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DATE: 15-03-2017

**Set8 Hearings1 – Public Hearings**

COMMISSION OF INQUIRY INTO HIGHER EDUCATION AND TRAINING

PARTIES PRESENT:

The Chairperson

Commissioner

Head of Evidence LEADER

Evidence LEADER

Experts

Secretariat

WITNESSES:

Mr. Motsepe

Ms. Philile N. Mason

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JUDGE: People, who will be giving evidence, the witnesses?

ADV. K. PILLAY: Good morning Chair. The next stakeholder to testify in state 8 of the hearing is Equal Education chair, and the evidence will be led by Ms Lekoane.

WITNESS: Thank you Chair. The delegation is lead by Mr. Tshepo Motsepe.

JUDGE: Mr Tshepo Motsepe? Just a moment Mr Motsepe, will you be the only one giving evidence or you will all be giving evidence?

WITNESS: It will be me and Philile, Chairperson.

JUDGE: Let us have you names please.

PHILILE NTOMBELA MASON: My name is Philile Ntombela Mason.

JUDGE: Mr Motsepe and Ms Ntombela Mason, do you either have any objections in taking the oath?

MR MOTSEPE: Not at all Chairperson.

PHILILE NTOMBELA MASON: No Chairperson.

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

MR MOTSEPE: So help me God.

PHILILE NTOMBELA MASON: So help me God.

JUDGE: Thank you very much. Mr Motsepe, are you going to speak first?

MR MOTSEPE: Yes, Chairperson.

ADV. M. LEKOANE: If you recall chair, Equal Education were here under set 1. So they will touch on the issues they raised briefly in their first submissions and then they will address us on the latest submissions that they have, which address the question of feasibility. They've prepared a presentation for us, and I would ask Mr. Motsepe to move to his slide 2, where he tells us what equal education is and it's

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mandate; and then he can proceed with the presentation and we'll ask questions. But before he can also tell us what it is equal education.

MR. MOTSEPE: Thank you evidence leader. As I said my name is Tshepo, I'm the General Secretary of the equal education that means I'm the head of the organisation. We are situated in 5 provinces, namely Gauteng, Limpopo, Western Cape being the head office, KZN and the Eastern Cape. We were established in 2008, we are a membership based organisation with plus or minus 5800 members, and most of them in high school and also we have a post school youth sector, members that have finished grade 12, and we also have parents sector in the organisation. Our core objective has been focus on basic education; and the biggest campaign that we've ever led has been the need to prioritise the school infrastructure in the country, and hence the law which was promulgated in 2013 by the minister, which is called the norms and standards, law for school infrastructure. I guess the history of that has led this organisation to be where it is today. Primarily, we use research and historical forms or new forms of activism with our members to advance our objective of trying to improve the basic education sector, but also highlighting the inequalities that exist in societies and connecting those with the struggles that are found in education but also in communities as well. So that who we are. Chairperson, just to touch briefly on our previous submission just to remind the commission.

JUDGE: Before you do, Ms Lekoane what was the previous date of the appearance?

ADV. K. PILLAY: I can look that up in the mean time Chaiperson.

JUDGE: Please do. Unless Mr Motsepe remembers when last they were here, do you remember when last you were here?

MR MOTSEPE: Not at all, but I remember it was in Cape Town, it was a rainy day.

JUDGE: Thank you.

ADV. K. PILLAY: It was the 5 September 2015, Sir.

JUDGE: Thank you very much indeed.

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MR MOTSEPE: What we said in our previous submission is that we'd like the commission to consider the education landscape in totality in coming to its final conclusion at the end of the hearings. Taking to account the current schooling system and how the question of free education in the country ought to be understood. And the provision of free high education should be in line with the framework of the high education based on chapter 5 of the High Education Act. We spoke about the policy endeavours that were highlighted in the high education act about redress, ensuring representation, providing optimal opportunities, promoting the values in the pen. And most of these things I think majority of the people here are aware of them. In our previous submission we took notice of the second wave of the protest of the fees must fall protest; this was during 2016 in the commission. I think the nature in which those followed in 2015 proved that there's an urgent need for high university fees and exclusion of poor students to be addressed. What we said was that the state was failing in its duty to provide conditions for majority of our people who are poor to access universities. And we did this by showing the racial participation in the South African universities and how it remains unequal. If you look at African, Coloured, Indian and White students, you could see there that 16% of black students are participating comparing to 47% of Indians, and 54% of white, and 14% coloured communities participating in universities in the country.

