



CHAMBER OF MINES
of South Africa

TESTIMONY BEFORE THE FEES COMMISSION



Mustak Ally – Head: Skills Development
Fees Commission
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Introduction

The Chamber of Mines and its members believe that consistent, quality, relevant and accessible tertiary education is one of the keys to South Africa's future and to enabling the country to achieve the long-term vision of a prosperous and inclusive future as elucidated in the National Development Plan (NDP).

Mining companies - directly and through the Chamber & MQA - have consistently over many decades supported higher education infrastructure developments, provided bursaries and scholarships, supported teaching and administrative costs, and sponsored many thousands of students at tertiary educational institutions across the country.

More than that, the industry is improving primary and secondary education at many schools, and also provides much-needed bridging support to enable students from all backgrounds to be able to access higher education.

Introduction – *cont.*

The Chamber recognises that the mining industry needs and directly benefits from the competent, qualified and committed graduates, both men and women who are representative of the country's many diverse cultures and demographic backgrounds. This is necessary not only for the mining industry of today, but is even more critical for the growth and sustainability of the mining industry of tomorrow, as well as to the benefit of the country as a whole. We cannot achieve the NDP's vision without high calibre graduates from our universities. Given the national importance of this issue, we agree that all social partners should be part of the discussions related to the challenges and solutions in higher education.

Introduction – *cont.*

The Chamber and its members believe that tertiary education should be funded properly by government, with contributions from the corporate sector, and sliding scale contributions from students. Government should, over time, be encouraged to allocate a greater share of available revenue streams towards higher education, whilst balancing this with other demands (within and external of the PSET environment) of the country that are its responsibility

Current State of SA & Economic Climate

- Unemployment stands at 26,5% which is about 5,7 million citizens.
- More than half of all school-leavers each year enter the labour market without a senior certificate pass and 75% of these school-leavers will still be unemployed five years on.
- A currently challenged basic and PSET system (Math, Science, TVETs)
- Through rate at TVET and Universities are extremely low (less than 50%)
- Mining and manufacturing shed more than 80 000 jobs in 2016.
- According to the World Bank figures, South Africa is the most indebted nation in the world. More than 86% of people over the age of 15 have some type of debt.
- South Africa contributes 0,75% of GDP towards the funding of higher education (Malaysia 1,75% and China 3%, Ghana 1,44%, Brazil 0,95%)

Current State of SA & Economic Climate

- Over 6 years SA economy has experienced the following economic growth.

2011	2012	2013	2014	2015	2016
3,3%	2,2%	2,5%	1,7%	1,3%	0,3%

- In the last 5 years, in an economy that has experienced stagnant GDP, mining sector contribution to GDP has been as tabled below

2011	2012	2013	2014	2015	2016
8,06%	7,65%	7,76%	7,52%	7,72%	7,33%

- SA Reserve Bank Monetary Policy Review states that the economy has clearly been on a declining growth path. 2015 & 2016 actual growth had actually slipped below even the new, lower estimates of potential growth.

Mining sector contributions to skills development and higher education



- The sector contributes more than R1 billion per annum to the skills development levy
- A sizable portion of this levy and mining company support has benefitted more than 6000 learners in the higher education space through bursaries, internships and workplace-based learning.
- Mining companies spend 5% of their leviable payroll towards skills development as required by the Mining Charter and once again a large amount of this is spent on funding of higher education learners and initiatives.
- In the last 5 years, through MQA and mining company projects the sector has supported over 18000 learners in the higher education space.

Mining sector contributions to skills development and higher education – *cont.*

- The Chamber, through its members also contributes to scholarships for the children of their own employees ranging from primary school to tertiary education. Further to the above the sector has invested substantially into the resources, infrastructure and development of personnel at higher education institutions. In 2015 alone this cost is estimated to be more than R1,6-bn
- Albeit that the current outlook does not seem very favorable, the mining sector's commitment to education and training remains. Therefore over the next five year period the sector will be training and developing over 24000 students in the tertiary education environment by providing bursaries and affording tertiary education graduates opportunities for internships and much needed workplace experience.

Our interpretation of fee-free education

- A direct interpretation of “fee free education” will be that higher education should come at no cost to Learner nor to the families of such, irrespective of affordability during the period that it takes to conclude a higher education qualification.
- The above approach does however require, that during the period of study, that the funding of the system has to come from some source. This source of funding would be one of the following:-
 - The State (fiscus)
 - Corporate South Africa (levies, taxation and/or donations)
 - Households (taxation)

Is fee-free education and training desirable or possible in the South African context?



- The current economic climate and the decreasing economic growth potential demonstrates that fee-free education for all would be challenging at this stage. With appropriate economic growth the call for free higher education can be supported.
- It is our opinion that funding of the poor and “missing-middle” within reason and affordability would progress the socio-economic objectives of our country.
- At this current stage we do not believe that “fee-free” higher education is possible, however if policies and partnerships are in place to address challenges in the current PSET system and become more efficient, in terms of throughput rates, curriculum improvements, skilling for an improving economy, then we can gradually progress to a fee-free scenario.

Should fee-free education and training be applicable to all students from all backgrounds?

- The Chamber is of the firm view that access to higher education and training to all, is a necessary and desirable intent that is enshrined in our Constitution.
- The Chamber is in support of the Minister of Higher Education proposals on the funding of the poor and “missing-middle” but however also believes that the implementation of such should not place further pressure on a sector that in the last two years has experienced losses of R10-billion and R37-billion.
- The Chamber believes that fee-free education and training, for all, is a noble and a desirable intent, however in view of the current social demands and economic status of South Africa, we simply cannot afford it.

Conclusion – way forward

- Certainty in the post school education and training sector (including higher education) is required. In particular, this relates to the conclusion of the ongoing policy issues, institutional structures and SETA Grants and administration.
- The Chamber is of the opinion that at this stage “fee-free” higher education is not possible, however if policies and partnerships are in place to address challenges in the current PSET system and we become more efficient, in terms of throughput rates, curriculum improvements, skilling for an improving economy, then we can gradually progress towards ensuring access to all eligible students, including how fees are adjusted

Conclusion – way forward – *cont.*

- As is evident, potential growth is extremely weak, and a balance is needed between spending within the economy's limits (and therefore keeping it growing) versus unaffordable expansion of education expenditure. It is our opinion that we should cut out fruitless and wasteful expenditure and inject that into education.
- The Chamber of Mines and its members remains committed to engaging all stakeholders to resolve the challenges facing the entire PSET system because it is only through social consensus that we can address the challenges in basic and higher education systemically, support institutional structures and make the space for the private sector to draw the skills that are needed to power the economy.

Thank you