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COMMISSION OF INQUIRY INTO  
HIGHER EDUCATION AND TRAINING

**PARTIES PRESENT:**

The Chairperson

Commissioners

Head of Evidence Leader

Evidence Leader

Experts

Secretariat

**WITNESSES:**

PARLIAMENT BUDGET OFFICE:

- PROF. MOHAMMED JAHED
- DR. DUMISANE JANTJIES,
- DR MAPULA SEKATANE AND
- MR SIRANJ MUHAMMED.

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JUDGE HEHER: Welcome to the members of parliamentary budgetary office, and to the evidence leaders.

ADV. K. PILAY: Good morning chair.

JUDGE HEHER: Please go ahead Ms Pilay.

ADV. K. PILAY: Thank you chair. The next stakeholder is the parliamentary budget office, who used to report about the physical analysis of the cost of higher education in South Africa. And representing the PPO we have the following with us today chair; Dr Dumisane Jantjies, Dr Mapula Sekatane and Mr Siranj Muhammed.

JUDGE HEHER: Who is going to testify on their behalf?

ADV. K. PILAY: I believe all of them will.

JUDGE HEHER: Do you mind if I swear you all in? Does any of you have objection to take in the oath? This is now Dr Dumisane Jantjies, Dr Mapula Sekatane, and Mr Siraj Muhammed.

ADV. K. PILAY: May I just correct it chair, it's Professor Muhammed Jahed that the correct name, it was incorrectly reflected before. My apologies Professor Jahed.

JUDGE HEHER: Thank you. Do you all swear that the evidence you'll give will be the truth, the whole truth and nothing but the truth? If you do raise your right hand and say so help me God. Thank you very much. Yes Ms Pilay.

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ADV. K. PILAY: Thank you chair. Before we begin with the presentation Dr Jantjies, perhaps we could start with you setting out the background to the completion of the report, and then we can begin with the actual presentation.

DR. D. JANTJIES: Good morning judge, good morning commissioners, good morning colleagues. Advocate Pilay, Dr Jahed will lead the discussion.

PROF. M. JAHED: Thank you judge, commissioners, evidence leaders and experts. The study was actually commissioned by the standing committee on appropriations of the national assembly. In response, maybe while I'm addressing the issue I could also indicate what the purpose of the PBO is so that it puts it into context, in terms of how the report is actually produced, with your permission judge and commissioners.

The parliamentary budget office is established in terms of the money bills and the monument related act, the act was promo-guided in 2009, it actually started in 2007 but promo-guided in 2009. The act gives establishment to the parliament budget office. The parliamentary budget office provides technical support to the finance and the appropriations committees in the national assembly and the national counsel of provinces.

The (...) of the act indicates that parliament now through the money bill act, can amend the budget, it has the power to amend the budget. In that sense, to amend the budget you require technical support. And part of that process of establishing that act was the establishment of the parliamentary budget office.

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There are numerous parliamentary budget offices through out the world and in Africa, drastical example is the concretional budget office in the USA, the office for budget reform in Britain, the Canadian parliamentary budget office, and similar other budget offices through out the world.

The purpose and primary function of parliamentary budget office, is to capacitate the legislature, in terms of finance and technical support, to the finance cluster in parliament. So the work of the parliamentary budget office is in support of the committees, our work is mainly demand driven, in other words the work emanates from the committees themselves. Committees will ask for the piece of work to be done, emanating from the work that the committee has established in terms of its own agenda. In this case the standing committee on appropriations of course was asked to look at education, and the budget implications for education. And in that sense the parliament budget office was tasked, specifically was looking at some work for the parliamentary budget office.

JUDGE HEHER: Can I ask was this in relation to a specific budget or was it in general terms?

PROF. M. JAHED: It was in general terms. Maybe if I could just explain the terms of reference; this honourable commissioners, evidence leaders, experts, is the terms of reference that was developed by the parliamentary budget office in consultation with the standing committee on appropriation. The terms of reference was to identify funding options for higher education in South Africa. And all these against the background, against the context of

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fees, the issue of fees for the needy, as was indicated yesterday. And also addressing allocation of resources to the education sector, specifically in the (...). That is why honourable judge, commissioners, evidence leaders, we thank you for this opportunity to present our work to you, and we hope that we could shed some light on the issues that you are also looking at. As I've indicated

ADV. K. PILAY: Officer Jahed before we continue, may I just ask a question about the terms of reference, I noticed from the second bullet point that the terms of reference asked the PBO to look at the costing for free higher education for all, and when it goes to the actual report it seems to focus on the undergrads only. Can you just tell us how that came about?

PROF. M. JAHED: Ms Pilay, judge, commissioners, I think if you allow us to make the presentation it will make thing a bit clearer as we go through that process.

JUDGE HEHER: The other problem I have with it having not looked through your revised report but through the other report, is that it seems to be directed at universities only, and not the other sectors of the higher education systems. Is that so?

DR. D. JANTJIES: Yes judge.

ADV. G. ALLY: I think perhaps you need to explain to us the reason for that because we've has testimony in this light and however it seemed to have the TVET and the CEET to fall from that table, we don't understand why, probably

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you've got good reasons for that, outside of your presentation perhaps you can indicate to us the reasons for that.

DR. D JANTIES: Thank you commissioner. I think the study principally was to respond to concerns from the students who came to parliament in 2015, I think the study was deliberate to look at the universities, it wasn't looking at the post schooling training, but I think in our study we do mention some of the..., because I think the system is intellect.

So, we look at it broadly, and when you look at the costing estimation we narrowed it down to the universities. That's is why we tried to put on the terms of reference at once to say it's a very narrow study and it was commissioned by the committee at that stage focusing on the issue at hand.

JUDGE HEHER: It's a major problem to us. Let me explain to you why; because the focus of the department of higher education and the focus of education seems to be that the TVET sector should expand, far more than it has done and it has expanded a great deal. Not that it necessarily must expand at the expense of the universities, but that more emphasis must be given to it.

And it's also very obvious to us that the TVET sector is badly underfunded in respect of infrastructure, of developing the staff and the programmes, and because of the large numbers of TVET colleges it's going to require a huge injection of capital and on going maintenance to make the sector run properly. It needs a huge public relations left.

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We have ideas from the point of view of the universities. We know more or less what drives the universities, how the universities system is funded, and perhaps even what is needed to put it right. But we cannot deal with one without the other, because it's been emphasised to us and we think it's also so that we need to be looking at this thing holistically.

And also we can't leave the community college system, nor the private higher education system out of the bigger picture, because if we just concentrate on one, others are not only going to complain but do so rightly. So when you present to us your report this morning, I would like you to bear in mind our need, if not yours.

ADV. G. ALLY (COMMISSIONER): And this is why I was saying you don't have to answer these questions now, jot them down and go ahead with your testimony, and just that you don't miss it out when you are finished. Otherwise, I suppose you've turned your thought might drift, so we are in your hands.

JUDGE HEHER: You see part of the problem is that so many witnesses have said to us the alternative higher education institutions other than the universities are the poor cousins, and they've cheated these poor cousins, and everybody think of them in that light, and then listening is done in how this is going to go on.

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PROF. M. JAHED: Thank you Judge and commissioner. Judge I fully concur with your views, and as a commissioner indicated as well to look at the broader issues within the education sector. Let me indicate from the beginning, we are not education experts, we are finance and economists. We address the financial and policy implications of a specific piece of work that it's been asked of us.

So we've been asked to address this specific sector, but we have touched at the issues that you've indicated quite correctly, and we could pronounce some of the issues as well, but let me indicate that we are not education experts. We can give you the economical aspects and the financial implications...

JUDGE HEHER: We are not the education experts either to tell you the truth, but we have been briefed on the educational aspects and we are required to find money to provide, if possible, fee free higher education, not just the universities.

PROF. M. JAHED: If that's fine may we please go into the presentation. I will ask my colleagues Dr Dumisane Jantjies and Dr Mapula Sekatane to present and then we can allow for questions and answers. Thank you.

DR. D. JANTJIES: Thank you judge, thank you commissioner, thank you director. I think adding looking at the terms of reference. We went through different processes to try to talk to those terms of reference or the objectives of the study thereof.



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So, we looked at the, like we emphasised at the beginning. We look ideally at the high education at the university level, trying to provide an estimate of how much it would cost for free university fees. We looked at the full cost of study which is five variable there, how much does it cost, how much has it made up the entire annual costs of study, and we used the sets to try and balance these estimates, and as the judge mentioned. We didn't look at other cost associated with provision of high education services and we look at the literature and we looked at some of report I've already been presented to the commissioner.

So looking quite well and we followed the discussion in both public sector and private sector about both these statistic that we used. Some of the key issues that we found out is that the national development plan does sets out targets for skills and education, but also try to address some of the inequalities and some of the socio-economic issues that are within the society, and it's quite clear in the sense that the demand for high education has grown quite significantly.

JUDGE HEHER: Sorry you are in summary now, but what happened to the full cost of study? I mean for example, we've always understood that one of the aspects that should be included in the full cost of study is transport costs. Did you not consider that?

DR. D. JANTJIES: I think the focus was also on residence students who were at the universities, but when we go down, because we couldn't quantify.

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It was quite complex to get the transport cost in the model there, but we do mention that actually the students who travels between home and institutions do have some challenges as well.

We do mention that but we couldn't quite systematically in the model that we use, but we do transport costs is one of the other aspects, particularly with the TVET. So these basically are some of the key issues. I just wanted to untie them and go through the details and you are already aware that some of them are changing in the presentation there.

There's also an issue of unpreparedness by both the learners, because we looking that the demand is both increasing significantly and the system has not made to accommodate such demand, and some of the learners if not more than half of the learners come not prepared and end up (..) to the system.

