

MINISTERIAL STATEMENT ON UNIVERSITY FUNDING: 2015/16 AND 2016/17

November 2014

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Section A: The Funding of Universities

1. INTRODUCTION

This annual Ministerial Statement deals with the funding instruments to steer the university sector, and is issued in accordance with the requirements of the Higher Education Act, 1997 (Act 101 of 1997 as amended) and the funding framework for universities (Government Gazette, No 25824 of 9 December 2003). Other guiding policy documents include:

- Education White Paper 3 – A programme for the Transformation of Higher Education (1997);
- The National Plan for Higher Education (2001);
- The National Development Plan (2013); and
- The White Paper for post-school Education and Training (2013).

Information relating to the budgets for the university sector is confidential until National Treasury releases the ‘Estimates of National Expenditure’ at the time the Minister of Finance delivers his budget speech in February 2015.

Given the economic forecast for government as a whole and the constraints on the current budget allocations, all government departments are having to reprioritise and find efficiencies in the system as additional funding in next MTEF cycles will be very limited. There is an appeal to universities to put in place efficiency measures that will generate extra funding for the university. The measures could include:

- reduce overheads relative to the core functions of universities;
- collaboration amongst universities in order to save on spending;
- improve debt collection;
- source donor funding;
- put in place processes to generate additional third stream funding to assist with cross subsidising the finances of the core functions of the institution.

2. THE CONTEXT

This Ministerial Statement on University Funding contains:

- the budget allocations likely to be available for distribution to universities for 2015/16 and 2016/17, and the division of funds among various budget subcategories;
- the purpose of each funding category and its relationship with other funding categories;
- details of the weightings and benchmarks employed in the calculation of grants;
- the sector’s total funded teaching input units, total institutional factor units, total teaching output units and total research output units. Policy details are also provided of how a university would be able to calculate its own share of each of these sector totals, which also determines a university’s own share of sub-block grant allocations for each of the next two years (2015/16 and 2016/17);
- budget amounts per university of certain earmarked grants for 2015/16 and 2016/17;
- changes to funding policy and reasons for changes; and
- changes to government funding allocations in the 2015/16 and 2016/17 financial years.

3. REVIEW OF THE FRAMEWORK AND CHANGES TO FUNDING ALLOCATIONS

The Report of the Ministerial Committee for the Review of the Funding of Universities, October 2013 was released in February 2014. A Technical Team and a Reference Group, consisting of members from the university sector and the Department, are currently developing changes to the existing funding framework for further consultation, approval and implementation.

As indicated in the 2013 Ministerial statement, R410,743 million was set aside in 2015/16 for a new factor to be linked to institutional disadvantage, and the distribution thereof would first be modelled and approved before details would be provided. This amount has been earmarked as an Historically Disadvantaged Institution (HDI) development grant, which is discussed in section C4 of this statement.

4. MTEF BUDGET ALLOCATIONS FOR 2015/16 AND 2016/17

On an annual basis, the Department presents National Treasury with bids for additional funding in June, and thereafter National Treasury engages with the Department during the period July – November on the funds available to be distributed for the rolling triennium. National Treasury determines the total state budget which government can afford to spend on the university sector. National Treasury for the first time this year, provided the Department with preliminary allocations at the end of October 2014.

Table 1 sets out the Ministry's division of funds for the university sector among various budget subcategories.

Table 1: State budgets for the university sector

| Budget category | Budget totals for the university sector | | | | Increase in budget from previous financial year | | | |
|---|---|--------------------|--------------------|--------------------|---|--------------|--------------|-------------|
| | 2013/14 (R'000) | 2014/15 (R'000) | 2015/16 (R'000) | 2016/17 (R'000) | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| 1 Block grants | 18 438 584 | 19 561 234 | 20 538 361 | 21 678 098 | 5.8% | 6.1% | 5.0% | 5.5% |
| 1.1 Teaching inputs | 12 148 219 | 12 713 266 | 13 141 519 | 13 753 540 | 4.2% | 4.7% | 3.4% | 4.7% |
| 1.2 Institutional factors | 1 054 055 | 1 103 392 | 1 170 372 | 1 225 710 | 4.2% | 4.7% | 6.1% | 4.7% |
| 1.3 Actual teaching outputs | 2 712 979 | 2 974 475 | 3 213 301 | 3 512 017 | 6.9% | 9.6% | 8.0% | 9.3% |
| 1.4 Actual research outputs | 2 523 331 | 2 770 101 | 3 013 169 | 3 186 831 | 13.3% | 9.8% | 8.8% | 5.8% |
| 2 Earmarked grants | 7 643 478 | 8 508 752 | 9 799 844 | 10 267 831 | 11.6% | 11.3% | 15.2% | 4.8% |
| 2.1 NSFAS | 3 693 295 | 3 914 893 | 4 094 978 | 4 311 811 | 9.3% | 6.0% | 4.6% | 5.3% |
| 2.2 Infrastructure & output efficiencies | 2 000 000 | 2 200 000 | 2 301 200 | 2 422 013 | 11.1% | 10.0% | 4.6% | 5.3% |
| 2.3 Capital funds for 2 new universities | 150 000 | 500 000 | 1 000 000 | 1 053 000 | | 233.3% | 100.0% | 5.3% |
| 2.4 Operational funds for 2 new universities | 150 000 | 159 000 | 201 014 | 212 165 | 50.0% | 6.0% | 26.4% | 5.5% |
| National Institutes in 2 provinces | 45 418 | 48 143 | 0 | 0 | 5.5% | 6.0% | -100.0% | |
| 2.5 NIHE Northern Cape Pipeline Students | | | 12 000 | 10 000 | | | | -16.7% |
| 2.6 HDI development grant | | | 410 743 | 433 532 | | | | 5.5% |
| 2.7 Research development | 176 820 | 187 429 | 199 000 | 209 547 | 0.0% | 6.0% | 6.2% | 5.3% |
| 2.8 Teaching development | 575 000 | 609 500 | 616 900 | 649 596 | 15.2% | 6.0% | 1.2% | 5.3% |
| 2.9 Foundation provision | 204 705 | 236 560 | 304 470 | 320 607 | 5.5% | 15.6% | 28.7% | 5.3% |
| 2.10 Clinical training of health professionals | 387 491 | 410 740 | 429 635 | 452 406 | 5.5% | 6.0% | 4.6% | 5.3% |
| 2.11 Veterinary Sciences | 128 500 | 136 210 | 141 764 | 149 250 | 5.5% | 6.0% | 4.1% | 5.3% |
| 2.12 Institute for Human and Social Sciences | | | 23 829 | 25 081 | | | | 5.3% |
| 2.13 Merger multi-campus | 118 400 | 94 720 | 44 864 | 0 | -20.0% | -20.0% | -52.6% | -100.0% |
| 2.14 Interest & redemption on loans | 9 255 | 6 757 | 4 447 | 3 558 | -36.6% | -27.0% | -34.2% | -20.0% |
| 2.15 African Institute for Mathematical Studies | 4 594 | 4 800 | 5 000 | 5 265 | 4.4% | 4.5% | 4.2% | 5.3% |
| 2.16 Sector Monitoring and Evaluation | | | 10 000 | | | | | 0.0% |
| TOTAL | 26 082 062 | 28 069 986 | 30 338 205 | 31 945 929 | 7.4% | 7.6% | 8.1% | 5.3% |