ADV. K. PILLAY: Mr Motsepe before you proceed, do your submissions cover TVETs also on your universities?

MR MOTSEPE: This one covered specifically universities, the previous submission covered universities. I think in one of the slides one of the things that will highlight around TVET colleges and just highlight also the unequal nature of TVET colleges, and how that sector in itself is accommodating a large majority of poor students, from quintal 1 to quintal 3 schools which are considered to be poor. The graph just highlights that, but also we spoke about the prioritisation of high education by the state. we highlighted how the budget in the previous years since 2007 has decreased, how the state has decreased funding for high education. South African state budget for universities was 0, 75% of the GDP, and more or less in line with

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what Africa as a whole is currently spending. And it falls short in comparison to OECD countries which spend 1,2%; and the rest of the world which is 0,84%. So our updated submission which we are here to present to lead evidence on will look at universities and we'll categorise them according to the term historically black and historically white. When government subsidies decline, pressure is placed on universities and to find other forms of income, and I think vice chancellors have been bemoaning that everytime they appear before the commission. One of the things that need to be noted around historically black and historically white universities is, the type of curriculum of which they cover, historically black universities, which are still black by the way, intend only on teaching, they become teaching institutions, whereas historically white institutions have included teaching but they focus more on research. You look at the number of post graduate students by race, there's also where you start seeing that whites are the ones participating in phd and masters level. That means universities have extra funding that they can get in order to be able to subsidise shortfall. But also there's been a huge focus on student fees, the decline in government subsidy has meant that the universities must now look at students to be able to subsidise the short fall. That stream of income which is research grants, contract income and donations, which come with certain conditions and area of focus, to say to the universities we'll give you this grant provided you do the following. Now, this affects the institutions differently; with historically white institutions, they can hike fees because students can afford them. While we put that there, majority of students that attend historically white universities, and I want to take the commission back and say, where do these students come from? Majority of them come from quintal 4 and quintal 5 schools. So if you go to Wits, if you go to Stellenbosch, just to name the few, which the majority of those students come from schools where they were paying fees for 12 years of their study. And on average quintal 4 and 5 schools you pay between R5000 all the way to R100 000 per year in some of the public schools. Those students their families have included in their budget to be able to spend on education, this is not something new for them. Parents and guardians are in a position that enables them to donate to the institution; they tend to receive research grants more often compared to historically black universities, case in point being Walter Sisulu University and Mangosuthu.

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Historically black universities students come from quintal 1 and 3 schools. One of the research that we did last year as an organisation was to focus on Eastern Cape, and to do school visits in remote areas of the Eastern Cape. What we discovered was that a child who goes to a dysfunctional public school in the Eastern Cape, who learns under a tree, will go to Walter Sisulu University and be subjected to almost similar conditions at that institution, where residences do not have water and in some instances the standard of teaching is quite low, and that continues. And then the graduate from that university and they continue to struggle to find work. So that's part of what we want to present to the commission to say, in actual fact, if you look at the question of free education in this country, and if we talk education in general, where poor students start attending school to where they end up, we talking about few cases where they go and attend universities such as Wits and these become outliers. Majority of our people move from a dysfunctional school to a dysfunctional university, without funding by the way, accessing financial aid, and I think that's in the next slide; then they graduate out of that university and they struggle to find work, and they still have the burden of paying this loan. But parents in those universities are unable to make donations.

ADV. K. PILLAY: Mr Motsepe, where you speak about demographics of historically white universities, and you say the majority of students can afford them, is it the current status or previously? Because I understood when the universities were before us, they indicated that the majority of students are actually black students, so the demographics might have changed. Have you looked at that or considered it?

MR MOTSEPE: The demographics might have changed, but if look at what makes these students be able to access universities such as Wits, it's mostly grants, bursaries and financial aid of course. One of the things that the universities have not been able to come forward with, is how their model of admissions into the universities, they take into account, or they decide the threshold of how many financial aid students they will take in the particular year, compared to the number of students who will be paying hard cash the university. And also their model has somewhat exclude students who do not have access to funding from the families and grants which are private, and they will say we'll take 10% of financial aid students

