



MINISTRY
HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

**Minister Pandor's remarks to the Black Business Council
roundtable on education and skills**

35 Ferguson Road, Illovo, Johannesburg

17 April 2018

Time: 10:00-13:00

**Entrepreneurship has proved to be a requirement for job
creation. What plans does the DHET have to address this
within the curriculum?**

I can't speak for the school curriculum but I can talk about what the DHET does for entrepreneurship in the post-school sector. A R900 million-a-year earmarked-grant supports the University Capacity Development Programme (UCDP). Universities apply for funding through this grant. The grant is a resource for seeding development / enhancing capacity and providing space for innovation and testing of ideas to support successful students, staff and institutions.

It's used to establish a number of partnerships or collaborations. One collaboration is the Entrepreneurship Development in Higher Education Programme.

The Programme started with assistance from the University of Johannesburg.

It has three main focuses: entrepreneurial students; entrepreneurship in academia (curricula and staff capability) and entrepreneurial universities.

There was a Lekgotla in the March 2017 to launch the programme and a student entrepreneurship week took place on all university campuses in 2017.

The programme is to be expanded this year to bring in all partners (including TVET colleges, CET colleges and SETAs) so that it incorporates the whole PSET system.

We see this as a critical programme to ensure employability of graduates and sustainability of the system.

Universities South Africa (USAf) has agreed to host the programme at their offices in Hatfield and processes are currently underway to set up a permanent office that will coordinate activities across the university system.

I am inspired by the success of young South African entrepreneurs and innovators who have taken advantage of the booming tourism industry, the booming mobile industry, the growing market in renewable energy, and the evolving market in the cultural and creative industries.

It is our local innovators and entrepreneurs who will ultimately create the millions of jobs that we need to grow an inclusive economy.

As we know – from the Global Entrepreneurship Monitor - our early-stage entrepreneurship is low in comparison with other similar countries.

There is much more we need to do.

The DHET is not alone in promoting entrepreneurship. Other government departments do as well. The DTI and the DST in particular.

I'm thinking of Interventions like the Innovation Hub in Tshwane or the Cape Information Technology Initiative in Cape Town.

Recently the DST began to build a network of science parks and special economic zones in cooperation with China. A key requirement for us is for these developments to tackle the spatial legacy left by apartheid planning in a rational and sustainable way.

You will know that small and medium-size companies contribute 40% of our GDP and account for 60% of all employment.

Government provides an enabling environment for small to medium size enterprises, while the business and foreign donors provide financial and technical support to motivate social entrepreneurs and NGOs to expand and extend their social innovation activities.

Other government agencies have created financial incentive schemes. For example, in 2015 the National Youth Development Agency (NYDA), Industrial Development Corporation (IDC) and the Small Enterprise Finance Agency (sefa) launched a R2.7 billion Youth Fund aimed at fostering entrepreneurship among South Africa's youth (18-35).

In areas where the organisation can't directly reach young entrepreneurs, it builds a presence through micro-finance institutions or uses the network of its sister agency the Small Enterprise Development Agency (Seda), which provides non-financial support such as the drawing up of business plans and mentorships.

A country enhances its prosperity through investment in new ideas, new opportunities, and new jobs.

Update on the SETA landscape post 2020 and the National Skills Development Plan

The Skills Development Levy (SDL) is currently levied at 1% of payroll and collects R17 billion per annum. SDL collections, unlike other taxes, are earmarked to be spent on skills development only. Today the spend is administered through the SETA systems and NSFAS.

On the National Skills Development Plan, even though I have approved the framework, you will agree with me, that more work still needs to be done, on the details, through your representation both at NSA and NEDLAC, you have been involved in one way or another.

To this extent, I have further instructed my Department to commence working, amongst others, on the following issues:

- further engagements at NEDLAC to seek possible consensus on the practicalities and contributions by all social partners to steer, drive and implement the objectives in line with the NDP and the NSDP;
- further engage with the Department of Planning, Monitoring and Evaluation (DPME) on the NSDP especially relating to socio-economic impact assessment system (SEIAS), you will be aware that the Cabinet introduced the need for SEIAS with regards to the proposed policy instruments, legislations and regulations in February 2007;
- to convene targeted engagements with social partners such as business, labour and training institutions. The aim of these targeted engagements is to enhance the relations,

align priorities of social partners and to consider new proposals that may support the implementation of the NSDP and to better align the skills development landscape as a key intermediary between education and the world of work.

My Department was an integral part of the planning processes leading towards up to the launch of YES on 27 March 2018. It is important to state that the key motivation in conceptualizing YES was to seek additional measures over and above what we are doing to tackle youth unemployment. This essentially means YES will not replace or substitute any ongoing programmes. Corporates that are currently funding internships, apprenticeships and other workplace based learning programmes, whether from levy funds or their own Corporate Social Investment resources, will continue doing so but over and above that assist by participating in YES. Another important project, I want BBC to take closer interests in, is Centres of Specialisation for artisans. South Africa needs partnerships that will generate solutions to address our many challenges. One of the critical challenges confronting South Africa is the large number of young people who have no education, no skills, or occupation.

