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Set8 Hearings1 – Public Hearings

COMMISSION OF INQUIRY INTO HIGHER EDUCATION AND TRAINING

PARTIES PRESENT:

The Chairperson

- Judge J. Heher

Commissioners

- Ms L.T Khumalo
- Adv G. Ally

Head of Evidence LEADER

Evidence LEADER

Experts

Secretariat

WITNESSES:

TVET's Governors's Council

- Adv Xolile Xuma
- Dr Xuma
- T.L Mkhonza
- D Mabuyakhulu
- B.B Molletshe

SESSION 1 – 3

CHAIRPERSON: Good morning everybody. Are we ready to commence?

HEAD OF EVIDENCE LEADER: Good morning Chair. Yes we are.

CHAIRPERSON: Who is leading the evidence?

HEAD OF EVIDENCE LEADER: I am, Chair.

CHAIRPERSON: Thank you. Who are your witnesses?

HEAD OF EVIDENCE LEADER: The next stakeholder, Chair, is the South African Christian Leadership Initiative. I ask the representative of the SACLI to place himself on record.

WITNESS: First Chair, I appreciate the time I have been given. I didn't hear the last word. I don't know if I was asked to introduce myself.

CHAIRPERSON: Yes please.

WITNESS: My name is Reverend Moses Mtlha, Chairperson of the South African Christian Leadership Initiative.

CHAIRPERSON: Mtlha, would you be having the objection of taking the oath?

WITNESS: Not at all.

CHAIRPERSON: Do you swear the whole evidence you will be given is the truth and nothing but the truth? If you do, raise your right hands and say; So, help me God.

WITNESS: So, help me God

CHAIRPERSON: Thank you. Yes, Ms. Pillay?

HEAD OF EVIDENCE LEADER: I believe there is a second representative Chair.

2ND WITNESS: Good morning. My name is Selo Mane. Also representing SACLI, I am part of the Youth Committee of SACLI.

CHAIRPERSON: Are you going to be giving evidence Mr. Mane?

2ND WITNESS: Yes.

CHAIRPERSON: Do you swear the whole evidence you will be given is the truth and nothing but the truth? If you do, raise your right hands and say; So, help me God.

2ND WITNESS: So help me God

CHAIRPERSON: Thank you.

HEAD OF EVIDENCE LEADER: Thank you Chair. May you can begin by telling us with SACLI is.

WITNESS: The SACLI is an organisation that was set up in 2013 by the collaboration of three existing organisations in the Christian community. One being the Evangelical Alliance of South Africa which represents about 3 million Christians; the South African Council of Churches; the African Enterprise as well as the fourth organisation (Kairoos) South Africa. It was convened by the Archbishop Thabo Mokhaba of the Anglican church. It has worked with churches with regards to giving voices to issues that of concern to the Christian community.

With the regards to the issues must fall, we are extensively working with students in different campuses mainly as peace builder and conflict resolution agency working with network of pastors that were trained as peace builders.

CHAIRPERSON: Thank you.

HEAD OF EVIDENCE LEADER: We can now begin with the presentation and we ask questions when they arise.

WITNESS: As I have already indicated, what we will be presenting is an input that draws on two inspiration. The first one is that we are people of faith. So, there is that bits that it will come out in the sense of the questions that are being asked by the commission are the things that have to do with what we really believe as South Africans and what is possible. The second relates to the heartfelt of economics of fees-free education.

Firstly, we were asked to comment on what our understanding is of fees-free education. Our view is that it should include free tuition, free boarding and lodging and free books for people up to degree level. This model of free education understood in this way will include a model of graduates paying loans interest after graduation. And those who can't pay that would prefer to pay at the point of entry higher institution rather than wait to pay at the end.

HEAD OF EVIDENCE LEADER: Reverend, may I ask you question around the loan system that you have just talked about. Does the initiative envisage income contingency loans? In other words, loan that only become payable when the graduate is earning an income? Or do you foresee the graduates would have to pay back once they have graduated?

WITNESS: The idea is once they are fully employed, only then will the fees become payable.

HEAD OF EVIDENCE LEADER: And has the initiative given thought to the effects of the loans on young graduates, particularly those from impoverished backgrounds and the fact that it places burden on them which they struggle to meet because they've got other competing demands?

WITNESS: Yes, we have considered that and I have asked my colleague to who works with young people to comment on a particular example of a young person who is precisely in that position of having to repay the loan?

HEAD OF EVIDENCE LEADER: Mr. Maine would you first place yourself on record first?

2nd WITNESS: Selo Maine. I think that that it is already the model that NSFAS is using that once the students are employed, they repay the loans. A very low

repayment is what we are for. I know of young people in the community that I meet that have to pay back about R400 a month. I know some of these young people who complain that they earn R8000 and have other expenses like transport and support their families, but they have expensive lifestyle. So, if they say they can't pay back they are excluding other young people access into university. So, at least they can pay back the R400 as a sacrifice and at least be at the level of R8000 a month. I think it is possible based on young people that I have interacted with.

HEAD OF EVIDENCE LEADER: And on the mode that you have proposed, should any be give a grant or should all students be given income contingency loans?

WITNESS: As I have indicated, with regards to our model, the idea is that those students, who can pay, should pay. And those students who aren't able to pay should have free education with the understanding that they will pay at the point when they are fully employed and they are able to make the commitment to pay.

HEAD OF EVIDENCE LEADER: What I was referring to Reverend is the current model that is being considered by the government, which is called the (ISPAC) model. With regards to the model, the poor are the people whose family income in a year is less than R122, 000. So, the poor gets free education but in the sense it is not a loan at all, it is a grant. And the missing middle are those whose families are earning between R122, 000 to R600, 000 per annum, receive income contingency loans on a staggered basis. Would you support such model or do you believe every student should receive assistance in the form of income contingency loan?