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this year, and financial aid as we know pays later in the year, but the demand is much higher; so that might be the case but we also need to look at who's funding these students. So in historically black universities parents and guardians donations are impossible, because majority of the students there come from no fee paying schools, where in natural fact the state was providing everything, transport to school for learners for 12 years, school feeding scheme, in some cases in poor provinces, children are also given uniforms, and that allows them to be able to complete 12 years of schooling. So, there are minimal chances of receiving research grants at the historically black universities because they might not have the expertise within the faculty in the form of professors that they can attract to lead those research units. But we submitted that NSFAS cannot continue as a loan Chairperson, and partly because of the current state of inequality in this country. On the things that we observed quite closely and I think it's becoming evidently clear, is majority of young graduates are graduating with debts, and NSFAS in itself for many years has been unable, at some point it was reported that the financial aid scheme was in shambles, it was not able to recoup money, but also not able to account for the money that it has received. So where does this place us? I think students leave universities already in the prospects of not finding employment. They face prospects of not being able to pull their families out of poverty. Here I'm talking about the focus still on quintal 1 and quintal 3 schools. And at that pressure, paying loan repayments when they find a job, and the famous term which has been coined which is the black tax. I think as South Africa, in 22 years we need to be realistic, the statistician general hit it on a head when he said we cannot speak of free education in high education because it will still benefit a few, while basic education is still a shambles. So we say, rather convert financial aid into a grant that prioritises the poor, because our previous submission said free education in this country should be for the poor. And that's the model we should now be coming up with. But the question has always been how do you decide someone is poor? Simple. Already we know who is coming from quintal 1 and quintal 3 schools, they don't need to submit that they are poor. If I go to quintal 1 and 3 schools, automatically it means for 12 years I have not been paying fees.

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JUDGE: Mr Motsepe, I understand where you going with that submission. I am not sure whether you have accessed NSFAS's submissions to us in terms of their turn around staticly, and that might assist where they indicate that the issue of proving that you are poor is going to be changed in this manner. Already you would know from your sassa database who the people are, you will also know form the database who the people are that come from the quintal that you've mentioned, so that it is not demeaning as the system that it was. So what you submit to us now, would appear to be the one that is force prior to the implementation of the new system which is this year or the pilot this year going into next year. If you access that evidence, present it to us, you might come up with the different submission on the facts that are there on the ground.

MR MOTSEPE: I'm not sure commissioner that the system's financial aid has been presented here, I don't think it has been existing for even 6 months. And I think that's very important to know, because the reality of the matter is that, since it's inception, the financial aid system has been you must go and prove that you are poor. And the pilot project that they are doing now it's in response to what I think student has raised in 2015 all the way to 2016, I think they are on the right track.

ADV. K. PILLAY: Mr Motsepe beyond the quintal 1, 2, 3; I believe there are students who cannot afford education who fall outside those quintals. What do we do with those students?

MR MOTSEPE: For the quintal 4 and 5 or what has been termed the missing middle, we've said that the state must subsidise what the families have already been paying, or committed to paying from when they were still in high school. I think the middle class has a serious role to play, we maintain that the middle class have far more responsibility in this country than poor people; that for 12 years you've been able to contribute more or less R10 000 towards education of your child. Surely that should continue even if they are still at the university, then the state through the different model that we are now putting in that NSFAS must be converted into a grant scheme, that we should more or less have one bucket, where the monies can be distributed to universities. But the people that will have to oversee that will be from all the sectors, because from one hand business will say we are sceptical of giving

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government our money because of the high levels of corruption that have been reported daily in the country. At the same time, businesses will say we'll give out bursaries because we are either in need of black CAs in the country and we want to be able to harness our own people. But we are saying that is no longer sustainable, well that might be the case for the existence and the sustainability of big business or co-operates in this country, but they need to now start looking at the bigger picture; which is the continued (...) in universities has created instability, and I don't think government still has such a time where they are able to get to a point where we all agree that free education in this country should be for poor people; 2, the middle class in this country or people that send their kids to fee paying schools must still contribute; 3, we need to develop a system where all these monies are captured in one bucket so to speak, and all sectors, all people of interest in high education making sure that we have young people and graduates that come out of the system to be able to become economically active, receive this funding. That, I think is one of the ways that can create stability.

JUDGE: The fact is that for many years, the portion of middle class have been sweating blood to be able to pay their fees at public schools, they've done it for that long, why should they continue to do so?

MR MOTSEPE: I think the question around the middle class is somehow related to why would a parent who wants the best education for their child decide to take them out of a dysfunctional school and send them to a private school and still commit to do that.

JUDGE: Not a private school, free paying school.

MR MOTSEPE: I think in that case, like I said the middle class have far greater more responsibility than the poor, I think there is a level of commitment that people who earn a salary, like myself, must be bale to say how can we contribute. Because currently if you look at the budget, I think the minister was here, the large proportion of government funding goes to advancing social rights.