High education has three more sources of revenue, government funding, tuition fees and private funding. So that's where the shifts are taking place over the time.

JUDGE HEHER: Stop one moment. On your last point in your summary, you've got the additional funding from the fiscal?

DR. D. JANTJIES: I was getting there, maybe I'm a bit slow, and I'll try to be faster.

ADV. K. PILAY: Dr Jantjies, before you continue, just on the point that you've just finished bullet point four. You've referred to the unpreparedness of the

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higher education institutions, can you just explained to us what you are referring to there?

DR. D. JANTJIES: What we picked up is that, the fact that there isn't enough support for the learners who are coming in, some years back there used to be bridging courses or some mechanism to make sure that... many institutions don't have that mechanism to make sure that if these learners come in the system they are at least being able to be supported, even transporting between the residential areas and the universities. And broadly, there's quite a lot of factors that come in that comes as strong issues that needs to be addressed in the system.

ADV. G. ALLY (COMMISSIONER): You say the problem you going to have now and perhaps its part of the style, which is fine, you going to mention the summary and that we are going to start asking questions, you waiting to go into the detail in the report.

This is the problem, let me put upfront to you, I've read your report. I've read your presentation. The issues you've mentioned there have been part of the testimony before us and I expect that you stand by the report as it is, because it is in accordance to what you have read yourself, in terms of the reports that formed the basis of your report. For instance your unpreparedness of learners, you must have read the report regarding the challenges and the articulations between secondary and higher education.

So the commission is aware of these points and that is why the engagement is already starting, and wanting to know from you how do you look at it. I'm not

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sure prof, how you are going to deal with this, whether it can be part of the engagement because if you going to go through as you want to go through. Now, it is with respect a repetition of what we have, and there could be certain parts that you want to highlight in terms of, because the issue of unpreparedness for instance, have you read the UCDP report of the department of higher education and training? Which deals with that particular aspect. So I'm not sure Prof how you want to deal with it.

JUDGE HEHER: I certainly would like to know at this stage, whether you know about the contents of the UCDP report. Because it is a limiting factor on your presentation if you don't know about it. So I would like to know whether you do or you don't.

PROF. M. JAHED: Thank you honourable judge, honourable ALLY. If it's okay, I can see the discussion going although I thought we are through the summary, we are just giving you a brief appetiser. But I think it will be good that we go into the presentation, and then you could see some of the discussions and reports that we looked at etc., and the hub of our work.

JUDGE HEHER: I don't mind about that. Can you just answer this question are you aware of this content or are you not?

DR. D. JANTJIES: We are not aware of this content in detail, but can I just emphasise that there was five of us who were working on the project, Mr Muhammed who is not here, who has more knowledge in the sector, could have also provided more insight into this.

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JUDGE HEHER: That's fair enough. Then you say if high education has three major sources of funding, funding government, funding tuition fees and private income; what do you mean by private income?

PROF. M. JAHED: What we mean by private income is that the universities nowadays, besides tuition fees, also have a set where they actually for example raise funding...

JUDGE HEHER: You mean third (...) okay that's fine. And you talking about university income as is at the moment, is that the position? Not at it might be but as it is at the moment. Yes thank you, alright. And then when you talk about additional funding from the fiscal it will be required for the funding model to be proposed.

Why do say it will be necessary from the fiscals, why should it not be available from other sources? For example, we have been looking at the financial sector, why should the education system not be funded by the financial sector?

DR. D. JANTJIES: I think context of where the study was done provides some of the answers to these questions. I think as the appropriate committee lead by chairperson Phosa, deals with allocation of budgets. Now the reason why we did the study is precisely to advice her whether there will be additional funding from the fiscals.

In any case, she was looking to say are the areas we could identify, area within public finance where they can provide additional funding. I think the

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context of our discussion was based on the requirement by what the parliament would have been able to do in relation to that.

JUDGE HEHER: Thank you. You'll forgive us for asking this questions because we have had 6-8 months of evidence on various aspects, which we have to try and filter into what you are telling us.

DR. D. JANTJIES: Just to add there some of the information might be already updated because our study was done in October last year. So, it could be updated information what we'll say. But we will start by just giving a bit of context in terms of the high education and development. When we looked at the context, we somehow touched on the entire system.

I will keep on referring post school education system as a whole, but I think when it came to costing we narrowed down to the universities. I think the core challenge for the higher education funding is the extreme high level of inequality within the society, and...

ADV. K. PILAY: Dr. Jantjies may I interrupt you? We've read all of this and I think we've had lots of evidence on these issues already. The one thing that struck me in reading through both the report and specifically the presentation as wee is that in your introduction or your lead in to analysing the high education system in South Africa.

You don't dedicate anytime to understanding or going into the nature of the obligation on government to fund education. Because that will ultimately have considerable impact on the numbers when you get to it. Can you tell us

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whether you looked at that question, what is the nature of obligation on government in respect of funding of higher education and training?

DR. D. JANTJIES: We had a lot of debate, what we do when we get a request from the committees we try to contextualise it within our role, to say how we approach this request. There was quite a lot of discussion in the office, that should we start the discussion from the constitution and narrow it down coming downwards. But of course there a perception that there is a loose phrase that allows further interpretations in terms of what is the role of responsibility of stakeholders within higher education.

We thought to ourselves it will be difficult to try, we wanted to provide a certain narrative, but coming out of the constitution, it was quite difficult from where we were standing to say how much is the responsibility of the different stakeholders in the high education, and how do you contextualise that or how you at least bring it based on the discussion. So we then delicately left it out to say there's been a lot of discussion around that area and it was quite difficult to bring it in.

ADV. K. PILAY: If we can just get the clarity on what was the assumption made? Obviously there's an underlying assumption, what was the assumption made in respect of the obligation on government?

DR. D. JANTJIES: The assumption there was we used NDP to say the guidance from the NDP, hence in my introduction I started with that aspect to say the guidance from NDP is that government assume responsibility to try

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and provide skill for economy. So, we took it from that and say NDP will guide our discussions in terms of what the responsibilities thereof.

ADV. K. PILAY: One of the difficulties with the NDP and an issue that we've been grappling with over the last few months, is that there seems to be a lack of clarity about whether the NDP conceptualises of higher education and training as public good or as a private good, or it's something between a private and public good. It's rendered more complex in our context because we've had evidence from the deputy chairperson of the NPC, who testified that on his interpretation the NDP conceptualises of higher education and training purely as a public good. And therefore the state has got the obligation to fund higher education and training. So, if you base your analysis on the NDP, can we just get clarity on your understanding on the NDP?

DR. M. SEKATANE: In terms of our understanding on NDP we don't see it being clearly as being purely a public good but it has some elements of a private good. How does it come because of the ability, we can say it's public good, but then depending if the state is able to afford. But the state of the economy now of our fiscals, doesn't allow us to see it as a completely public good. So it has some elements of private good.

PROF. M. JAHED: Thank you judge, I think it's a good question that you mention in terms of the NDP, because this is not only about education.

It's about the allocation of resources in broad. So, education is one of the top priorities, I think we heard yesterday, but it's a typical economic question of allocating resources to very massive needs, education being one of them.



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In this sense education, provision of streets lights, crime, police, these are public good in the classic or economic sets.

However, in educational sense in South Africa, because we have a system where, I think Dumisane pointed this out, in the funding for example of higher education, we have three streams of income, not just one. It makes it a mix in that regard, it doesn't just become public good, and hence I think we need to consider that there is a slice that comes from the government. There's a slice that comes from the private sector, and how you mix those slices are important in terms of what you deliver to the state and to the people.

I think that's also the NDP does it in that sense, is to describe it in that sense. But so goes health as well, at some point water, health, etc., will be the next issues, which we'll have to address going forward, and in terms of the funding as well. I think like Dr Dumisane said, our terms of reference was to say is the slice that you could find somewhere in education to cover the need at the stage, given the context that we are facing in South Africa.

JUDGE HEHER: It's all very well pressing ideology, but the real question is where can the money be found? And if the state can find the money then you can call it what you like, you can call it a public good if you wish, because the money will be found. But if the state can't find the money, then what's the use of calling it a public good?

ADV. G. ALLY: Prof, I sit with the problem, that you are asked. You indicate your role and responsibility as being independent. Now you receive an assignment, which ask you to look at where you can find and how higher

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education is funded. Now, maybe it's because I'm a lawyer, I don't know, I was a teacher myself, but be that as it may. You start by what is your obligation, and if your obligation says a certain thing. Then obviously, you've got to see how you then fund that obligation, and if you not clear about the obligation, then we going to go leftwards, rightwards and not know what we want.

Hence all that Ms Pilay was trying to get to is how did you look at your assignment? Now if you take it from just the NDP, then the question is going to arise about private good, public good. But it doesn't appear if you even start at the constitution and you say it's open to interpretation. But if you yourself don't know the obligation, how do you then advise the appropriations committee in your independence? Because it would seem that which was asked of you is asked of us as a commission to find money to fund education. But we at some point need to know where we are in terms of that obligation.

PROF. M. JAHED: Chair and Advocate commissioner you are very right, and maybe we should've explained this in the beginning. And I think maybe you didn't give us a chance to do this. We were not asked to find the number; we were not told; where is the 50 million that you want? Go find it in the budget. We were not told to do that. We were told sketch us the background, look at the broad context of education, look at the potential funding issues, and give us some ideas as to where this kind of things could come from.

The PBO does not make recommendations as independent. We don't go to them and say; yes the 50 million you find it in spot, take it away from them.

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We say this is the broad context, because if you don't understand the background, you don't understand how the sector works. How do you make the decision of where the money comes from? What you find in our presentation is this is the context; this is how it's made up, these are the issues, and now make the decision, you are the politicians.