WITNESS: With regard to that particular model, I would support the idea.

EVIDENCE LEADER: Reverend, can I ask you why you think so? My understanding of your proposition of income contingency is that the person would be able to pay back when he is working.

CHAIRPERSON: When Full employed...

EVIDENCE LEADER: You said he would be working and be able to pay something. Hence, you issue paying back low interests loan. Now, you've been given a proposition that there is a pilot that is running which envisages grants and loans.

And you said I have no problem with that. So, I don't understand why you said you have no problem with it.

WITNESS: The reason for saying that is that, firstly, if my understanding of when a commitment has already been made by government in terms of that model, to recall that would appear to me a something that doesn't communicate a LEADERhip that thought through what it is doing. So, I think that the impression that you leave with poor people that once you give them something and you take it back, it leaves a bad taste in the mouth. So, for that reason, I think it is better not to make such commitment.

CHAIRPERSON: That doesn't seem a very good reason.

WITNESS: I used to think so until I was told there is a legal point that says- once a right has been given you call pull it back.

CHAIRPERSON: I am sure a lot of people think that.

HEAD OF EVIDENCE LEADER: I think I am one of the people that agrees with you but that seems to be a legal argument. I just want to touch on what you have raise from a morel perspectives. I know that the initiative has been working closely with students. Now, if the pilot is going to be disbursing money on the basis we have explained to you. Do you think it will have an impact on the students if that is reversed- that everyone will receive contingent loan going forward?

WITNESS: I think for me, my basic commitment, aspiration and desire is to see us as a country our not saying to our young people you cannot go to the school because they can't afford it. So, to the degree that we can facilitate for that to happen; that young people get to be schooled, we should do so. The modality as to how this happens and how they pay back when they are employed, I think there is a good case to be made. Character-building case that says; it is important to take the view that there is no free lunch, and that no parent should be saying to their children that there is such a thing as free lunch in the world. I am of the view that we ought to be saying to the young people that someone else is paying for this to the extent that you can contribute in recommitting and paying back- that should be encouraged.

CHAIRPERSON: As your colleague as pointed out that it helps to drive future generation as well.

WITNESS: Exactly, and it is from that point of view; an economic investment. But it also does something for us as church people that we often look at the lack of patriotism and solidarity and concerns for others in our communities. And so if graduates come out of university and have no sense of loyalty to anybody, or sense of commitment that they are indebted to putting in their part in the nation, I think we will be failing in something important.

EVIDENCE LEADER: Would you that the concept of Ubuntu will expect of you to be concerned about your fellow men and others that are coming after you?

WITNESS: That's correct. I think the concept of Ubuntu would say so none of us stands alone; that we have to help one another. Unfortunately, that is a principle that is disappearing in our society. I think it is an opportunity that our education could help to inculcate this virtue.

CHAIRPERSON: Thank you. Would you like to continue?

WITNESS: With regard to this, I would be happy to say that we have had in recent weeks emergence of xenophobia that in a sense it is driven by the poor. And the poor look at the economic threat to their livelihood, and they say we will harm people from other countries. We will not show compassion or solidarity in spite of the fact that in their time, those people have shown solidarity in our greatest needs as South Africans. Within the churches, we are we aware that people around the world prayed for us and stood in solidarity with us. My first trip to Kenya in the early 80s; I lived with a family for a week and the father in the family showed me a 12 year old boy of the family and said; you see, this boy, every day he kneels besides his bed and pray for South Africa. Now, if that same child came to South Africa, we would kill him. It says something about what has happened to us as a people. Unfortunately, there is something very little in our education system that is intentionally tries to build characters in our society. We don't have the faith inspiration that many grew up with in the earlier generations. I think it is an important thing to consider with regard to how we build the young South Africans with sense of responsibility and commitment to patriotism at least.

Should free education be applicable to all students from all backgrounds? I give attention to the idea of the rich... the fact that according to the recent budget, the Minister of Finance taxed people earning between 1.5 and beyond 45% and it seems overkill to discriminate against their kids who have to pay while others don't. I said well aware of the fact that earlier point that it is better if the rich can pay; they should pay. But I think that the number of those who qualifies for 45% taxation is around 100,000- it is a small number. In terms of helping to contribute to the total budget that is covering the costs - estimates of R71 billion that goes to funding this- that is a small number, if it would be brought in by the children of the rich. So, I would say that the idea of free would mean that either they have the option and point of entry or at the end when they are employed. I think there is a bit grey on how best to address that, but I just imagine that if I earn 1.5 million and I have friend who earns below that. I don't know if it will create stigma for those who are not paying and discrimination for those who are paying.

Then I address the question is it possible or desirable in South Africa as asked by the Commission. The average estimate is that 120,000 will be required if we had 800,000 graduates who are currently at the universities. That figures do not include those who would come to the university if there are not scared of the fees. But let's work for a moment with the 800, 000 figures. Over and above the 25 million that government currently pays to fund higher education, the study that was the Race Relations has done suggests that we will need to over 71 billion to fund for this entire 800,000 undergraduate to be fully funded. The question is do we really have 71 billion to do this? My sense is we can find it somewhere in the budget. The study tells us that we are currently paying 0.8% of our GDP to fund higher education. But the global standard is around 2^{1/2}%. So, can we have avoid to trebling the 0.8% if the global benchmark is that? I think it is possible and that will raise about R71 billion. The source of just getting the 71 billion will not only be in the trebling of that. I say you can find 25% if we had 25% cut in our defence budget which is a very huge. We are a super power in the continent. The question is whether we need to be at the expenses of young people who are not going to school. So, if we could, and this is where I think we have a fair question to ask ourselves. It is a spiritual question; the budget is a very spiritual document in that sense. So, if we believe the future and that our children should be given a shot at life, I think we can cut something in the