Specific points to note about the financial information reflected in Table 1 are the following:

- table 1 is based on National Treasury's preliminary 2015 MTEF baseline budget. National Treasury sets the minimum base-line allocations per annum reflected in Table 1 for NSFAS, the two new universities, and the clinical training of health professionals;
- an earmarked HDI development grant has been created. A total of R410,743 million for 2015/16 was already budgeted for this purpose in the previous Ministerial Statement;
- 0,5% of the earmarked budgets for research development, teaching development, foundation provision and veterinary sciences have been set aside for a new earmarked grant "Sector Monitoring and Evaluation", totalling R15 million for each of the years 2015/16 and 2016/17. These funds will be used to increase capacity to monitor and evaluate all earmarked grants, including the implementation of the first phase of the Staffing of South African Universities Framework (SSAUF) which will be partially funded from the accumulation of unspent funds from the Teaching Development Grant;
- no state allocation for the two National Institutes of Higher Education (NIHEs) in Mpumalanga and the Northern Cape Provinces exists from 2015/16 onwards due to the disestablishment of these institutions. However, an earmarked allocation to enable pipeline students from the NIHE Northern Cape still exists to enable them to complete their qualifications, and the amounts for this process will be transferred to the Sol Plaatje University to manage the project; and
- the Multi-campus grant, which was phased out since 2013/14, will come to an end in 2015/16.

5. A UNIVERSITY'S BUDGET FOR 2015/16 AND 2016/17;

Universities receive state funds in the form of block grants and earmarked grants. Block grants comprise approximately 70% of the total state budget towards universities. Block grants are intended for the operational costs of teaching and learning activities of universities and are council-controlled funds, which can be used at the discretion of council and university management. It needs to be emphasised that public accountability of these funds remains paramount for the institutions and the Ministry. Public accountability requires that institutions receiving public funds be able to report on the effective and efficient spending of the funds, the results they achieve with the resources, and how they would meet national policy goals and priorities. This reporting must be done in terms of the Regulations for Reporting by the Public Higher Education Institutions (Government Gazette No. 37726, Notice 9 June, 2014)

In order for a university to determine its own share of each of the 2015/16 and 2016/17 block grants, Table 2 sets out the funded total units of the sector in each of the block grant sub-categories reflected in Table 1. The values in Table 2 are the funded units of year (n-1), which is audited and used in year (n) to calculate the budget for financial year (n+1). Data for 2016/17 has not yet been audited.

For a particular budget year, a university's share of funded units in each of the 4 categories in Table 2 determines the university's share of funds in each of the 4 sub-block grant categories shown in Table 1.

Section B of this Ministerial Statement provides the policy details for a university to determine its own funded unit totals and therefore ultimately its own share in each of the 4 categories in Table 2. Such calculations by universities should be regarded as preliminary until their funding allocations have been confirmed in writing through a Ministerial letter.

Table 2: Actual and estimated funded units for the university sector within the block grant categories

| Block grant categories | Unit totals for the university sector | | | | Increase in units from previous financial year | | | |
|-------------------------|---------------------------------------|-----------|-----------|-----------------------|--|---------|---------|---------|
| | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| Funded teaching inputs | 1 119 033 | 1 169 143 | 1 222 348 | 1 277 641 | 4.4% | 4.5% | 4.6% | 4.5% |
| Institutional factors | 93 073 | 99 462 | 108 950 | 117 122 ¹⁾ | 7.0% | 6.9% | 9.5% | 7.5% |
| Actual teaching outputs | 141 344 | 149 138 | 163 569 | 178 290 ¹⁾ | 5.3% | 5.5% | 9.7% | 9.0% |
| Actual research outputs | 21 200 | 24 077 | 26 622 | 29 817 ¹⁾ | 13.6% | 13.6% | 10.6% | 12.0% |

1) Estimated values

Section C of this Ministerial Statement highlights budgets per university in some earmarked grant categories reflected in Table 1. Earmarked state grants are grants that must be used for a specific purpose and are not council controlled. Earmarked grants require a range of inputs from universities and annual progress reports to the DHET. Earmarked grants are used to steer the sector towards the targets agreed upon within the enrolment planning exercise and to ensure national priorities are addressed by universities.

6. RELIABILITY OF HIGHER EDUCATION MANAGEMENT INFORMATION SYSTEM (HEMIS) DATA SUBMITTED BY UNIVERSITIES

Both block grant calculations and progress reports of earmarked funds depend heavily on reliable audited HEMIS data submitted annually by universities to the Department.

The Department will continue to monitor the reliability of the data in the HEMIS submissions. If the verification process suggests that a university's data submissions are incorrect, then the university will be required to correct errors and resubmit the amended database with a new audit certificate. Where necessary, the university may be required to amend the historical databases for the past 3 years. If this is deemed necessary, the university's block grants or earmarked funds for specific years will be re-calculated for the past 3 years according to Section 11 (d) of the Prescription Act, No 68 of 1969, and any over-payments for these 3 years will be deducted from budgets before new funds are paid to the university.

The Department will also, when necessary, make adjustments to any data of the university, which the Department uses for funding purposes, if the data and/or the progress reports submitted to the Department, whether endorsed by external auditors or not, indicate that a university has not complied with the Department's policies/HEMIS directives, or if analyses undertaken by the Department indicate that a university's data submissions for block and earmarked funds are flawed. It is the responsibility of a university to ensure that it complies at all times to the policies and directives issued by the Department.

Section B: Block Grant Budget Calculations

Section B focuses on the policy to calculate a university’s funded units within each of the 4 sub-block grant categories; teaching input, teaching output, research output and institutional factors, for 2015/16 and 2016/17.

For a particular financial year, a university’s own funded unit total in any one of the above 4 sub-block grant categories, can be used, together with the corresponding sector’s funded unit total reflected in Table 2, to determine the university’s own share, or fraction, of the funds in the corresponding category of funding noted in Table 1.

The annual public report “University performance within the block grant”, available on the DHET website, presents statistics on the annual improvements in the performance of each university within each of the sub-block grants from the 2004/05 financial year onwards. This report monitors the effectiveness of the funding instruments used within the block grant to steer the university sector.

1 THE TEACHING INPUT SUB-BLOCK GRANT

This section deals with 1) the calculation of actual teaching input units, 2) approved teaching input units funded by the state, and 3) corrective measures taken concerning unacceptable deviations between actual and funded teaching input units.

1.1 Actual teaching input units

For the calculation of actual teaching input units, the weighting factor for funding purposes of a cell in the grid indicated in Table 3 will first be applied to the corresponding HEMIS unweighted enrolled full-time equivalent (FTE) student total (excluding experiential learning, or work-integrated learning, FTE students) in that cell, thus generating weighted teaching input units for the particular cell. The grand total of weighted teaching input units for a university for all funding groups and course levels will then be the sum of the input units of all the grid cells.

