



Government Gazette Staatskoerant

REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA

Vol. 646

12 April
April 2019

No. 42396

N.B. The Government Printing Works will not be held responsible for the quality of "Hard Copies" or "Electronic Files" submitted for publication purposes

ISSN 1682-5843



9 771682 584003

42396



AIDS HELPLINE: 0800-0123-22 Prevention is the cure

GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

NO. 582

12 APRIL 2019

CONTINUING EDUCATION AND TRAINING ACT, 2006 (ACT NO. 16 OF 2006)**CALL FOR COMMENTS ON THE DRAFT NATIONAL NORMS AND STANDARDS FOR FUNDING COMMUNITY EDUCATION AND TRAINING COLLEGES**

I, Grace Naledi Mandisa Pandor, Minister of Higher Education and Training, in terms of section 23 of the Continuing Education and Training (CET) Act, 2006 (Act No.16 of 2006), hereby invite comments from the public and interested parties on the proposed National Norms and Standards for Funding Community Education and Training Colleges (NNSF-CET colleges), as set out in the Schedule. The effective date for implementation of the norms and standards will be determined on publication of the final policy.

During 2015, the Department had to put in place an interim measure to address the absence of a funding framework for CET colleges to enable the distribution of the allocated budget to these colleges. As a result, on 9 November 2015, Government Notice No. 1083 was published in Government Gazette No. 39381 outlining the National Norms and Standards for Funding CET colleges. In that publication it was indicated that once the CET colleges have been transformed, as envisaged in the White Paper for Post-School Education and Training and in the CET colleges Policy, the funding norms and standards will be reviewed. This draft policy is therefore published following a review of the National Norms and Standards for Funding CET colleges which was published in Government Gazette No. 39381. Once finalised and approved, these funding norms will replace the norms and standards published in Government Gazette No. 39381.

A full set of the draft National Norms and Standards for Funding CET Colleges is available on the website of the Department: www.dhet.gov.za. All interested persons and organisations are invited to comment in writing and direct their comments to:

Mr GF Qonde
Director-General: Higher Education and Training
Attention: Ms Dorothy Masipa
Chief Director: CET Financial Planning and Management
By post: Department of Higher Education and Training
Private Bag X174
PRETORIA
0001
By email: Masipa.d@dhet.gov.za

Comments should reach the Department within 21 working days of this publication. Please provide the names, address, contact number and email address of the person or organisation submitting the comments.

G.N.M. Pandor
Mrs GNM Pandor, MP
Minister of Higher Education and Training
Date: 27-3-2019

SCHEDULE

DRAFT NATIONAL NORMS AND STANDARDS FOR FUNDING COMMUNITY EDUCATION AND TRAINING COLLEGES

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	3
DEFINITIONS	5
SCOPE AND APPLICATION	6
A. Introduction.....	7
B. Background.....	7
C. Purpose of this policy.....	10
D. Consultation	10
E. Funding Challenges in the CET sector	10
FUNDING NORMS AND STANDARDS	13
F. Redress, equity and equality	13
G. Allocations to CET colleges	14
H. Allocations to Community Learning Centres	15
I. College Bank Account and CLC Subsidiary Bank Account	16
J. College Fees	17
K. Fee Exemption	18
L. Enrolment Planning	18
M. Funding of Programmes, Student Enrolment and Personnel	19
a. Programme funding	20
b. Student enrolment	20
c. Post Establishment and Post Provisioning Norms	20
d. Personnel Costs for Lecturing and Support staff	21
N. Other funding Streams	22
a. College Reserves	22
b. National Skills Fund	22
c. Sector Education and Training Authorities	22
d. Loans and Overdrafts	22
e. Private and Donor Funding	23
f. Fee-for-service-income	23
O. Earmarked Funding	23
a. Rurality	24
b. Student Resourcing and Support	24
c. Infrastructure	25
d. Staff Development	26
e. Pilot CLCs	26
P. Budgeting, Financial Management and Reporting	27
a. Budget Allocation	27
b. Reporting Requirements	27
Q. Monitoring and Evaluation	28
R. Implementation date	28

