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OVERVIEW AND ANALYSIS OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING 2013/14 ANNUAL PERFORMANCE PLAN AND BUDGET

1. Introduction

This paper provides an in-depth analysis of the Department of Higher Education and Training 2013/14 annual performance plan and budget to assist Members of the Portfolio Committee on Higher Education and Training to fulfil their monitoring and oversight functions effectively. Firstly the paper reflect on how the Department incorporated the National Development Plan and the priorities pronounced during the 2013 State of the Nation Address in the annual performance plan; and secondly, it will give an analysis of the department's 2013/14 budget.

The aim of the Department of Higher Education and Training (DHET) is to develop and support a quality higher and vocational education sector, and promote access to higher and vocational education and skills development training opportunities¹. Its vision is of South Africa in which all its citizens have access to life-long learning, education and training opportunities to contribute towards improving the quality of life and building a peaceful, prosperous and democratic South Africa². The department was established as a result of the split of the Department of Education by a presidential proclamation in July 2009. The Presidential mandate, which assigned legislation previously administered by the department of education and labour, required the department create a single and coherent post-school education and training system that is structured to meet the aspirations of youth and adults³.

The Department's activities continue to be guided by the Medium Term Strategic Framework (MTSF) Priority 4. Out of the MTSF strategic priority, the department derived its own strategic goals which are to: increase the number of skilled youth by expanding their access to education and training; ensure a further education and training college curriculum that is responsive to the demands of the market; increase the number of students successfully entering the labour market on completion of training; increase the number of university graduates, particularly in scarce skills areas; improve the linkages between the world of work and study; and establish a credible institutional mechanism for skills planning.⁴

Over the medium term DHET has 7 strategic goals, and among them is to increase the number of skilled youth by expanding access to education and training for youth. Thus in order to build a prosperous country all young people must have access to post school education. However, there are structural challenges in the education system, especially in priority and scarce skill areas. In these scarce skills areas there is low participation rate.

¹ National Treasury (2012)

² Department of Education (2009)

³ National Treasury (2010)

⁴ National Treasury, 2012



This needs to be addressed so as to diversify knowledge base in order to meet the developmental goals of the country. Thus, there is a need for greater access to post school education for youth between the ages of 16 and 24. Estimations are that currently 2.8 million or more of the 18 to 24 year olds are not in employment, education and training.

Programme analysis

Programme 1: Administration

This programme provides the overall management and administration of the department. The Programme has seven strategic objectives in the current financial year. The predetermined objectives in this programme are clear and well defined. Under the strategic objective 4.1.1.2 the Department plans to reduce vacancy rate to 10 percent in this current financial year. One the challenges experienced in this Programme in the previous financial year was delay in resolving disciplinary cases and it expected that the Department will improve on this matter.

Questions:

- What is the percentage of vacancy rate in the Department for this current financial year? Disaggregate the vacancy rate in terms of funded and non-funded posts?
- Which branches have higher vacancy rate and at which level?
- Has the Department secured the required funding to fund non-funded posts?
- How many disciplinary cases are still pending?
- Is the Department confident that all the cases will be resolved within the targeted time-frames?
- The Department is planning to relocate to new office location, how will the movement affect service delivery?

Programme 2: Human Resource Development, Planning and Monitoring

This programme provides strategic direction in the development, implementation and monitoring of departmental policies as well as coordinating activities in relation to the Human Resource Development Strategy for South Africa. Though the Programme has clear outlined predetermined objectives there are some priorities which are not included as targets in the annual performance plan. One of the strategic targets of this Programme is to publish research bulletin annually.

Question/s:

- Has the Department achieved this target in the previous financial year? If not, what were the challenges?



- Has the Department manage to release a report an investment report on education and training? If not, why?