Table 3: Funding weightings for teaching inputs: 2015/16 and 2016/17

| Funding group | Undergraduate & equivalent | | Honours & equivalent | | Masters & equivalent | | Doctoral & equivalent | |
|---------------|----------------------------|----------|----------------------|----------|----------------------|----------|-----------------------|----------|
| | Contact | Distance | Contact | Distance | Contact | Distance | Contact | Distance |
| 1 | 1.0 | 0.5 | 2.0 | 1.0 | 3.0 | 3.0 | 4.0 | 4.0 |
| 2 | 1.5 | 0.75 | 3.0 | 1.5 | 4.5 | 4.5 | 6.0 | 6.0 |
| 3 | 2.5 | 1.25 | 5.0 | 2.5 | 7.5 | 7.5 | 10.0 | 10.0 |
| 4 | 3.5 | 1.75 | 7.0 | 3.5 | 10.5 | 10.5 | 14.0 | 14.0 |

The four funding groups in Table 3 consist of HEMIS student FTE aggregations according to the Classification of Educational Subject Matter (CESM) categories, set out in Table 4.

Table 4: Funding groups for 2015/16 and 2016/17

| Funding group | CESM categories included in funding group |
|----------------------|--|
| 1 | 07 education, 12 law, 18 psychology, 19 public administration and services |
| 2 | 04 business, economics & management studies, 05 communication & journalism, 06 computer & information sciences, 11 languages, linguistics & literature, 17 philosophy, religion and theology, 20 social sciences |
| 3 | 02 architecture & the built environment, 08 engineering, 10 family ecology & consumer sciences, 15 mathematics & statistics |
| 4 | 01 agriculture & agricultural operations, 03 visual and performing arts, 09 health professions & related clinical sciences, 13 life sciences, 14 physical sciences |

1.2 Approved teaching input units funded by the state

The funding framework requires teaching input funding to be based on planned and approved FTE student enrolments, weighted for funding purposes as indicated in Sub-Division 1.1 of Section B. The Ministry consults with each university concerning these future student enrolment targets. The enrolment targets are, in effect, a contract between the Department and the Council of each university.

Table 5 sets out the funded totals of teaching input units per university for 2015/16 to 2018/19, as reflected in the Ministerial Statement on Student Enrolment Planning of June 2014. These units include both contact and distance tuition student data.

Table 5: Ministerial approved teaching input units

| UNIVERSITY | MINISTERIAL APPROVED FUNDED TEACHING INPUT UNITS | | | | |
|-------------------|--|------------------|------------------|------------------|------------------|
| | YEAR 1) YEAR 2) | 2015/16 2013 | 2016/17 2014 | 2017/18 2015 | 2018/19 2016 |
| CAPE PENINSULA UT | | 57 094 | 57 851 | 60 097 | 61 821 |
| CAPE TOWN | | 58 111 | 63 171 | 64 516 | 65 597 |
| CENTRAL UT | | 18 251 | 21 496 | 22 265 | 23 433 |
| DURBAN UT | | 40 314 | 43 509 | 45 709 | 48 238 |
| FORT HARE | | 17 490 | 22 147 | 23 397 | 24 801 |
| FREE STATE | | 59 556 | 56 779 | 57 764 | 58 882 |
| JOHANNESBURG | | 79 500 | 80 610 | 81 500 | 82 412 |
| KWAZULU-NATAL | | 79 862 | 86 908 | 89 691 | 91 922 |
| LIMPOPO | | 36 358 | 33 177 | 39 074 | 40 599 |
| MANGOSUTHU UT | | 14 782 | 15 167 | 16 126 | 17 340 |
| NELSON MANDELA | | 43 470 | 46 588 | 47 719 | 49 730 |
| NORTH WEST | | 73 126 | 77 709 | 81 412 | 86 108 |
| PRETORIA | | 99 965 | 108 005 | 110 582 | 112 487 |
| RHODES | | 15 454 | 16 602 | 17 033 | 17 600 |
| SEFAKO MAKGATHO | | 15 582 | 14 219 | 16 480 | 18 475 |
| SOUTH AFRICA | | 128 503 | 150 297 | 155 188 | 156 130 |
| STELLENBOSCH | | 65 800 | 70 378 | 73 207 | 74 577 |
| TSHWANE UT | | 92 485 | 83 281 | 86 425 | 91 015 |
| VAAL UT | | 33 068 | 33 078 | 34 052 | 35 524 |
| VENDA | | 22 680 | 23 161 | 25 306 | 26 520 |
| WALTER SISULU | | 42 992 | 38 299 | 38 770 | 39 266 |
| WESTERN CAPE | | 39 668 | 39 537 | 41 350 | 43 180 |
| WITWATERSRAND | | 65 433 | 71 062 | 72 550 | 74 038 |
| ZULULAND | | 22 804 | 24 610 | 23 502 | 22 445 |
| TOTAL | | 1 222 348 | 1 277 641 | 1 323 719 | 1 362 140 |

1) The State's financial year

2) The academic year of a university in which students are enrolled, which lags 2 years behind the financial year of the State's budget.

1.3 Corrective measures taken concerning unacceptable deviations between actual and funded teaching input units.

This section deals with the difference between the actual units calculated by a university in Sub-Division 1.1 of Section B, and the approved funded units as indicated in Sub-Division 1.2 above for a particular year.

Each university is expected to plan and manage its student admissions and enrolment in order to ensure that, for a particular year, its actual teaching input unit total calculated in Sub-Division 1.1 converges to the planned and state funded teaching input unit total approved by the Minister. These are indicated in Table 5 of Sub-Division 1.2 as well as in the new Ministerial Statement on Student Enrolment Planning.

The Ministerial Statement on University Funding of November 2012 reminded universities that “The Ministerial Statement on Student Enrolment Planning 2011 to 2013 indicated that the Department will make downward adjustments to the outer year’s institutional shares for universities who under-enrol more than 2% below their approved headcount enrolment target. Such changes will automatically reduce their FTE students and funded teaching input units. Universities are discouraged to continue practices of over-enrolment since it negatively impacts on the rand-value adjustments of Teaching Input Units.” In addition, over-enrolment impacts on the quality of teaching and learning.

For 2015/16, the focus is on universities who substantially under-enrol, as it impacts on providing access to students, in particular disadvantaged students. The focus will be broadened in future years to include universities who substantially over-enrol, as it impacts on the quality of higher education provided to students.

For the 2015/16 financial year, the Minister has approved a 5% deviation from the Ministerial approved funded teaching input units as acceptable for 2013 data. For those universities that have under-enrolled in teaching input units by more than 5% of the Ministerial approved teaching input units, one third of the units exceeding 5% will be removed from the funded units. Teaching input grants will be redistributed amongst all universities based on the reduced total of Ministerial approved teaching input units for the sector. Universities who receive more funds should use the redistributed funds to improve planning abilities to remain within the range of 2% of Ministerial approved teaching input units. Corrective measures will in future years become stronger in one or more of the following areas, namely:

- Reducing the acceptable range of deviations from Ministerial approved funded teaching input units towards 2%, as was signalled as an acceptable variation from agreed upon targets in 2012;
- Removing an ever increasing share of Ministerial approved funded teaching input units from universities who operate outside of the acceptable deviation range in terms of under-enrolment and over-enrolment;
- Re-allocating the revised funding towards universities who operate within the acceptable range of deviations from Ministerial approved funded teaching input units.

2 TEACHING OUTPUT SUB-BLOCK GRANT

The aim of this sub-block grant is to fund and simultaneously incentivise increases in student graduates from under-graduate up to taught masters level. Research masters graduates and all doctoral graduates are excluded, as they are funded in the research output sub-block grant.

Student graduate numbers, instead of annual full-time equivalent (FTE) student success rates, are the focus of teaching outputs, because student graduate data are in essence, the final teaching outcomes at universities.

