that money reaches the poor students.

MR KHAYA SITHOLE: Unfortunately, that policy conversation we find very strange. The reality here is that if it costs a R100,000 to cater for one student and the government pays 30%, and someone else pays R40,000 and R30,000 is what the student needs to pay. You then ask yourself a question how does the burden on the student can be lower?

The answer will you need to either increase the subsidy or the corporate contribution. So, the problem with the shifting of subsidy to NSFAS allocation is that it seems to imply that universities must be enrolment based. That is incorrect because not all universities need to be enrolment based. It simply cascade the conversation that you can have with universities to say this is your increased subsidy and you have that conversation with a million students; who then I have to say I qualify or I am not qualified for NSFAS. For us, the policy conversation inherent in this conversation is we do have to question if the policy that we have adopted makes sense. Another important is, even if I agree that you need to allocate more money to NSFAS the other than subsidy, it turns out that if the money has been cascaded to NSFAS, the money has 96% write-off rate. So, again the merit of that policy needs to be called to question.

ADV K PILAY: Before we deal with the efficiency of NSFAS, the issue here is that you are comparing the period of time when there was agreeably increased subsidy

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allocation with now when government has decided to decrease allocation for a specific policy reason. The question is if you advocating for reversion back to pre-94.

MR KHAYA SITHOLE: I said 2000

ADV K PILAY: Let's say 2000, when you have increased allocation. Would you accept then that there would be lower NSFAS allocation?

MR KHAYA SITHOLE: Definitely yes, because that would mean that the high burden on students is much lower. So, we are advocating a more subsidy based rather than the one that cascade the conversation to individual student when the results have been so unfortunately disappointed.

ADV K PILAY: And the reality will be a far decreased NSFAS allocation?

MR KHAYA SITHOLE: Yes.

ADV TSHIFHIWA MABUDA: And you are fine with small NSFAS allocation?

MR KHAYA SITHOLE: Yes, we are as long as the subsidies are higher.

ADV G ALLY: That's not what I heard you saying. You were saying in your model you actually don't need the NSFAS allocation because everybody is getting free. You have said there is no threshold for the person. It is the rich ones as well as the poor ones that receive free education. I do not understand your agreement on NSFAS reducing and subsidy increase because your model that you indicate said something else. Can you just clarify that?

MR KHAYA SITHOLE: We are simply saying with the model that whatever government is already paying to NSFAS represents government's contribution. And for us, government's contribution should be regarded as subsidy. So, the reason why we

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are saying that is that it is a source of funding but rather being allocated on individual basis, it then forms part of greater funding of universities.

ADV K PILAY: Mr. Sithole, so on the model you are putting forward now, they will be no differentiating for rich and poor. Everyone gets the same thing?

MR KHAYA SITHOLE: If I can just have the pdf from? Just see 2018 and 2019.

ADV G ALLY: Do you have it before you? Then you can just refer to the column.

MR KHAYA SITHOLE: Yes, I do.

ADV G ALLY: We have the graph. Perhaps indicate what it looks like because what I received was one in a Powerpoint form another one in excel form.

MR KHAYA SITHOLE: This is the one we put on PDF. I just want to highlight the bottom part that says the proposed sources of funding. We just need to start reading just below that. You see the first line that says increase government subsidy. What mean there is that we feel government can increase contribution from 38% to 50% over 8 years period. Once that happens you still have this deficit of R10 billion that needs to be funded. And if you go just below, we say gradual tax. We've got subsidy increase and then NSFAS. It says you can immediately move to 75% of what you are doing because you are allocating more money to subsidy. So, over 5 years, to 100% you move from 75% and later on you reduce it. And there is the point where will ask do we ask more students or we reduce NSFAS? Or do we still need NSFAS? You simply roll everything into the subsidy. That is how we have conceptualised.

ADV K PILAY: May I ask on the first line on the figure where you got 2017? That is figure is the same you and I debated earlier?

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MR KHAYA SITHOLE: That was based on the basis that 0% for some students and 8% for others. So R85 billion was the number that would be needed for 2017.

ADV K PILAY: Based on what I was saying to you earlier, the figure that you have put forward does not include the state subsidy. Since the state subsidy cuts across the universities so these figures will change substantially?

MR KHAYA SITHOLE: Let's look at 2013 because it has less data; 5 billion will be the total cost and then the R85 billion of government subsidy at current rate will be 38%. So that R32 billion will be the government subsidy. That means we are left with R28 billion. So, the whole rounding up give us R27, R28. So, the question is if you are missing R28 billion, where would you find it from? So, we are saying for the current year, NSFAS has already committed to a certain number. So, that is the only number we can talk about, which is 12 billion. In that case, the deficit in the system will be R15 billion and the deficit is currently being funded through bursaries and private contributions. So, that's how you might look at the system currently. So, going forward, what is it that you are introducing as new things? So, the first we are asking is... please go to the top on 18. It says the total cost is R90 billion of this total cost, if the state retains its subsidy of 38%, that would be R34 billion. If that remains at the same level, it will give us 36 billion which means we will have a deficit of R30 billion. Now in our roll out model, we've got a three phase approach. In the first phase, what we've said is that 47% of the students within the system requires free education, meaning 53% of them are self-funded students. So, if you have R30 billion as a cost and 53% are self-funded students, it means that our endowment fund only needs to fund R14 billion. Then we start asking where the R14 billion comes from does?