ABBREVIATIONS AND ACRONYMS

ABET	Adult Basic Education and Training
AET	Adult Education and Training
CET	Community Education and Training
CET Act	Continuing Education and Training Act, No. 16 of 2006
CET college	Community Education and Training College
CLC	Community Learning Centre
DBE	Department of Basic Education
DHET	Department of Higher Education and Training (referred to as 'the Department' in the this document)
FET	Further Education and Training
FTE	Full-time Equivalent
HETLA	Higher Education and Training Amendment Laws Act, Act No. 25 of 2010
MTEF	Medium-Term Expenditure Framework
NNSF-ALCs	National Norms and Standards for Funding Adult Learning Centres
NNSF-CET colleges	National Norms and Standards for Funding Community Education and Training Colleges
NPNC	Non-Personnel Non-Capital
NSF	National Skills Fund
PALC	Public Adult Learning Centre
PED	Provincial Education Department

PFMA	Public Financial Management Act, Act No. 1 of 1999
PPN	Post Provisioning Norms
PSET	Post-School Education and Training
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SNE	Special Needs in Education
WP-PSET	White Paper on Post-School Education and Training

DEFINITIONS

- (i) In this document, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the Continuing Education and Training Act, 2006 (No. 16 of 2006), has that meaning.
- (ii) Colleges in this document means CET colleges as defined in the CET Act.
- (iii) State funded programmes are programmes listed in the register of programmes as funded from the allocation of funds transferred to CET colleges by the Department of Higher Education and Training.

SCOPE AND APPLICATION

- (iv) The norms and standards in this document apply uniformly in all Community Education and Training Colleges.
- (v) These norms and standards apply to the college financial year (January to December) while the State funding to colleges is aligned to the State financial year (April to March).
- (vi) Pre-conditions for full, efficient and effective implementation of the norms and standards are described later in this document where required, with suggestions for a sequence of activities that would enable the Department and CET colleges to prepare themselves to put the norms and standards into effect.

A. INTRODUCTION

1. These draft national Norms and Standards for Funding Community Education and Training colleges (NNSF-CET colleges) provide for a funding mechanism for Community Education and Training (CET) colleges. The Public Adult Learning Centres (PALCs) were merged into the CET colleges from 1 April 2015 and are now called Community Learning Centres.

B. BACKGROUND

2. The responsibility of the Adult Basic Education and Training (ABET) Act, 2000 (Act No.52 of 2000) was based at the former national Department of Education and transferred to the Minister of Higher Education and Training through Proclamation No.44 of 2009 published in Government Gazette No.32367 of 1 July 2009.
3. To give legislative effect to the Proclamation referred to above, the legislative responsibility for Adult Basic Education and Training was transferred to the Minister of Higher Education and Training through the Higher Education and Training Amendment Laws Act (HETLA), 2010 (Act No.25 of 2010).
4. Through the HETLA, the ABET concept was changed to AET in order to eliminate the concept "basic" from the naming of the institutional type. However, notwithstanding the change, the provision of adult basic education as a programme of government still had to be catered for in the post-school education and training (PSET) system established in 2009 to comply with the provisions of section 29(1) of the Constitution of the Republic of South Africa.
5. The Further Education and Training (FET) Colleges Act, 2006 (Act No. 16 of 2006), was amended through the FET Colleges Amendment Act, No. 1 of 2013. One of the amendments was to introduce a Community Education and Training (CET) College as one of the types of a public college. The CET Act then became the primary legislation governing CET colleges. To give effect to this, nine (9) CET

Colleges (one per province) were established through government gazette no. 38570 in 2015. One of the consequences of the FET Colleges Amendment Act was a repeal of the Adult Education and Training Act, 2000.

6. In 2013, Government approved the White Paper on Post-School Education and Training, (WP-PSET) which envisioned the transition of Adult Education and Training (AET) that was offered through Public Adult Learning Centres (PALCs) to CET colleges. The former PALCs were then merged as Community Learning Centres (CLCs) under the nine CET colleges and published in government gazette no. 38674 of 2015.

Table 1: Number of CLCs per college (to be revised and aligned to the CET Plan once approved)

CET college	Number of CLCs
Eastern Cape	304
Free State	204
Gauteng	47
KwaZulu-Natal	1097
Limpopo	779
Mpumalanga	252
North West	148
Northern Cape	191
Western Cape	254
Total	3276

The number of CLCs is as published in a government gazette no. 38674

7. Paragraph 2 of the NNSF-CET colleges states that the National Norms and Standards for Funding Adult Learning Centres (NNSF-ALCs) are no longer applicable effective from 1 April 2015, as they were applicable to the PALCs. The NNSF-ALCs was published in government gazette no. 30576 in 2007.