And that's what the PBO does, we don't even make recommendations. We give them the background; we give them the context, and we say here is the information, here is the numbers, and you make a decision. This is also in the sense that we don't just serve one political party in parliament. We serve everything, so it has to be (...), non- ideological, and the best way is here is the numbers, here is the context, here are the facts, and you make a decision.

ADV. G. ALLY: I understand that. All I am putting to you is this context which you have must have been research, and we can go on and on. But I take it, this is how you did it and this is the report you have, and perhaps if I was a different person I would have done it in a different way. But I hope you get the sense of where my problem is, but continue.

DR. D. JANTJIES: Thank you commissioner. I'll just go through the presentation. But just to add one point, I think what we are also saying is that when we trying to provide context, we are saying there's certainly different understanding because there's a part where we are saying the Minister of Higher Education says high education should be decomodified like any other services. But we are also saying does providing funding for mix system mean that. But I think that's what we are trying to do. We are throwing it back to the

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discussion where we have a common understanding about what context from which it should be funded or not. So, I just want to add on that.

I will just go quickly to some of the issues there. We do acknowledge that a lot of work has been done to try to get the system working, but there are some complexities which you might have learned about to get the system to be transformed, or to try to deal with some of the issues. Most of that has more financial implications attached to that.

We also tried to focus on the institutions to say there's quite temptations by various institutions to try focus on the third stream income as oppose to addressing the government and learners issues there. And also the fact the fact the higher education institutions are falling in the social trend of trying to focus on being a corporate institutions as opposed to trying to address the key objectives of transforming the sector or getting more learners in the system. But I think the course by the fees must fall students for de-colonisation of higher education reflects the frustration with continued poverty and other socio-economic issues that are within the site, that's what we are trying to emphasise there.

ADV. K. PILAY: Dr Jantjies before you proceed, may I ask you about the second bullet point, where you talking about the corporatization of the higher education system, you focus on issues like branding and ranking and enterprise development, that language sound similar to what we've been confronting, which is commodification of higher education, do you see the two

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as synonymous as the commodification of higher education and corporatization of higher education?

DR. D. JANTJIES: I guess there are similarities, what we are trying to show there is that there's a quite shift to people who pay as oppose to dealing with policy issues or trying to address transformation and socio-economic issues, so there's quite similarities if commodity is something that you procure.

PROF. M. JAHED: I think corporatization is a very specific aspect where universities are moving towards seeing students as clients and hence the focus on third stream which influences that as a massive portion of an income, so the more you brand and put your MBAs out there and become the economists and law graduates being showed up in the private and public sector and rise with levels, you brand yourself in the sense that corporate image, and I think that increases the third stream income, and I think that's how the disadvantaged universities probably are falling back on that kind of process.

Hence a lot of students don't want to go to those universities because we don't have, so those are the issues. Commodification comes to a point of public good, is it commodity that you are paying for, things like water and health, and I think water and health goes the same kind of route. So there is a slight distinction between those two issues.

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ADV. K. PILAY: Professor Jahed in your study did you find the link between corporatization and the increase of tuition fees? Is there a link between the two?

DR. D. JANTJIES: That brings to a point of..., because we looked at the fees across the institutions, I think appendix B there provides an indication to say how much do the fees costs per different institutions. Clearly the question that we asked was why is other institutions so expensive and why others are less expensive, of course there's a lot of issues, as to why I have to pay R130 000 at UCT and pay R56 000 at Cape Town University of technology within the same city, does that mean the other is corperitized and the other is not? Again we didn't look at it in detail to try and get the analysis, but yes we tried to compare the fees of the institutions.

PROF. M. JAHED: If I may judge and the commissioner, I see the trend in terms of the presentation, and I can see you don't want to go through the whole presentation, maybe we can to this slide and you can ask questions and we could respond to them in that sense.

JUDGE HEHER: Good.

PROF. M. JAHED: Thank you.

DR. D. JANTJIES: I think the slide is talking about what we discussed about corporatizations, I don't know if there's any questions on the slide.

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ADV. G. ALLY: I think Ms Pilay has dealt with the commodification and corporitization, so if there's any other aspect you want us to take note of then it's fine.

ADV. K. PILAY: Commissioner Khumalo is not here, she would've asked you questions around outsourcing.

PROF. M. JAHED: Judge, commissioner, I think outsourcing is a critical issue, and I think advocate you mentioned it in terms of the ideology. The new public management school, as we all know, talks about leaner meaner government, outsourcing activities etc., for example our hospitals outsource all their laundry services, and we focus on the core business. And I think non-core activities or non-core opportunities are that you focus on the teaching learning aspects and you outsource anything else with it.

A lot of issues around staff around the fees movement, is that a lot of them are contract workers outsourced. So for example, I heard Adam Habeeb say that they pay R2 million per day for security services, now those are outsourced services, and it's this whole school of becoming more leaner, meaner, where I think if you look at the literature now as a developmental state, and what it means is that you grow bigger, it's a public service so you've got more to deliver. So that's the kind of debate at this stage.

ADV. K. PILAY: May I ask the question around the last bullet point, where you say that the administration has become a large part of university costs; at the early stages of this commission we had Nicole Clutter from CHGT appear before us. And he used the term 'wet blankets' to describe a phenomenon

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where there were people at the university administration that were actually very expensive to the universities, but not really producing any core services that the universities really need. Did you look at that phenomenon in the course of studying the universities core structures, you said the administration makes up a large part of cost, question is, is it inappropriately so?

DR. D. JANTJIES: I think that's a point we are trying to emphasise to say it's probably quite, I mean the universities ought to be more of the academic institutions provide teaching and learning, but now with the idea of trying to corporitize to having more administration which try to deal with all these processes which are not necessarily into that.

So I think when you highlight that, that's sort of saying is it necessary to have that large number of administrative. The question saying is it really necessary, what is universal about it, is it to provide learning or it is about providing administrative services. I don't know if I've answered you question advocate Pilay.

PROF. M. JAHED: In terms of administration, it's also a broad issue, if you take the budget for education, I mean 80% goes for salaries to teachers, same as health, nurses. Somewhere along the line, someone is going to make a hard decision to say we can't have so much teachers and nurses, we need to get rid of it because we need more money for capital expenditure, more hospitals and medicines, etc. But who is going to make the hard decision? It's a very difficult decision that we going to have to make somewhere along the line.



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At this stage, it's also politically, a decision that will probably knock the country very hard because people will lose jobs. So, administration is the problem at the universities, I mean you find this in any institution that as you grow, as you brand, as you become bigger, you have a bigger administration, which then suck up most of your funding mainly for salaries. I don't think we made a link in our study necessarily, but undoubtedly you do find that at most universities at this stage.

DR. D. JANTJIES: Judge in addition to that, there's now more pressure for the limited academic staff to produce more work. That's why we look at the broader issue that came out earlier to say there's quite a need for the conversations in the country to say we have an inverted pyramid in the post school education and training.

The small focus on the universities and I think also the economy and the expectations is like you need to go to the university to get a better job. I think what we saying there is one of the structural problem that needs to be addressed when addressing the post school education and training in the country, and clearly it is expensive to have more people in the universities, less in the colleges, TVETs, and lesser in the adult training.

ADV. K. PILAY: Dr Jantjies just to point out to you that both containing slides 16 and 17, we've seen on numerous occasions before, if we can move on.

DR. D. JANTJIES: Also there's an issue of inefficiencies, so I'm not going to emphasise on that, but I think what the slide is saying is that lack of support, lack of unpreparedness frustrates the system.

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ADV. G. ALLY (COMMISSIONER): I think Dr, the issue we are trying to indicate to the chairperson comes on this slide where you indicate you cannot afford transport, and because it never came out clear that you regarded the full cost of study to include transport. And this is the only place that I see you indicate the issue of transport.

DR. D. JANTJIES: I think also the thing that I didn't mention is the limitations when we did the study, we had quite a lot of limitations, we had a very small team, we relied primarily on secondary analysis there, and like I said earlier, it's very unique areas as compared to five variables it was easy to compare, but I think it's worth looking into it, and we haven't looked at the study by the high education, it is a fact that we highlighted there, it does affect the study.

Now in this slide, what we are saying by who should be supported, obviously a lot of discussions are saying is it free for all or free for those who can't afford.

I think in summary in this slide what we are trying to say there need to be further discussions to say, because I mean there's a conventional view that free for all will exacerbate in inequalities in the economy, and other people can afford, will benefit unjustifiably.

I think the point that we are trying to emphasise is that that needs to be looked in detail because in our analysis there we are saying, actual they lead to who would benefit in the free for all, is quite a small question really, and we have a

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very complex system as it is now, that provides funding, and you need to weigh the benefits against the pros and cons on that.

What we are trying to emphasise is when we look at the numbers, we said between 14000 and 75000 students out of a million or so could be classified or fall under the elite who can afford to pay, that's what the slide is basically saying. Let's have a discussion where we say what you mean when you say free for all will benefit people who cannot afford to pay.

ADV. K. PILAY: Dr Jantjies this is an extremely important point for us because the evidence before us thus far, is exactly as you've mentioned in bullet point two, it was put before us by CHAT, that free education system will benefit the elite or the rich because of the structured inequality within our society. One of the explanations for that argument is that if you impose free education on a system where the rich have better access to universities.

In other words, they have better access to better schools, and therefore they get through university easier, they meet the admission criteria easier, etc.; that without addressing the structural inequality we merely make free education free at the upper most level.

All that that will do is ensure that those who do come through in an event will benefit, and it doesn't really deal with the masses who don't have access to higher education at all. That was the underlying rationale, you need to perhaps deal with that because you seem to take the contrary view here.