1. Can we increase government subsidy by 1^{1/2}%? That gives us R1 billion.

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JUDGE J HEHER: Are you saying the 53% of the students have to find how many billion was it?

MR KHAYA SITHOLE: How we worked it out is that we said we've got our students groups into three.

ADV K PILAY: Before you leave this Power-point slide, may I ask you, if for example and I am just looking at figures from 2015-2016 where the quantification of university fees was in the region of R26 billion and I think at the moment you can use the numbers for 2017-2018, I think they are around R30 billion. If you add that to your first amount to your first pink line, I had the R33 to your R85 billion that will more or less give you picture of total costs

MR KHAYA SITHOLE: If you do it that way, yes, but I am still of the opinion that R85 billion ought to represent the total cost.

ADV K PILAY: I understand how you arrived at R85 billion and the figure you use is familiar to us because it forms part of NSFAS and IFAS presentations. And that amount of 92,000 a year is the average cost of full study per student per year. So, what NSFAS and IFAS do, is that they use that amount to fund the students; pay for the students' fees at the universities. But that doesn't take into account the subsidy that has already been paid to universities. That is purely the fees for that student to be enrolled at that university and it encapsulates full course of study, accommodation etc. That is why there is substantial difference in that amount that you first spoke about.

MR KHAYA SITHOLE: I suppose we then interrogate how the universities could tell us that their cost of running the system two years ago was 55 billion. Remember, they are our reference point in coming up with the numbers. So, if we do say the basis for the calculation is wrong, then, we need to go back and say that the basis you gave us for

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calculation is wrong because we got this data from the department of higher education and the universities in South Africa.

ADV K PILAY: All I am asking is that I think in future it might be useful for if we get remodelling done on the kind of figures we've given you now. The total cost you based the entire model is substantial higher than what you have reflected in this document.

MR KHAYA SITHOLE: Okay. That's a valid point.

ADV G ALLY: I would expect it would just be fitting the new number into and then increasing or reducing but your formula would remain the same in terms of what you saying. And then, to the Chairperson's point of the 53%, you got the 53% because you said 47% are funded and 53% self funded.

MR KHAYA SITHOLE: Just to indicate please, go to the power point. This is out the roll-out works. I like you to focus on the right hand side. The way we look at the student is that you need to put them into five different groups. Group are students from families that are below R300,000 which is R25,000 a month. What makes group 1 different group 2 is that group 1 is will come from (Queenstown 1 and 2) schools which are poor schools and (Queenstown) 3 might be there, while group2 are students with the same income dynamic but, would have gone to better schools. So, the distinction is if a student has bad economics and bad education, they should be in Group one and they should be funded for regulation time plus additional year; while a student might come from a poor family and might be able to access a better school maybe through scholarship. So, those students should then be funded for regulation time.

ADV K PILAY: May I ask, the 300,000 does that refer to total family earning?

MR KHAYA SITHOLE: Yes. So, what we are asking for class 1 and class 2 family income because their families' income is below R300,000, we are advocating funding

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for full course of study. When you then move to students in Groups 3 to 4 which are between 300,000 to 600,000, what we are looking for is facilitation of full tuition for the students and then talk about family contribution for the remaining. Students that earn above R600, 000 are expected to pay their way into the system in the phase of the project. Then, the effective number of students that requires funding comes to 47%, while 53% based on weighted average, will be able to fund themselves in the short term. We shall explain why we have the 53%.

ADV K PILAY: Mr. Sithole, may I ask, have you compared your model with the (ISAP) mode?

MR KHAYA SITHOLE: Yes. We have. Am I allowed to comment on it?

ADV K PILAY: Please do especially in relation to class 3 and 4. It seems what you are suggesting maybe more regressive than what ISAP is proposing.

MR KHAYA SITHOLE: I think in the ISAP model their first problem is the question of the loan system because a lot of people are saying loan system is problematic. So, the way we thought about this bracket is that society needs to come up with an indicator that says to me as person earning an income that it is reasonable to pay a certain amount into higher education. If you look at the family that earns R300,000 and the average cost of study is R75,000, it would that family pays 75% of gross income into higher education. If we think that is a reasonable number, then we adopt the number. That's how we think the conversation should cascade. What is different about ISAP is in the assessment of who is poor; they seem to be pursuing the opposite approach; when they simply say look at society and decide who is poor and who isn't. So, you can't say because someone is on social grant, then they are poor and everyone else isn't. The issue here is that the most basic product that you can buy which is the average cost of study costs you R75, 000. And if it costs you that, then we must then decide that for a

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particular family, at what point in time does that burden becomes too much. That's how we conceptualise it.

ADV K PILAY: Can I just understand the model in relation to Class 3 and 4. You said full tuition funding which I am assuming is a grant to cover cost of study. How will those families access financing to cover cost of accommodation, transport etc?

MR KHAYA SITHOLE: Our thinking is that what distinguishes class 3 and 4 children from class 1 and 2 children is what you might call ability to pay. If a family earns, three hundred thousand rand, their ability to enter conversation with a bank for a loan is completely different from class 1 and 2 students. So, the thinking is that there should be enough out there for them to say when it comes to accommodation and things like that, we can go and apply for a loan. But we are not going to put that in our model because ours doesn't facilitate that.