8. Since establishment of the CET colleges in April 2015, the basis for allocating funds is in line with the historical practice of how allocations to PALCs were previously determined by Provincial Education Departments (PEDs). This implies that, the determination of allocations by the Department of Higher Education and Training (DHET) is largely informed by the manner in which allocations were determined for PALCs by PEDs prior to the shift of the administrative function from PEDs to the Department.
9. According to the 2015 NNSF-CET colleges, the total allocation to each CET college is for Personnel, Goods and Services and Capital Expenditure. The allocation for Goods and Services as well as Capital Expenditure is provided as a transfer to CET colleges. The allocation to each CET college includes the total allocation for all CLCs (formerly known as PALCs) that are merged under that CET college.
10. The personnel allocation for CET colleges is retained and administered by the Department as it is the responsibility of the Minister of Higher Education and Training to appoint personnel of CET colleges, as per the CET Act.

The right to education and the financial responsibility of the State

11. The Bill of rights in the Constitution of Republic of South Africa, 1996 (No. 8 of 1996) establishes the right to education in these terms (section 29(1)):

“Everyone has the right-

- (a) To a basic education, including adult basic education; and
- (b) To further education, which the State, through reasonable measures must make progressively available and accessible.”

12. The CET Act came into effect in 2006. Its purpose is defined under section 2(1)(a)(b) of the Act.

13. This policy emanates from section 23 of the CET Act, which requires the Minister of Higher Education and Training to determine minimum norms and standards for the funding of public colleges.

C. PURPOSE OF THIS POLICY

14. This policy provides for a mechanism to distribute funding that is intended for CET colleges and governs all funding and expenditure for programmes offered in these colleges. It seeks to address the issues of fairness, equity, efficiency and accountability, taking into account the need to redress past imbalances for improved social and economic development.

15. This funding policy does not provide funding (nor new or additional funding), however it brings in new funding prescripts and considerations that are not addressed in the current NNSF-CET colleges of 2015. This policy provides suitable norms and standards for the distribution of funds to the CET colleges.

D. CONSULTATION

16. This policy results from the recommendations made in the report of the Ministerial Committee on the Review of the NNSF-ALCs as well as the analysis of public comments received on the report following its publication in 2017.

E. FUNDING CHALLENGES IN THE CET SECTOR

17. It is acknowledged that there are funding challenges in the sector, the effects of which manifests itself in the following manner:

(a) Inappropriate CET college institutional infrastructure

Infrastructure remains a challenge for CET colleges. The majority of the CLCs are hosted in schools as per the protocols signed between the Department and the PEDs. The offering of CET programmes in school facilities has resulted in lack of tools, equipment, suitable furniture to support teaching and learning for youth and adults.

There is a lack of appropriate infrastructure to support students with special needs and information and communication technology, amongst others.

(b) Lack of diversity of programme offerings/lack responsiveness and inability to introduce new programmes/qualifications. The CET colleges are limited in terms of programme diversification, the introduction of new programmes and innovation of responsive programmes require additional funding which is currently unavailable.

c) Inadequate learning and teaching material

Due to limited funding the CET colleges are unable to comply with National Policy on Learning and Teaching Support Materials (LTSM), which requires colleges to provide quality LTSM to all lecturers and students for the effective delivery of the curriculum. An attempt is being made to at least provide for the fundamental learning areas however the rest of the learning areas are compromised. Lack of LTSM undermines the quality of provision and improvement of teaching and learning. It has also proved to be a discouragement to both the lecturers and the students.

d) Standardisation of the lecturer conditions of service

The Department inherited the AET system with lecturers who were on varied methods of employment, which ranges from permanent fixed-term contracts to temporary employment and this continue to occur to date.

e) Lack of human resource capacity

Most lecturers within the system are either underqualified or unqualified, this leads to inability of lecturers to deliver the programmes as intended for. There is also a lack of support staff, particularly for student support services.

f) Lack of capacity to manage and administer CET examination

At the point of AET function shift in 2015, the management and administration of the CET examination remained with the Department of Basic Education (DBE) with the intention that the Department would build its own capacity within 2 years. In June 2017, the Department took a decision to extend the protocol regarding the administration of examinations by the DBE to 31 March 2022.