Funding of a university for the 2015/16 and 2016/17 financial years will respectively be based on a university's actual 2013 and 2014 totals of student graduate numbers reported in HEMIS, and audited by the Universities' external auditors.

Teaching output grant allocations are determined on the basis of an actual weighted total of teaching outputs (in terms of funded units) produced by each university.

The weightings for funding purposes to be applied to actual student graduate headcount outputs in order to obtain funded units for a university are set out in Table 6 below. There is no distinction between the teaching outputs of distance and of contact programmes.

Table 6: Funding weightings per student graduate head for contact and distance programmes

| Teaching output programmes | Weightings |
|--|------------|
| 1 st certificates and diplomas of 2 years or less | 0.5 |
| 1 st diplomas and bachelors degrees: 3 years | 1.0 |
| Professional 1st bachelor's degree: 4 years and more | 1.5 |
| Postgraduate and post-diploma diplomas | 0.5 |
| Postgraduate bachelors' degrees | 1.0 |
| Honours degrees/higher diplomas/post-graduate diplomas approved under the new HEQF | 0.5 |
| Non-research masters degrees and diplomas | 0.5 |

3 RESEARCH OUTPUT SUB-BLOCK GRANT

The aim of this sub-block grant is to fund actual research outputs and simultaneously incentivise increases in research outputs.

Funding of a university for the 2015/16 and 2016/17 financial years will respectively be based on a university's 2013 and 2014 totals of actual publication units (books for the specialist, conference proceedings, and articles in accredited journals), as well as doctoral and research masters graduate numbers reported in HEMIS. All are audited by the Universities' external auditors.

Research output grant allocations are determined on the basis of an actual weighted total of research outputs (in terms of funded units) produced by each university.

The weightings for funding purposes to be applied to actual research outputs in order to obtain funded research output units for a university are set out in Table 7 below.

Table 7: Funding weightings for research outputs for 2015/16 and 2016/17

| Research output categories | Weightings |
|-----------------------------------|-------------------|
| Publication units | 1 |
| Research masters graduates | 1 |
| Doctoral graduates | 3 |

As communicated by the Director-General of Higher Education and Training in his media statement dated 17 November 2014, the publication units will exclude a specific journal listed on the International Bibliography of the Social Sciences (IBSS) Index, namely the Mediterranean Journal of Social Science that does not meet the criteria of the Policy on the Measurement of Research Outputs. This and other journals published by the Mediterranean Centre of Social and Education Research will be excluded in future. A total of 198,13 publication units for 2013 have been withdrawn for funding purposes from affected universities, amounting to roughly R22,4 million for 2015/16. These funds have been redistributed to all universities, based on each university's actual research outputs for 2013.

In future, any journal on any of the lists/ indices recognised by the Department for subsidy purposes, which does not comply with the policies and directives of the Department, will be removed immediately from the list, and articles published in such journals will not be state funded with immediate effect. The Department will reserve the right to recover the funds from a university that has claimed for and been paid out subsidies for such articles in error, for a period of 3 years, as stated in Sub-Division 6 of **Section A**.

4 INSTITUTIONAL FACTOR SUB-BLOCK GRANT

This section contains 2 factors, namely 1) the proportion which a university has of students from disadvantaged backgrounds, and 2) university size in terms of contact and distance FTE student enrolment.

4.1 Grants for universities with large proportions of disadvantaged students

The aim of this grant is to increase the participation, success and graduation rates of disadvantaged students in general. This grant deems disadvantaged students to be African and Coloured students who are South African citizens.

For a contact tuition university, a calculation is first made of the proportions it has of disadvantaged students in its 2013 *contact* FTE enrolled student total. A disadvantage-weighting factor is then determined for the university. This factor is 0 for a university whose proportion of disadvantaged students is 40% or less, and increases linearly up to a maximum 0,10 at a disadvantaged proportion of 80%. The factor remains 0,10 for a university whose proportion of disadvantaged students is between 80% and 100%.

For 2015/16, additional 2012 funded teaching input units are then generated by multiplying its disadvantage factor by the university's approved 2013 funded total of contact plus distance teaching input units set out in Table 5 for the 2015/16 financial year.

For the dedicated distance university, the calculation of the disadvantage factor is based on the proportion of disadvantaged students, which it has in its 2013 distance FTE enrolled student total.

The same calculations can be made for 2016/17, using the corresponding 2014 student data.

4.2 Grants related to the size of universities

The size factor takes account of economies of scale as the FTE enrolment size of a university increases. The institutional size factor is used to give additional teaching input units to small universities, depending on the size of their FTE student enrolments. The institutional size factor amounts to 0,15 for universities with up to 4 000 contact plus distance FTE (unweighted) students, after which it decreases linearly to 0 for universities with totals of 25 000 or more contact plus distance FTE students (unweighted).

For 2015/16, additional 2013 funding units are then generated by multiplying its size factor by the university's approved funded total of contact plus distance teaching input units set out in Table 5 for the 2015/16 financial year.

The same calculations can be made for 2016/17, using the corresponding 2014 student data.

Section C: Earmarked Grants

Section C focuses on presenting budgets per university in certain earmarked fund categories for 2015/16 and 2016/17, in line with the context of this Ministerial Statement, set out in Sub-Division 3 of **Section A**.

Earmarked grants elaborated in this section of the Ministerial Statement are:

- Teaching Development Grant;
- Foundation Provision Grant;
- Research Development Grant;
- HDI development Grant;
- National Student Financial Aid Scheme (NSFAS) Grant;
- Veterinary Sciences Grant;
- Clinical Training Grant;
- Infrastructure and Efficiency Grant;
- Merger Multi-campus Grant;
- New Universities;
- The National Institute of Human and Social Sciences; and
- The African Institute for Mathematical Sciences

Earmarked grants require annual progress reports to be submitted to the DHET. Reporting on finances (e.g. expenditure data) within progress reports is required. As communicated in the 2013 Ministerial Statement, the cut-off date for such reporting on financial data in progress reports is at least 28 February of the year in which a progress report is required. This was implemented to ensure closer alignment with the financial year of the state (1 April – 31 March). As of 2015/16 financial-year, all progress reports and audited financial statements for earmarked grants have to be provided by 30 April of each year.

As from 2015/16, it was approved that for many of the earmarked grants, 20% be released to the universities during the first quarter of the Department's financial year, based on approved plans for the use of the grants for 2014/15. Based on the evaluation of progress reports and audit certificates for 2013/14, which were found to be satisfactory, the remainder of 80% of the 2014/15 allocation was released. The purpose was to assist universities to start with the implementation of their approved plans for 2014/15. This approach may continue in 2015/16.

As part of the Department's responsibility to monitor and evaluate the use of earmarked grants, specific attention will be given to under-spending of funds and also spending of funds for other purposes not approved by the Department. The withholding of funds of a specific earmarked grant will continue to take place, if and when necessary, and with the approval of the Minister.

1 TEACHING DEVELOPMENT GRANT

The teaching development grant supports the university sector towards improved student success.

The main purpose of teaching development grant is to enable the implementation of teaching and learning development activities that will lead to improvement in student success, indicated at the highest level through the university's *average student success*

rate in all courses from one year to the next year, where success rates are measured in full-time equivalent (FTE) students.