JUDGE: You are making this distinctions too rigid, society is in constant flask, members of the middle class are moving down into the poorer class, and the

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members of poorer class are moving up to the richer class, there's no longer a question of social barriers as far as that is concerned, it a constant movement, and I don't see that these continued distinctions help very much, we should try to provide sustainable access to all the people.

ADV. M. LEKOANE: Just state your name.

PHILILE NTOMBELA MASON: Philile. We do acknowledge that there is a missing middle, and that it should also be funded. One of the things that we mentioned, is that within these grants system, there should be a way to almost top up what the middle class can afford, if you can afford half the tuition, then the grant should be able to help you with the rest, not just to come and have a blanket to everybody, because some people can afford it, in which case they are fine or they afford it for a year. But with the movement that you are saying, we do acknowledge that it's happening and with fees going up it does go further than what the middle class can afford, in which case these grants over time must be able to say you can afford a certain percentage, this percentage will be bridged by the grant.

JUDGE: It seems to me that we are in such a dynamic situation, over the last 20 years there are poor people who have become richer faster than anytime in the whole history of the world, whether it be by BBE transactions or whatever, it doesn't matter; people who have been successful entrepreneurs starting from very little, and the opportunities in this skilful movement are very great. To treat poor people as poor forever and to treat middle class as middle forever, and to treat rich people as rich forever, seems to me to be an unrealistic thing.

MR. MOTSEPE: I don't think we are being that rigid in our approach, because the same way quintal 5 schools receive funding from the government, with student there paying R20 000 per annum would then get text books for free, and there will be a portion of students who also receive meals through the school feeding scheme. So I don't that assuming that if you go to a quintal 5 school everyone there is paying, but there is a contribution there that is being made by parents. I think also at that point in time, if you find yourself able to contribute, I think that something that we need to instill in our society as a country. You are right, it is a dynamic situation, but also as a

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child progresses, our observation with our members is that as they go through the 12 years of schooling, by the time they get to grade 12, we see this with our post school youth sector, is that they are far more advanced than some members of their families in terms of both knowledge and both social capital.

JUDGE: But a graduate who leaves university feels the whole world is his oyster, that there is no limits to what he can do, in reality we know that there's limits, but in facts it's true that there are no limits to where he can go today because there are not the same social pressures on him to stay at a lower level, and it's not the same lack of opportunity that has been experienced so long in the past. Whether it's in the public service industry or manufacturing or whatever.

MR. MOTSEPE: Chair this is true, but on the other hand if you come from overwhelmingly poor background, and you have the responsibility of pulling your family out of that poverty by means of some sort of employment, and you have this overwhelming loan hanging over your head. Often times these students end up feeling like the world is not their oyster and that they are held back. In which case there's been a lot of talk of small business, we're a lot of graduates ending the universities and not get a job and beginning to take the risk and opening their own business. A lot of these poor students don't have that option, they feel how can I take risk with what little I have when so many people are depending on me. And this why we have this feeling that this loan system is actually a little bit outdated and also does hold them back, and specifically the poor.

JUDGE: I'm not sure how much it holds them back, that's one of the difficulties I have. You say they are shackled, well it a very loose shackle.

MR. MOTSEPE: Well Chair: it's a loose shackle because of NSFAS not being able to recoup the money, but it's a tight shackle when you also need to think of this young chap who now needs to be able to transport, accommodation and also still send money home.

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JUDGE: But every young person has that problem, some people more than others but it's not a race thing, white people, coloured people, Indian people, some have closer family ties, the Indian people particularly, have extended families, and extended family responsibilities. Poor white people also feel that moral obligation to try and help their parents. It's not just a black thing, even though it's been stultified as black tax.

MR. MOTSEPE: I think in reality we need to take into account the historical context in which all this is taking place, it's taking place in a large majority of our people looking towards the state for employment. And as Philile pointed out, everyone who graduates looks for employment, no one from poor background is able to take a risk. Also we need to be realistic into who's making out of universities. Majority are white students, white students and Indian students are the ones that in faculties such as sciences, and majority of our black students are in humanities. We need to be quite strict as a country, the same way the apartheid government was quite strict in the 1930s with the crisis of the unemployment with white working class people.

JUDGE: Sorry, the people who come out of science have the opportunities that science and technology offer; the people who come out of arts, humanities if you wish to call it, have the limited opportunities that arts offer, that are the way it is. So long as the basic education system doesn't assist persons to go into the technical field, that's going to persist. But that's not a function of poverty it's a function of the lower standard of set training in basic education.