FUNDING NORMS AND STANDARDS

F. REDRESS, EQUITY AND QUALITY

18. The funding of education and training is affected by several important considerations, including the economic and social relevance of education and training, the budget constraints faced by government; and the division of cost incurred between government on one hand; and private households and business on the other.
19. Given the value of these sub-sectors towards economic and social development, there is a need to equitably and fairly fund CET colleges in light of the envisaged increase in enrolments in these institutions, provision of quality teaching and learning, the need for dedicated infrastructure and effective student support services.
20. The provision of funding which will target redress and equity in college funding, with a view to progressively improve the quality of education in colleges, ensuring greater efficiency in organising and providing education and training services, are matters of urgent priority for the Ministry of Higher Education and Training.
21. The funding of CET colleges comes in various forms, namely; from public funding, the provision of grants to institutions, payment of tuition fees by students, private entities and donations.
22. Section 23 (2) (b) allows the Minister to impose different conditions in respect of different public colleges, different continuing education and training qualifications or part-qualifications or different allocations, if there is a reasonable basis for such differentiation.

G. ALLOCATIONS TO CET COLLEGES

23. The total allocation to a CET college is for Personnel, Goods and Services and Capital Expenditure (for maintenance of capital infrastructure) and distribution takes into account the number of students, programmes offered by the college and most importantly the total available budget.
- (a) The allocation for Goods and Services as well as Capital Expenditure must be transferred to CET colleges by the Department;
 - (b) The Personnel allocation for CET colleges is retained and administered by the Department as it is the responsibility of the Minister to appoint personnel of CET colleges; and
 - (c) The allocation to a CET college includes the total allocation for all CLCs merged under that CET college.
24. If a CET college does not meet the above requirements for transfer to be made, the Department will as an interim measure, use a paper budget and spends on behalf of the college for procurement and other services rendered to the college, until the CET college has set up the necessary systems to receive and manage its allocation.
25. The subsidy allocation transferred to CET colleges must be used for its intended purpose. Where the CET college has accumulated reserves from other resources, such reserves must not be at the expense of quality provisioning and not compromise the core mandate of the college which is teaching and learning.
26. In line with paragraph 14 above, this policy distributes the allocated funding taking into account the following factors:
- (a) Fairness and equity to ensure equitable distribution of funds.
 - (b) The effects of the continued historical way of allocating funds.
 - (c) The different operational needs at institutional level.

- (d) The need to uplift the standards in some colleges to ensure appropriate level of functionality.
- (e) The need for earmarked funding for special needs students.

27. The funding formula applied must cater for the following, within the available funds:

- (a) The cost of each of the funded programmes offered by the college.
- (b) Geographical location, particularly the distances between college head office and CLCs.
- (c) Number of CLCs administered by a college.
- (d) Current and projected student enrolment numbers for expansion.
- (e) Programmes and Qualifications Mix.
- (f) Duration of the programmes.
- (g) Conditions of existing infrastructure and assets (maintenance and refurbishment).

28. In the first year of implementation of this policy, the allocations to colleges must be in line with paragraphs 23 to 27 above and approved by the Director-General.

H. ALLOCATIONS TO COMMUNITY LEARNING CENTRES

29. The minimum conditions under which the CET college may allocate funds to CLCs to ensure fair, equitable and transparent funding are as follows:

- (a) The CET college should determine allocations per CLC and inform each CLC of its indicative allocated budget for the next academic year by November of each preceding year;
- (b) The final allocation to the CLCs by the CET colleges must be made in such a manner that strives to ensuring that the CLCs are operational throughout the year;
- (c) The CET college must clearly inform the CLCs that the allocations are for their daily operations and that they will be spent through a paper budget;

- (d) In the absence of earmarked funding for students with special education needs, the CET college must take such needs into account when allocating funds to CLCs that enrol such students;
- (e) As a minimum, CLCs must report on the utilisation of the allocated funds on a quarterly and annual basis to the CET college;
- (f) The shifting of allocations between CLCs after the final allocation has been communicated, must be approved by council. The college must put in place a process to be undertaken for the shifting of allocations between CLCs; and
- (g) The CLC is subject to a checklist determined by the college including the conditions from (a) to (d) above and any other relevant conditions, to prove that it is able to manage the funds, including both paper budget and petty cash as per the requirements of the checklist.