military. We can cut with regards parastatals that are being bailed out very often for self-inflicted reasons; such as the SAA in recent times. We heard about the SAA in troubles for the umpteenth time. The bottom line is that we can run those parastatals more efficiently and not waste resources. So, cutting subsidies to these parastatals would net about 45 billion. And we have that the State Wage Bill, if we cut 5% and it is probably conservative because we have massive bureaucracy, but it will be okay if it guarantees productivity and delivery. But it doesn't seem to be guaranteeing that. And there is a lot of deployment that means that people are being employed without regards to whether or not they will deliver. So, it can be cut if there was merit in employment. In other words, people who could do the jobs and wouldn't have to rely on consultants. So, we will cut on the budget for that. So, all those, not to mention the corruption that is there in any case, it is possible to free up 71 billion in order to attend to the number of students that need support.

The other question being asked is- is it desirable. I think I have already made the point that apart from the fact that we have a National Development Plan that has a big commitment to human resource development, it is a plan that points all South Africans to a future and hope that select a trajectory promises improving lives for all of us. So, in that plan, human resource development is an important part and I think our higher education institutions are important stakeholders in that. And so, it is desirable. The constitution and the Freedom Charter also make the same issue as a justice issue. But I think for me the biggest issue is around the fact that we currently put a lot of resources in social grants which mainly go to consumption and which is good to the extent that it keeps people alive. But if you compare that investment with an investment in the productive capacity of young South Africans, it is almost as we are investing in the future of our country; in the growth possibility in the short medium term. So, I think that the arguments for desirability are quite clear. It is also a best risk; all of things may happen, it is the best risk to take; to gamble on our young people. Whatever else they become, if they are at least educated, it is a good thing.

I raise the third question is it sustainable? There are constraints. The first one is that we have small tax base in a country which limits the capacity of our government to

pay more, there are more people depending on social grants – 17 million and there are only about 5 million or so that are paying taxes. So, that model seems unsustainable.

EVIDENCE LEADER: In this tax, are we considering graduate tax or the normal tax being increased?

WITNESS: You mean the graduate tax that will come out of the system or that are already there?

EVIDENCE LEADER: Yes, that will come out of the system and those who remain till the payment comes.

WITNESS: I think the tax base include the corporate, the individual tax and such tax as can be drawn like VAT. It includes also the fact that even as we project into the future of those graduates that will go through our higher education institutions, they will contribute to that. The argument that I made is that they will grow that tax base. And so for that reason, it is a good investment. But also, it is a constraint to the extent to the speed in the tax base grows in comparison to the demand. I am aware that in our country we have two economies; one is the first world and the other third world. The first is small and third is huge. So, that unique sense of inequality means that we have this legacy to work with.

The second point is that we are already borrowing. The government's debt 2016 stood at 50% of the GDP. The Minister tells us it is not a debt trap yet. But if it is not controlled it will lead us to a place where we lose our economic sovereignty.

EVIDENCE LEADER: Reverend, on that point there has been submissions that for the purpose of education we access the unclaimed funds, because nobody is using them. And they come to the fiscals and government gives a guarantee that if a claimant comes, they we will be able to pay. But I think they are funds that are being used for a certain purpose. Would you consider that borrowing in this context? Borrowing in a spiritual sense?

WITNESS: In technical sense, borrowing is using money that its not yours. You just happen to have the power to do it. I think that the unfortunate situation about our country is like we are in an aeroplane which is malfunctioning and we have to fix it

while it is in the air. So, there are certain things that have to be sequenced. We don't have the luxury to bring down the aeroplane while fix it. All of these things say to me, how do work with these givens of our high debt, low tax base, of the fact that 4 to 5 million South Africans who are not at school or at work or being trained, who are agitated and impatient with us. So, we have to work with that without ready answers. So, I may be wrong but I suspect sustainability questions to be raised with whether can continue borrowing in order to fund current policy choices.

Further challenges; while free education achieves the noble of access for all, the figures of 800, 000 suggested by the study of the South African Institute for Race Relations, it is quite clear that number will increase. If we say 4 million South Africans are not at school or in training or at work, they will not stay home once they know there is free education.

CHAIRPERSON: Let me put this proposition to you. We have a substantial number of students in institutions of higher learning with a very small pass rate. Our interest lies in not increasing substantially the number of students actually come. As long as all have access. But in restraining the number to those who are likely to succeed. In other words, this is university thing. Universities should be more selective in whom they allow into their institutions and far more should be directed to technical education where they would hopefully be trained. So, what we want is not a million more students which 600,000 fails. Want in 800,000, 600,000 pass instead of 300,000. Really, it is not about increase in number. It is a matter of using the potentials that we have in a more sensible way.

WITNESS: Agreed. Not all the 4 million of the young South Africans have university entrance qualifications. We have no way of knowing how many of them who do have it. But we have documents in our country that says to young South Africans, that they will not be barred because...

CHAIRPERSON: Because they cannot afford? Yes! Absolutely, but that doesn't mean because you can't afford it but you get 6 X in Matric you should go to university. Just because you've got the right and you can afford it, the fact that you now get 6 X doesn't help you in the right at all. In fact, it should be a bar or limitation to that right.

WITNESS: Sure. That's on the minus side but on the plus side. But if you get 6 BS

CHAIRPERSON: Then there must be no buts.

WITNESS: And there a million of you. The point I am making is that we now have to consider the cost of do we have the capacity to absorb of all these.