MR. MOTSEPE: Our research proves otherwise. That a child who comes from the middle class family, has extended opportunities in terms of what is being discussed at home with their parents, than a child who first has to....

JUDGE: Intellectual capital.

MR MOTSEPE: Exactly. And that get supported with the type of school that you go to. I think we'll be making a huge mistake if we were to leave here without emphasising, I think the Statistician General painted a picture and we agree with him fully, there is a crisis with the basic education, and I think this leads us to the question around TVET colleges, how dysfunctional they are, and the idea of now deciding that

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TVET students will now have access to financial aid, that in itself was good if they were functioning, which students don't have to wait for years and years to wait for a simple certificate in these TVET colleges. But chair I struggle with the idea that if we were to really become broad in our project in who get free education in this country, with our racial past, we'd be making a mistake, because with the support that white families received through the state by spending more on a childhood and basic education, R1000 on a black child it was around R1 or so, based on the commission that was there. That child who received that massive amount of state funding under apartheid, today is an adult with a family, and the generation that has come from there is able to access all the resources that we are talking about now.

JUDGE: That's what that level of income has been able to pay for fees right through basic education.

MR. MOTSEPE: 100%

JUDGE:: And that's why he is better off when he graduate to start with, no question.

MR. MOTSEPE: The question then becomes how do we deal with the large majority of our people. Today is to prove that the state is not spending more on education in a democratic state, because we don't believe that the state is spending more per child. The majority of the money that goes out, goes to salaries. The question of the middle class itself is how is the middle class manufactured? Majority of black middle class are government employees.

ADV. M. LEKOANE: Mr. Motsepe, can we look at slide 10. On the point you are raising now, are you saying it is the subsidy that must be increased or the contribution to the students' fees when you talking about government most increase university funding?

MR. MOSTEPE: it is the subsidy that goes to universities which we have seen a decline which we highlighted in our previous submission and that the decline has contributed to where we are today.

ADV. M. LEKOANE: so, if that increase is made, is it going to be mandatory for universities who have had the increase according to your submission?

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ADV. K. PILLAY SC: According to you, that they reduce the fees to the student what is the effect of that if they reduce the fees because we have had evidence on what the increment and the subsidy have caused the fees to reduce or double or triple, so what was the logic behind it?

MR. MOSTEPE: If the JUDGE allows me I want to just take a quick ride before I get to that question. Just to say that there needs to be University when they come here, especially former White Universities. They need to tell us how they determine the increase. I think that is very important; for they determine how they did that. For instance, an advert in 2005, registration fee was R1,700.00. Three years later it was close to R6,000.00 and now it is sitting at R11,000.00 OR R10,000.00, and they keep on saying it's inflation. I think it could be difficult to solve all the trails now. It's in motion and universities have created budget on which they function and I don't think you can now say function on the budget of 2015. I think they need to subsidize university in this sphere, but I think it will be difficult now because all of a sudden since 2015 the treasury have been allocating more money because of the immense pressure that has been put to say we need access to the university. I think it is a little too late; hence we say let find a renewed model of how to fund universities rather than focusing on increased subsidy which will not allow university to function at a optimal level. The question of funding should be linked to how do you then improve former black universities such as Walter Sisulu and Mangosuthu Suthu Universities with what is laid out in the Higher Education Act; about redress and access and all those things that address inequality. So, we will still be channelling money to a few universities that are still the Ivy Leagues of this country without addressing the issue of redress in the same sector.

JUDGE: I think issue of what you are saying may be an issue of how they use their fees?

MR. MOSTEPE: That is correct Chairperson.

JUDGE: The way universities apply their fees money or either how they use fee money strictly for tuition or it is used to fill gaps that subsidy hasn't filled?

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ADV. G. ALLY: Mr. Motsepe from where I am sitting as I understand, historically black universities were to be provided a certain redress funds. However, fees must fall took that away in this sense that we had or they had the department of higher education and training will have to take that money to fund the no increase for those particular year. So, these historically black universities continue to indicate that we have this backlogs which have not been rectified and hence we settle that programme. So, we've got a vicious circle that appears in front of you. What I get from what you are saying is this; you need an analysis of the higher education system and the funding model that is and you are saying that let us have a relook at the model that takes into account the historical disadvantages that appear and have a system that evaluates how long it will take for a given university for each stage. For instance, a research university and you will also know that the University of the Western Cape is also a historically black university and it is now one of the research universities. So, I don't know why you didn't include that in your presentation, but be that as it may that is how I understand you to have indicated. But you must also understand you don't have a bottomless pit in which to aim at the disadvantages in a particular term. So, how do you suggest that will be addressed?