I. COLLEGE BANK ACCOUNT AND CLC SUBSIDIARY BANK ACCOUNT

30. A CET college must open only one main bank account in its name as a legal entity.
31. The Department will deposit funds allocated to a CET college into its main bank account on condition that:
- (a) The CET college provides the Department with the written assurance that it implements effective, efficient and transparent financial, asset and information management as well as internal control systems before the transfer of funds can occur;
 - (b) The CET college implements council approved Supply Chain Management (SCM) policy and that SCM processes and procedures are in place; and
 - (c) The CET college is subjected to a checklist determined by the Director-General which includes specifics of (a) and (b) above and any other relevant criteria and the College is able to manage the funds as per the requirements of the checklist.

32. As of 1 April 2015, the CLCs do not have the authority to open bank accounts as was the position for the PALCs under the AET Act because CLCs are not juristic persons. However, to ensure continuity in terms of honouring the on-going financial obligations of the erstwhile PALCs, if a PALC had a bank account, the account had to be converted into a subsidiary bank account.
33. The CET college must make use of a paper budget in order to administer the allocation on behalf of each CLC under its administration. However, the CET college must open subsidiary bank accounts for CLCs should this be considered necessary and cost-effective, where the CLCs did not have them before. The subsidiary account must be linked to the main bank account.
34. The CLCs subsidiary bank accounts must be assigned unique codes or relevant unique identifier provided by the bank to make it easier for the CET college to identify deposits in the main bank account and allocate them to the relevance CLC.
35. The CET colleges must provide CLCs with petty cash or other suitable means as approved by council to deal with emergencies (as defined in the Petty Cash Policy). The provision of petty cash must be in line with the council approved Petty Cash Policy of the college and not inferior to the Public Finance Management Act (PFMA), Act No.1 of 1999 and National Treasury Regulations.

J. COLLEGE FEES

36. The CET Act, 2006 (Act No. 16 of 2006), clearly states that public colleges may raise revenue through the charging of college fees.
37. Furthermore, in terms of the CET Act, the council of a college is responsible for determining tuition fees, accommodation fees, and any other fees payable by students as well as accommodation fees payable by employees where the college provides for staff accommodation.

38. The CET Act clearly states that the funds of a public college consists of; amongst others, money payable by students for continuing education and training qualifications or part-qualifications provided by the college.

39. CET colleges largely serve the poor and disadvantaged students and must not charge fees for formal programmes. Formal programmes are planned educational interventions that are intended to lead to awarding of qualifications or part-qualifications. These must be fully funded by the State.

40. Fees are an important income stream for colleges. Students that can afford tuition for non-formal learning must pay fees. Non-formal learning is planned educational interventions that are not intended to lead to the awarding of qualifications or part-qualifications.

41. The following conditions apply for charging fees at CET colleges:

- (a) The college may charge fees to cover college operational costs such as water and electricity towards other skills programmes or community projects administered at or by the CET college;
- (b) Students must deposit fees directly into the CLC subsidiary account with the CLC unique code or identifier. Student fees and other private funds raised by CLCs must be deposited into the subsidiary account and be automatically transferred to the main CET college bank account.
- (c) The college and CLCs must not collect cash from students for payment of fees. All student fees must be deposited at the bank.

K. FEE EXEMPTION

42. The council must follow a process for determining a portion of the cost of the programme for tuition fee. The exemption of students from paying fees must be in line with the council approved fee exemption policy of the college.

L. ENROLMENT PLANNING

43. The Department must develop a long-term plan for the college (i.e. 5 year plan) to ensure the financial sustainability of colleges, which is informed by agreed-upon enrolment plans.
44. Enrolments must be based on a long-term plan and must include the projected growth. The Department must agree on the funded enrolments with each college for a period of at least three years, should a college deviate significantly by 5% more or less from the agreed-upon enrolment targets, the funded enrolments for the two outer years of the rolling plan must be adjusted in line with the deviation.
45. The colleges must strive to stay within the 5% deviation, either upwards or downwards, of the enrolment plan targets to avoid the deflation of the rand value of the enrolments and/or to avoid over-funding (or under-enrolment) for a period of at least three years.
46. Enrolment plans for CET colleges must be linked to available state funding as provided in the Medium-Term Expenditure Framework (MTEF). The enrolment targets in these plans must inform the indicative subsidy allocations for colleges for planning purposes.
47. The CET college must engage the Sector Education and Training Authorities (SETAs) plans regarding the training programmes earmarked for CET colleges. This must be taken into consideration during the enrolment planning process of the colleges.

M. FUNDING OF PROGRAMMES, STUDENT ENROLMENT AND PERSONNEL

48. The funding formulae must take into account all possible variables, including: minimum funding for basic operations; funding based on FTE enrolment, funding based on differential programme costs.