ADV K PILAY: The complications come about, Mr. Sithole when you have a family who is earning 200,000 for a year and has three children who are eligible to study in university. How do you measure that family's ability to pay?

MR KHAYA SITHOLE: What we said is that it is actually a family contribution. The family that has three students will be told because your family earns 300,000, this is your contribution to the system. The fact you have three children will not be used to penalise you. So when did the modelling we considered that many people have got nuclear families. So, family contributions should be added to the education system rather individual student.

MS L T KHUMALO: I see the model is more into access. Did you guys consider success?

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MR KHAYA SITHOLE: Yes, we did and that is the other slide that refuses to show. The issue we want to interrogate when it comes to issue of success was a very difficult issue. The university system doesn't have a million students, but has a million bodies within the system. What we propose is that we need to restructure the university system. In restructuring the system, you will have three options: the first option is to talk about alignment. For instance, if you got to UCT and you want to study accounting, they will ask for 45 points. If you go to Fort Hare, they will ask for 27 points. Our argument is that if two students have exited from the same matric system and they are trying to enter the same degree that has the same professional exams at the end, you cannot pretend those two students with 27 and 45 points are the same. Therefore, you need to decide as a society, what are the right points people should have to access a particular system. There are two possibilities here: if UCT says you need 45 points to assess accounting degree, it either means UCT is useless in teaching or Fort Hare is excellence in teaching. The reality is that if Fort Hare accepts a student with 27 points for accounting degree, it is very unlikely that the person will get out of the system as the same time as student from UCT. So, our thinking is that once we get a great alignment, then we should be able to say for this particular degree, this is the type of students that should be allowed to study for it. That is option one.

The second option which is more radical is to simply say the issue here is that we have got 50 colleges, 26 universities. If taxpayers have funded the creation of 50 colleges, they should be able to say that colleges should be used for a particular purpose. Our proposal is that no one should be getting access to universities directly. If people go through colleges and after two years, there will be a screening process. What you will find is that four types of student that exists in South Africa. There will be a student that will say after two years, this college certificate is what I wanted. So, they stay for third year and leave with a qualification. There might be a second group of

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students who might get a Diploma. Those are the students that after two years they migrate to university of technology. The third group spend two years in college and two in university and get degrees. You have those students who will succeed in university even without the college system. If you think that way, you find out that the cost of running a university is much lower because people are screened through the college system first. But more importantly, when a person arrives at university, he has two years of total experience that shows the person has ability to cope with that qualification as we become more decisive on how the system out to run. The key issue around the colleges is that there is a stigma problem. I can't fix the stigma unless I can force everybody and the good students to go there. Currently, if you are bright student, colleges is not in your conversation. However, if we arrive the decision that says that every student no matter how good they are, they must go to college. It will mean the investment of building colleges has some meanings, because students will understand that it is the route to education. After the two years programme, you can migrate. But what we will do is to cut out the lost subsidy because we are losing money by putting students through a system that basic education did not prepare them for.

ADV MATSELENG LEKOANE: Yes, I don't want you to leave that point because you are repeating again; the basic education and state of readiness. You are talking about the support the varsity can give to students. Are you saying the readiness can be secured by students having that college system? Or you saying the student that it is not ready can come to varsity and receive the support?

MR KHAYA SITHOLE: Yes.

ADV MATSELENG LEKOANE: And how does it affect your modelling and costing?

MR KHAYA SITHOLE: I supposed South Africa has always gone for the alternative approach which say let them get to university to support them. So, you have got a long

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history of what they call access programs. What distinguishes them is that they are completely fragmented throughout the system. So, if I takes a student and I try to get give them experience University of Cape Town is not the same experience he will get at the University of Venda. What is simply does is that it puts the burden on the university to fix the problems that basic education is responsible for. My view is that universities are not the right place for that kind of support. Even the support programs in the universities are not sufficient, exposed or skilled enough to deal with large volumes of the problems. I do suspect that the college is the better way to go.

JUDGE J HEHER: How are you going to decide at the end of the two years as to which students fit into which groups?

MR KHAYA SITHOLE: Academics.

JUDGE J HEHER: But it is a common call the FET and TVET are of poor quality.

MR KHAYA SITHOLE: My thinking is that a lot of people think we are talking about 26 institutions, we've got 75 institutions. And I do suspect you have enough academics to role the curriculum as you have designed it. If I go and start an FET, it is a standalone institution with its own curriculum. There is what we call articulation which doesn't exist. So, if the system remains the same, we've got 26 universities and 50 FET colleges, let us paired two FET colleges with one university. You are now galvanising academic resources that exist in these universities to help out the FET colleges. Without that, TVET and FET will be regarded as academically poor, and it is not in our good interest to retain that status. So, it is better for them to be part of universities and create some particular articulation.

JUDGE J HEHER: That sounds nice. But you pair WITS with two rundown FET colleges, who is going to get the main attention?

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MR KHAYA SITHOLE: We've been down this road before. In the case of WITS, we used to have Johannesburg College of Education and it had an articulation agreement with WITS. So, I could go to the college and do my three years and get a diploma and leave or if I get the required result I could go to the university and spend a year and get a degree. I think the reason they are run down today is because of the neglect of this kind of conversation.