MR. MOSTEPE: Interesting Commissioner. R200, 000.00 was also taken to fund the no fee was to help fix school infrastructure in the Eastern Cape in particular. I think the Commissioner have very difficult task to say the least, because one of the people that will be mandated to implement this have not been able to be super creative in dealing with this challenges and the movement of money within the departments to cover the no fee is an indication of a what I will call "trouble to state". If the state is not able to sit down and really look at the crisis of inequality in this country and I think higher education is just one of the problems. So, I really think that a question of a bottomless pit really has to do with; do we really have a state that can really address the deep challenge that we are talking about now? Linked to that is university being at the forefront of saying how change can be effected in the current funding crisis. I don't think both this is the institution let alone corporate, we have been trying to say you can not address the crisis of funding because we don't have enough resources to go into it. We've been saying that just look at basic education system and look at the millions of learners that come out of the system and if you

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look at the Matric pass rate if you have to desegregate a child and take out Quarter 4 and 5 school and you ask for the Matric pass rate, you will be shocked as a country.

ADV. K. PILLAY SC: Sorry Mr. Motsepe, National Treasury suggests that so many questions of the Trouble Stage and trouble the economy, they should direct since 2008.

JUDGE: That is a political perception.

ADV. K. PILLAY SC: There may be a different submission by National Treasury. I should rephrase that. National Treasury suggests that the budget is always linked to economic growth and the economy has not grown since 2008 and there is financial crisis and they said that education budget has in fact increased above others. What do you have to say about that?

MR. MOSTEPE: There is a question of economy which I will answer and I think there is a question of the budget in education that is increased. The budget in education that has increased is as a result of the number of student teachers that are graduating and seeking employment and being employed in the different provinces. That is the salary boom. Budget in education that has increased we have seen it that to run a district office in this country every month cost R1, 200, 000.00, to run a provincial office of education every month including salary, rent and water, it costs R1,800,000.00 every month. So, the increase has not been direct towards education or to improve learning as it has been to employment in education. I think Treasury must also take this into consideration. This money keeps on drawing over because the increase that treasury speaks of are true but the spending at different provinces must be looked at because it is not going to improve the conditions and I think that is important. When South Africa's GDP was pretty much stable at the macro level, I think it did not mean that people's life has been improved. So, the whole question of flourishing economy improves. There is question to be raised about it. I think what we are dealing with here in South Africa is we have got money within the system. Are we spending that money? Is the State able to utilise the funds? It is something we need to improve, because I think everybody's life depends on it, either it is health that can get more money and education but the results are shown and that money

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should be stored in the system. I think Treasury should be quite frank with us. We think one other thing we should look at is the equitable share. We got contribution in Parliament on Monday and one of the things that we pointed out is that the equitable share is not equitable in basic education and that needs to be addressed. Chairperson, we are dealing with a model that the state is not willing to update because the poverty component that they've put in the equitable share bent in provinces like Gauteng and the Eastern Cape.

JUDGE: This are all political decisions, the budget being brought to this and it is a matter of how they divide it in the budget and higher education comes to about 27 billion allocated. And so as you saw last Friday, local government before parliament saying the 9 billion that is allocated to local government is far more too little and there were more and this is what Treasury is coping with. In the end, it is a political decision as to which one is more important. Balancing as you appreciate and the question is whether there is additional money which is not within that budget which is being available or question of say throw out your politicians and bring somebody else who will have different sets of priority. You can do the later. So the question is really; have you gotten additional money that you can put into the system? And that really is what is troubling us here and what we hope to suggest may be you would.

ADV. G. ALLY: Which brings us to, I think you moving to the presentation that starts with slide 13 and we could have cited today there won't be issues that you have dealt with in the discussion. We may pleasantly. I don't think you need to go through but if necessary to make your point then feel free.

MR. MOSTEPE: Thanks Mr Commissioner. Without going through other slides, I think we can deal with majority of the issues. But about TVET Colleges, there are billions that are lying in circles. The higher education ministry has not been able to utilise this money to improve the TVET Colleges, and that has been accessed indirectly through other channels. So I think we need to put those monies and also how look at how SETAs have functioned, and I don't think they have functioned. I think if they have functioned, we could have curbed corruption as well. I think these are all political questions and I apologise for raising these issues in the Commission. But I think the Commission is working within that environment but that is part of

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many money as well that should be accessed at TVET sector which accommodates more than what university can currently accommodate.