Programme Funding

49. There needs to be a more rational system of fully funding nationally endorsed programmes that are responsive to local community and labour market needs. This must be on the basis of the cost of delivering the programme and enrolment.

The Department must develop a register of programmes to be funded from the State allocation to CET colleges. The register must be updated on an annual basis and approved by the Director-General.

50. The register must include the programme duration, credits, cost and the amount or portion that must be funded from the State allocation.

51. There must be no cross-subsidisation of programmes between self-funded and State funded programmes. The self-funded programmes must be charged at the full cost of the programme.

Student Enrolment

52. The enrolment of students is per headcount. However, funding will be based on full-time equivalent (FTE) enrolment. Colleges must maintain information on enrolment numbers for headcount and FTEs.

53. The determination of FTEs must be differentiated according to the duration and/or credits of a full programme.

Post Establishment and Post Provisioning Norms

54. The CET Act requires the Minister to remunerate staff from the funds allocated to the respective colleges in accordance with the norms and standards contemplated in section 23 of the Act.

55. Chapter 4 of the CET Act provide details about the appointment of management staff, lecturers and support staff in public colleges.

56. It is mentioned in paragraph 23 above that the total allocation for CET colleges includes personnel costs. However, this policy does not norm the allocation of the number of posts for lecturing and support staff for each CET colleges. This will be addressed in the post-provisioning norms for CET colleges.

57. The post provisioning norms must be developed in respect of posts to be allocated to CET colleges in relation to their curriculum, programme offering and other related circumstances, which the Department and colleges must follow in distributing the available posts within the approved post establishment of colleges.

58. The post-provisioning norms must take into account the introduction of incentives to attract and retain qualified personnel, particularly in rural areas.

59. The model must cater for both full-time and part-time positions and be clear on how a full-time equivalent post is determined and utilised for funding purposes.

Personnel Costs for Lecturing and Support Staff

60. The provision of appropriate support staff in CET colleges has been severely lacking over the years. Within the total personnel spending for CET colleges, personnel costs for lecturing staff must range from 75% to 80%, the remaining 20% to 25% will allow for the appointment and proper distribution of support staff in colleges.

61. The number and cost of the posts allocated to a college will determine the portion of the total allocation that is channelled towards the personnel costs of each college. This must be aligned to the requirements in paragraph 60 above.

N. OTHER FUNDING STREAMS

The following sections must be read in conjunction with section 24 of the CET Act.

College Reserves and Investments

62. CET colleges may retain surpluses generated from offering programmes, for use by the institution. Colleges must account to the Department on the retainment and utilisation of surpluses. State funding must not be used to accumulate reserves nor investments because such funding is allocated for a particular purpose, i.e. implementation of teaching and learning.

National Skills Fund

63. The CET colleges must liaise with the National Skills Fund (NSF) to familiarize themselves with funding and grants made available for programmes offered by colleges.

Sector Education and Training Authorities

64. SETAS provide access to funding for skills programmes through grants or programmes offered in order to respond to the country's skills development needs.

Loans and overdrafts

65. Section 24 (2) of the Act prohibits a public college from raising money by means of a loan or overdraft without the approval of the Minister. The colleges must submit such requests for consideration by the Minister for approval.

Private and donor funding

66. This stream would include, amongst other things, development funding from international and local donor agencies, and income derived from the sale of goods produced by students as part of a training programme.

Fee-for-service income

67. This stream of funding is income derived by the CET college from training services offered on a market basis to private and public clients outside of the formula funding system.

68. Colleges need to ensure that fee-for-service prices are not cross-subsidised by public funds intended for State funded programmes. In other words, fee-for service prices should reflect the true cost of offering the service.

69. The requirement is that fee-for-service training should not be offered at a price that is lower than the cost of an equivalent State funded programme.

O. EARMARKED FUNDING

70. The Department may earmark funding for a particular purpose. Earmarked funding is dependent on availability of additional or new funding from the State. The conditions for distribution of earmarked funding to CET colleges must be approved by the Minister.