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DR. D. JANTJIES: I think the view here is we are trying to contextualize it when we say in a highly unequal society, just to bring in some of the project we are working in now, the VAT project director, where one of the point that always comes out it's the issue of the structural difficulties in the economy to say in the top rich or whoever, versavee who is in the system, or versavee the students who are able to come into the system, how much would exactly that be, that number of the elites, so that's what we are trying to say let's try to see how much would that be. We did a rough analysis there to say if we have free for all, yes we agree there's a potential to exhibirates the inequalities.

But in our summary part, we are saying the beneficiaries will outweigh the elites, but there will be elites who will be benefiting, we are suggesting in our findings that there need to be looked into how much would that versavee benefits the beneficiary that will come from the system, if there is a free education.

I think chairperson tried to touch on that yesterday by saying we have a complex system of trying to break down to have graduate probation of free fees, that has clearly frustrated the system and we employed more mechanisism to try to merger to elite versus the poor, which it provides more frustration in the system, and are you able to provide more efficient system whereby we are able to get the elites paying in the different format. That is what we trying to engage the discussion towards, we are saying free for all, how much will the elite going to benefit.

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PROF. M. JAHED: Thank you advocate, good question. I think when we talk about inequality in South Africa economic definition is always used but we don't understand it. We talk about income inequality, so a lot of people say no but you talking about inequality, I don't have health and you do, no its about income inequality. In South Africa this is so huge, we are probably the most unequal society in the world, even after Brazil. Yet we have a massive social wage, we have free health, free education, free water, free electricity for certain people; so the social wage is massive, I think we have 17 million people who have access to social grants, old age pensions, etc., China, Brazil, India you don't get this.

So you factor that in our income inequality it narrows it down but it still keeps us majorly unequal in terms of income inequality. And the gap is so huge that those who are suppose to benefit in terms of elite think we'll say 0, 1 to 0, 2%; which shows how massive this inequality is.

So the argument of only the rich will benefit because of this massive inequality is thrown out to the window in that sense. Thank you chair.

ADV. K. PILAY: Can I just deal with that very briefly professor Jahed, when dhet was testifying before us, the point made by them was that when you look at the levels of inequalities within the university population, that doesn't necessarily equals the levels of inequality within the greater population, and the two are quite different simply because within the university population you'll find more rich students as opposed to a number of poor students. In other words if in general words 0,1% population is considered rich, your

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general population, you can't assume that the university population 0,1% is rich, so we needed to factor that in as well.

PROF. M. JAHED: I fully agree with you, I don't have the figures and I don't think we've addressed that per se, and totally that totally true in that sense, that you'll still get the rich going to the universities, and that's because of the structural background of South African economy and the process that we go through. Maybe if we did it in a historical disadvantaged universities you could find a different picture, and that's why to look at it (...) it's a bit difficult in that sense. Thank you.

DR. D. JANTJIES: One of the example is that, we looked at the students who qualify to be in the system, who are currently excluded because of funding, so that's what we are trying get to the point. One of the universities, I remember there was a freeze.

I think government has announced that there'll be a 600 000 income group and so on, so one of the universities came to me and said by the way we don't understand why the students are striking because 99% of the students' means won't have to pay for the fees, because clearly there are certain few out there. Even still what we are trying to emphasise also is even in that top 1% there's quite structural inequality within that band itself withing that 1% who's considered to be elite.

I think that's what I'm trying to emphasise that even there there are separates inequalities within that percent. And you can't necessarily use a blanket to cover and say everybody can afford within that 1%; we are saying, open the

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discussion and say what do you mean by the elite won't benefit, and the benefit like you say it outweighs the concerns. This is just to give the indication by demographics as the point that we've just discussed now.

The last slide is just to give summary on this context. I think the issue is decommodification of the system or the higher education. Of course it's quite broad as the director is saying, there are goods that will be regarded as public or to be decommodified if you look that. I think the question that we are trying to put out there is whether supporting mix system allows decommodification of the higher education when looking at the level of inequalities in South Africa.

PROF. M. JAHED: Thank you judge. Dumisane makes a good point here in terms of the decommodification, and it doesn't start at the model of the universities or tvet or even community college.

It starts at basic level education, pre-school, even at that level you find commodification of education. For example, you could send your two years old to a (...) school which will charge you R30 000 a week, or you could send her to a back room garage where you just get food. Even at that level this kind of commodification is starting. It's not just a model which applies to public goods in the sense because crime now is also public good.

The biggest industry in South Africa at this stage is the security industry, protecting our houses for example in Gauteng. And that comes as a public good which changed and became a commodified good and a corporatize model. So the bottom line is I think looking at whether we can pay for fees free is putting the cart before the horse, it's what the model that you want to

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adopt to look at it, and that's where you start advocate, where is the model that you want to start in terms of what university or education you want, how you pay for it, how you view it going forward; instead of saying can we find money in the budget, or can we go to the private sector and get more money. I think that defeats the purpose or it plays into the hand again of corporate ties, commodified models, service delivery, etc. Thank you.

ADV. K. PILAY: Can I just come back to that professor Jahed because I think it's an extremely important point. Just to touch on the last bullet point there that the approach of government has been to develop mix systems of provision.

Doesn't this beg the very question which we started this entire debate with; what's government legal obligations in respect of each of these different services that will determine the extent in which it can be de-commodified?

PROF. M. JAHED: Again Advocate Pilay good question. This boils down to the kind of economic model that you talked about. In South Africa we are a mixed economy, there's a role for the public and the private sector. Because it's the mixed economy we both have our roles to play in this economy. If you were a Keynesian and you are liberal in that sense you'd say well the market will handle it. So, those who can afford to pay will pay, and those who can't will fall by the way side. And government will come in and introduce a little social model and will take care of the poor. But those who can pay, those who can afford, those who work hard in society, etc., they will go to the elite



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schools such as Wits and the UCT, the others will get Venda. It depends on the economic model that we adopt.

I think in South Africa like I've said we are mixed economy, so we see a role for the private sector, but we also see a role for government or the public sector there, and in the Keynesian model as well, in that where private sector can't provide, government will step in and provide that kind of service to back up, hence social grants in South Africa, hence free water, free education; it depends on your economic model.

DR. D. JANTJIES: Just to add there, yes advocate Pilay it's the question that need to be answered, what is the government's obligation; coming to the commissioner's point which I acknowledge, we have to think about what's the context of our discussion. I think we used NDP as one of our model to try to at least give us a framework to a discussion, even though it was quite difficult.

ADV. K. PILAY: Dr Jantjies, my junior Mr Mabuda has asked me to raise a point with you and I'd like to take you back to slide 20. This is just to tie up the discussion which I initiated with you and that's that a percentage of the general population, may not equate with the percentage of the university population. He says to me in bullet point 6, it's stated that the missing middle falls within the richest 20% of households.

Now according to stats SA, the missing middle, and if you identify the missing middle as those that earn over R125 000, but less than R600 000, constitutes of 68% of the university population. We just wanted to get a sense of whether or not those figures make any sense in terms of what you've been looking at

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in concluding the report; and if so does it make difference to your conclusion that the free education will not unduly benefit the elite?

PROF. M. JAHED: Thank you advocate. Maybe while Dumisane is looking at it because I can't remember the numbers exactly. The mere fact that you introduce a point which is those who earn below R600 000 will not be increase, it's a point in case for that point, because it says the missing middle is not covered. I mean R600 000 is lot of money. So, what the new rule set was if you earn R600 000 and below you are not going to pay an increase, or you will be examed from fees as well, if you are over R600 000. So, whether it's 60% or 100% you are still excluding that large amount of people because of this inequality, they can't afford it, that's the bottom line.

DR. D. JANTJIES: I'm still looking for that report, i'll go through the report during the break and i'll come back to report it.

ADV. K. PILAY: We are happy for you to respond to that after tea Dr Jantjies, and perhaps we can pick from slide 22 and move forward, and then we can come back to the point after tea.

DR. D. JANTJIES: Thank you. I think we are done with the context, with the context we tried estimating the costs of how much...I don't know if there's any question on the slide? Just to give the contexts on the financing, I don't know if there's a questions, we've used other papers in the literature that will give a sense that over the year's government funding has declined (...) hence many institutions tried to get third stream to support the shortage there.

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But I think the great point is to say there has been criticism on to how much, it goes back to context to say what is the obligation, or what is coming as an obligation with regard to higher education, to say can't we receive certain percentage to be spent on that, and that's what people are picking up a bone with the discussion.

ADV. G. ALLY: Dr the only problem I have with this slide, and I know Ms Pilay has been putting a number of witnesses; when you deal with NSFAS you've got to break that down to indicate who are getting grants and who are getting loans. Because if it's a loan system then it's not really government giving money, government does give the money but it comes back.

So in order to get your percentage of GDP if it's important because you will see your testimony and your studies that you did, everybody mentions the percentage to GDP that must increase.

And then you have a graph that appears there that comes from Nicole Clutter, Joel Sherperd and all the rest of these guys, but you need to do a proper graph that indicates what the NSFAS is, because NSFAS has grants and has loans, in order to know the full government contribution that you have. I could be wrong in the sense that perhaps it is taken into account in the government, but that's not the way I understood the testimony that has come before us.

ADV. K. PILAY: Just to add on to that, we know that for example, funding from the NRF, is treated at the university by universities as third stream income, and not reflected in the so called government portion. So, this may not be a

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complete reflection of the amount of money from the government going towards the universities.

DR. D. JANTJIES: Thank you commissioner, thank you Advocate Pilay. We do take note of that. I think the model of NSFAS is quite complex; that there's an element of bursary which a certain part becomes a bursary, and if you fail you have to pay back some. But I think we didn't do an extensive analysis in that area, given time and the capacity we had, but I think it's a good point. I agree with the commissioner. Of course there's been a lot of discussion about higher education inflation versus the (...) economic inflation, and also there's a question around...