CHAIRPERSON: Reverend Mltha iif we can get a million that has 6 B that will be a success.

WITNESS: We do currently and Reverend Maine and myself of such painful stories of young people who are currently not able to access education.

CHAIRPERSON: Because of lack funds?

WITNESS: Yes. I agree with you that we have to deal with alternative to higher education and have people who are in university who have to compete on merits without regards to any other circumstances of race and such.

CHAIRPERSON: Absolutely. If you have a million people none of whom can afford to go to university and all of whom have the right to access to university. Then, you have to make a choice among those million who you can allow into the university and that will have to be done on merit. It can't be any other way. To allow free flow in, it's just a waste of capital.

WITNESS: I have a story. I have a friend whose daughter had 6 As in this past year and she wanted to be a doctor and applied and was turned because she was white. The preference is given to those who are previously disadvantaged. My sense is that if we do this to young South Africans, we are saying to them; they are better off utilising their skills elsewhere in the world.

EVIDENCE LEADER: Did she qualify on the main test? Was she declined on race basis, did she meet the criteria?

WITNESS: She wasn't asking for funding. She had the funding. She was declined on the basis of capacity to fill spaces.

CHAIRPERSON: I think this happens frequently. We were told for 9,000 applications for WITS, they had 200 places. So, it is inevitable that that is going to happen.

WITNESS: The point I am making is that we then don't only have to look at fees, but capacity in terms of infrastructures of universities and faculties etc.

EVIDENCE LEADER: And that's the way I understood you were going to. Your point is if you have got a million Bs, all of those must be catered for.

WITNESS: Yes, sure.

EVIDENCE LEADER: Your point is therefore you need to look at infrastructure or alternative means of educating those million Bs. To that regard, we've had submission to that effect. One is that perhaps we need to use technology and we don't go the route of bricks and mortar. And for your friend's daughter that creates a problem, in the sense that you cannot do online. There are certain programmes and courses, you cannot do online. What I gather from your proposition is that all these things need to be put in the basket without leaving anyone of it out. Otherwise, as you said, the kids continued to be frustrated because they feel that they are not being considered properly enough for them to be educated.

WITNESS: Absolutely.

CHAIRPERSON: You must realise that medical education represents a very special case.

WITNESS: Yes and that's why my point is while I support free education in the sense that I have described, I like to build in aspirational dimension to it. If we try to do it immediately, without sequencing it in the ways that help us to build on the one side capacity to handle influx of new people, while we also deal other questions around education also a whole from ECD, to primary and high education, all those required attention together. My sense is that is desirable and possible but ought to be aspirational in the sense that it depends on other factors being in place for us to get there.

HEAD OF EVIDENCE LEADER: Thank you Reverend. Does that bring us to the end of the presentation?

WITNESS: Yes.

HEAD OF EVIDENCE LEADER: Thank you chair we have no further question for the Initiatives.

EVIDENCE LEADER: Reverend the chairperson was putting to you the issues of the TVET institutions and the cry out there appears rightly or wrongly to be more about university, how do you suggest that we inculcate in our youth the issue of you don't need to go the academic route, but our country being a developmental state needs to grow its economy and therefore we need other skills as well. If my father tells to go and be a panel beater, I'll tell him; you are crazy. I would rather want to be a doctor or a lawyer. How do we change that mindset among the young because they have this pressure that they must all go to university? Forget about the parents for now.

WITNESS: My colleagues will have a go at that.

EVIDENCE LEADER: Place yourself on record again, please.

2ND WITNESS: Selo Maine. That is a very question which I have asked myself and I have answered. Just to give perspectives, our church I Randfontein. We have an FET college there and the challenge we now have is that the young people in the community do not want to go there because there is a concept that it is a high school. Those who have gone to the university would say; oh, you are going to the high school. The programme that I have come with (which haven't actually done yet) is... I have a problem with the way career exhibition were done in that students are taken out of the school to attend career exhibitions. And you have different universities exhibiting and say come to our schools; we are the best in Law etc. They would come home with brochures that only help a few. The idea we've come up with is... in fact next week I am meeting with career counsellors at the Department of Labour to give perspective on the scarce skills in South Africa. Then the community that we work in, there is no graduate there. So, we want to bring career counsellors in to give perspective on the scarce skills to show that we need doctors and lawyers but we also need engineers and you don't have to go to university to become engineers, and that your FET colleges train you well enough to be an engineer. From then we want to bring in professionals such as engineers and those in other professions to speak to young people about what it takes to, what the industry looks

and what are the basic requirements to sort of make it. We are going to pilot in that community and get young people to attend. Now, there is also a challenge of capacity because there are young people coming to the FET who are also living in the area who are from Limpopo and Mpumalanga. These ones get spaces and accommodation ahead of the young people in the community.

CHAIRPERSON: In what regard is the FET in your area held? Is highly regarded or not regarded at all?

2ND WITNESS: I am not sure what young people think of it, but my view of is that it is actually a good college. It is a good one, my uncle studied there and he was recommended to the Department Labour as labour inspector and started working there. He is a success story.

EVIDENCE LEADER: Can you spell the name of the college, please?

WITNESS: WESTCOL. That's one in Randfontein and there is another in Krugersdorp which has two campuses; one for engineering and the other one for business studies.

EVIDENCE LEADER: Sorry to interrupt you. The other we had Stats-General and he was saying particular that they did a research and the community there is more interested in water, housing and not in education. Do you get that when you engage them and do you think that can be cured?

2ND WITNESS: Which area did they say?

EVIDENCE LEADER: I don't remember exactly, but do you get that where you work?