ADV MATSELENG LEKOANE: You were saying earlier that if you are a bright kid you know you are going to varsity; do you think that is the structure the basic education has indoctrinated? Basic education actually optimises the opportunities of going to university or college, you would think of varsity only as a bright kid. You think there is a problem there?

MR KHAYA SITHOLE: Definitely, I suppose so. I think there is a problem in the way people see FET and TVET. We have enough institutions but everybody queues up to go to universities because of the reality that people who graduate from FET don't have the same economic participation and ability as students from university. If I am interviewing two people and one is from FET and the other from university, I already have stigma against the college student. So, in an articulation environment that university will say we are responsible for everyone who goes to this college. I think what it calls for is a collective accountability for the higher education system. I think there is no problem of higher education in South Africa, there is only a problem with basic education. Somebody says to me that we are going to use the university environment as a galvanising force to raise issues about how the basic education system is becoming dysfunctional. We need to say we've got a higher education crisis by fixing basic education.

ADV K PILA: Mr Sithole. We are running out of time. We just need to be clear. We have received presentations and evidence on why income contingency loans are the proper

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way to go about funding on higher education. You have said that students are not in favour of the contingency loans. Perhaps you can tabulate for us why they are not in favour of it.

MR KHAYA SITHOLE: If I was a student, the reason I will not be in favour of it is because those loans are only given to black students. So, only the black students are ever being asked to pay some amount back into the system. That is problematic. Also,

ADV K PILAY: Can just go back to that first point. We are the stage now we are de-racialise it. In other words, NSFAS is giving contingency loans to all students that qualify for funding. Please address us on why it is problematic.

MR KHAYA SITHOLE: I think the general consensus is that the majority of the people that below the income level are black students. That is the reality. If perhaps they look at their qualification thresholds, you might see a change in the demographics. The key issue is we are advocating for introduction of education levy

ADV K PILAY: We saw your submission on education levy. It is extremely important we get this clear from you because it is an issue which looms large over this commission. Why is it that student's say income contingency loan is not appropriate tool to fund higher education?

MR KHAYA SITHOLE: The reason why the contingency is not appropriate is because a loan by design requires repayment and what that does is that it creates what is called black tax and what people do when they go to the work place is that they compare themselves to their peers. They simply say you buy a *Polo* and I can't afford one because I have got a loan to pay back. The problem is that both students went through subsidized system. So, it makes no sense for you to ask only one student to pay back. The second problem with loans is if you and I go to the same university, i study science

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and you study for a BA. Both of us started from nothing and we were able to get our degree through financial aid model. What happens is that at the end of our degree both owe R50,000, but what the system enables me to do is to earn a salary of a million rand and the way we collect is limited to R50,000. I am thinking that it makes no sense because my ability to earn a million rand is directly linked to the fact that I was funded. The income contingency loans limits my collection to what I can spend and the problem is that when you have such high drop-out rate and low collection rate, you are actually don't have sustainable funding system using that loan model. This is why we are saying every single person who benefits from subsidised system should pay something back. And what it does is that facilitates cross-subsidisation just like pension funds.

ADV K PILAY: But doesn't the graduate tax model suffer from the same problem in the sense that you are not taxing everybody who received the funding?

MR KHAYA SITHOLE: No, for us, every person benefits because they went through subsidised system.

ADV K PILAY: Not only graduates. Does it include drop-outs?

MR KHAYA SITHOLE: Drop-outs are a conversation. What we thought of originally was to look everybody who graduates. We realised that the administration wasn't worth the efforts. We are saying we already have a proxy of people who graduated. So, we are saying in order to regulate graduate level, you must simply replicate existing system. So, what we are saying if you are able to attain a level and get a job, we have a system in place on how to collect the levy.

ADV K PILAY: So, you are going to be imposed the levy like the personal income tax?

MR KHAYA SITHOLE: Yes. The road that currently exists is basically based on the payroll. And if a person earns R30, 000 per annum, you can't ask him to e part of this.

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So, it has to be all the earners above a particular amount. It is already happening there is a 1% that goes through to SETA. What we are saying is that because we have higher education crisis and people who are supposed are those who benefited, there is moral justification for it.

ADV K PILAY: Have you quantified how much you would collect?

MR KHAYA SITHOLE: Yes, we have.

ADV K PILAY: And the levy will be imposed in respect of everyone, not only graduates?

MR KHAYA SITHOLE: Everyone.

ADV K PILAY: And it will also exclude those graduates who do not reach certain level of income?

MR KHAYA SITHOLE: Yes! You can say to a graduate that earns 5,000 a month to pay because you are not facing the problems that NSFAS is addressing in the first place. We can shift the burdens because when my parents was earning below 200,000, I can't access education and now that I am earning below 200,000, I can't pay the levy. We would have a floor at which you can participate.

ADV K PILAY: One of your critiques of the income contingency loans is that it doesn't address high drop-out rate? Similarly, education level won't address high drop-out rate.

MR KHAYA SITHOLE: The primary distinction when you talk about drop-out rate, those are the last of the loans system. The loan system speaks to its particular audience.

ADV K PILAY: Isn't one of the educational iniquities that you will be double taxing in a sense graduates who self-funded their education and you still impose educational level on them?