PROF. M. JAHED: Advocate ALLY, I think your point is extremely important in terms of GDP percentage, which is how we measure the contribution. And I think your point is that it's not a proper measure, and I fully agree with it, because it doesn't give you a qualitative measure, more quantitative, not a qualitative measure of how the spend is use, for example, if 80% goes to salaries are we saying it's quantity or value for money in that sense? I think in terms of the NSFAS you are right as well, I think we did at some point look at how many people were repaying their loans again and Mapula will touch on that, and that's quite actually a scary figure as well, or I think we are pursuing that in that sense. Good point commissioner, thank you.

DR. D. JANTJIES: There's also discussion to bring the discussion of funding, the issue of inflation, but I think one point that we picked up was the ratio of academic staff and the students, it's quite widening; and another point was

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also the fact that the senior academic staff, the issue of concerns around the academic staff, we found that there's quite older senior staff and there aren't processes to try to keep the demand of the academic staff with the demand of the service that's there.

ADV. K. PILAY: Dr Jantjies may I ask the question around the first bullet point and your use of higher education price index. There's been some debates around whether or not the universities should be reimbursed based on whether happy or CPI should apply, do you accept that across the board, universities should be entitled to use happy and not CPI?

DR. D. JANTJIES: Actually we had a great discussion around that, the question I was asking was is it fair for allocation, but that prompts us to looking into substantial why is it so high. There's quite arguments from the sector that there are other elements that don't necessarily tie back to why the economy which they've got unique situations there. There's quite a lot of writing around literature which is support. I think on many sectors we argue that our price index is quite different to the wider case there.

But coming to the point there seem to be a broader understanding from the sector that higher education inflation is different from the main consumer price index. I think we are still discussing that as a team. But again just to add there is clearly, I asked one guy from the university and I said why your higher education are so more?

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He said look, we import book, this and that, research, and the exchange rate has been going up and down and they are always trying to preamtive of that, which again in mining sector we have different story about the whole issue.

JUDGE HEHER: If you want to provide higher quality education, then you must pay at that rate, it's no use of saying we'll pay you 8% if the higher education index is 10%, you cutting yourself short.

ADV. G. ALLY (COMMISSIONER): Because it's basic accounting, if you given R10 and it costs R15, you going to be losing every 10. The philosophical question behind it on whether you should or not might take you in a certain direction but it's not going to help your accounting, you will have a loss.

JUDGE HEHER: Even the philosophical question pushes you in that correction, the philosophical question is how you supply maximum access at the highest quality.

DR. D. JANTJIES: Thank you judge and the commissioner. I think this also points back to the issue of how are the costs determined and what are the factors there. I think that points back to that, because looking at that level, it's not much helpful, but I think if one goes deeper into is to say, I go back to my question to appendix B, you find that other institutions are way higher than others in terms of the costs, and others cost less. I'm not a higher education specialist but one of the views that I remember asking this guy was if you use the same textbook and you use the other textbook, why should we charge differently as commissioner is saying there, but of course it's more complex than that.

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JUDGE HEHER: In addition is the critical skills that are the most expensive.

DR. D. JANTJIES: Fair point, that's a point that's worth discussion, because clearly it continues to go higher than the consumer price index.

ADV. K. PILAY: One of the difficulties with happy Dr Jantjies is that the rationale for relying on happy is universities import a lot of products and services, and therefore because of the exchange rate in higher costs than they will ordinarily do. The big question is how much of the universities cost structure is dependent on that kind of variable. And therefore should we apply happy across the board to all the university costs or only to certain costs.

ADV. G. ALLY: With regard to this question, we also await the CHE study on that. And I keep on mentioning it in the commission, it would've been helpful if we had that report dealing with the capping of fees, the regulations, in terms of what you can cap if you want to cap in the first place.

I'm sure the study will take into account the aspects of happy and CPI, and how learning and teaching explains, because if you got no understanding about how learning and teaching takes place then you going to have a problem.

I know I have my own problems with it but that's beside the point, if learning and teaching demands certain aspects then that's the way it is.

JUDGE HEHER: And certain aspects demand a tea break. We'll take a court renounce tea break. Thank you.

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**SESSION 2:**

JUDGE HEHER: Yes, Ms. Pilay

ADV. K. PILAY: Dr. Jahed, we would like to have the slide 25 of your presentation.

PROF. M. JAHED: Thank you Advocate, thank you judge. Just a quick observation there. I think we are going to go slide 22 and I think we had a discussion there colleagues they send us more data towards evidence briefing and we will look into that. I think slide 25,26 provides an overview of what we look at in terms of cost and look at the average cost of study from 2017 to 2000 and looking at those 5 variable.

ADV. K. PILAY: I am saying for a second you are finishing 25 and I think you should go to the last bullet points in 25.

PROF. M. JAHED: Yes

ADV. K. PILAY: I have specific question for you on the last bullet point. Do you know that there is declining in public funding of higher education? It was a point that was alluded to by Commissioner ALLY. Initially is that if you look purely at subsidies to universities, there appears to be a decline all the time. And at the same time, there is an increase in the past allocation because but the subsidies are regressive, because they are aimed at both the rich and the poor. The better way to use public finance is to allocate the money via NSFAS. So, that it goes to where it is supposed to go. And so when you add NSFAS allocation with the subsidy allocation, you discover that there has



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been an increase in public funding or spending on higher education over time.

It is the last bullet point on 22.

PROF. M. JAHED: Thank you Advocate Pilay. I think that is the argument that we are also looking at. I think you are right Advocate Pilay, the NSFAS has increased which I think overall when we look at being financed and funding, it looks like it is declining but there is shift to support NSFAS apart from the subsidy.

And I think what we are looking at the issue of allocation by the Standing Committee on Appropriation and Standing Committee on higher education with regards to the problem of university funding.

ADV. K. PILAY: Just to come back to the last bullet point because the way it is framed is incorrect because there has not been decline in public funding of higher education, it is just a restructured funding basis.

PROF. M. JAHED: Okay, I think our decline here compares with the growth of demand. I may actually say decline but when you look at the growth versus the growth in the funding. In real time, the funding has declined because the growth has not kept up together. It has actually declined compared to FCS; it has actually declined.

ADV. K. PILAY: but if we add the NSFAS allocation into the equation, there has been no decline.

PROF. M. JAHED: I don't think I understand because when you look at public funding there; we look at how much has been allocated to funding the course

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of study which looks at the 5 variables I mentioned there, against the growth of expenditure. When you look at funding, you look at the level of how much NSFAS has received for funding. But that is incomparable with the growth together with public finance. We look at the whole target of that aspect. So if you say one look at NSFAS, are you saying that.....I am not sure I follow what you are saying clearly?

ADV. G. ALLY: Let me clarify for you with that testimony to the effect that the present funding of higher education is at 1.7% of GDP. What Ms. Pilay has put across about NSFAS is that; if you take into account the NSFAS funding, it moves to 1.8% of the GDP. Now there is a narrative here that comes from old report, old study will says that in a certain time it was 50% that government subsidize the universities and it has dropped to 30 and 40%.

So that narratives then begin to say that there has been decline in public finances. All Ms Pilay is putting to you is if you take into account what she has put to you that means there is no decline. Everybody seems to repay then there is a decline.

PROF. M. JAHED: Thank you commissioner. You are very right but I think we need to compare a poser; and your point taken. Let's look at the allocation to higher education. The structural budget allocation position when you add NSFAS because of the strikes. The students' demand to increase NSFAS was separate. But outside of that if you look at it apple to apple it was a decline, because you look at for example CPI, HPI, you know all those kind of

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things. So in that sense, there is a decline in terms the allocation but if you add the NSFAS and that increases of course you can say.

ADV. K. PILAY: But that means Professor Jar that the last bullet point is indeed not correctly framed because that is talking about public financing of Higher Education and the public financing of higher education must include the state subsidy to the universities as well as NSFAS allocations.

PROF. M. JAHED: Well it would include the state funding on the aspect of budget funding, but be that kind of thing. If you add NSFAS which I guess is a separate line item on the budget would there not be included in that process because it is a separate allocation. It is an appropriation in other words. May be in the next budget, they would include it in the allocation. Then, we would see the value added NSFAS has increased and could also be a problem because people will say you have actually increased the budget because you have increased the NSFAS and the allocation itself is not increased, you know.

ADV. K. PILAY: The reason why we have to look at it jointly is because there is a definite policy decision to decrease state subsidy because government has used it as regressive and to redirect that funding through NSFAS. So, when you are looking at public finance you have to look at it in through cumulatively.

PROF. M. JAHED: Mr. Chair, you are right Advocate and commissioner. I think you are speaking also in terms of the subsidies to the universities. Again it also comes in and judge you also refer to this, it comes in for example if you

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are an academic and you wrote an articles or you publish or you let certain amount through ....go through, there is a subsidy that comes to you are saying that is if you allow maxis student you know, I don't know if that regarded as regressive because I think that is only a way of methodology for your academic through evaluative methodology etc., subsidy I guess will be a separate issue which is the allocation from the budget to a student and that is different people. I also think you should look at that segregation as well, in that sense but at present the evaluative methodology for universities is you publish and you get certain amount you let a mass student through you and get 80,000 rands. A PHD student I think is a 100,000.00. Those are separate issues based on your evaluative performance. A subsidy per student is a different issue and i guess that will come it Advocate also your point, transport and exact allocation and i think the point you are making which is crucial from economic and fiscal point of view is what is this aggregational kind of and I think Advocate ALLY.