2ND WITNESS: I think from the elderly people that's what you will get. A few weeks ago, the members of the community were telling us to tell Jesus to tell the government to speed up the housing project. But with a lot of young people that I have interacted with a lot of them cry about education. For example, there is a guy we funded to go to school because he had failed at the FET College, and when you fail you have to pay o R400 per module. And he didn't have the R400 and we gave him the money to go and complete the course and he has now completed

EVIDENCE LEADER: So, there is a will?

2ND WITNESS: Yes, definitely. There is another guy who also failed some modules. I am trying to convince him to go back.

EVIDENCE LEADER: Have you guys given thought to their placement after they finished at the college? That seems their major problem once they go through the college, they are unable to get placement.

2ND WITNESS: I haven't thought that far. But I do know that a few companies do come to the college and they absorb some of the students. Telkom is one them. I agree there is a negative view of the FET colleges and it seen as status to be in the university.

EVIDENCE LEADER: may you also need to engage with the FET to look at the curriculum. Often in the township, you find it is hair, culinary because they are afraid they will not get placement after.

WITNESS: I think we will have to engage with the college and see how e cna help with that.

CHAIRPERSON: Thank you for your time.

WITNESS: Thank you your honour.

HEAD OF EVIDENCE LEADER: Thank you chair. May we adjourn until quarter to one.

CHAIRPERSON: Yes. Thank you very much.

SESSION TWO

(Recording plays for 3 to 4 minutes without anything about the inquiry proceedings. Unclear private conversation is heard in the background)

CHAIRPERSON: Please put your name on record.

WITNESS: Dr. Bonga Xuma. TB TTC.

CHAIRPERSON: Do you swear that the evidence you give will be truth, the whole truth and nothing but the truth?

WITNESS: Yes.

CHAIRPERSON: Thank youit will take them some 10 years to come again or 20 years. And by then we would have dealt with the situation and now who is benefiting. It seems to us that its unnecessary to take anything, but it could be use as back up guarantee if it could be then the government guarantees on that fund should any beneficiary come back. It could then be use for guarantee for any loan at all or lend with our banks. Now you can suggest to us that now you come to that it would increase the government borrowing even if it's as it would have reflected in account as borrowing.

WITNESS: Chair, I think it will be different in that if this one has been there for quite a long time and we would be unable to trace where it is coming. They are accelerated ways of getting beneficiaries, but this is very clear it is not going to be done in a very short time but sometime. And all we are saying is, it is good when government can guarantee that even thou it will reflect as borrowing but it will deal with the possibility, because the young subsidise the old because the pension ones

and I don't see what is different because when you get those that you will get in the future, the fund would have grown.

CHAIRPERSON: Between you and me, you are talking to the conversant disagree with you entirely

WITNESS: Because chair I think need to also tell us whether it is the benefit or the other part which is contribution but the employers are the ones benefitting and currently, what we are saying is it will be cheaper for government to borrow from that because it is not at the rate in open market and therefore it make a very clear sense that when we do so it make a guarantee needed. It will be very cheap and the young people will be able to get educated and it will increase our skills level and that could be investment which will affect no one. Now we are very firm in saying that it is result which because the medium, to long term planning in all that we come up to the resources that you need to free education and we are not saying that alone. We are also saying that it is important for us to share, to look at our system; is there no way which we can improvise because we would want to believe that concrete use of it and if we would say there is no use of students loans What is it that we need to look into or at in long term to look at? What can we take out? But we think that tools we help us to look into that way as their charge we need to be honest. We can't go into that area. We can't be presenting to you but we think that it's a principle that needs to be looked into, but currently in terms of alternative in terms of funding we are also saying if we are facing in this process. And we think that if we face it in, you would then see that we need to be releasing those resources in that funding government increase fund of the poor student. But if we are to say to government, we think government has already done something to increase tax and to 45% to a particular bracket for all taxes, it is not possible because it is true that there is 45 percent some have moved from low percent to high and we think that if there was going to be a way with a particular percentage could go into it, it is better.

CHAIRPERSON: To you because what you are saying so that those in the University will be funding full cost of education repayable when the student starts to earn income and just it can be made for interest lesser than 100% but in general term

WITNESS: The principle is correct we need to work the proportion of the period because you have students who the entire family looks up to.

WITNESS: Thanks commissioner, I just want to comment on the approach of looking at global loan system as an option. Indeed it is a good option but as the organisation what we have look at is that the students that needs the loan come from poor background such that whilst the loan will be paid by their brother and so on. As soon as they finish the study they have to support the family and support the extended family but no this is a newly graduated employee and already has the burden of this massive loan and the question will go as to are we dealing with issue of inequality because we got a history which is the reason why the student have to take care of the family. I think that way there will be a challenge, because he has to take care of the family.

WITNESS: Thanks commissioner, I just want to come in on the approach of looking at global loan system as an option. Indeed, it is a good option but as an organisation what we have to look at is that the students that need the loan come from poor background such that whilst the loan will be paid by their brother and so on. As soon as they finish the study, they have to support the family and support the extended family but no this is a newly graduated employee and already has the burden of this massive loan and the question will go as to; are we dealing with issue of inequality because we got a history which is the reason why the student has to take care of the family? I think that way there will be a challenge, because he has to take care of the family.

HEAD OF EVIDENCE LEADER: Sorry Doctor, what do you say to this suggestion that perhaps the solution could be to delay the payment, so you don't make the payment immediately after graduation, but as they progress in the employment they will start to make payment?

WITNESS: Advocate Lhukani, it's a good point but the question one has to ask is why did the government proclaim education as an apex programme of his strategy and meaning it should supersede anything else because we need skills and we see this apex programme in which we can only find via the law with this programme

unsustainable and the one to sustain the children is sustainable because they will begin to contribute to their community and can we now say there is a contradiction in that?