Teaching development grants complement and support the teaching output sub-block grant. Any improvement in actual teaching outputs as a result of teaching development funding is to the benefit of a university, as these additional outputs are funded within the teaching output sub-block grant as well.

Table 8 reflects the teaching development state budgets for 2015/16 and 2016/17 according to university. All universities are allocated a teaching development fund. The funding shares reflected in Table 8 were developed by a Ministerial appointed Teaching Development Task Team in 2008. For final implementation in 2010, 2009 HEMIS student data was used. The mechanism is based on the number of FTE unsuccessful students in each university, weighing the FTE unsuccessful students in universities with the poorest success rates by 1,5.

Table 8 also reflects that 7% for 2015/16 and 10% for 2016/17 have been set aside for the national collaborative programme. All universities are given the opportunity to send through proposals to utilise these funds. The allocation of funds is governed through the mechanisms set out in the Ministerial Statement on the Management and Utilisation of Teaching Development Grants.

Table 8: Earmarked teaching development state budgets for 2015/16 and 2016/17

| UNIVERSITY | Funding shares | | Teaching Development State budgets | |
|----------------------------------|----------------|----------------|------------------------------------|-----------------|
| | 2015/16 (%) | 2016/17 (%) | 2015/16 (R'000) | 2016/17 (R'000) |
| CAPE PENINSULA UT | 3.134 | 3.033 | 19 335 | 19 702 |
| CAPE TOWN | 1.830 | 1.771 | 11 288 | 11 503 |
| CENTRAL UT | 2.303 | 2.228 | 14 206 | 14 476 |
| DURBAN UT | 3.217 | 3.113 | 19 844 | 20 221 |
| FORT HARE | 1.197 | 1.158 | 7 384 | 7 524 |
| FREE STATE | 4.622 | 4.473 | 28 512 | 29 054 |
| JOHANNESBURG | 7.474 | 7.233 | 46 106 | 46 984 |
| KWAZULU-NATAL | 4.123 | 3.990 | 25 432 | 25 916 |
| LIMPOPO | 1.319 | 1.276 | 8 137 | 8 292 |
| MANGOSUTHU UT | 1.162 | 1.125 | 7 170 | 7 306 |
| NELSON MANDELA | 3.490 | 3.377 | 21 528 | 21 938 |
| NORTH WEST | 2.656 | 2.571 | 16 386 | 16 698 |
| PRETORIA | 4.214 | 4.078 | 25 997 | 26 492 |
| RHODES | 0.598 | 0.578 | 3 687 | 3 757 |
| SEFAKO MAKGATHO | 0.391 | 0.379 | 2 414 | 2 460 |
| SOUTH AFRICA | 21.240 | 20.555 | 131 032 | 133 526 |
| STELLENBOSCH | 2.237 | 2.165 | 13 798 | 14 061 |
| TSHWANE UT | 10.559 | 10.219 | 65 140 | 66 380 |
| VAAL UT | 3.233 | 3.129 | 19 945 | 20 326 |
| VENDA | 1.430 | 1.384 | 8 823 | 8 991 |
| WALTER SISULU | 5.356 | 5.183 | 33 040 | 33 669 |
| WESTERN CAPE | 1.749 | 1.692 | 10 789 | 10 994 |
| WITWATERSRAND | 3.228 | 3.124 | 19 913 | 20 292 |
| ZULULAND | 2.239 | 2.167 | 13 811 | 14 074 |
| National Collaborative Programme | 7.000 | 10.000 | 43 183 | 64 960 |
| TOTAL | 100.000 | 100.000 | 616 900 | 649 596 |

During 2014/15, an analysis was done of the trend of under-spending on the teaching development grant since 2011/12. It was approved that, in respect of institutions who

meet all three of the following criteria, 80% of the 2014/15 allocation be withheld. Only 20% of the 2014/15 funds was released to institutions where the following criteria pertained:

- there is a persistent, long term history (dating from the 2011/12 cycle) of severe under-spending (greater than 50% underspent);
- there is a lack of a convincing (or any) plan relating to how to utilize the unspent amounts; and
- there is almost no chance of such amounts being expended before the end of the 2014/15 period.

2 FOUNDATION PROVISION GRANT

The main purpose of foundation provision is to improve the academic performance of those first-time entering undergraduate students, who already comply with the minimum requirements to enrol for a particular university qualification, and who have already enrolled for that qualification, but who are at risk of dropping out due to their poor educational backgrounds. Such students are placed on Ministerial approved extended curriculum programmes, which are in most cases one year longer than the regular qualification.

Improvements in student throughput rates and reductions in student drop-out rates, in particular first-time entering students are some of the main indicators used to assess the effective use of foundation provision grants.

Earmarked foundation provision funds mainly complement earmarked teaching development funds, and therefore also the teaching output sub-block grant. Both teaching development funds and earmarked foundation provision funds aim to increase the average success rate and the graduation rate of a university. Any improvement in the graduation rate as a result of students been placed on extended/foundation programmes funded by earmarked foundation funds is to the benefit of a university, as additional graduates are funded within the teaching output sub-block grant as well.

Weighted FTE foundation students are annually funded in 2 ways simultaneously:

- by generating teaching input subsidy within the teaching input sub-block grant; and
- through the distribution of earmarked (ring-fenced) state funds for foundation purposes.

For earmarked foundation funding, FTE enrolled foundation students are weighted from 2015/16 onwards according to the groups of CESMs in the teaching input funding grid set out in Table 4, and no longer according to a separate funding grid for foundation provisioning.

The total weighted FTE foundation student enrolments, reported in HEMIS for year (n-1) determine in year (n) a university's earmarked state budget for foundation provision for year (n+1).

Table 9 reflects the foundation provision grants per university for 2015/16. Although uncertainties in foundation student enrolments still exist, a university could use the average rand value of a weighted teaching input unit in the block grant for 2014 (see

data in Tables 1 and 2) to obtain its own estimated earmarked foundation provision budget for 2016/17.

Table 9: Earmarked foundation provision grants for 2015/16

| YEAR | 2014/15 | 2015/16 |
|-------------------|----------------|----------------|
| UNIVERSITY | (R'000) | (R'000) |
| CAPE PENINSULA UT | 20 048 | 33 915 |
| CAPE TOWN | 12 876 | 18 512 |
| CENTRAL UT | 2 655 | 3 583 |
| DURBAN UT | 3 305 | 7 667 |
| FORT HARE | 8 385 | 12 193 |
| FREE STATE | 18 020 | 21 644 |
| JOHANNESBURG | 27 899 | 34 017 |
| KWAZULU-NATAL | 14 399 | 18 658 |
| LIMPOPO | 8 634 | 9 764 |
| MANGOSUTHU UT | 4 813 | 6 658 |
| NELSON MANDELA | 7 483 | 7 890 |
| NORTH WEST | 12 758 | 12 486 |
| PRETORIA | 14 081 | 18 937 |
| RHODES | 1 390 | 1 074 |
| SEFAKO MAKGATHO | 0 | 2 615 |
| SOUTH AFRICA | 5 884 | 0 |
| STELLENBOSCH | 5 720 | 8 121 |
| TSHWANE UT | 29 797 | 47 960 |
| VAAL UT | 3 512 | 2 266 |
| VENDA | 4 279 | 8 206 |
| WALTER SISULU | 9 026 | 7 238 |
| WESTERN CAPE | 16 138 | 19 494 |
| WITWATERSRAND | 519 | 229 |
| ZULULAND | 4 939 | 1 343 |
| TOTAL | 236 560 | 304 470 |

Note: The University of South Africa (UNISA) is given a zero budget for foundation provision for 2015/16, because their foundation provision progress report has indicated that they have about R45 million unspent foundation provision reserves.