ADV. G. ALLY: Perhaps we can leave it there because in order to define it properly you then you say Professor Jahed you got to disaggregate what you , because if the state is paying , you say what the state is paying and you can draw the inference from what the state is paying whether there is a decline or not

PROF. M. JAHED: Advocate and again Mr. Chair, you raised a critical point Commissioner, in the sense that this has been an issue all along and I think students are saying this as well. They are saying that you paying 50 million to

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SAA and what that indicates is lack of transparency in the budget allocation. We have been saying this for a long time that even within this your broad departure, it is very difficult to understand who the beneficiary are, where it, goes to, what amount, what programmes. So, I think this calls for greater transparency in the budget allocation; who the beneficiaries are aggregated and your point will stand clearer.

JUDGE HEHER: In a democratic society, it is always very important that you do, but what is the use of not letting people know what you are doing.

PROF. M. JAHED: Advocate Pilay, just to move on, this part is complicated. We are trying to bring the committee on board and we are trying to narrow down as most possible but the use of clarifying I understand, Advocate Pilay, it flies off into the eye and yet we tried and that is why at the beginning we try to determine where we focus our discussion to the committee during the discussion in October.

Now that we are spending much time and estimation of what it would cost to have higher education and what is the current status of supporting the students and what it would be to increase that and give it up entirely. But I think, what we normally do is trying to picture scenario, like what happens if we have this scenarios and what happens if we have this scenarios and I think before we locate the scenarios, we share assumptions that what informs our estimations. ....try to keep the assumption when we look at the coverage of 16% of credit cut per year 25% and so on and so forth. We try to give that

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but taking to account the allocation, budget allocations and also the important component that Commissioner ALLY mentioned earlier.

ADV. G. ALLY: Perhaps you can assist me. You would see that funding options you've cut percentages as suppose to head counts and drone ... In your next slide, you deal with the same issue and talk about table 4.1 of the report. Is that a revised because when I read it, I was looking for the report and I couldn't find it? So that is the revision that has been made in the presentation?

PROF. M. JAHED: Yes commissioner. I think we took the slides as they were when we presented in October. So, think since last night I have been trying to make sure because the members were looking at the report at the same time and we gave it to them.

ADV. G. ALLY: Thank you

JUDGE HEHER: This run for higher education funding and NSFAS are taken that refers to only NSFAS contribution to university funding

ADV. K. PILAY: Just go back, your other ten, those ten.

PROF. M. JAHED: Yes

JUDGE HEHER: Only the university components?

PROF. M. JAHED: Only if it is completed that it is changed. These are some of the assumptions we are looking into. Growth component is quiet clear there. We are looking at three year circle, MTEF circle; 3 years circle try to

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estimate over 3 circles and try to imagine over three year sample if NSFAS wants to cover 16% and that is huge percent of the head count and they would need as additional funding if the funding is to come from government.

JUDGE HEHER: Sorry, would you mind repeating that, I didn't get that clearly?

PROF. M. JAHED: Okay, if currently they want to look at the study to see if the target of 16% coverage of head count, but that is not entirely funded. And I think, when you look at the presentation here and you look at the fourth lock G, C and G there, C is the how much it costs and G shows how much is being funded by NSFAS. So, the intention of E which is 130,000 is the 16% coverage of that con and con is 817. I don't know if it is necessary to go through that. Are you with me Judge, Commissioner, Advocate Pilay?

So that is what we are saying. They have to cover 16% and they will do additional 13% from the fiscals over 3 year period. They have to cover 25 % which is equivalent to 217,000 thresholds. I guess the point I want to emphasize is 16% is based on 122,000 that is the threshold by the time we are doing the analysis it was the threshold that was used in the system over the years.

So, we try to use it but if you increase to 217 because the world is crashing that the threshold be moved to accommodate more. That is when you have 25% coverage of the head count and if you take that scenario you need additional billion from the fiscal over the medium terms to fund the need and of course the last scenario is 100% and when you look at b100% coverage of

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the entire cohort you look at 250 billion over the medium terms. So this is how it looks like. What I am just explaining in this table, the first table talks to the 16% of coverage of the student population which will be 130,000 of 817.

ADV. K. PILAY: Before we carry on Dr.....I am just trying to come to terms with some of the assumptions that you made in the table, you've mentioned 1.8% growth rate, and can I ask how you arrive at 1.8%?

PROF. M. JAHED: What happens is that there are indications from NSFAS over the growth of the undergraduate over the time and we have some estimation there which is an assumption.

ADV. K. PILAY: Is this a reflection of actual growth rate?

PROF. M. JAHED: No, I don't think so, it is an assumption. It is an estimation that the growth rate will be within this range and of course, it is an average looking....Judge, Commissioner and Advocate, it is an average.....

ADV. K. PILAY: We are looking at the ministerial statement on student enrolment and that uses the projected growth rate of 2% and i think fairly reasonable and i think we have evidence of but 1.9%.

PROF. M. JAHED: No, I agree with you Advocate Pilay that the figure is rough estimate and it could may as well be close to the upper or lower to the correct amount, but it is just an estimation.

PROF. M. JAHED: I think you are right, there has been a lot of speculations about growth rate and I think what we did here is to look at the kind of baseline and the baseline was NSFAS and of course also the growth rate



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increases and that is an average and it is almost like growth rate of the economy. Some people predict 1.2 and some 1.3 but it is based on the baseline and I think this is probably the most ....estimate you are going to get at this stage 2%. I guess is bit too high which will mean an additional burden on the first....and i think you rather be on the conservatives.

JUDGE HEHER: I am finding this very difficult to follow. Supposing there is no universal free access what is your 2% going to do with anything in life?

PROF. M. JAHED: That is true Judge, 1.8 - 2%, OR 5% if it's free education, why not but i think .....is also an important thing. When we talk about another means of 122,000 is also a critical cut off because you need to decide what the cut off is when you need to fund. You are not going to fund everyone and if you are if then that ...doesn't become important .You need to look at some ratio in this.

ADV. G. ALLY: Well I think in your reasoning, if you assume that there is no obligation and you start at that point. Then you are saying that the obligation only extends to some people once you reach that point then you need to go and do this kind of modelling. So, the chairman is saying which is correct if at 3,2,1,10 doesn't matter because you are giving out free but once you start to say that you can only give to someone. Then you have to start doing the percentages of growth because our budgeting process is over. I think we have empty EF period and that is how the budget process works annually; you review and go along. So these percentages come into an important for the bin

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counters. In terms of where the money must come from and how much money they must have at this particular point.

PROF. M. JAHED: With due respect chair, I think the growth rate becomes important when you try to work out the cost of providing education at whatever rate whether it is 100%, over a number of years.

JUDGE HEHER: I understand you but your 1.8% growth rate. Let us suppose that there is some sort of universal free education, then what you are afraid to be doing is limiting percentage of people that you can allow despite having the right of access by the figures that you put here, your 1.8% growth considering that it is unrealistic and you haven't.

PROF. M. JAHED: When we did the study, we looked at the capacity of the University, in reaction to what Advocate Pilay was saying, emphasizing that we try to use( the quotes to come to the costing ) but at the same time that is based on the capacity of the how much the system can take in. So i agree with you that is being more realistic in a way. If you want to have universal course may be you look at post school education training and as you ....a million capacity. So that also limit the discussion to that says even if you want to have 5% increase the university can only give so much.

JUDGE HEHER: I get your point and it is a very important one because of course the more the commission is successful in providing the means of open education, the more the capacity of the universities and the TIVET colleges will have to be increased. Effectively, the more the greater the subsidy will have to be. That sort of thing is not put into allocation or is it? Understandably.

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PROF. M. JAHED: That is difficult with building up a model because you are trying to limit complex variable as much as possible.

JUDGE HEHER: Your model is essentially based on as things are.

PROF. M. JAHED: As they are, but extrapolating further, say if they are, you take a 100% of those who are in the system... We are going to pay for the rest of it we take things as they are and we extrapolate further things as they are and extrapolate with those scenarios there.

JUDGE HEHER: On the basis of things as they are?

PROF. M. JAHED: On the current, I think that is why we are saying with assumption to the saying 'with that what would education be without public finances?'

ADV. K. PILAY: I think I do recall in an earlier presentation that your model doesn't take into account infrastructure cost at all. Even in respect of maintenance or additional infrastructure?

PROF. M. JAHED: Thank you, Advocate Pilay.

JUDGE HEHER: Proportionally as we increase in numbers even on the basis of your graph, increases by the years, this will have to be on a proportionate increase input into the infrastructure?

PROF. M. JAHED: Thank you judge! I think that will be a basic assumption that you probably expect that... I think one of the point raised is that the infrastructure is currently not coping and can't cope with the current demand.

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One of the reasons why we could not put it in is it is kind of separate case on its own; saying we need to build evidence to support the case. We are looking at the literature and the discussion and look at the issue of widening infrastructure.

ADV. G. ALLY: I do think that you need to understand the principle going forward that without taking into account, we know that you said in the beginning that infrastructure is not taken into account because anyone who read your research or report must know, if you don't have infrastructure, and then you can't take care of this people. Then how can you cater for them alternatively. And in this commission, we have had those submissions relating to other forms of educating.

Even the appropriation committee needs to understand, because while your scenario and modelling deal with tuition and full course of study as in tuition plus accommodation and so forth; it is limited to that but not further. But in trying to cater for the whole, you need to take into account the other exhibit. Now I could be contradicting myself because in the whole full course of study, you do take into account accommodation as in residences.

JUDGE HEHER: Although that is the cost of the accommodation but not the cost of building new residences.

PROF. M. JAHED: We just want to make it clear that is not and it is important that what I am saying is in terms of the principle. When you give the student a course, you need to pre-plan the standard because you cannot look at the whole in order to know how you are going to fund it and if it is free.

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Remember, as we have always been saying, you still got your admission policy that is that you need to have a certain qualification. But if this free doesn't mean every Tom, Dick and Harry but a Tom, Dick and Harry that can get into the universities or TIVET for that matter

Of course in broader model, you need to take into account allocation like i said earlier. If you take the allocation, say to education and same % goes to salary, where is the rest going to? Should it be to build new university etc.? So you need to disaggregate that for it to happen. Looking at the bigger picture, you need to take that. If you take the broader model in funding South Africa, we all know for example infrastructure is failing because maintenance is an issue.