CHAIRPERSON: Mr Xuma. The two phrases that will come out here is Political Will and Priority. It is obvious that if Political Will and Priority exist, the money can be found by the students and has to be taken from somewhere else and that is what priority do. They prioritise something against something else, but the government has fixed its priority and has taken education as its priority. It has numerous things that are pressing like: National health scheme. So you need to strike in a balance and you cannot force government to decide on priority, whatever we say here we cannot decide for the government what priority is.

WITNESS: Like I spoke to my colleague, I truly agree with the concept but I also just feel that this particular suggestion can actually take us back to how things have been in 2015 with the students when you tell them. Let alone when you go to television and you now tell them that even we are going change your bursaries into loans.

CHAIRPERSON: But if you say to students with three years of your university, you are going to be earning R30,000 per month which is more than you or your family have ever conceived in life or you not prepared by 6 percent of that? R25, 000 per month and that will help your family. You can support your family and hereby your position get stronger and strongerThe advantages of the situation is suggesting to us that this way the country finances the future generation and this generation is helping to finance the future generation instead to taken out finances to be taken. It is also said that this is going to create jobs, and you will get more graduates than before.

WITNESS: But Chair, I fully agree. It's exactly the same but just different approach to finding money through other avenue such as tax because you are still producing lot of graduates.

CHAIRPERSON: Obviously, we are not going to use tax money for education. Other things in mind?

HEAD OF EVIDENCE LEADER: Let me just understand you doctor before you handover to your colleague. You are putting forward that in the respect of the loan system was brought into that institution that you will be regressing because presently people are receiving bursary. Is that the point you are making?

WITNESS: Yes. The point that I am making was that government covers the programme except for special occupational skills that's the one that is funded through other sources. So right now, as it stands in the TVET sector, I would say over 90% percent qualifies for bursaries. To change that does not mean that to be qualified does not mean they are getting it. The number in terms of those getting it is something else. To change that into a loan could actually destabilize even that sector.

CHAIRPERSON: Put to what the system will mean... it would mean that apart from providing the guarantee, all the money that is presently put into tuition, transport, expense etc, could be put into infrastructure and the subsidy in the universities. It does mean the government is taking it away but providing the additional funds for the universities, because tuition will become self-funding and there will be additional money to improve your structure and improve your teaching and all the things that need to be done?

WITNESS: I think we must understand the fact that some of the things have been overtaken by events. If government came earlier with this kind of proposal, it would have had proposals, we have a situation on a campaign on posture that young people have taken in the country and therefore the politics of solving the problem is starting from government and you can then be seen regressing from where you are.

CHAIRPERSON: You can't be a slave towards what people say?

WITNESS: Honourable Chair, I am saying government has moved progressively. Even though not to the satisfaction of young people but to the understanding of the country to say we are moving and as an interim measure and moving thresholds, even though if we are not going to pay. If then the issue was to say we are now changing that to loan, Dr Xuma is correct because we will be taking more steps backwards and then trying to find a solution.

CHAIRPERSON: Backwards towards what?

WITNESS: Towards the fact that there is an outcry that young people when they finish their study, they have a loan already that they must service.

CHAIRPERSON: But they will also have an education and an income which they haven't got and the prison system are not giving the income and the education?

WITNESS: That why Honourable Chair, we were saying government should be able to look at the tax review. If government is saying that all of us must pay for education, they must look into that tax that will bring funds to pay education costs going forward because that will be a better solution and it will be self sustaining. And that is why Honourable chair, we were saying if we need the current tax regime, it is possible to find at least may be 0.5% and cut it so that you can say the entire citizen are dealing with the issues of getting free education because this is also the policy of government and therefore government can then, when the tyre reach the road when it is not believed, it is then people will lose confidence and why we are saying look into what is it that you can get like when you were saying if we reprioritise. Let's look at the fact that our petrol are increasing and no one is standing up. We are suffering both individually and as a country but yet no one is saying anything. If we can make a tax that is on incremental level, that way we will make funds available for our education and everyone will be able contribute and promote the idea of providing free education for all.

CHAIRPERSON: And you are going to need educational tax which is ongoing indefinitely and you think this is sustainable in the country or is it not?

WITNESS: Because judge, there will always be young people that will need to pay for education but by evaluation will be met at a particular point in time that you have dealt with the current problems to say here are we as a country, what are the skills level, of the people? If the majority of people can by then afford you will then start decreasing that particular burden, so that you are responding to where the country is. Then we need to also respond to say if we are to meet the vision 2030, there should be also funding that is commensurate with that and beyond that. And to say where are we or what other options that we can get into or get out of and we will fully agree? And that's why the principle can be thrown out, but how we work around it is

very important and that is why we are saying that we hear it but where we are, it will take us to have more fires than we had before.

CHAIRPERSON: Fair enough.

HEAD OF EVIDENCE LEADER: Dr Mabunya, may I ask you, I hear your submission on the fact that converting the existing financial assistance to loans going forward, if you assume for a second that the terms that the funds are made available for both Tea bag students and Universities students is the same. So in other words that there is income contingent loan available for both sets of students. Do you foresee a risk that more students will be opting for University education rather than t-bag education?

WITNESS: Not necessarily. Because the t-bag sector is growing, so we are seeing a very good balancing that the t-bag sector that use to see as a sector for those who can't make to the University is changing and that is why we are seeing the t-bag sector growing just like universities and colleges are growing. But also what informs this is the fact that we have a lot of students who are not in training nor employment and therefore that is also a growth area for all this to share. Community colleges, t-bag colleges and universities, if we are not dealing with those people who are between 2 and 3 million, we then going to have a serious problem. And that's why we are saying that in our view, if the traders said this the only option that is available, we think they have not explored all the options and this is a platform where we say that we think this area is a blind spot, because it can release the resources to ensure that it is progressing the country. My answer is no, because we think there is a very clear growth part.