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MR KHAYA SITHOLE: We disagree. It is not double taxation because they all pay their way through a subsidised system. So, they never paid the true cost of what they should have paid.

MS L T KHUMALO: Is the graduate tax in perpetuity?

MR KHAYA SITHOLE: Yes it is, that is the beauty of it. Even if I only spend 50,000 educating you I can collect even until you perish. That's the self-sustainability aspect. To show how it works, you can see in the yellow line the beneficiaries, graduate, corporate and society. This can be done over an eight year period. We are advocating for 50% increase and it increases per 1^{1/2} in a year. So, if people are paying 1% of their pay roll, we are raising R16 billion already. That's not 8 billion that is being introduced into the system.

This is not the final solution it is simply a blueprint on how we think we can fund the education.

ADV K PILAY: may I put to you what the national treasury testified to us a few days ago. They said graduate taxes won't be able to raise revenue to fund education. That in 2011 they were about 1.2 million individuals who had completed their degrees, but 80,000 graduated in 2014. The estimate is that if each new graduate pays marginal tax rate, the revenue will be about R200 million per year, which on your figures inadequate.

MR KHAYA SITHOLE: Yes. That's why we changed the conversation. The reason we call it education level is you don't need to go and ask a person whether they graduated or not. We are saying we are the mechanism where people that fully employed have to pay 1% of their income, and we simply say that replicate that models. They only look at the graduate level only. That's why we come with different proposals.

ADV K PILAY: Should be liable to pay graduate levy? What tax bracket?

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MR KHAYA SITHOLE: Essentially, it is everybody who is employed. But everybody who is employed will have sub-minimum.

ADV G ALLY: Mr. Sithole you used the number to indicate the model that you have. So, you have taken into account who will participate. Now you are saying let's say 100,000. I am sure you've got a number. It can't be 100,000. I think it is important in explaining your model that you are clear about your numbers. As we have indicate you, you will revise should the number changes.

MR KHAYA SITHOLE: How we cover that is where we came up with 0.5%. For us, 1% is a right number. But we must also say some people are exempt from this particular levy.

MS L T KHUMALO: And the 300,000, is that forever?

MR KHAYA SITHOLE: I mentioned earlier that once we get to implementation, society needs to decide. Is the 300,000 a fixed number? I don't think it should be fixed. What we influence is it the trend in the university cost over time.

MS LT KHUMALO: Did you factor in the growth of the country?

MR KHAYA SITHOLE: Yes we did. I assume you mean growth in population rather economic growth.

MS LT KHUMALO: Economic growth.

MR KHAYA SITHOLE: We were very conservative. We said lets work on zero percent.

MS LT KHUMALO: Isn't the new one now that you are forcing poor children into the system?

MR KHAYA SITHOLE: That's why we are advocating for fixing basic education.

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ADV K PILAY: Isn't the conversation then around how to ensure you higher graduate rate and lower drop-out rate? In other words, what intervention do you introduce at the stage of higher education rather keeping them out of the system entirely?

MR KHAYA SITHOLE: That is why we advocated for a relook into the college system and its roles of the facilitating this. That is why we need to crystallize.

ADV K PILAY: We are running out of time. Mr Sithole we are happy to arrange a time slot for you and your colleagues to come and back if there is anything you feel we have not addressed. One issue is we will ultimately come back to your presentation. And I just want to be clear on slide 9 of the presentation where you reflect your proposal on the educational level. It is indicated in the last point that on the long term the fund will be self-sustained by graduates.

MR KHAYA SITHOLE: Yes.

ADV K PILAY: I just want to check that if that is no longer the proposal. If understand your submission today.

MR KHAYA SITHOLE: On longer time, do you want everybody to be funded? Apart from people below the 300,000, the graduates will be able to sustain the system. The graduate level is essentially the skill level version.

ADV K PILAY: I just want to understand that. So, should we now amend the last bullet point of on the long term the funds will y all persons earning above 300,000?

MR KHAYA SITHOLE: Yes, I suppose so. You could change that because educational level means on everybody earning above 300,000

JUDGE J HEHER: What about the presentation on ISAP

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ADV K PILAY: Mr. Sithole. We do want to have your on opinion on the presentation of ISAP. We will be having another session where we will be having the Chairperson of the NTT before us. And he will be given the opportunity to various stakeholders to respond directly to his presentation. I suspect there will be changes to ISAP model which form part of that presentation.

MR KHAYA SITHOLE: I am happy to do that.

ADV K PILAY: May I suggest that we invite you to come back and you can deal directly with what has been put before us by the NTT.

MR KHAYA SITHOLE: Yes. That's fine.

ADV K PILAY: Alright the day we have for Mr. () and his team is 23rd and 24th of March.

MR KHAYA SITHOLE: That's fine

JUDGE J HEHER: Thank you very much. It will give us time to think what you have brought before because it really complex.

ADV K PILAY: And if we could ask for to ring remodelling for the next occasion.

MR KHAYA SITHOLE: Ok. I can do that. We work on that.

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SESSION 3

ADV TSHIFHIWA MABUDA : Chair, we haven't received the presentation from the YCL. They've indicated that they will be relying on their initial submission they made to the Commission. I am not certain who of the presenters will be speaking. So, I am just going to ask them to clarify that for us.