3 RESEARCH DEVELOPMENT GRANT

The main purpose of earmarked research development grants is to develop research capacity among academic staff at universities so that they can contribute to post-graduate teaching and to research output. This goal can be achieved by increasing a university's total weighted research output per permanent instruction/research staff member per annum. The weighted total of research output is the sum of research masters student graduates, doctoral student graduates and research publication units (books for the specialist, conference proceedings, and articles in accredited journals), each weighted according to the funding weightings set out in Table 7.

Within the performance-orientated funding framework, research development grants complement and support the research output sub-block grant. Any improvement in

actual research outputs as a result of research development funding is to the benefit of a university, as additional research outputs produced are funded within the research output sub-block grant as well.

Table 10 reflects the research output norms, the institutional shares and research development state budgets for 2015/16 and 2016/17 according to university. For 2016/17, the same funding distribution method, introduced for the 3 years 2013/14 to 2015/16 has been used with 2013 data and discarding the 3 clusters of universities for funding purpose. For 2016/17, the assessment of research development business plans was also taken into account in determining the funding share of a university.

Table 10: Earmarked research development state budgets

| UNIVERSITY | Research output norms 1) | | Share of research development funds | | Research Development State budgets | |
|----------------------------------|--------------------------|---------|-------------------------------------|---------------|------------------------------------|-----------------|
| | 2015/16 | 2016/17 | 2015/16 (%) | 2016/17 (%) | 2015/16 (R'000) | 2016/17 (R'000) |
| CAPE PENINSULA UT | 1.1 | 0.7 | 8.24 | 4.39 | 16 402 | 9 193 |
| CAPE TOWN | 2.4 | 2.7 | 2.48 | 1.92 | 4 928 | 4 031 |
| CENTRAL UT | 1.1 | 1.0 | 3.03 | 3.19 | 6 034 | 6 685 |
| DURBAN UT | 1.1 | 0.7 | 6.98 | 3.74 | 13 896 | 7 827 |
| FORT HARE | 2.1 | 2.0 | 2.62 | 4.34 | 5 220 | 9 102 |
| FREE STATE | 1.7 | 1.5 | 3.87 | 4.75 | 7 694 | 9 958 |
| JOHANNESBURG | 1.7 | 1.6 | 3.55 | 3.64 | 7 071 | 7 630 |
| KWAZULU-NATAL | 1.7 | 2.2 | 4.53 | 2.62 | 9 008 | 5 500 |
| LIMPOPO | 1.1 | 1.2 | 3.62 | 4.80 | 7 209 | 10 063 |
| MANGOSUTHU UT | 1.1 | 1.0 | 2.75 | 3.76 | 5 474 | 7 887 |
| NELSON MANDELA | 1.7 | 1.7 | 2.85 | 4.04 | 5 675 | 8 462 |
| NORTH WEST | 1.7 | 1.9 | 8.66 | 5.67 | 17 231 | 11 884 |
| PRETORIA | 2.2 | 2.5 | 3.18 | 2.78 | 6 329 | 5 818 |
| RHODES | 2.5 | 2.7 | 1.54 | 1.71 | 3 067 | 3 577 |
| SEFAKO MAKGATHO | | 1.2 | 5.00 | 6.63 | 9 950 | 13 900 |
| SOUTH AFRICA | 1.1 | 1.4 | 5.91 | 5.43 | 11 755 | 11 376 |
| STELLENBOSCH | 2.5 | 3.1 | 1.65 | 1.84 | 3 281 | 3 846 |
| TSHWANE UT | 1.1 | 0.8 | 6.83 | 4.40 | 13 585 | 9 230 |
| VAAL UT | 1.1 | 1.0 | 3.85 | 4.98 | 7 659 | 10 432 |
| VENDA | 1.1 | 1.2 | 2.35 | 4.13 | 4 682 | 8 657 |
| WALTER SISULU | 1.1 | 0.7 | 8.88 | 7.10 | 17 670 | 14 868 |
| WESTERN CAPE | 2.0 | 2.1 | 4.09 | 4.23 | 8 140 | 8 869 |
| WITWATERSRAND | 2.1 | 2.4 | 1.69 | 1.93 | 3 370 | 4 040 |
| ZULULAND | 1.1 | 1.0 | 1.84 | 2.98 | 3 670 | 6 235 |
| National Collaborative Programme | | | | 5.00 | 0 | 10 477 |
| TOTAL | | | 100.00 | 100.00 | 199 000 | 209 547 |

1) Norms in terms of total weighted research output units per permanent instruction/ research staff member per annum

Table 10 also reflects that 5% of the funds for 2016/17 have been set aside for national collaborative programme. The Department will indicate at a later stage which national collaborative projects will be funded.

4 HISTORICALLY DISADVANTAGED INSTITUTIONS (HDI) DEVELOPMENT GRANT

4.1 The purpose of the historically disadvantaged institution (HDI) development grant

The Report of the Ministerial Committee for the Review of the Funding of Universities, October 2013, identified 7 contact universities as HDIs, namely the Universities of Fort Hare, Limpopo, Venda, Walter Sisulu, Western Cape, Zululand and Mangosuthu University of Technology. Since Sefako Makgatho Health Science University,

constituted by the former Medunsa campus of the University of Limpopo, will be separate from the University of Limpopo from 2015/16 onwards, the total number of HDIs will therefore be 8.

HDI grants are development funds, allocated for a 5-year period. The overall purpose of these funds is to put in place systems to develop and ensure the sustainability of a financially healthy situation at the university, and to enable the university to strengthen its academic enterprise and fully realise its potential, taking up a sustainable position within a differentiated higher education system.

4.2 HDI development grant allocated per university

The November 2013 Ministerial Statement indicated that an amount of R410,743 million had already been set aside for HDI grants for 2015/16, representing about 2% of the total block grant of the university sector for 2015/16. This amount is additional money provided by the fiscus following a bid from the Department in the 2011/12 financial year. In his foreword to the Funding Review Report the Minister went into great length explaining the rationale for this grant and also emphasised that there will be no adverse impact on the budgets of other universities.

The HDI development grant will increase by the annual percentage increases year-on-year of the total block grant for the university sector.

The HDI development grant will be allocated for a 5-year period from 2015/16 to 2019/20. The intension is that during this period the institutions will deal with their specific challenges and move themselves onto a more sound footing. At the end of the five year period their progress will be reviewed, and at that stage the Ministry will determine whether or not a need for the HDI development grant still exists, and if it does, which institutions should continue to be supported, and how the phasing out of the grant should be implemented from 2020/21 onwards.

The Ministry has decided that the HDI development grant will be administered as an earmarked grant, which will be based on approved plans. Continued funding will be made on the basis of a detailed progress report and satisfactory audit reporting of the use of the funds, as required by the Treasury Regulations for any earmarked grants.

Each HDI will be required to submit a business plan to the DHET on the use of their development grant allocation. The business plan will be an agreement between the Council of the University and the Ministry, once the Minister has approved the plan. The amounts per university will depend on the outcome of the assessment of the business plan.

