



Technical & Vocational Education Training Colleges Governors' Council

244 Jean Avenue, Norma Jean Square, Office no. 17, Centurion, 0146, P O Box 12096, Die Hoewes 2, Centurion, 0163, Tel: 012 664 1140, Fax: 086 530 5746

HET PORTFOLIO COMMITTEE PRESENTATION ON DHET BUDGET VOTE

Date 03 May 2017

Venue: Parliament, Cape Town

BACKGROUND ON TVETCGC

The Technical Vocational Education and Training Governors' Council (TVETGC) is an organization that represent all 50 TVET Colleges' Council on matters of advocacy, activism and collective bargaining. The strategic intent of the organization is to create a College Mindset which can serve as a foundation for the development of a Model College. The Mindset will also serve as a beacon for carving a Road Map, intended to guide the development and growth of TVET Colleges.

SOME HIGHLIGHTS OF CRITICAL UNDERTAKINGS BY TVETCGC

TVETCGC has engaged extensively with the Department of Higher Education and Training (DHET) and the presiding Minister on matters pertaining to governance and management of the TVET Colleges in South Africa. Whilst there is still serious number of challenges facing the sector, some strides have been achieved through TVETCGC engagements and the Department. These include Minister accepting TVETCGC plea during our meeting with him on the 16th of September 2016 that he also make no fee increase for 2017 applicable to the TVETs when he was to present his statement on university funding for 2017 which was held on the 19th of September 2017. We appreciate as well the call he made in the same meeting to have a clarification of roles for his Ministry, DHET, Colleges' Councils and Management workshop undertaken by himself. This

National Office Bearers

Chairperson – Mr Mabuyakhulu; Deputy Chairperson – Dr Zuma, PhD;
Treasurer – Mr Mdletshe; Secretary – Adv Xuma; Deputy Secretary – Mrs Mkhonza

workshop will deal with critical bottlenecks that exists in the TVET sector that hinder proper governance and management of the Colleges and subsequently the core business which is teaching and learning. We are also excited by the agreement by the Minister to have a TVET Indaba at a TVETCGC call. Such a conference will start looking into an ideal college model that we as colleges and government envisage for South Africa.

We have also engaged extensively with the Fees Commission led by the Judge giving us four invites to present evidence even though the TVETs were originally excluded from this commission investigation. It is at TVETCGC's initiative that we wrote to the Commission to request to advocate for the TVETs in its deliberations. The Ministerial Task Team on TVET Funding norms equally appreciated our inputs and the insight we brought when at the 11th hour we managed to get an invite to present to it. Here we outlined gross and unjust underfunding that is crippling the sector.

On a meeting with Chairperson of the HET Portfolio Committee Chairperson, Mr September, MP, followed by the presentation to the HET Portfolio Committee, we outlined the urgent need for legislative reforms of the sector considering that the current reforms were done to stabilise the sector during rocky times of Provincial mismanagements. Now as the function shifted to the National competence, the legislative frameworks largely the CET Act No 16 of 2006 as amended is becoming a serious hindrance to provision of good corporate governance at the colleges. We are therefore calling for its review as we will detail below.

FUNDING SITUATION AT TVET COLLEGES

Colleges are highly underfunded and it is miracle that none have closed doors. We can only thank colleges' councils for the prudent manner in which they govern colleges. This is not exaggeration at all. The reason this matter is raised with the Portfolio Committee is that education is the APEX priority of government of South Africa.

Funding is not commensurate with government policy position by far. It is clear that the NDP targets will not be met if there is no meaningful change in funding levels, coupled with the fact