71. Earmarked funding must be separate from the personnel and non-personnel non-capital (NPNC) allocation. The items for earmarked funding and principles underpinning that may include but not limited to the following:

Rurality

72. The allocation of funds must take into account the variable costs of programmes and the factors that disadvantage certain institutions and the students that populate them. Rural colleges clearly need a funding adjustment through an additional weighting on the formula.
73. Rurality contributes to additional delivery costs as well as travel and accommodation costs for staff and students. Rural costs need to be benchmarked against urban cost. Distance appears to be the most important factor.
74. The classification of colleges as urban, rural and semi-rural is needed to identify those that qualify for a rural funding weight. If only certain CLCs are rural then the weighting must only be applied to the FTEs of those CLCs.
75. There must be a weight for rural (e.g. additional percentage of FTEs) as well as semi-rural (e.g. additional percentage of FTEs). The exact additional FTEs need to be determined by a technical exercise that will focus on determining the cost differentials for the classification of colleges into rural or semi-rural.

Student Resourcing and Support

76. The Department may consider the commissioning of a research and development study on materials for programmes offered in CET colleges.
77. Student support services must be funded on the basis of full-time equivalents of State funded programmes. This must cover academic, special needs, psycho-social, social and exit support. Students from poor backgrounds need more support particularly in the case of the rural areas.

78. The Department must consider establishing a financial aid scheme for the provision of living and transport or accommodation allowance for indigent students as this is a necessity. CET colleges financial aid guidelines must be developed to guide the criteria for awarding financial aid to deserving students.
79. Students with academic potential must not be excluded because they cannot afford fees therefore there is a need for an ongoing student fees support mechanism in the form of financial aid.
80. The closing and/or merging of CLCs may result in the need for transport for some students. As mentioned above, the financial aid scheme to include transport allowances for students.
81. Financial incentives linked to performance may be considered. However, this must not disadvantage students in cases of poor performance. Colleges may use incentives awarded to fund special needs assistive devices.
82. Special needs in education (SNE) in CET colleges must be catered for and funded by adding an additional weight to the FTE calculations. This means extra funding for students with special needs in a particular programme. The weighting must match the actual extra resources and support required, and there must be evidence provided to prove that special assistance is actually provided to such students and extra staff are employed. The criteria for what counts as "special needs" is required for application.

Infrastructure

83. This funding must be for new infrastructure and ongoing maintenance. Infrastructure development must be implemented on a project basis addressing national priority areas as well as college needs.

84. Infrastructure maintenance costs (including the repair and upgrading of equipment) must also be provided for.

85. Given the envisaged expansion in the CET college system, as the student numbers increase over time, infrastructure funding must be reviewed after a reasonable period as this may lead to increased maintenance costs.

86. The norms and standards for infrastructure provisioning must be developed to address the teaching and learning needs.

Staff Development

87. Staff development funds must be allocated on the basis of number of staff that needs training as well as the cost of training. The allocation of the skills levy grant for staff development must be utilized to implement the skills development plan of the college, for both lecturing and support staff.

88. The funding for training and development of lecturing staff must be in line with the Lecturer Development and Support Policy.

Pilot Community Learning Centres

89. Programme diversification must be implemented on a project basis at colleges earmarked for specialization of certain programmes, the establishment of centres of excellence and offering of new programmes.

90. The funding of pilot projects must be such that it does not negatively impact on the operations of the CET colleges.

P. BUDGETING, FINANCIAL MANAGEMENT AND REPORTING

Budget Allocation

91. Whilst it is recognized that the national education and training budget, like other departmental (or provincial) budgets, is subject to a number of factors, such as economic growth and tax revenues; it is nevertheless critical for colleges to have a degree of certainty or predictability with respect to their budgets based on a medium- to long-term enrolment plan (i.e. 3 to 5-year plan). This must include the associated staff compensation budget in line with the post allocated through the PPN model.
92. The Department must provide colleges with their final budget allocations for the next financial year and an indicative budget for the two outer years for planning purposes, by November each year.

Reporting requirements

93. In terms of section 25 of the CET Act, the council of a public college is required to produce annual financial reports and to comply with any reasonable additional information as the Minister may require. Furthermore, the council of a public college must implement internal and audit risk management systems which are not inferior to the standards contained in the Public Finance Management Act, Act No. 1 of 1999.
94. The submission of the audited annual financial statements for CET colleges are determined by the Minister and were published in government gazette no. 41843 in August 2018.

Q. MONITORING AND EVALUATION

95. The Department is responsible for monitoring the implementation of these norms and standards for funding.

96. The Department must determine monitoring and evaluation tools to verify that the norms and standards are being complied with when allocating and utilizing funds.

R. IMPLEMENTATION DATE

97. The implementation date for this policy will be determined by the Minister once the policy is finalized.