Priorities that are not outlined in the 2013/14 annual performance plan:

- Establishment of Higher Education and Training Regional Offices: The Departments planned to establish regional offices across all the nine provinces. In 2012/13 four regional offices were established in Kwazulu-Natal, Eastern Cape, Mpumalanga and Western Cape Provinces. In this current financial year it is not clear whether the department is continuing with the establishment of the regional offices in other provinces or not as it is not reflecting in the annual performance plan.
- Framework for Articulation and Recognition for Prior Learning (RPL): Development of a framework for articulation through the National Qualifications Framework and Recognition of Prior Learning is also not provided for in the annual performance plan though is one of the Ministerial Directives.
- Integrated information system for reporting of data on skills provisioning, skills demand and skills movement in the country. The strategic objective is well aligned with the Ministerial Delivery Agreement Outcome 5, Output one which is to establish a credible institutional mechanism for skills planning, which includes the provision of information with regard to the demand and supply of skills, as well as a career guidance system for the country. The concern is that there are no clear defined targets in the annual performance plan in relation to this objective.

Programme 3: University Education

The aim of this programme is to develop and coordinate policy and regulatory frameworks for an effective and efficient university education system. To provide financial support to universities, the National Student Financial Aid Scheme and the National Institutes for Higher Education. This programme has six sub-programmes namely Programme Management: University Education; University – Academic Planning and Management; University – Financial Planning and Information Systems; University – Policy Development; and Teacher Education and University- Subsidies.

In this programme, the Department has incorporated some of the proposals of the national Development Plan in the annual performance plans which are to:

- increase participation rate at universities by at least 70 per cent by 2030;
- increase the throughput rate for degree programmes to more than 75 per cent;
- increase number of masters and PhD students, including supporting partnerships for research;



- produce more than 100 doctoral graduates per million per year by 2030

In expanding access to higher education, the president has announced in his State of the Nation Address that the construction of the two new universities in Mpumalanga and Northern Cape will start in September 2013. These institutions will open for first intake in 2014. Of great concern is the fact the Department is not indicating in the annual performance plan regarding this process for example, the programmes to be offered, enrolments targets, human resource etc.

Question/s:

- Given the fact that the two new institutions have no academic foot print yet, how will they attract third stream (private sector) funding?
- Has the Department made provision in the current funding in preparation for the opening of the two universities in January 2014
- How is the opening of the two new universities in January 2014 going to affect the stability of the current institutions in terms of academic and administrative staff?
- Are the contingency plans to arrest the situation?
- Has the Department secured in the current allocation for the poor students in 2014?

While the Department has set clear targets in increasing the number of PhDs enrolments, it should also take note and mitigate factors that hinder PhDs production like funding and lack of sufficient numbers of instructional staff with PhDs. The National Development Plan has reported that only 34 per cent of staff in higher education has PhDs and this has a direct impact on supervision of PhDs candidates. Another factor that hinders PhDs production in South Africa is funding. The current funding system for post-graduates is inadequate and therefore forces many aspiring students to opt for employment as the scholarships are not attractive to students. Many funding agencies provide funding for tuition only with minimal funds left for research activities hence high dropout rate. The Department together National Research Fund and other funding agencies should explore other alternatives to fund PhD students.

Parallel to the predetermined objectives, the Department engages in priorities which are not outlined as predetermined objectives in 2013/14 annual performance plan. These priorities do not appear as the strategic targets of the department in the annual performance plan but receive attention. Nevertheless, it does not imply that these priorities are not important, but, for the sake of monitoring progress and proper reporting they should reflect in the annual performance plan. This shortcoming will attract audit query at the time of performance reporting. It would mean that the department is reporting against predetermined objectives, indicators and targets that were not approved subsequent to the strategic process.