National Office Bearers

Chairperson – Mr Mabuyakhulu; Deputy Chairperson – Dr Zuma, PhD;
Treasurer – Mr Mdletshe; Secretary – Adv Xuma; Deputy Secretary – Mrs Mkhonza

that TVET Colleges must be the biggest sector in post school education. Funding allocation being given by DHET to TVET sector is a clear indication of the hesitancy towards investing in these colleges in order to ensure that they deliver the prescribed targets. We do not believe that the reason for the financial crisis these colleges are facing is as a results of the over enrolment as the Department has always claimed. Colleges have enrolled previously to respond to the prescripts of the White Paper on PST and we do not accept that in the country with chronic skills shortage that we should be reviewing these targets. Instead we are calling for the political will to build and capacitate TVET colleges instead of a continued treatment of these institutions as glorified high schools or nuisance at the least. Gross underfunding that currently exist emanate from the times these colleges were under the Provincial competence whereby their allocated budgets were not passed on to the colleges as they are. For example, KZN had the deficit of \pm R1.2 billion in 2012/13. This is much higher now through accumulation (Source is DHET Submission to the Fees Commission). Furthering to this demise was the transfer of the TVET colleges to the National competence with no assessment on this chronic funding situation. Instead, business was expected to go as usual. This has extensively exacerbated the problem. This is shown by the current funding model as will be detailed below.

The funding made available to colleges by the department covers 62% of all students in all colleges. 38% of students are not funded at all. Colleges are expected to carry this deficit indefinitely. E.g. 2016/17 there are \pm 700 000 students but funding covers \pm 414 000. More than 200 000 students are not funded.

The DHET uses 80% programme based cost funding model for allocations to colleges. 20% is made of NSFAS and paying students which we have been explained above. The problem is that allocation is far less than 80 % because of full time equivalent (FTE) concept that reduces funding further. Furthermore, the current gross underfunding for 2016/17 will see colleges' 80% allocation being reduced to 46% thus leaving the deficit of 54% for the 80% allocation as per DHET estimated below in Table 1. Based on our extrapolations of the data in Table 1 below, there is a total of 516 257 unfunded students within the TVET sector for 2016/17 made out of 386 112 students not funded through FTE plus 130 145 students unfunded FTE. For 2016/17 financial year

National Office Bearers

Chairperson – Mr Mabuyakhulu; Deputy Chairperson – Dr Zuma, PhD;
Treasurer – Mr Mdletshe; Secretary – Adv Xuma; Deputy Secretary – Mrs Mkhonza

238 747 FTE are funded. Therefore, the actual FTE that should have been used to calculate the budget is 238 747 and this would have pushed the deficit to above R 8 billion for 2016/17.

The above situation excludes the base line funding deficit resulting from when colleges were under the control of provinces as discussed above.

We have proposed that the funding model for the TVET Colleges and Community Colleges should be programme cost based and exclude the FTE as it is misleading and is crippling the colleges by grossly underfunding them. This concept punishes the institutions and communities instead of management. Even more disturbing is the lack of basis for TVET Colleges budget without an approved organogram i.e. the college day and college week.

Below is the DHET's analysis on the TVET outlook. As can be seen in the estimates, there is no consideration of the infrastructural development funding that is very much needed for good functionality of the colleges. The last time the colleges were provided infrastructure grant was in 2006 and as a results they are collapsing. Furthermore, the centralisation of power by DHET whereby the CET Act does not enable the councils to govern and make critical decisions is crippling the colleges. E.g. recruitment and selection of staff, performance appraisals and discipline. As a result of the former example, TVET Colleges lost R 388 million for staffing back to the Treasury as a result of prolonged and monopolised selection and recruitment by DHET which has a turn-around time of about 18 months. A possibility is that over R 200 million in 2016/2017 will be taken back to Treasury due as savings as a result of the same problem. This is money belongs to colleges and should be refunded back to build colleges without delay. A further indication of centralisation of power for the TVET sector is how the Budget process is undertaken by DHET. DHET does not allow colleges councils and their collective body TVETCGC to make input during the draft budget process. TVETCGC is of the view that if we run another year on this grossly understated situation, parliament must then choose to close all TVET colleges as there is no appetite to see them succeed and producing the skills they should be producing.

