



# COMMISSION OF INQUIRY INTO HIGHER EDUCATION AND TRAINING

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## INTERIM REPORT OF THE COMMISSION INTO THE FEASIBILITY OF FEE-FREE HIGHER EDUCATION AND TRAINING



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## **INTERIM REPORT OF THE COMMISSION INTO THE FEASIBILITY OF FEE-FREE HIGHER EDUCATION AND TRAINING.**

- [1] This report is submitted in compliance with the direction of the President made when he extended the duration of the Commission until June 2017. It has been prepared after only three of the proposed eight sets into which the Commission has divided its work have been completed. The structure was determined with an appreciation that no properly informed recommendation could be submitted by the Commission without a full understanding of the factors that control and influence higher education and training in South Africa and of the implications of a recommendation one way or the other.**
- [2] The three sets, as advised and motivated when application for the extension was made, are:**
- 1. An overview by stakeholders of the terms of reference of the Commission.**
  - 2. Post-school education and training in South Africa.**
  - 3. The funding of institutions of higher education and training and understanding their operational costs.**
- [3] The five sets which have yet to be investigated are;**
- a) The nature, accessibility and effectiveness of student funding by government, the private sector and foreign aid.**
  - b) The meaning and content of 'fee-free' higher education and training.**
  - c) Alternative sources of funding.**
  - d) The social, economic and financial implications of fee-free higher education and training.**
  - e) The feasibility of providing fee-free higher education and training the extent of such provision.**



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**[4] The Commission received in excess of two hundred written representations and continues to do so even at this stage. It has thus far listened to more than fifty oral presentations from government departments, NGO's, individuals, private educational providers, universities and colleges. There has been regrettably little participation by the resource-rich entities such as corporates, industry, the banking sector or organized labour, all of which might have been expected to contribute as the production of graduates and an academically prepared workforce is to their direct benefit. While a few students and student bodies have been prepared to engage with the Commission, the great majority have either declined to do so or, in some instances, conducted themselves in an aggressive and anarchic fashion towards the Commission and its work. However this has not resulted in any material disruption or delay.**

**[5] During the second set the macro policy framework in respect of post-school education and training was explained to the Commission. Relevant aspects included Chapter 9 of the National Development Plan (basic and further education), the 1997 and 2013 White Papers on education, various statutes bearing on the issues, and the 2012-19 medium term strategic framework.**

**[6] While it is not yet possible to arrive at a firm conclusion, certain areas can be identified that are either common cause or, at least, favoured by a clear majority of participants. These include the following:**

- 1. The opportunity to pursue higher education and training is a constitutional right. Although the state has, since 1994, progressively made such education accessible and available, principally through subsidies and NSFAS funding, too many deserving candidates are being excluded by the lack of financial means. The state should without delay recognize and implement an obligation to fully fund the very poor (less**



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than annual family income of R 122 000) and the 'missing middle' (less than R 600 000

annual family income) as well as recognizing that there may be persons who fall outside the upper limit who should be assisted those who can afford to pay for such education should be required to do so without financial assistance from the state until the progression that S29 (1)(b) of the constitution contemplates can realistically be extended to all.

2. Because higher education and training produces substantial long-term benefits for both the state and a successful student, persons who enjoy fee-free higher education should be treated as loan recipients in respect of which a reasonable obligation to repay in full or in part arises when a certain level of income is earned by the erstwhile student. A minority view of participants was that the state is the principal beneficiary of the fruits of higher education and training; therefore the successful student should not be burdened with any obligation to repay. An important influence in favour of the obligation to repay was the perceived need to render the funding process self-sustaining as fully and as quickly as possible. Ideally the loan obligation should be collected and enforced through the income tax authorities and not left to NSFAS which has proved inefficient and ineffective in this regard.

3. NSFAS allocations to institutions are inadequate to cover the number of students who qualify for its funding. This forces many institutions to cross-subsidise (if they can afford to do so) or topslice by reducing the amount of funding across the board. Alternatively, this has resulted in an accumulation of





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historic debt at many institutions. The historic debt is part of the current fee crisis.