JUDGE: Well we look to speeches that tell us also how to plan for these monies.

MR. MOSTEPE: That is true Commissioner

JUDGE: But everybody has got some money at their back pockets.

MR. MOSTEPE: That is true Commissioner. But the question is has SETA delivered to improve the lives of our people in this country? I don't think they have. If you look at BMW, Volkswagen, they have created their own model of TVET CollegeS where they take their mechanics and they train them. Then they put them through some forms of employment. Then the corporate is pulling out then SETAs are not making efforts to be creative and engage them. That tells us that the crisis of a state that is unable to think and I want to place that emphasis on the fact that the State is unable to think because that is what a State should do. Constantly pre-empting what could go wrong in the country to be able to build a capable State, where and whatever political change we may have it should function in the interest of the people. So that would be our submission chair.

JUDGE: I am beginning to have a quarrel with you on that.

ADV. K. PILLAY SC: I think you are addressing slide 14 for that recommendation?

EVIDENCE LEADERS: I think Mr. Mr. Motsepe was indicating is not going to go through the slides because he has dealt with it through and I am not sure whether you got specific question for him?

ADV. K. PILLAY SC: On your first bullet point on the further recommendation, perhaps you can assist us. You propose that government must increase the university funding by an aggregate amount equal to the amount used in OECD Countries. Now just on that comparative have you done any research where we compare the condition of South Africa against the whole OECD countries and whether this will be an appropriate comparison because I think the whole OECD

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countries is comprised of 5 countries and then they averaged out to the percentage of GDP. Is that appropriate for us?

MR. MOSTEPE: In our previous submission, we mentioned Brazil, and partly also because South Africa falls within the BRICS countries and Brazil is much more comparable to South Africa. It is not just only in High Education that South Africa and Brazil are comparable but it's also in basic education. They share the same challenges that we are dealing with in basic education in this country and how the budget are allocated to deal with it is also similar to what Brazil has done. That is the only country which we've looked at. Chile has been a different study altogether because they have a system which Brazil and South Africa do not have currently.

ADV. K. PILLAY SC: Thank you, we have no question from our side.

ADV. G. ALLY: Mr. Mr. Motsepe we have a person who proposed that we look at fees inevitably in their cents, that all students are provided with ICLs- income contingent loans. The basis for saying this was this that so it will be differed payment. All students will be able to access university education, so that there will be no middleclass. So you all receive your income contingent loan and going further when you obtain employment, you then pay back percentage in relations to what you earn.

JUDGE: This is necessarily when you obtain employment but when you obtain employment to a certain level, that is consistent with repaying the loan.

ADV. G. ALLY: What do you say to such a system as that?

JUDGE: And the other reason for saying everybody was that the better of students more likely to be able to repay the loan, it could make the whole system work better and more money will come into the system through this persons repaying the loan and all the thing in favour of this scheme is that it will make it easier for the system to become self-sustaining, if not entirely self reliant.

MR. MOSTEPE: I must look at that submission but that is more like what financial aid scheme will have to do.

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JUDGE: The financial aid scheme runs over an organisation with a huge administration with a degree of inefficiency and inability to collect money because of the tight. I will question you if this scheme is necessary?

MR. MOSTEPE: This type of a scheme is not necessary in this current form but I think if the question of everybody accessing, then my question would have been is it University or TVET Colleges? Because I don't know.

EVIDENCE LEADERS: Understand that we pose the question to him also and professor said that the model can include TVET Colleges as well. Actually the whole cost and post school education sector and that model can be replicated throughout.

JUDGE: There is no person that should have any doubt that he or she has the right to get to an institution of higher education for the whole time that he worked at the institution will complete his degree and will be able to get extra education that will be scheduled and at the capacity of the university to take this people and meeting the initial academic criteria which is a necessity.

MR. MOSTEPE: That could be a difficult model to sustain because, which higher learning institution and most including TVET colleges? How many stable higher learning institutions do we have?

JUDGE: The point is this; if the learners are not longer being paid by the government through NSFAS, then the money to be regained FROM NSFAS can be directed to programmes that you will be increasing the subsidy, increasing the infrastructure, increasing the teaching standards and so on and so forth.

MR. MOSTEPE: I must say I will need to visit the submission, but just the sound of it would still bring us back to the challenges that we face now. We would then become responsible for this but the question of.... (cuts).