JUDGE HEHER: By infrastructure I do not mean solely fixed assets. I was thinking of salaries, improvement of the standard of university lecturing and also that can be added in beyond tuition.

PROF. M. JAHED: Thank you Judge and Commissioner, Director and Advocate Pilay. I just want to take you back again to say the reason for not including this other cost is precise that we are looking at the current accounts which currently is functioning with the same infrastructure and looking at the same system we are not looking at wider issues.

JUDGE HEHER: You are not looking at the National Development Plan either?

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PROF. M. JAHED: It doesn't mean that we have moved from the discussion. But when you go to the funding we narrowed down as I mentioned to the current level of head count as it is and how much it can expand; extrapolate the module further. So, the point of infrastructure does not necessarily affect the analysis that in way. Of course, it does affect the infrastructure and so on and we are looking at it at the moment. We are not increasing number. We are saying with the current infrastructure current numbers which is working at the moment, it is just the issue of funding and all of the issues around fees must fall.

We are saying within that this is what you need to add as funding there have to be another discussion about the infrastructure which means you are increasing the cost beyond what its current status is which will immediately affect your infrastructure. You need to have big rooms, more staff, and at this moment when the currently will go to the university the students available now, in the current system as it is but looking at the extrapolative further again.

ADV. G. ALLY: Now you have lost me. You see Doctor; you indicate funding options over the medium terms which is 3 years. You then talk about percentages of your head count enrolment and you used your 1.8 % of only graduate on the basis of the tripled rate as they presently are. Now when you say that and you indicate how is it possible to extrapolate and increase at 1.8% of people coming in to a building that is needs 1.8% more people because it has. So, my point to you is that why .....make me understand that

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as soon as you say that i am dealing with the current and currently there are catering for those people but in 3 years you have 1.8% multiplied by whatever it is. How do you cater for those? Please, just educate me a little bit.

PROF. M. JAHED: Thank you commissioner you talked about already .....university and you, for example, you first look at the first years class in law and economics, student seated on the floor, all those issues and you put on the new growth etc, to show you there is no infrastructure. You are very right and I agree with you. Again, the limitation to this model, unfortunately we haven't give thoughts those kind of things. But you are right.

ADV. G. ALLY: Then, it is fine as long as we have that understanding and the limitation that I have indicated then because I was getting confused.

PROF. M. JAHED: I think the assumption around the model is if this is what NSFAS is looking at the assumptions that; when other students are coming in then other student are going out, we are not going to have the school being the same over three years. So, 1.8% do you expect that the other 1.8% will come out and make space for the other1.8%.

ADV. G. ALLY: Now I understand.

JUDGE HEHER: Thank you, Doctor.

ADV. K. PILAY: Doctor just for our own edification, the funding option and the percentage of coverage; if you can just explain those to us because they don't seem to match with what has been presented before us. The percentage of

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coverage. So, why do you have 16% coverage of undergraduate headcount as your first modelling option?

PROF. M. JAHED: Thank you Advocate Pilay. When we look at this status we just requested from NSFAS. According to NSFAS it is a baseline. I think it was over a period of time, the intention is to cover 16% of the head count and I think one of the point that Mapula has mentioned is that we need to always be specific, but we will not look at the post graduate. We are not looking at others. We are looking at one year boom; how does it work? Now we say 16% of coverage that they intend.

Hypothetically, you have a 100,000 and cover 60% of that and we will build on the 25% based on the 217. One of the discussion we could pick up says that totally 225 coverage we look at increased headcount and we look at the numbers that has to be paid for and 100% is looking the whole 1 year study for the undergraduate on the average.

The issue here, Advocate Pilay, Judge, Commissioner is to find existing based on the current numbers but having assumptions that this thing will remain the same or remains constant. You look at the 60% you look at how much is the total cost is 817. The 16% is based on that. The 817 can as well be 1 million which will also affect the numbers and the percent will be like 160 as a prospect. So, it is just the issue of putting variable and see what the numbers look like then.

So, what I am trying to make sure is clear is to understand behind the model. So, it is to manipulate the figure, try to understand if you manipulate this way



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what will happen and the other way round. This table has a lot of stuffs; there but just one column there, we put the basic information on how much we need on that. And the bottom, one will show you what is the shortage basically.16% which is in 2017 1billion or 1.4 billion, taking to account additional money coming in as well over the time.

And then the last one which is just shows the 25% and 100%.25% is that 217 28 headcount which will be covered. The covering is below the needs, we will mention top slides later which will bring the slides home. So these slides provide the other scenario.

ADV. G. ALLY: Can I just say some of the issues that may arise for example, the full cost of study that you got reflected the average full cost of study even before the 9.8% increase. The projections before the latest NSFAS report was using an average amount of 92,000 as an average FCS that has since been changed and NSFAS has changed the average FCS to above 100 thousand. You can see how substantial impact of projection.

PROF. M. JAHED: I totally agree with you the numbers. We used, I think, 2014 or 2015 numbers and we will just substitute that and then you will do that and then your module will let you know the implication. It will definitely be different trying to slot in the new numbers and use the updated figure. I was telling Advocate Mabuda earlier; I think we did the study last year and we were done with it and we moved on. But you can always do the study and follow through.

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The last slides on funding is just to give a context of public finance situation which just really not necessarily to go through it but I think the ....the current fiscal policy doesn't views in the mind to say what is the....really it doesn't provide for wider 25% coverage. For example, it doesn't provide for 100%. our projections, and there will be discussions around that but of course either or public service demand like you have which of course a fiscal policy look into that widely.

DR. D. JANTJIES: If I may Chair, Commissioner, I think the content of the study that we provide is when there is need and people say we need additional 50 billion and there was this guy who projected and ....and says we need 30 billion and that was the context. I think the 30 billion is what we need to address. So, the point is to take a rational look at this model which looks at some other assumptions which can help you determine...but you know as you go forward and as you bring educational experts into it, you contribute a lot to this as a basis, adding additional variables. Thank you sir.

ADV. G. ALLY: Well the issues that were mentioned there are issues that treasury came and testify to, about the first policy of stabilization and not capitalization and so forth; whether is right or wrong is not the point but that is what treasury came and testify to.

DR. D. JANTJIES: I think the point you raised is critical because you know in the past the fiscal policy is where you spin your way out of trouble. That we have the stabilization policy which means cartel may cut down cost. How do

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you now address the issue? So that is the implication for your economic policy also. Point taken, chair.

WITNESS: Thank you Chair, thank you commissioner and Advocate Pilay, I will give Dr. to continue on the governance issues quickly as it were.

DR. M. SEKATANE: Thank you chair, Commissioner, Advocate Pilay, I am Mapula Sekatane. I am going to look at governance issues and some of the concerns that were raised by both universities and the public in general and some of the students. First, look at issues surrounding the NSFAS or National Student Financial Aid Scheme.

So, NSFAS is recognized as a reputable dispenser of student financial aid and have got model practicing in the Africa continent. There are a lot of other African countries that have looked into the NSFAS and tried to adopt also in their own situations in their own countries. It is a good model in African continent. It provides administration of loan and bursaries and pursue recovery of those loans but like Dumisane has said earlier on. The ...in terms of the scheme are 122,000 or even less. So the model is currently being reviewed because we are concentrating on 122 thousand or less.....mentioned about the 217 and also for say 10 year in 2017 going up to 600,000.

So NSFAS provides loans for the full cost of study. So according to them, remember NSFAS gave the administration of the financial aids scheme to the university, the bursaries and the whole NSFAS scheme. What we found is that NSFAS to them they are covering the full cost of study. Like Dumisane

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mentioned accommodations, school fees and all the 5 elements that he spoke about. What happened in some universities is that they applied what is called top spacing. So NSFAS will say for example we are going to fund full cost of study for 100 students but then when they get to the universities because the universities are the one administering the funds.

So when it gets to the university in order to cover more they feel like there are more deserving students? They look at performance and do what they call top splicing instead of covering the full course of study taking into consideration the 5 elements, but they will say cover only tuition fees and fund 150 students instead of 100 students that NSFAS thinks they are funding.

So, we sometimes can create problem because what is actually happening is not what NSFAS thought it was happening for the 2015 and 2016.

ADV. K. PILAY: Sekatane, may I just interrupt you there? I think part of the difficulty not only the fund splicing that NSFAS is facing is to uncap and not fund splicing. In some universities either they top splice or not the funding cap was insufficient to meet the full cost of study at the university.

DR. M. SEKATANE: I agree with that, you will see as I go forward in terms of the concerns raised in terms of NSFAS is that they are funding of the whole scheme becomes a problem. So, the scheme is a registered credit provider and they dispenses public funds every year, but the scheme lacks policies to effectively recover funds.

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I think now with the review of the scheme they are coming up with how they can be able to recover their debt.

ADV. G. ALLY: The first in the issue I need to put before you; we see a recurrent of the 16% which we have a difficulty with, simply because NSFAS has appeared before us over a number of days and current evidence provided to us they found 25% for University students and not 16% and that is why we keep having difficulty with that percentage. I just want to bring that to your attention.

DR. M. SEKATANE: It can be an issue of we are relying on secondary data. So, we approach them. We work with what they gave to us so we sometimes they will say that there are information we cannot give to someone else or it may be updated information. Is possible when they are updated 16% but we worked with the data we got from NSFAS

ADV. G. ALLY: The second thing i need to bring to your attention is that specifically the slides of the whole presentation treats NSFAS as a loan provider which almost is but not correct but quiet when you look at the actual figure that NSFAS has put forward presented before us the figure that shows that less than 15% of the total amount of loans disbursed to students constitutes net loans. In fact 64% - 70% of the money they disbursed are bursaries. So a large portion of the funding is actually disbursed as bursaries and not as loans.