4. Until a substantial degree of self-funding has been achieved, the state should provide bridging finance. The Commission, as is noted below, intends to examine and if possible, identify, potential sources of such funding in the later stages of its work. A number of such sources have been suggested or canvassed superficially in the presentations but none has been the subject of in-depth consideration.
5. In order to render the right to higher education and training meaningful and to make such education and training truly accessible, the constitutional obligation of the state should be interpreted to include the cost to the student of:
  - a) Transport, to and from the institution of learning;
  - b) Living expenses during the student's attendance at the institution;
  - c) Accommodation;
  - d) Learning materials, including books, equipment, tools, computers and internet access; where provision of such is necessary and not within the means of the student.
7. As a matter of comparison with state funding spent by other countries in the developed and developing world South Africa's expenditure on higher education as a percentage of GDP ( $\pm 7.1\%$ ) ranks low. The percentage should be at least doubled to enable higher education institutions to fulfill their mandate.
8. As envisaged in the NDP the enrolments in TVET colleges have increased materially. But this has not been accompanied by a comparable increase in funding or facilities. There should be a substantially greater concentration of planning and funding in relation to TVET colleges with a view to:



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- a) **Materially increasing the proportion of college students in comparison with the numbers attending universities. The evidence suggests that successful countries devote at least equal and frequently more resources to technical training than to traditional university education.**
  - b) **Improving the infrastructure of such colleges;**
  - c) **Redirecting students considered unsuitable for university education to colleges;**
  - d) **Fundamentally restructuring the curriculum, in order inter alia, co-ordinate entrance to colleges with exit from school and access to universities;**
  - e) **Improving standards of teaching and governance/management at colleges;**
  - f) **Better integration of work- place experience into the curriculum.**
  - g) **More productive involvement of employers and prospective employees and the placement of students in the workplace.**
9. **There is little to be achieved by making access to higher education more readily available unless systemic and other deficiencies in the basic education system are simultaneously addressed. This also applies to the universities in relation to tightening the entrance criteria, reducing the staff: student ratios and providing greater subsidies for the improvement of infrastructure to accommodate the larger student population that may be generated by free access. Most important are meaningful steps to improve the graduation rates of both universities and colleges which are unacceptable and indeed, disastrously low. In this regard the Commission has heard constructive evidence of ways in which the required improvements may be brought about. This is a subject which will be investigated further.**
10. **Higher education and training is identified as a key priority in the National Development Plan. It behoves the state to treat it as such in its budgeting**



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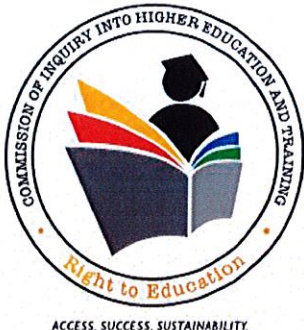
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and to demonstrate firm resolve and direction in this regard, this despite the likelihood that the targets for higher education set in the plan may need to be modified for the reason, inter alia, that the targets were set on the consumption that the economy would grow at around 5% per annum: The assumption of growth in the economy of about five per cent annually may not be realized.

**[7] We have not arrived at a stage where the Commission can identify and evaluate all sources of funding which might be made available for tuition fees ( in the broad sense discussed above), infrastructure and staff costs. The Commission has, however, taken note of and proposes to interrogate in depth, inter alia:**

- a) Alternative proposals for provision of higher education and training through internet cafes erected in electoral districts;;**
- b) Unused or underutilized funds deriving from various statutory and private obligations to contribute;**
- c) A range of taxation proposals;**
- d) More fruitful participation of the private sector including corporates, banks, industry and BBBEE schemes;**
- e) Prospective savings in relation to wasteful government expenditure;**
- f) The role of providers of private higher education;**
- g) The possibility of establishing a community or co-operative education bank.**
- h) A voucher system for access to higher education facilities.**





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- [8] The Commission is looking towards a long-term solution to the accessible and affordable provision of higher education and training. It was not authorized or asked to address the immediate problem of the Fees Must Fall agitation. Nevertheless it should be noted that the interim measures announced by the government accord with the majority views of witnesses before us outlined above and to that extent are welcomed by the Commission.

Dated at Johannesburg, this day *2nd* of November 2016.

  
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JA Heher, Chairperson

  
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G Ally, Commissioner

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LT Khumalo, Commissioner

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