National Office Bearers

Chairperson – Mr Mabuyakhulu; Deputy Chairperson – Dr Zuma, PhD;
Treasurer – Mr Mdletshe; Secretary – Adv Xuma; Deputy Secretary – Mrs Mkhonza

**DHET TVET Colleges Strategic Planning Meeting Financial Planning and Coordination
of 3 Sept 2016**

Funding Overview: 80%					
PROGRAMME FUNDING ESTIMATES (80%)					
<u>TECHNICAL VOCATIONAL EDUCATION AND TRAINING COLLEGES</u>	APP Target				MTEF Total 2016 to 2019
	2015/16	2016/17	2017/18	2018/19	
Target	725,000	829,000	948,000	1,084,000	2,861,000
Occupational enrolment	65,000	74,000	86,000	99,000	259,000
Headcount (NCV + Report 191)	660,000	755,000	862,000	985,000	2,602,000
<u>Conversion to FTE's for NCV and Report 191</u>					
FTE (NCV + Report 191)	322,737	368,888	422,008	482,355	1,273,252
R'000					
Estimated Budget Required	9,211,472,000	11,244,814,000	13,610,183,000	16,458,713,000	41,313,710,000
Less: Baseline budget	6,179,574,000	6,513,120,000	6,860,921,000	7,227,294,000	20,601,335,000
Budget Shortfall	-3,031,898,000	-4,731,694,000	-6,749,262,000	-9,231,419,000	-20,712,375,000
No of Funded FTE	233,708	238,744	246,547	255,522	740,813
No of Unfunded FTE	89,029	130,145	175,461	226,833	532,439
Total	322,737	368,888	422,008	482,355	1,273,252
No of funded Headcounts	437,427	429,638	423,348	417,917	1,270,903
No of Unfunded Headcounts	222,573	325,362	438,652	567,083	1,331,097
Total	660,000	755,000	862,000	985,000	2,602,000
% Funded (Average)	54%				

2

National Office Bearers

Chairperson – Mr Mabuyakhulu; Deputy Chairperson – Dr Zuma, PhD;
Treasurer – Mr Mdletshe; Secretary – Adv Xuma; Deputy Secretary – Mrs Mkhonza

Funding Overview:20% Bursaries

Bursaries (20%)				
<u>TECHNICAL VOCATIONAL EDUCATION AND TRAINING COLLEGES</u>	APP Target			MTEF Total 2016 to 2019
	2016/17	2017/18	2018/19	
Budget Shortfall on Bursaries	-2,488,998,000	-3,382,540,000	-4,456,520,000	-10,328,058,000

<u>TECHNICAL VOCATIONAL EDUCATION AND TRAINING COLLEGES</u>			
	2016/17	2017/18	2018/19
Baseline Growth	6.2%	5.8%	5.8%
Enrolment Growth	14.0%	14.4%	14.3%

With enrolment growth exceeding budget growth by 125% per annum year-on-year, this target is not achievable and targets have to be realigned to fit within financial capability of DHET and the TVET Colleges

National Office Bearers

Chairperson – Mr Mabuyakhulu; Deputy Chairperson – Dr Zuma, PhD;
Treasurer – Mr Mdletshe; Secretary – Adv Xuma; Deputy Secretary – Mrs Mkhonza

Maintaining 2015/16 Enrolment

2015/16 Audited Outcome:

- NCV and Report 191: 664,748
- Occupational : 45,787
- Total: 710,535**

Option 1: Maintain 2015/16 enrolment with DHET funding approximately 54% of required funding level (80%) and TVET Colleges to subsidize the shortfall

- Headcount: 664,748
- FTE's: 322,737

Option 2: TVET Colleges to enroll only funded Headcount and FTE's provided BY DHET for 2016/17:

- Headcount: 429,638
- FTE's: 238,744

APP 2017/2018: TVETCGC submission

1. Enrolments figures must be left to meet the needed skills production targets, instead funding be sourced in the interim through budget review, DHET cash reserves, NSF and any other sources that the department might deem possible.
 - a. TVETs should be funded a full R 13.6 billion that was determined as a required budget for the TVETs for 2017/2018.
 - b. For infrastructure development, we propose that the R 5 billion made available by the National Treasury to DHET to deal with any matters they deem urgent is allocated to undertake this.
2. Funding for the operations and capital projects need to be equitable in the whole post school education sector while taking into account the historic disadvantages that the TVET sector is coming from as well as the size of this sector in terms of the NDP targets.