The following are the strategic priorities in programme 3 which do not reflect in the annual performance plan:

- **Norms and Standards for Student Housing:** The National Development Plan recommended that there should be uniform standards for infrastructure and equipment to support learning, promote equity and to ensure that learners doing similar programmes in different institutions receive comparable education. In responding to this recommendation, the Department reported to the Committee that norms and standards for student housing were developed and submitted to the Minister for approval. It was committed that the norms and standards will be gazetted and published for public comments by the end of April 2013. These priorities are not reflected in the annual performance plan.
- **Central Application System:** One of the strategic objectives of sub-programme 2 (University Academic Planning and Management) is to improve access of learners to universities. On the 13 February 2013, the Department reported to the Portfolio Committee that the full Central Application Service will be developed in 2013 for pilot in 2014 with some identified universities in preparation for full implementation in 2015. However, the current annual performance plan has no predetermined objective and indicators regarding this priority.
- **The Ministerial Committee for the Review of the Funding of Universities:** The Minister of Higher Education and Training appointed a task team on the 25 March 2011 to review the funding framework of the universities and a final report was submitted to the Minister for consideration of the recommendation. Despite the fact that this priority reflects in the updated strategic overview as a Ministerial directives, it is not operationalised in terms of how the Department plans to take forward the recommendations of the Ministerial Committee Review in terms of immediate, short and long term priorities. Clear and well defined performance indicators, targets and time-lines should be indicated for this priority.
- **African Language Advisory Committee:** The Minister has established an African Language Advisory Committee which is developing an action but it is clear when the envisaged report will be submitted. Time-lines are required if this priority is for this current financial year.
- **Disbanding of University of Limpopo:** Both the strategic plan and the annual performance plan are silent about the disbanding process of the Medunsa from University of Limpopo. This process has an impact on the target of increasing enrolments and throughput in the human and animal health related programmes.

**Question/s:**

- Which 10 universities have been identified to offer programmes for FET college lecturers?
- How have FET colleges that offer NQF levels 5 and 6 fared? Which 2 will be added?
- Is the Central Application Services a priority for the 2013/14 financial year? If yes, why it is not a targeted priority in the current annual performance plan?
- How is it going to be funded if it is not prioritized and budgeted for?

Programme 4: Vocational and Continuing Education and Training

The purpose of this programme is to plan, develop, evaluate, monitor and maintain national policy, assessments practices and systems for vocational and continuing education and training, including further education and training colleges and post-literacy adult education and training. The programme retained its three sub-programmes namely: Programme Management: Vocational and Continuing Education, planning and Institutional Support and Programme and Qualifications.

The National Development Plan also proposed the expansion of the Further Education and Training sector in order to increase participation to 25 per cent in 2030. The Department is planning to build six Further Education and Training College campuses in 2013/14 financial year in Umkhanyagude, Graaf Reinet, Lusikisiki, Giyani, Sisonke and Sterkspruit.

Question/s:

- Was a research done to assess the demand of access to Further Education and Training in the areas selected? If yes, when and what were the findings? If not, what informed the choice of the seats of the envisaged campuses?
- Has the Department developed minimum norms and standards for the infrastructure in line with the proposal of the National Development Plan to guide the construction of the new campuses? If not why?
- Will the infrastructure for these Campuses include student accommodation?
- Have the Department considered the issue of human resource especially lecturers for these campuses?
- Which programmes are identified to be offered in those colleges?
- When will the campuses be operational?

Programme 5: Skills Development

This programme promotes and monitors the national skills development strategy. Develop skills development policy and a regulatory framework for an effective skills development



system. The programme has four sub-programmes namely: Programme Management: Skills Development, SETA Coordination, National Skills Development Services and Quality Development and Promotion.

2013 has being declared the year of artisan. In terms of the learners entering the artisan programmes, the Department's target is 26 000 learners and for those who are to be found competent nationally, the target is 12 000.

Question/s:

- How is the current state of economy and the fact that companies are laying-off workers going to affect work-placement of FET College students, artisan trainees and learnerships?
- Is the Department confident that it would be able to achieve its target in terms of placement of FET College graduates, artisan candidates and learners in learnerships?