ADV. G. ALLY: Perhaps you can be clearer; who is responsible for what and we are saying the student will be able to access any higher education institution based on academic merit. So, the finance part of it is out. What is envisaged and assumed is that the government will have to see to the quality of the education system along as is part of their subsidizing and loan not fully, but to a certain degree. So, if that is

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implemented what is the problem with that? Perhaps you can be clearer stating what that problem is. I have not heard what the problem is from you, but you are saying we are sitting with the same situation. May be you can explain to us what the situation means.

JUDGE: The proposition that was put to us was that the government could guarantee the repayment of the loan. So that from the point of view of, a person who lends the money it was risk free and therefore the rate of interest that could be charged will be reduced enormously. No mistakes, no enquiry, no fraud from one side, no attachment to fraud because of the means is tested and the student that will get through.

ADV. G. ALLY: Perhaps to the team, this submission apart from what we are telling you is proposed and you must indicate that you are unable to comment because of any reason. And if you want to comment, you must comment in a way that is productive.

JUDGE: You realise that this is like any proposal to us to the extent that it runs counter to what you said you may have some reactions. What it does we shall no doubt agree with you is that it provides free access to university without upfront payment and payment you will only repay at the time that the income is deemed sufficient to pay, you may respond if you feel you can?

MR. MOSTEPE: Pelile Donmela Mantsa, from my side listening to everything you have said, I have questions around the money that will be given to the Historically Disadvantaged University instead of putting into NSFAS. What would be the system that will be used to implement and how long will it take to implement it before it gets to all the universities at an equal levels? A lot of contextual questions, the idea itself is quiet reminiscent of, looking at former American Health Care which have just seen being repealed. But before that, it is something that if I hear it at face value, I think it has promise. I think there are a lot of contextual facts that need to be looked at. It is not that we blatantly dislike it or we like it. That is more than that. We would really like an opportunity to research it further and read that submission and understand it better.

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JUDGE: I think monies owing will be calculated through the revenue system and to tie it with the employment. I would assume that because the revenue system recognises something as a dependant for tax. That anybody who is independent in those terms will be taken into account in determining whether a reduction or whether competence to pay has been assumed.

MR. MOSTEPE: Mr Chairperson, an income indicator loan is not a good measure of determining one's ability to pay especially with the unequal levels of income in the country which every year we still hear that white males earn more than their black counterparts in corporate, but government does operates differently, but that is the case.

JUDGE: I may earn more than my colleague Mr Ally or vice versa, that isn't test or has anything to do with whether he should pay for the education of our children.

MR. MOSTEPE: But then the question will be which group of people in terms of race and gender would then be the most affected with having to pay back considering the income gap that still favours males using the gender aspect that the high income still favours males compared to females?

JUDGE: What you would say is undoubtedly correct is there will always be in efficiencies and always be inequality, we are just listening to people who think one system is better than another. If we can find the money for your system it may be that your system is better. If we can't find the money for your system, it may be that we may have to look at some alternative that looks more self-sustaining.

ADV. K. PILLAY SC: If you go through our previous presentations, may be you can formulate it is to have the system to work. There is a proposal left behind there; the banks will provide the loans, whether or not the banks would be compelled by legislation to do that so that it works. Bulk of that money goes to education fund and do they go back to the fiscals for redistribution? So if you can put some thought into this may be?

JUDGE: Could or should be created to foster legal responsibility.

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MR. MOSTEPE: I think we've made partly our point. This is the what I have shared in provinces and within organizations, that the Commissioner have difficult tasks. I think in responding, I think you are not only responding to crisis of just access, but you are responding to a deep rooted crisis of inequality that is taking shapes and forms in the country. It is that majority of our people wants to attain a degree or higher education instead of just Matric certificate and I think whatever this Commission decides will have impact on generations to come. We hope that the Commission will not be in a space where it will not be able to make the world that is flying around these days is a recommendation to seek to inspire hope of an equal society.

JUDGE: If the money can be ...That is a real solution.

MR. MOSTEPE: Not only further money Chair, but how we use that money.

JUDGE: Thank you very much indeed Mr. Mr. Motsepe and your team for the second time.

JUDGE: I see we have a lot of presentations by Hostamu

ADV. K. PILLAY SC: Yes chair, Hostamu was supposed to present today, but unfortunately had to cancel but there will be a testifying tomorrow.

JUDGE: Who else is coming tomorrow?

ADV. K. PILLAY SC: There may be a further presentation or a stakeholder to give evidence but we would raise the matters afterwards.

JUDGE: I see, the ANC Youth League has not.

ADV. K. PILLAY SC: We are in the process of rescheduling ANC Youth League.

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**SET 7 – HEARING 1 – DAY 4**

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