Mr Mluleki Dlelanga: Let's clarify that issue that when we appeared in the committee, we gave you two presentations, and when we received your questions, we realised we were removing in the same setting. The questions that you have raised are the same that are in the presentation, but we felt that we must come and give you answers if you feel so.

ADV K PILAY: I think Mr (Glen) just to confirm where we are now so that you understand. We have done substantial work and you are part of that work. At the moment we are reaching the last phase of the hearing and we would like to hear your concluding submission on the question of visibility.

JUDGE J HEHER: We are very interested in where we should find the money. If you can help us find the money, then the whole country will be grateful.

Mr Mluleki Dlelanga: I will answer that one.

JUDGE J HEHER: Who is going to present?

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MR MLULEKI DLELANGA: I am going to present.

JUDGE J HEHER: Do you have any objections to taking the oath? Would you prefer to affirm?

MR MLULEKI DLELANGA: No! We believe in the superiority of our ideas. We can take the oath.

(Administration of oath by MR MLULEKI DLELANGA: (YCL).)

MR MLULEKI DLELANGA: I got the list of questions that we are to respond on as part of taking forward the process I engaged on. We must appreciate your invitation for us to come here again. If it goes well, there are three areas we have to focus on to get the money. We want to make a distinction between free education and fees-free education. While others may think the two means one, and it can be used interchangeably. We argue it is not the same. Free education is free, quality and compulsory education, and it addresses the question of quality and content of education, transformation of education and fees. The proponents of free fees use that to divert attention from all these things on education and lay emphasis on the question of fees to the exclusion of all other things. Therefore the debate must be on free, quality or transformed education, not on fees free education alone. We must also focus on transformation of education while need resources for it itself.

The question is whether fees-free is possible or desirable in the South African context. We say that it is possible, but we exclude the word desirable because it is not applicable in this context. There is need for education to be free in South Africa in particular for the poor. There are also two areas that important; the commodification and commercialisation of education remain the biggest challenges facing our education. Many poor students from working class are denied access to higher education because

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they do not have the financial means to buy education. Education in our country is very expensive. It is sold to students as good by institutions in exchange for money. The consequence is that it is those who have money that acquire it. Given the economic situation of our people, we need then to develop system and opportunities that will allow the poor to acquire education without the burden of the costs. Therefore, education can only be compulsory if it is free. We can't compel people who can't afford to go to school.

ADV TSHIFHIWA MABUDA: Mr. Dlelanga, before you proceed, is your submission that education should be fully funded by the public sector and the State when you said you are against the commodification and commercialisation of education? Are you saying the State should fund higher education?

MR MLULEKI DLELANGA: We said that as part of nation-building and liberating our country because if you can educate the youth, you will achieve liberation and nation-building. We said the state and public sector should fund education. We further said that the State can find the required 28 billion needed to fund education. Why is it easy for government to find trillions needed to fund nuclear power project, but we keep saying there is no money to fund education? There is money in this country.

There are different models of education and funding models in different countries. Countries like Sweden, Botswana and Lesotho have experienced free education at a particular time. We need to study the experiences of these countries and look deep into the advantages and disadvantages of their models, and for us to arrive at our own funding

models using our concrete conditions. In these countries I have mentioned free higher education was introduced through grant system. Students had opportunities to study for free without expectation of paying back. These are systems we can emulate. Further, we need all stakeholders to participate in the covering for education.

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ADV TSHIFHIWA MABUDA: Mr. Dlelanga, in any of these countries you mentioned where education was free was offered at one time, do you have any example where the higher education was sustainable after free education was introduced?

MR MLULEKI DLELANGA: Thank you very much. I can give example of Cuba. I was in Cuba last year. Higher education is highly sustained in Cuba. They even take people from other countries. Over 6,000 doctors are studying for free in the country.

ADV TSHIFHIWA MABUDA: Would you that there are socio-economic differences in Cuba as supposed to this country?

Ms Precious Banda: (YCL)

Actually, it is a matter of political will. The National Secretary of the YCL said earlier that we have capacity to find trillion for a nuclear project. We have to sit in a commission here to see how we can 28 billion. We feel it is an insult to young people. Our concrete conditions suggest that it is possible and we are able to generate money as long as we have leadership and political will, and a government that is willing to response to the need of young people. So, far we have shown that our system has failed. Our economic conditions are better than that of Cuba and the country is able to continuously fund free education, what makes it impossible for us to do the same with better economic conditions than Cuba? So, the conditions are not the same in responding to your question. Yes, we can find money and have free higher education for the people.

JUDGE J HEHER: thank you Ms Banda. I don't think it is necessary to put Ms Banda's declaration under oath. It wasn't a fact of declaration so much as idealistic declaration. She tells us Cuba is a place to look at and we can look at Cuba. So, let's do that.

ADV TSHIFHIWA MABUDA: Thank you chair. I will ask Mr Dlelanga to proceed which his presentation.

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MR MLULEKI DLELANGA: We want to appeal that we have to be proactive in dealing with issues particularly this matter because it is very sensitive in the sense of what happened during the fees must fall protest. What we get as leaders from the question being asked is an insult to us. It shows that since we have been sitting here for long and nothing had been done and we have been prolonging the matter; not understanding the gist of the work we should be doing. We take it serious the issues you raised Mr. (Moisia). We are prepared to challenge you because you seem to be a stumbling block on what we think is right for the poor people of this country.