HEAD OF EVIDENCE LEADER: May I ask that we think, the pyramid be inverted so that you have greater romance in the t-bag sector. Do you think this policy choice should be included in the funding mechanism? In other words, that you use T-bag funding more attractive to students?

WITNESS: Yes, we agree with that accretion because in all the that are growing economically, Tbag sector is very big because that's where you need your artisans, others being in small businesses and you will think that gives people option because training should not lead toeventually, universities will benefit either sooner or

later. So we think that the funding should be equitable to an extent that the t bag is in the stage to be a sector so the funding must follow that particular pattern. Thank you

CHAIRPERSON: Would you like to go on with your presentation, sorry to have interrupted you?

WITNESS: Honourable Chair, thank you. We have given the background in the document you have in your possession and we think that, that will be taken into account but what we will appreciate if possible is that a recommendation be made to the government that free education is possible and there comes the responsibility of the government to prioritise and prioritisation should be in accordance which is already the way government should have prioritise. Education is of apex priority and therefore we think that government should be able to fund education as such and the resources that are there of course are not in enough to do everything in one day and one year but over a period those resources can become some more and make a huge difference in terms of the current problems we are facing.

HEAD OF EVIDENCE LEADER: Mr Mabunya, will it be acceptable if the situation of student will study for free in the course of study and later would pay a graduate tax. We have had that as a suggestion that if a student can study for free and pay a graduate tax and contribute to the sustainability of the free model?

WITNESS: I don't know about the graduate tax but I want to take that a student should pay tax as a citizen; that is why I was saying they must look into the tax regime so that we are able to deal with it.

HEAD OF EVIDENCE LEADER: I think the suggestion here is over and above the normal taxes, should be a tax for the beneficiary of the system?

WITNESS: That will not be correct because you are helping in giving students more burden than the ordinary citizens, and remember that this people have nothing. Whatever you think they have belongs to their parents. Therefore, they need to start their own life. But if there is a tax regime that captures everyone in order for all South Africans to have a access to education that would be a better option.

HEAD OF EVIDENCE LEADER: One of the difficulties for general tax which is what you suggested is that it can affect poor people as well those who doesn't have

access to the higher education at all and drives up inflation generally and that is why government is usually reluctant to introduce a general tax especially for the purpose of higher education?

WITNESS: The issue of the tax affects the poor, but the graduate tax will not only affect the poor in much worse way because those people who need funding or need to be subsidized to study are students coming from poor background. So what we are doing there is that you are disadvantaging the poor more than the ones that are not. Whereas if you make it general it becomes each person's responsibility to ensure that South African children are educated as opposed to say at the end, I am going to charge you more tax and the poor sit at home and say I don't have extra money because I am paying back because I am being charged more.

HEAD OF EVIDENCE LEADER: One of the difficulties we have heard with national treasury is increasing tax in a way that you suggested and there is a tendency for a big corporate organisation to pass the cost of this taxes to the consumers or other poor people and therefore the prices of food will increase and prices of goods and services in order to make up for the increase in taxes, being that the poor in the country are the one that carries the burden for increase in taxes?

WITNESS: There is this other tax option on that passes the burden unto the poor as oppose to everyone because it is only the poor that cannot carry their families. I think it is a way of balancing what is good for the country and what serves the country better because the poor will be affected but in the long run the country will benefit from the difficult decisions it had taken.

HEAD OF EVIDENCE LEADER: One of the benefit of graduate tax is that national treasury uses income brackets as a proxy for growth and it will be a tax aiming at higher income earners and it is a tax that will be only laid at individual and not corporation, so that only high income earners alone will be paying graduate tax.

WITNESS: Thank you chair Olile Koma, may be we must get an understanding of this graduate tax first. Is it something that is going to be applicable to everyone or only those who benefit from a higher education?

CHAIRPERSON: Everyone who has a degree through the South African Higher Education system either now or in the past.

EVIDENCE LEADER: I want to check with all the submissions that have been made, are they totally applicable to all other colleges because I remember Dr..... prove with an insistence that this are also groups that must be catered for in this?

WITNESS: Community colleges, yes! Whenever people talk they say it is going to affect the poor. So in our mind, there will always be the poor and we are not working towards taking people out of their poverty to at least live a comfortable life, because then it means inequality will always continue. There must be person which is graduate in every family to stop this issue of the poor, because if we don't take care of that we'll always have the poor and that is why we are saying what should be done to ensure that we end that particular part, but if treasury is going to argue and say corporate are going to pass burden of tax to consumers then they are talking of their weaknesses at regulations. And I am not sure how much should we help them and if they need help let them think aloud and say how we can help at the treasury to regulate the corporate actors. So that what belongs to corporate remains with corporate and what should go to the citizen should remain with the individuals. But to us seated here, the argument is to not regulating the corporate properly. We therefore fear that they will pass it on and we have an instrument to pass laws, which is the Parliament, to stop that particular issue from happening. But ideally from each and every poor households, there was going to be a person that schools, we are then sure that two generations down the line that particular family will no longer be poor because all other that will come after that graduate will be able to benefit. Therefore, we think that if there must be tax, let's pay it if it is our responsibility as citizen. In terms of community colleges, we say the issue of funding should be applicable to these three post school educations because there is a big problem. Some people fall in through the cracks, because if you do not have the minimum to go to a tea bag what do you then do. Then the community college must ensure they take care of those particular people as they continue in their journey to improve themselves in getting to Tea bags and making it to the University in terms of funding. Also, ensure that they cater for people to be able to make people to be able to start

their own businesses or meet the demand of corporate South Africa who says there are jobs but there are no skills, at a particular time when we are suppose to be saying this are the levels of vacancy because of lack of skills in this particular area in a five year cycle, this is the area that people have got jobs.