DR. M. SEKATANE: Like we say it administered loans and bursaries. So, we acknowledge that we disburse loans and Bursaries but then we tend to

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concentrate more non-loans because we want to recover the money so it can come back into the system, because the one that goes out as bursaries are not going to come back into the system. So it is a challenge that we need to keep the scheme running. We need to need to be able to recover.

ADV. K. PILAY: I accept that completely Doctor and that is exactly my concern, is that one of the assumptions into that is that NSFAS should recover in order to refinance the system then you need to take into account that, in terms of the current roles the bulk of the money that NSFAS is disbursing is actually in the forms of grant, so then if the recovery is done it is only small percentage of the total amount that is been recovered.

DR. M. SEKATANE: True we agree with that but we still need to look at the policy to be able to effectively recover the debts. When we look at this there was this ....by the department of higher education where they were looking at the whole NSFAS scheme and Universities have raised concerns in terms of NSFAS. They talked about the underfunding of the scheme, which we all agree that the scheme is underfunded and leads to other secondary challenges that you will come across.

Universities are also concerned about the lack of this. In terms of policy or guidelines, they don't separate, or there is no distinction between part time and full time funding model because to University they said you cannot treat a part time student as the same way as the fulltime student, because they expect a part time student to be someone who is employed and someone who

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is able to cover a certain percentage of their own studies but then it is not clear in the guidelines from NSFAS and funding student with dual citizenship, they use their South African Citizenship to apply for NSFAS but the challenge is if they decide to go to the other country, so how do we recover the money from such a person. Also like a decision between the University system and NSFAS?

So the university says they usually have a problem whereby students they don't understand, the university NSFAS, so the student are not able to distinguish between the guideline and the instruction they get from NSFAS and what the university did on their own. So, it creates a challenge because most of the time you find that the students are pointing fingers at the university whereas the universities are just applying what they instruction from NSFAS. Also lack of proper communication structure used with the students in the rural areas. If we say NSFAS we are targeting the poor population. What is the strategy regarding the scheme to be able to reach people in the rural areas?

Most of the time you find that most people in the rural area they don't even know about NSFAS. They come to the University because you have to apply a year before, they come to the university, they don't have NSFAS, they don't have funding and they just hear about NSFARS when they get there and then it is late for them to apply for that particular year.

ADV. K. PILAY: Seketane may i ask very briefly are all of this concerns based on the previous model on the student cantered model?

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DR. M. SEKATANE: This was mentioned was said by the university based on previous experience in terms of what is happening currently.

PROF M. JAHED: Chair, Commissioner, Advocate Pilay, I think the main crust of the paper here is to look at NSFAS as a vehicle here of trying to access the funds to dispense. Fundamentally, that is what we focus on to make sure that the students get funding for higher education. The issue of percentage 16.25% covers coverage, I worry a lot about total cohorts. I will tell you what I mean, if the 800,000 is currently not correct, that is like the whole number. I have more frustration about that, but if it is in an insured percentage, it just manipulating it to get the figure. It is just to try to emphasize salaries poser, because let's say we remove 16% and put 25%. It means there will be different figure. There will be high figures and I think just that the narrative around that they. Also, to say we are nodding in the way that good things are taking place. We try to focus on the problem that needs to be triggered there.

ADV. K. PILAY: Dr Jahed, please the only point we are making is that a lot of what you set out in this slide has been very closely by NSFAS and they come up with new students cantered module which is made to be responsive to some of this concerns.

PROF M. JAHED: Although I am tempted to want to take you back to say, because I understand your frustration. Some of this seems like old issues that



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have been addressed. I agree with you there has been a lot of work that has been done regarding this, the debt side of it. As I was saying to Commissioner earlier, but as an instrument to provide funding for the students.

DR. M. SEKATANE: As we continue we also look at the governance at the university levels which we know we have to restructure in the education system as whole in South Africa and also the higher education escape accompanied by institutional measure. Which has posed governance and leadership challenges for institutions and thus it becomes problem for universities. Is there any question on that?

ADV. G. ALLY: Dr, we can put it to you this way and it seems frustrating for yourself. The information that we have that we got from source also, and the frustration we have is that what you are presenting is different.

So in order for you to make a point, you have to go through what you are stating there. I am not sure if we can deal with it any differently because the governance system as Ms Pilay indicated when NSFAS came here they have 3 days in which they took us through their challenges and they are even more than trying to change the system over time, and also with the student cantered model. The point that you are to make from your own side of the governance is because you are presenting it as you have heard it.

We engage you because you are going to say that is what they told me but that is going to assist you in your own purposes to have a look at NSFAS

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testimony here at the commission to indicate to you what they did; that you have a broader context. I am just trying to UN-frustrate you.

DR. M. SEKATANE: Okay, I agree fully commissioner. What I see here personally is that the presenting is for standing committee on appropriations for them to understand NSFAS. What are the concerns and what are the issues. That is why you see that it looks like half data.

ADV.G. ALLY: I sense that if there is anything going on that you are gonna make out of it without and i think it might assist you and assist us in terms of going forward.

PROF. M JAHED: Thank you judge and commissioner, i think you spoke clearly right and this presentation was not done for you. You actually force me to come here. And you didn't tell me that this is all the information, but you really tried for paying for my flight, which i say thank you for that.

So, I don't see it as wasted. But you should have said that this is all the information. Another thing is this is done for a committee who did this, I still find this a very useful experience. I also think part of our role as PBS is to engage with our stakeholders like yourself and I feel this is the beginning of many more other engagements as well. May be commissioner as you have gone through it, you will know what the whole information is there anything else you want us to answer to.

ADV. K. PILAY: One point of due process Professor Jahed, the existence of this report was brought to our attention by experts. Once they've gone through

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it, it is clearly and extremely valuable piece of work and that is why we thought it was extremely important to include that in the work. As you know, costing is a big thing that we are looking at. It is an extremely complex issue and the report tries to grab forward and that is one few works that do that.

That is why we are very grateful for you coming forward to present this to us and all of this work before us. I am very sorry if you have come across it as a bit gigantic and we have evidence of many months, delving quiet into details on some of the issues.

JUDGE HEHER: You wish to lead any further evidence?

ADV. K. PILAY: Chair just on the international experience, we've had a German model explaining to us. But perhaps I want to through the international experiences before we conclude.

DR. M. SEKATANE: So we look at as requested by the committee to look at international experiences. If I can start previously on the other because they said we cannot go to first world country. So tell us what is happening in Africa country like Kenya, Zambia, Mozambique, Nigeria, Burkina Faso and Egypt which has a history of free higher education. But then this does not remain because they experience challenges and they had to abandon their free education.

We have countries like Malawi which still has free education. But what happens with Malawi is that they reduced the intake so they had to sacrifice a

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huge number and thus the standard went up. I had a friend a colleague because I was working at the university myself who is coming from Malawi and who is working at the university here. You know here a student doing a degree can do it for 4 or 5 or 6 years, but there because now they have free education commitment, you fail one module you are out of the system.

So which mean you can have free higher education, but then it means you have to sacrifice the numbers. You cannot have the intake like everyone because the standard is going to be high. It is not everyone who is going to be able to qualify to be able to have access.

We also look at other First world country like Germany. In 2006, German constitution court rules that the tuition fee does not conflict with the Germany's commitment to universal education and as a result tuition fee was introduced. When they introduced, it took almost a decade but universities in Germany have now abolished tuition for all undergraduates in all 16 states, which means they reversing back to free education but then for undergraduates only and not for all including post graduates. So higher education is free again with 84 % funding from the government so which means they have that percentage of post graduates that are still paying fees.

We also have the case of United Kingdom which tuition fee was introduced for the first time in 1998 within an upper cap of 1000 pounds. So in 2004, the cap was increased to 3000 pounds and in 2010 the cap was removed which enable them to increased the tuition fees. So each institution announces the

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willingness to charge e the 9000 as an annual tuition and the state contributed only 30% of the tuition of the cost of higher education.

During the 2015 election in the UK the issue of tuition fee or free higher education was also put on the table as campaigning strategy. We don't know but it was debated tirelessly.

We look at another one; the USA which has one of the most expensive higher education in the world. The state contributes only 34% of the total cost of higher education. The state funding for public universities decreases significantly over the last decades which resulted in an increase on reliance on tuition fee as a source of revenue. This also resulted in Students debts of up to 1 trillion dollars for the first time in 2014, which is bigger than the cost of credit card debts of 0.7 trillion in the USA. In each state of the nation.

In his state of the nation address in 2015, former President Obama made a declaration for the government to fund 2 years college education for the needy students who have an intension of succeeding to the university provided they have good marks; just like we have in South Africa.

Judge like you were saying that we need to have TVET that we should look at community colleges they don't just want to end there but there is also need to have to qualify for you to be included in that, you need to have good marks.

ADV. K. PILAY: Thank you chair, we have no further question

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JUDGE HEHER: Sorry we give you all a hard time. We do appreciate the work that has gone into that, certainly even not without assistance and if it did not treat every question. Thank you for the trouble and thank you.

PROF M. JAHED: Thank you judge for the opportunity. Thank you Judges, Advocate Pilay, thank you very much for the opportunity and if we could assist further we can make changes to our model you are most welcome and we will most willingly assist.

JUDGE HEHER: MS Pilay

ADV. K. PILAY: On that note we conclude the hearing in its entirety.

JUDGE HEHER: May I have a word with you and Professor Mosia, please.  
Thank you.

04-04-2017

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**SET 8 – HEARING 1 – DAY 9**

**COMMISSION OF INQUIRY INTO  
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