4.3 Guidelines towards the use of the HDI development grant

Each university will have to undertake an honest introspection and identify its main challenges. Its business plans will have to address these, showing how the institution plans to address them over the five-year period from April 2015 to March 2020.

The business plan should include appropriate indicators, or measuring tools, reflecting data for each of the 5 years: 2010-2014 and targets for each year in the cycle:

2015-2019. The quantum of funds required to achieve a particular target in each of the next 5 years: 2015-2019 must be realistic, and if substantial, broken down into its various sub-components and corresponding funding.

Examples of macro indicators, applied to each of the 23 universities over the five-year period 2008-2012 are available to profile each university. An institution should use this type of data to determine its own future targets.

An institution must show how it intends to establish itself in a financially sound position. The business plans should therefore address the following areas:

- systems put in place to ensure the sustainability of a financially healthy situation at the university;
- measures to improve the debt/liability situation of the institution, including improved student debt recovery mechanisms, and how it will sustain this improvement in the future;
- measures to improve second stream income;
- measures to increase third stream income and ensure its stability as an income source in the future;
- measures to reduce overheads in such a way that the core activities of teaching and research are even better supported and served; and
- measures to reduce total personnel costs as a percentage of total expenditure to reach financial healthy levels.

In terms of strengthening and streamlining, academic, management and administrative systems, the following areas should at least be addressed in the business plan:

- measures to reduce student over-enrolment and consistently maintain student enrolment to within the range of 2% of the Ministerial approved funded teaching input units;
- measures to improve the student experience at the university, especially at first year level; and
- measures to strengthen and develop niche academic and research areas, which should also be in line with the university's enrolment planning and strategic plans.

The business plan may include other areas identified as key to the self-assessment that the development grant could be utilised for.

Should an HDI wish to deviate from section 4.3 it must provide a clear motivation for such a deviation.

4.4 Exclusions in the use of the HDI development grant

The use of the HDI grant for recurrent expenditure, such as salaries of staff should be avoided, owing to its carry-through obligations, unless a university can prove the sustainability of the appointment at the end of the earmarked grant period.

To avoid duplication or double dipping of state funds, the use of HDI development grants towards supplementing other state earmarked funds such as NSFAS, infrastructure for teaching and research, teaching & research development, clinical training of health professionals, as well as foundation provisioning is prohibited. Therefore indicators usually closely associated with improving these particular funding areas are not applicable in the use of the HDI development grant. HDIs are also specifically targeted within these other state earmarked funds.

Infrastructure allocations are the largest of these other earmarked categories, and also one of the main needs/concerns of HDIs. The data in Table 1 indicates that R4,142 billion has already been allocated to HDIs for infrastructure during the 7-year period 2008/09 to 2014/15, representing 36,7% of infrastructure allocations to all universities, while the average share of teaching input units of these 7 relatively smaller but upcoming universities was 15,9% over this 7-year period.

Table 11: Infrastructure allocations in millions of rand to HDIs and the sector: 2008/09-2014/15

| HDI | Year (n) (R'million) | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | Total |
|------------------------------------|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Fort Hare | | 30 | 30 | 64 | 65 | 109 | 134 | 134 | 566 |
| Limpopo | | 130 | 70 | 99 | 101 | 106 | 132 | 132 | 771 |
| Mangosuthu UT | | 10 | 20 | 38 | 39 | 76 | 76 | 76 | 335 |
| Venda | | 74 | 108 | 28 | 29 | 102 | 102 | 102 | 544 |
| Walter Sisulu | | 140 | 180 | 63 | 64 | 141 | 131 | 170 | 889 |
| Western Cape | | 40 | 80 | 69 | 70 | 62 | 62 | 62 | 447 |
| Zululand | | 50 | 60 | 51 | 52 | 125 | 125 | 125 | 590 |
| Total HDIs | | 474 | 548 | 412 | 420 | 721 | 763 | 802 | 4 142 |
| Sector total | | 1 051 | 1 375 | 1 585 | 1 615 | 1 798 | 2 000 | 1 856 | 11 280 |
| HDIs as % of sector | | 45.1% | 39.9% | 26.0% | 26.0% | 40.1% | 38.2% | 43.2% | 36.7% |
| Share of TIUs in year (n-2) | | 14.9% | 15.2% | 15.5% | 15.7% | 16.1% | 16.5% | 17.0% | 15.9% |

5 NATIONAL STUDENT FINANCIAL AID SCHEME (NSFAS) GRANT

The National Student Financial Aid Scheme (NSFAS) remains the most significant instrument available to government for opening access into technical and vocational education and training and higher education to poor and working class communities. The budget from the Department for 2015/16 amounts to R6,299 600 billion and comprises of R4,094 900 billion for university study loans and R2,204 700 billion for Technical and Vocational Education and Training (TVET) College bursaries.

A new core loans and bursaries management system was implemented in October 2013, which has introduced a student-centred model of financial aid to provide an efficient and effective financial aid scheme to students. The pilot phase of 2014 involved six universities, including the two new universities in Mpumalanga and the Northern Cape (University of Mpumalanga and Sol Plaatje University respectively), and five public TVET colleges. During the pilot phase shortcomings and challenges experienced in the implementation of the new model have been identified. The pilot also confirmed inefficiencies in the old model. No new universities will be added to the pilot programme until the efficacy of the enhancements to the pilot has been properly tested to ensure that eligible students qualifying for financial aid in terms of academic eligibility and financial need have been properly identified and supported subject to the availability of funding and to support and advise all students who have applied for financial aid to be serviced and advised as intended by the new student centric model.

The earmarked budgets for the university sector for the National Student Financial Aid Scheme (NSFAS) reflected in Table 1 exclude:

- NSFAS Funza Lushaka teacher training bursaries on the budget of the Department of Basic Education;
- National Skills Funds for scarce skills and disabilities, including SETAs and provincial governments;
- state fund allocations by other government departments, provincial governments and public entities including SETAs towards NSFAS;
- funds recovered from previous beneficiaries of this student aid system;
- Council-controlled funds of universities invested into the NSFAS;
- funds towards the administration of the Scheme, which is shared by the TVET sector; and
- private donors and non-governmental organisations.

6 VETERINARY SCIENCES GRANT

Most of the earmarked funds for veterinary sciences are allocated to the University of Pretoria (UP), which is responsible for the animal hospital. Unlike hospitals for humans, which are funded by the Department of Health, the animal hospital is not funded by any other state Department.

Table 12 presents the allocations per university for Veterinary Science Programmes for 2015/16 and 2016/17.

Table 12: Earmarked budgets for Veterinary Science Programmes

| Year | 2015/16 | 2016/17 |
|--------------|----------------|----------------|
| University | (R'000) | (R'000) |
| North West | 3 980 | 3 980 |
| Pretoria | 134 799 | 142 285 |
| South Africa | 995 | 995 |
| Tshwane UT | 1 990 | 1 990 |
| Total | 141 764 | 149 250 |

7 CLINICAL TRAINING GRANT

Universities that qualify for the clinical training grant are required to submit clinical training grant budget proposals once in every two years. However, from 2014 onwards Universities will be required to submit their audited student enrolments by 31 July every year. The submission of student enrolments annually is to enable the Department to calculate clinical training grants per university two years ahead to enable better planning at Universities. The annual audited student enrolments to be submitted in year (n) are those of year (n-1).