The Centres of Specialisation programme involves employers providing apprenticeships for young people, colleges providing training, and the DHET supporting the initiatives through funding and policy.

Fee-free higher education plan to include second and third year students/roll out?

The Department has introduced free education, implemented through NSFAS, for students from low-income families. The funding of free education is deliberately called a bursary scheme, because it has conditions attached.

It's important to note that student tuition fees will remain a critical part of the funding of higher education, and there is no intention to implement "free higher education for all".

The implementation of the free-education decision has taken place within a short period of time. While the key policy decision has been made, the policy details will be developed as a matter of urgency in the first half of this year.

The details that need to be determined are:

- the conditions attached to accepting the bursary (academic, service and ethical requirements);
- policy on allowances, and specifically on subsidised student housing;
- clarity on eligibility for funding (e.g. admission to an institution; means test).

Government's policy on free university education is an expanded and adapted arrangement for providing financial assistance to students from families earning below the threshold household income of R350 000 per annum. These students will be able to access bursaries and subsidies to fund their full cost of study at universities. The mechanism for this arrangement will continue to be the National Student Financial Aid Scheme.

While the new funding arrangements are being introduced to provide extended financial support for poor and working class students, university education remains a shared responsibility

amongst government, the private sector and families. Therefore, all students will continue to pay university fees – the difference now is that government will pay for those who qualify for NSFAS assistance via the new bursary scheme.

All students will be required to pay registration fees. However, all those who qualify for NSFAS support, whether first time or continuing students, will have the registration fee paid by the NSFAS.

The new threshold of R350 000 gross household income per annum will only apply to first-time university students in 2018. Students already in the system and funded through NSFAS under current criteria will continue to be funded provided that they meet the household income threshold of R122 000 per annum. The packages for these NSFAS students will be converted from loans to bursaries with effect from 2018. Funding will be made available as a bursary, with conditions, to those who qualify.

But let me point out that while 90% of households earn less than R350,000 per annum, it does not mean that 90% of university students will receive funding.

The DHET estimates that about 40% (that is, 4 in 10) of all first time students (200,000) will qualify for NSFAS support in 2018. This indicates the importance of developing the other parts of our post-school system, so that we are able to offer opportunities to young people for post-school education and training, not only within the university system. The commitments to improve support for the Technical and Vocational Education and Training Colleges are an important part of this process, in line with the White Paper on Post-School Education and Training.

How will fee-free education impact on the employability of future graduates?

Universities play an invaluable role in passing knowledge on to the next generation and creating new knowledge through research. Both these roles set graduates up to contribute to a country's growth.

In spite of the harsh economic conditions, government has introduced a substantial increase in funding of the post-school sector to ensure that students from low-income families are able to access and succeed in universities and TVET colleges. It's about reducing barriers. It's about breaking into the advantages that rich students have in going to university. It's about class and gender diversity. This investment in our human capacity and talent will over the long term assist in moving many families out of poverty as they reap the benefits of having received a university or TVET college education.

The majority of students (7 in 10) at public higher education institutions are black and the majority (6 in 10) are women. Taken together, these numbers represent a huge step away from the discriminatory education systems that hobbled our country and our people in the past. They represent a massive step forward in the empowerment of our young people, and through them communities and our economy.

But while these figures represent very good news, the fact is that we recognise that we must do even more as a country to open up higher education and training to poor and previously disadvantaged communities.

It is also a problem that our post-school education and training is skewed towards university education. This is because even though we now have a very good and important financial support

system, many young people would be much better off pursuing vocational training.

More students enter universities each year than TVET colleges, a situation which is neither ideal nor sustainable if the skills needs of the economy and society are to be met on a sustainable basis, and if we are to equip those tens of thousands of young people for the world of work who are not suited to a university path.

This challenge becomes visible if one notes that of the roughly one million learners leaving school annually, many do so without a Grade 12 certificate.

This is why we are putting ever more emphasis on TVET colleges. They need to grow substantially and to become much more responsive to the changing labour market, they must be flexible enough to help address the country's skills shortages and developmental needs.

In tandem with this, we must also all – schools and post school institutions – work harder to reduce dropout rates while ensuring that the majority of students graduate in regulation time. It really is disconcerting that dropout and throughput rates still reflect apartheid-era patterns on race — 24 years into our democracy. This requires a responsive, properly planned and effective post-school education and training system, and we are hard at work making this happen. But it also means that the synchronisation between basic and post school education must improve dramatically as well.

Let me leave it there for today, because I believe that taking up the challenge is something we all need to think about, to put our hearts into, and to master in the interests of those we serve – the young people of our country, and through them all of our people.

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Issued by the Ministry of Higher Education and Training