Budget Analysis

2013/14 is the fourth year in which the Department will operate on its own appropriated budget. The Department became operational in 2010/11, bringing together all higher education institutions, further education and training colleges and adult education institutions, which were formerly the responsibility of the Department of Education, and the skills levy institutions, which were formerly the function of the Department of Labour. Currently, further education and training colleges and adult education centres are shared functions between the national department and provincial departments. The process to transfer the FET College sector to exclusive national competence is underway through an amendment to the schedule 4 of the Constitution. The anticipation is that the 2013/14 budget should continue funding the above priorities.

Table 1: Budget Summary

Programme	Budget				Nominal Rand change	Real Rand chan ge	Nominal % change	Real % change
	2012/13	2013/14	2014/15	2015/16	2012/13- 2013/14		2012/13-2013/14	
R million								
Administration	164.2	200.6	211.3	221.3	36.4	25.8	22.17 per cent 15.69 per cent	
Human resource Development, Planning and Monitoring	44.3	48.1	52.8	55.8	3.8	1.2	8.58 per cent 2.82 per cent	



Coordination								
University Education	26 232.7	28 303.7	30 426.0	32 803.5	2 071.0	570.0	7.89 per cent	2.17 per cent
Vocational and Continuing Education and Training	5 044.3	5 664.5	6 012.5	6 342.4	620.2	319.8	12.30 per cent	6.34 per cent
Skills Development	100.7	105.6	112.7	118.9	4.9	- 0.7	4.87 per cent	-0.70 per cent
TOTAL	31 586.2	34 322.5	36 815.3	39 541.9	2 736.3	916.2	8.66 per cent	2.90 per cent

Source: National Treasury 2013

The Department of Higher Education and Training received a total allocation of R34 322.5 billion excluding direct charges against the National Revenue Fund for the Sector Education and Training Authorities and the National Skills Fund. The budget has increased by R2 735.4 billion (8.66 percent) in nominal rand change and R915.9 million (2.90 percent) in real rand change compared to the 2012/13 budget. The allocation is shared among the 5 department's programmes. The bulk is spent on programme 3 University Education followed by programme 4 Vocational and Continuing Education and Training. University Education takes 82.5 percent of the total higher education and training budget. Vocational and Continuing Education programme takes a share of 16.5 per cent of the total budget. The increased spending is expected to expand enrolments in higher education institutions from 909 716 students in 2012/13 to 988 888 in 2015/16, and in further education and training colleges from 550 000 students in 2012/13 to 1 million by 2015/16.⁵ 180 additional people were employed between 2010/11 and 2012/13 and they were at level 7, 9 and 11. This was filling of vacant posts.

Programme analysis

Programme 1: Administration

This programme provides the overall management and administration of the department. The programme received a total allocation of R200.6 million which is 0.58 percent of the total higher education and training budget. The budget has increased by R36.5 million in nominal terms and by R25.8 million in real terms as compared to 2012/13 allocation. The increase is mainly due to provision for property payments in sub-programme 4: Office Administration because the Department is expecting to move to new office accommodation as the current building is no longer suitable. The programme has four sub-programmes: Ministry, Departmental Management, Corporate Services and Office Accommodation. The bulk of the

⁵ Treasury (2013)



money of the programme amounting R100.4 million and R98.6 million goes to compensation of employees and goods and services which include communication, computer services and property payments and travel and subsistence respectively.

Question/s:

- Does the increased funding for new office accommodation include of the regional offices? If not, how are the regional offices funded?
- Does compensation of employees' allocation include recruitment of personnel for the new regional offices?

Programme 2: Human Resource Development, Planning and Monitoring

The programme is allocated R48.06 million which is 0.14 per cent of the total budget of higher education and training. The allocation is to be shared among six sub-programmes according to the strategic objectives assigned to each. The budget has increased by 8.4 per cent in nominal percent change and 2.65 per cent in real change from the 2012/13 allocation of R44.3 million. R44.9 million of the total budget will go to current payments which consist of compensation of employees which amounts to R39.4 million and goods and services which amounting to R5.5 million. The other share, R2.8 million of the allocation goes to transfers and subsidies to foreign governments and international organisations.