National Office Bearers

Chairperson – Mr Mabuyakhulu; Deputy Chairperson – Dr Zuma, PhD;
Treasurer – Mr Mdletshe; Secretary – Adv Xuma; Deputy Secretary – Mrs Mkhonza

3. SETAs' partnership model with TVETs need to be reviewed. Short term programmes are not assisting with lasting and significant skills development. We are proposing that as part of the key deliverables for the SETAs, that 65% of their budget allocation be reserved to fund permanent occupational programmes at all colleges indefinitely. This include ensuring that there is a development of suitable and qualified staff complement for the occupation schools at TVETs that are permanently employed. This was also our submission to the Fees Commission. We do not see this conflicting either the Skills Development Act or Skills Development Levy Act as this will still be focusing on accelerated and more lasting skills development solution. Should there be any conflict to these legislations and any others, parliament should amend them to suite this proposal.
4. The neglect of the TVET Colleges by Universities led to these colleges failing due to lack of support or guidance from established system. We are therefore advocating that we do not repeat the same cycle by leaving CET Colleges from systems being developed for TVETs.
5. We request an establishment for the Student Support Services.
6. The Capacity Development Grant which looks into teaching and research development should be equitably distributed to ensure that there is also developments in the TVET and CET sectors. This should include establishing NSF and NRF Chairs in the colleges.
7. While we appreciate that the Student Housing Infrastructure Plan, and that 100 000 out 200 000 student accommodation beds is reserved for TVET colleges, we believe that is not an equitable distribution to also address historic lacks that exists in almost all colleges. This also neglects that TVET is a sector earmarked to be the biggest sector in post school education by 2030.
8. We submit that there must me a standing infrastructure grant geared and specific to colleges to respond to the specific needs of the sector.
9. We are also submitting that TVETCGC be capacitated to undertake the monitoring and quality assurance in the TVET and CET sectors in order to ensure that there is good corporate governance. Lessons can be learned from how Council for Higher Education functions and the statutory status it enjoys.

National Office Bearers

Chairperson – Mr Mabuyakhulu; Deputy Chairperson – Dr Zuma, PhD;
Treasurer – Mr Mdletshe; Secretary – Adv Xuma; Deputy Secretary – Mrs Mkhonza

10. We are further requesting that the number of TVETs participating in the Ikusasa Student Financial Aid Programme be increased from 1 to 10 colleges and that processes must include councils and TVETCGC.
11. We are also bringing to the attention of the Committee that councils are appointed into colleges with no budget made available to capacitate them. As a result, TVETCGC is entering into partnerships to capacitate and train councils all around the country. **TVETCGC has already undertaken the Colleges Council Executives capacitation and training from all colleges in November 2016 and just concluded the provincial Council members' trainings for all provinces in 2017.** This need to change and a budget be made available in order to ensure good governance and continuity.
12. We are requesting that TVETCGC be included to participate in the new 2017 Rollout of the Student Centred Model pilot.
13. We request that the Portfolio Committee grants us another invite to present detailed legislative amendments that we are proposing in the CET Act No. 16 of 2006 as amended. This is also going to address the issue raised by the Minister on difficulties in the relationships between the councils and management of TVET colleges.

IMMEDIATE RECOMMENDATIONS

We propose the following immediate recommendations to be implemented in this budget:

1. Full funding of the estimated R13.6 billion for 2017/18.
2. Refund of R388 million taken for salaries.
3. Students' debt relief for the TVET colleges as done in the universities.
4. Fund the following fundamental programmes (R 5 billion allocated by National Treasury):
 - a. Holistic Student Support Services
 - b. Infrastructure (physical and ICT)
 - c. Teaching, Research and Governance Capacity Development

National Office Bearers

Chairperson – Mr Mabuyakhulu; Deputy Chairperson – Dr Zuma, PhD;
Treasurer – Mr Mdletshe; Secretary – Adv Xuma; Deputy Secretary – Mrs Mkhonza

Signed by

Daniel Mabuyakhulu

The National Chairperson TVETCGC (For and on behalf of the TVETCGC)

National Office Bearers

Chairperson – Mr Mabuyakhulu; Deputy Chairperson – Dr Zuma, PhD;
Treasurer – Mr Mdletshe; Secretary – Adv Xuma; Deputy Secretary – Mrs Mkhonza