Budgets per university for clinical training are calculated according to the formula explained and approved programmes in the Ministerial Statement on Clinical Training Grants of 26 January 2010.

The clinical training grants for 2015/16 and 2016/17 according to university are reflected in Table 13 below.

Table 13: Earmarked Clinical Training Grants for 2015/16 and 2016/17

| YEAR | 2015/16 | 2016/17 |
|-------------------|----------------|----------------|
| UNIVERSITY | (R'000) | (R'000) |
| CAPE PENINSULA UT | 5 570 | 6 067 |
| CAPE TOWN | 37 055 | 34 615 |
| CENTRAL UT | 2 677 | 3 032 |
| DURBAN UT | 8 741 | 10 745 |
| FORT HARE | 5 474 | 5 920 |
| FREE STATE | 29 567 | 29 257 |
| JOHANNESBURG | 6 736 | 6 813 |
| KWAZULU-NATAL | 72 144 | 73 501 |
| LIMPOPO | 4 728 | 5 728 |
| MANGOSUTHU UT | 455 | 943 |
| NELSON MANDELA | 7 859 | 9 262 |
| NORTH WEST | 9 369 | 11 029 |
| PRETORIA | 42 760 | 47 087 |
| RHODES | 911 | 1 151 |
| SEFAKO MAKGATHO | 39 253 | 38 096 |
| SOUTH AFRICA | 0 | 0 |
| STELLENBOSCH | 36 777 | 37 061 |
| TSHWANE UT | 5 505 | 6 622 |
| VAAL UT | 2 666 | 3 843 |
| VENDA | 3 495 | 3 974 |
| WALTER SISULU | 15 438 | 17 335 |
| WESTERN CAPE | 27 344 | 28 033 |
| WITWATERSRAND | 59 983 | 66 927 |
| ZULULAND | 5 128 | 5 365 |
| TOTAL | 429 635 | 452 406 |

8 INFRASTRUCTURE AND EFFICIENCY GRANT

The purpose of the infrastructure and efficiency grant is to ensure:

- synergy between the availability of infrastructure within the university sector and the range of needs linked to the expansion of the system in terms of the enrolment planning processes;
- equity in the quality of infrastructure at all universities; and
- equity in the distribution of state funds amongst universities.

The funding pattern towards the establishment of infrastructure, such as a new building, differs vastly from the daily operational costs of a university. Within the university system, backlogs in infrastructure have accumulated, not keeping up with student enrolment growth. Thus, within the funding framework, infrastructure and efficiency grants are closely linked with enrolment planning, as indicated in Sub-Division 2 of Section A.

Each university had to submit to the Department by the end of July 2014 a campus master plan, a maintenance audit/plan and a disability audit/plan. The Department has established a working group with expertise from the university sector and elsewhere to help assist it to assess these different plans. The plans will be used to develop a national macro infrastructure plan for the university education system. During this process, discussions will be held with all universities in order to gain clarity on their planning

and to identify infrastructure priorities. In considering the allocation of funding for the next funding cycle, the department will not request universities to enter into a process of bidding for infrastructure funds, as was the case in past cycles. The process to allocate funding for the fourth cycle from 2015/16 to 2017/18 will be based on a balance between national and institutional priorities and linked to the macro infrastructure plan. This should be finalised by the end of March 2015 and universities will be informed accordingly.

The Draft Policy on Student Housing at Public Universities and Minimum Norms and Standards Applicable published for comment in April 2013 is still being finalised with inputs from different stakeholders, including Treasury. The final policy should be published by end of June 2015.

9 MERGER MULTI-CAMPUS GRANTS

As indicated in previous Ministerial Statements on University Funding, merger multi-campus grants are phased out. The multi-campus funding allocations for merged universities are reflected in Table 14 below.

Table 14: Multi-campus grants for merged universities

| University | 2015/16 (R'000) | 2016/17 (R'000) |
|-------------------|--------------------|--------------------|
| Cape Peninsula UT | 5 184 | 0 |
| Johannesburg | 4 992 | 0 |
| KwaZulu-Natal | 6 528 | 0 |
| Nelson Mandela | 4 640 | 0 |
| North West | 9 824 | 0 |
| Tshwane UT | 4 544 | 0 |
| Walter Sisulu | 9 152 | 0 |
| TOTAL | 44 864 | 0 |

10 New Universities

On 22 August 2013 the Minister published the establishment of the University of Mpumalanga (UMP) and Sol Plaatje University as juristic persons, in terms of section 20 of the Higher Education Act, 1997 in Government Notice No. 631, Gazette No. 36772. The institutions were established as comprehensive universities offering a range of formative and technology- focused undergraduate programmes that cater for articulation from TVETs (NCV), secondary schools (NSC) and other universities.

The initial enrolments in 2014 were modest and matched against the available infrastructure in each case. It is planned that the Sol Plaatje University will, in its full capacity, provide spaces to 7 500 students and University of Mpumalanga to 18 000 students. Growth in student numbers will match the planned developments in infrastructure of each institution over time. The range of programmes offered by each of the universities will also extend in accordance with a planned Programme and Qualification Mix as capacity is developed over time.

The first phase upgrades and renovations of the existing facilities were done for the modest enrolments of 2014. These include refurbishments of teaching venues, student resources (library), offices for university staff members, residences, and procurement of new furniture. Further upgrade of the existing facilities is currently underway for an increased enrolment in the 2015 academic year.

Both Universities now have their own Councils and a Vice-Chancellor was appointed at the University of Mpumalanga on 1 November 2013. Sol Plaatje University is currently being managed under an interim management, however the Council is currently in the process of appointing a permanent Vice Chancellor and executive management.

The disestablishment of the National Institutes for Higher Education in Mpumalanga and the Northern Cape have been formally published in the Government Gazette and an Administrator has been appointed to manage their closure by 31 March 2015. The NIHE Northern Cape pipeline students will be supported to complete their qualifications in Kimberley through a special project that will be managed by Sol Plaatje University.

11 The National Institute of Human and Social Sciences

The Minister published Regulations for the establishment of a National Institute for the Humanities and Social Sciences (NIHSS) through Government Notice No. 37118 on 5 December 2013. The Minister appointed a new Board on 26 March 2014. The role of this entity will be, broadly, to enhance and support the Human and Social Sciences (HSS) in South Africa and beyond, and to advise government and civil society on HSS related matters. It will do so through its various programmes, including the Doctoral Schools, the Catalytic Projects and the African Pathways Programme.

Baseline funding for the operations of the NIHSS amounts to R23,829 million for the 2015/16 financial year and has been institutionalised over the MTEF through the Ministerial Statement of University Funding. Funding projects and scholarships for a four-year period will be provided through the National Skills Fund subject to a full and costed proposal submitted to the NSF each year.

12 The African Institute for Mathematical Sciences (AIMS)

The African Institute for Mathematical Sciences (AIMS) offers a masters degree in mathematical sciences on behalf of three universities, namely Stellenbosch University, University of the Western Cape and the University of Cape Town. Students at AIMS have been registered at one of the Western Cape universities. AIMS has approximately 53 students. As required for any other earmarked grant, funding is allocated with certain conditions and AIMS needs to submit annual progress and audit reports. No block grant subsidy is allocated to the three universities for these students.