There has been a marginal increase in sub-programme 1 and 4 given that the priorities have not changed, though in real increase it is not much while sub-programme 2 and 4 experienced slight decreases due to policy reprioritisation. There has been a significant increase in the sub-programme 3 due to new mandate of skills planning in the country. The main priority of this sub-programme in this current financial year is to develop an integrated information system for reporting of data on skills provisioning, skills demand and skills movement in the country. The strategic objective is well aligned with the Ministerial Delivery Agreement Outcome 5, Output one which is to establish a credible institutional mechanism for skills planning, which includes the provision of information with regard to the demand and supply of skills, as well as a career guidance system for the country. The concern is that there are no clear defined targets in the annual performance plan in relation to this objective.

Programme 3: University Education



The programme has a budget of R28.3 billion. The budget has increased by 7.5 per cent in nominal percent change and by 1.82 percent in real percent change. The increase is mainly due to funding of infrastructure development at universities and the allocation for the capital expenditure for the two new universities together with improvement in teaching services and academic programmes in institutions, and intended to increase enrolment and graduation rates, particularly in scarce and critical domains such as engineering, and other science and technology fields. The bulk of this budget will be spent on sub-programme 6: University Subsidies. This sub-programme takes 79.10 per cent of total University programme, and the budget will be used for transfers to the universities and department entities including National Student Financial Aid Scheme, Council on Higher Education and South African Qualifications Authority.

Programme 4: Vocational and Continuing Education and Training

The programme retained its three sub-programmes namely: Programme Management: Vocational and Continuing Education, planning and Institutional Support and Programme and Qualifications. The programme received an allocation of R5.6 billion which is 16.5 per cent of the total higher education and training budget. The programme budget has increased by 12.3 per cent in nominal percent change and 6.34 per cent in real percent change. Sub-programme 1: Programme Management: Vocational and Continuing Education and Training received a decreased allocation by 25.84 percent. This programmes coordinates all monitoring and evaluation functions of the branch. It was reported that the branch has capacity challenges which hindered monitoring and evaluation activities. Of great concern is that the Department decreased allocation of the sub-programme instead of capacitating the sub-programme with more personnel to enable the sub-programme to execute its mandate effectively.

Sub-programme 2: Planning and Institutional Support takes 96.62 per cent of the total programme budget. This sub-programme provides the framework, coordination and support to further education and training colleges for managing, governing and delivering vocational and occupational programmes; and manages the further education and training colleges conditional grant to all provinces. It also regulates the provision of education and training by private education institutions offering qualifications in further education and training band of the qualifications framework. Of the total budget in the sub-programme, R5.5 billion goes to transfers and subsidies as a conditional grant to the provinces.

Programme 5: Skills Development



This programme promotes and monitors the national skills development strategy. Develop skills development policy and a regulatory framework for an effective skills development system. The total budget for this current financial year is R105.6 million which is 0.31 per cent of the total higher education and training budget. The budget shared among the four programmes namely: Programme Management: Skills Development, SETA Coordination, National Skills Development Services and Quality Development and Promotion. The budget has decreased by 4.9 percent in nominal percent change and by -0.7 per cent in real percent change. Sub-programme 2: Sector Education and Training Authority (SETA) Coordination continues to take 73.6 per cent of the total budget of the programme

Key issues for consideration by Parliament

Section 55 of the Constitution of the Republic of South Africa, Act 108 of 1996, requires parliamentary committees to maintain oversight over the Executive Authority and the following matters are for consideration by Parliament as arising from the 2013/14 budget and annual performance plan:

- The Minister should include additional predetermined objectives and targets in the annual performance plan.
- The Minister should ensure that budget cuts and savings do not jeopardise implementation of programmes and service delivery.
- The Minister should ensure that Minimum Norms and Standards for student housing are gazetted.
- Parliament should follow-up on the implementation plan of the Ministerial Review Committee Report for Funding of Universities.

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