Corporate South Africa is not saying that there is no jobs but that there are no skills and therefore we must respond that those who can get a job with those skills are filled. We think that this particular process is going to give us some benchmark that we will use in the future when we are reviewing what we can do.

HEAD OF EVIDENCE LEADER: Thanks Doctor. Will the repayment also apply to adult colleges, community colleges? I know we are trying to get a discussion on what is the curriculum of these colleges. Are they capable of benefits later or we just look at capacity of citing our purpose seeing that there is curriculum that are economic empowerment based?

WITNESS: We are of the opinion that those community colleges should produce potentials at the end of the day. Universities are producing high level, even the colleges producing mid level skills and then colleges. Then, we will see this procreation we are talking about in medium to a long term period.

HEAD OF EVIDENCE LEADER: Can we anticipate the level of progression confidently being able to quantify the value of Community college?

WITNESS: Bonga Xuma. I think the value be should be quantified even now. I live in the Eastern Cape and there are number of corporate and we call them (CORHUBS). Some have got where they take children's food and those people as illiterate as they are now are contributing to the economy. Therefore, capacitating those people actually enables them to run those (Corhubs) in much better way and it is possible to be able to quantify the work they do immediately.

HEAD OF EVIDENCE LEADER: Is this not credited from SACA or is that a progressive thing as well?

WITNESS: I think that is the discussion that we must get into because when it comes to colleges, and our understanding is that it came into being because they are people that are not catered for and if you want to cater for them you will start from

the first step but the intention is to ensure that they get schemes because before they are to from better, even at the statistics level they could increase the income they get in their effort to change their life and will also have the intension getting more skills because they would have seen the benefits of the skills they have at their levels but now we need to see to the qualifications authority, look at the T Bag qualities and come up with the accreditation that is relevant to them on a progressive levels even after this year and ten years we know where you are going if they do all the work need to be done by all of us who have interest in job creation and knowledge and skill development in our country.

HEAD OF EVIDENCE LEADER: If funds were redirected would you have conflict in that respect, TVETs, community college, varsity?

WITNESS: No conflict, that is why we said post school education must be funded equitably. The principle there is which we look at the sizes of the three, community colleges, TVETs and varsity and then you fund equitably so that you are not going to kill the one that is doing well and the ones that needs more investment. You must ensure to invest more, like community colleges but not at the expense of TVETs colleges and universities. Let there be equitable funding as principle.

HEAD OF EVIDENCE LEADER: And as a principle when the bills come, are we going to exclude the community colleges because we don't know if they got repayment capability that means we must apply our heart to that?

WITNESS: It is very difficult whether for University been said now to say to student pay back the money that you are owing because we need to balance this and saying if we want to take poor students we must say we take 5 students in order to meet up with expenses. We are now saying even the universities have those problems. That process will ensure that over years no one pays. So let's take and prioritize these young people that have no one.

HEAD OF EVIDENCE LEADER: Mr Mabunya attending to that adult community colleges cater for communities, what do you say that community colleges being funded by higher education funds instead of basic education budget with that alleviate some of the pressure on higher education?

WITNESS: If we are to do that there will be no change at the community college. Let them be funded by higher education and training. Whether there is some movement of resources or not from basic to higher education, but for them to achieve purpose for which they were created, let them remain in the particular place and let's workout how best we can achieve that.

HEAD OF EVIDENCE LEADER: I just want to ask you just to take you back to the taxation issue because last time I mentioned the taxation issue. There is an intended consequences of further taxation is that you may be or experience fright from corporations from other country because of over-taxation. What is your comment on that?

WITNESS: I don't know but you know corporate will be where they will make profit, and the argument is not saying they will not make profit. Even if it could be proved tomorrow that somewhere in heaven someone can make profit there, they will start a journey towards there and see if they can make profit. So the argument that says they will go to other countries is not correct, because it leads to a package of issues for an investor to say I am leaving and we think that taxation will not be one of it, if it is a stand-alone issue.

HEAD OF EVIDENCE LEADER: How do you feel individuals will feel if they impose a personal income tax on wealthy individuals?

WITNESS: The wealthy individuals are wealthy because they have worked very hard and they are business persons and it will not be right. Wealth mobility is inherent in global economy. It will not be a result of high tax because there is a movement and trying to deal with taxation the world over as I understand and I am not sure in any country in which part of the world that they will go and not pay tax because they are being looked into by multinational bodies. So that countries that should be benefiting from those taxes are benefiting. There will be other issues that will make those people leave and it will not certainly be tax if the tax is a stand-alone issue. Thank you.

HEAD OF EVIDENCE LEADER: Just a final question from me if I may take you back to your page 4r of the submission regarding the skill. You propose an increase of 5%, I believe the standard is to be 1% of the payroll, why this jump to 5%?

WITNESS: We say the 5% is because if we are a small company you will have to protest accordingly, a big company or a multinational company, it is our view that multi-national company can afford the 5% increase in the level because we want all this people not to run out of business but they keep on paying tax. It has to be affordable but those who need to be exempted will be exempted.

HEAD OF EVIDENCE LEADER: No further question from our side.

CHAIRPERSON: Dr, Mabunya, thank you very much to you and your team for taking out time to come and put efforts in to this presentation.

WITNESS: Thank you Chair.

EVIDENCE LEADER: May we adjourn until Wednesday day morning at 10 and we will advice the venue.

CHAIRPERSON: We meet at 10 o'clock. Thank you.

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SET 7 – HEARING 1 – DAY 4

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