For instance, we said we need stakeholders and engage them and listen attentively to what they put on the table. And we must respect their views because amongst things that we need as feasibility are what the people on the ground are saying. Also, business people must also contribute this important matter of education through a corporate education tax which can be charged progressively on the size of the profit they make. We have to come up with legislated tax that compels them to contribute more to the funding of education.

ADV G ALLY: Sorry, Mr. Dlelanga. Which tax are you saying?

MR MLULEKI DLELANGA: There is a need for a legislated tax, to tax businesses depending on the size of their profit to contribute to the funding of free education for the poor.

ADV G ALLY: Thank you.

MR MLULEKI DLELANGA: In the presentation we made earlier, we spoke of the revolutions that have experienced and the challenges facing the systems. We agreed that the State doesn't have money, but we refer to what the Comrade Precious said that if there is political will as politicians determine to build a nuclear programme, there must

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be that same determination to skill the nation focusing on the area that we spoke about. Higher education should be viewed as an investment to society and not a cost. We also need to gradually phase out loans and offer bursaries. We also said that tuition fees and upfront payment of fees must be abolished and grants introduced. Application fees must also be abolished, but the in main the funding of the higher education by 2020 should take place. That is our presentation that we put before this esteemed Commission.

MS LT KHUMALO: Sorry to interrupt you, Mr Dlelanga, from the same presentation you are talking about, you were talking about free education fund. Is it still in the presentation today? Is it more refined? Just so that we can have it in evidence.

MR MLULEKI DLELANGA: I was coming to that when you interrupted me. Excuse me Judge. We said that there should be free education funds administered by government where citizens, workers and organisations can make donations. This can be possible if we infuse patriotism among our people and we allow education to be owned by the people for the greater good of the entire nation. But the challenge is to improve the quality of education across the value chain without expecting students to pay. And if we implement all our proposals, it is feasible, possible and desirable for free education and fees to fall in South Africa.

MS LT KHUMALO: I can't remember, but you also had a list of sources where we could get the money. You were saying it is not exhaustive, that there are other areas in the country where money can be sourced like today, we heard you talking about trillions for nuclear. Are you guys able to refine that list?

MR MLULEKI DLELANGA: As you heard us today, we talked about the nuclear project that is being funded by almost R1 trillion, but also we propose that finance capitals through big corporations and monopolists, for example the South African Chambers of Commerce and many others might contribute in covering funds for

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education. All that is needed is for government to take up the issues that emerged through the 2015 students' protest and introduce lasting solutions to avoid the same kind of protest in 2017 and beyond. That are some areas we have to look at. We affirm our proposal and views on those that can contribute on this.

ADV MATSELENG LEKOANE: On this Mr. Dlelanga, we heard last week from the South African Chambers of Commerce, they were saying that business already contributing highly to other initiatives. So, are we saying high and above that must they contribute specifically to education if there are other priorities, maybe just to assist us on ways to get to that?

Ms Precious Banda: If you check the patterns in which business contributes, it is that it is self-legislated because they decide as business; what is it that they invest into their social responsibility. A company or a firm can decide that for this year, we are going to committing this particular amount to assist in the funding of education. Sometimes, certain businesses don't even that. Now, when we say businesses, we mention a few like the National Secretary of the YCL has mentioned. We are re-emphasizing the tax that has been mentioned, that when there is a tax that compels business and puts across a level or amount that the pay- all of them- those that are doing, those not doing it and those doing it less- are going to continue to pay according to the legislation- the corporate tax that we are proposed that business be taxed on. Now, we want our government to put in place what is it business will contribute. The other thing that we need to put in place that can be assisted by the same law we are proposing is that each company, business has its own contributions; this one pays for 5 students, the other for 5,000 students. There is no coordination of all the bursaries and sponsorships that are given out. When we put the money of these bursaries that are given out together and singly coordinated by the state, how much are we able to take forward in covering the costs of education? We are saying cost of education because

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we feel free education are many things involving the cost, but fees-free is exclusively about fees. So, the question of the cost will be a combination of what the private sector contributes through legislation, the citizens and the government through its own fiscal adjustment contribute. Then, we will surely able to cover what we need for the entire cost of education for the poor that we are talking about as Young Communist League.

ADV MATSELENG LEKOANE: So, this corporate tax will go directly from business into the funds? It doesn't go back to fiscal?

Ms Precious Banda If you listen to the National Secretary' presentation, he said we are going to tax business progressively. So, it is not about big business, it is about all levels of business, but the more you earn, the more you contribute towards the cost of education.

ADV MATSELENG LEKOANE: That is the clearance I was seeking that from that tax we specify that it is for education specifically. It doesn't get to be redistributed from the fiscal.

Ms Precious Banda: It is an education tax.

ADV MATSELENG LEKOANE: A corporate tax specifically for education?

Ms Precious Banda: Yes.

ADV MATSELENG LEKOANE: Okay. So, if other departments maybe from health and have similar cry, we would tax the business again, separately? I am thinking of its sustainability.

Ms Precious Banda You have to decide what is your job; whether it is to find ways to fund education or to think about other areas like health. You have to decide whether you are here to listen to our suggestions on how we fund education.

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ADV MATSELENG LEKOANE: Our job is the feasibility of when we find the resources. Is it feasible for us to get exclusively to those funds or there will be impediment, hence the inquiry.

Ms Precious Banda: It is very feasible and in the document we gave you there is a breakdown of how other countries have managed to generate and sustain education funds; and how different stakeholders are putting resources into that fund for education. The government has got priorities such as provision of health for the people. All others are there, but at the instance we are looking at education. That's why we are saying in the question of education we are failing to get 28 billion, but government is able to invest 1 trillion into other project. So, it is about political will and prioritization of education. And for us to have sustainable health system, infrastructure, skills and development, we first need to have a sustainable education system. In the priority ladder, education must be placed on top because we need to educate our youth that are becoming impatient. That is our battle cry and that is what we are saying must be done.

MR MLULEKI DLELANGA: I want to add on the concern that the businesses that are already contributing that this one will be a burden to them. We appreciate the contributions of businesses, but it is not enough looking at the challenges facing our people. All what is needed as we spoke of the free education funds to be administered by our government, is the tight coordination where all businesses will put their resources in one basket and government will also come up with its resources and put them together, and we might just have more than what we are looking for.

ADV MATSELENG LEKOANE: It will be important if you put into evidence a system or a proposal and that you make sure it is workable and that to ensure after wider consultation has been done they don't present different options. So, we are just trying to

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refine that because we have had your presentation before and when you went back, these are the issues you are going to get mandate on and you will just report back to us.

Ms Precious Banda: When you mention to put into evidence, what evidence do you want? Because we are telling you that we need a law through the political will of our decision maker to put in place a law. We are telling you that there is nothing compelling those that sit upon billions from exploitation of our people to pay for the cost of education. We are also telling you that students and young people are tired and impatient with slow pace of transformation of our higher education trajectory. That's enough evidence. Also, if your question of your wanting evidence is in the negative, we also want evidence that says it is not possible.

ADV MATSELENG LEKOANE: I think what has been presented is sufficient for the Commission...

MR MLULEKI DLELANGA: There is new evidence which I think it is important to put forward. For instance, as we were coming here, we have young people waiting in the offices for us to come back with answers. It is an evidence that there are numbers of students that are waiting to be admitted only for them to go back home because they are parents cannot afford to support them, businesses cannot support them because they can only support a few, and even NSFAS as rejected them. That on its own is scientific evidence. Even the Chairperson of NSFAS has indicated that what they can offer doesn't align with the demand on the ground. That is evidence in public arena.

ADV MTSELENG LEKOANE: On the last occasion, I remember just on a point of articulation, remember your concern was this application fees. Do you have a position on central application operations and how we should deal with that?

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Ms Precious Banda: Firstly, the problem that we had with the communication from you is that it seems the preoccupation is more on the money, but not on all material conditions that influence this money that you are talking about. Also, what the nation needs and the fact that the current system is failing and collapsing. His explanation of how NSFAS leaves students out is evident of how it has failed and we need a more inclusive system and that is free education for the poor. The central application if you remember is being piloted. We say institutions must register on their own, and that application fees in all these institutions is too expensive for students to go and apply; and we need a system that captures all these students once and gives the data to the institutions. But you are being distractive advocate.

ADV K PILAY: _____ We are actually listening to you.

Ms Precious Banda: Central application was responding to that need ideally, but central application has been failing from the experience those that have been using it. So, our answer will be yes and no to it. We need comfortable with the approach of is it feasible or not, like you are even ready to tell us it is not feasible. That is not what young people are expecting from you. They want you to come back and tell them that it is feasible and this is how we are going to do it. So, the attitude should be that, yes it is feasible and we are going to have free higher education for the poor people. The discussion then is how do we do it? The attitude in the questions threatens us, it threatens those listening to us and those that we are representing; those young people that have not been covered by NSFAS and the outcomes of this Commission are their hopes. You seem more to be in the negative and I think that is our observation of you. And we are challenging the observation to say can we move towards finding fund for free higher education

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MR MLULEKI DLELANGA: Let me add to what she is saying. I think we still have time. We advise you to go back and revisit your questions. Your questions do not assist the process, like we are moving in circles, apology to you Judge. It makes us to believe you don't have time to think thoroughly on what to be done when you are faced with this problem. And we can say Judge, if you fail to do so, we can go and craft questions that can address these issues. Also, we don't want to be worried that the report of the content of the report of the Commission might be weak because of the weak content we are getting as an organisation. We want at the end that the report will be quality and should be able to engage, not to take us back where there will be people marching. And this time, a revolution is coming if we get a weak report or something that is not convincing to us. We are telling the political leaders that a real youth revolution is coming on this issue of free education.

ADV TSHIFHIWA MABUDA: Thank you Chair. Thank you for your presentation Mr DLelanga and Ms. Banda. We have on further question chair.

JUDGE J HEHER: Thank you very much. We are adjourned till tomorrow 9' O'clock

ADV K PILAY: We adjourn to tomorrow morning 9 O'clock.

JUDGE J HEHER: Who is first witness tomorrow?

ADV K PILAY: SASCO.

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SET 7 – HEARING 1 – DAY 4

COMMISSION OF INQUIRY INTO HIGHER EDUCATION AND TRAINING

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