**2. REPORT OF THE PORTFOLIO COMMITTEE ON HIGHER EDUCATION AND TRAINING ON THE FOURTH QUARTER REPORT 2016/17 OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING, DATED 01 NOVEMBER 2017**

The Portfolio Committee on Higher Education and Training having considered the fourth quarter performance report 2016/17 of the Department of Higher Education and Training (DHET) on 14 June 2017 reports as follows:

**1. Introduction and background**

The Department presented the fourth quarter report of the 2016/17 financial year to the Committee as required by Section 32 of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The report covers the financial and non-financial performance of the Department’s programmes and activities during the period 1 January 2017 to 31 March 2017. This report accounts for the work undertaken by the Committee during the performance assessment of the fourth quarter report and further makes recommendations for consideration by the Minister of Higher Education and Training.

The Department’s targets were set in terms of direct deliverables which constitutes interventions envisaged to steer the system during the 2014 – 2019 Medium-Term Strategic Framework (MTSF) period and on an annual basis, and indirect deliverables, which are the expected outcomes or performance of the system resulting from the interventions by the Department. For the 2016/17 fourth quarter, there were 47 targets related to steering mechanisms and monitoring and evaluation, and 19 system performance targets, which were mainly the National Development Plan (NDP) / MTSF related targets. The Department achieved 37 (78.7 percent of the 47 steering and monitoring and evaluation related targets, and five (26.3 percent) of the 19 system performance targets.

**2. Overview and assessment of the fourth quarter performance report of 2016/17**

**2.1. Programme 1: Administration**

The purpose of this programme is to provide strategic leadership, management and support services to the Department.

For the quarter ending 31 March 2017, the programme had to achieve one target, namely an approved ICT procurement plan for the 2017/18 financial year. The target was achieved as planned.

Performance of the annual targets: the Department filled 92.3 percent of the approved funded positions against the target of 90 percent; 22 percent of the disciplinary cases were resolved within 180 days, against the target of 100 percent; the average lead time to fill advertised posts was 186 days, against the target of 180 days and invoices were paid within an average of 29 days.

The Department had a challenge of insufficient human resource capacity which continuously impacted on its ability to fill vacant posts within the regulated time. The Committee had continuously urged the Department to improve its HR capacity. However, the Department cited inadequate funding as a serious concern which impacted on its ability to expand its HR capacity. However, the Department was planning to roll-out e-recruitment, which would reduce the processing of a high volume of applications.

**2.2. Programme 2: Planning, Policy and Strategy**

The purpose of the programme is to provide strategic direction in the development, implementation and monitoring of Departmental policies and the human resource development strategy for South Africa.

The programme had nine (9) targets for the fourth quarter of 2016/17 and they were all achieved, namely: a national policy on career development services across all spheres of government was developed and approved by the Minister by 31 March 2017; a policy for open learning and distance education was developed and approved by the Minister by 31 March 2017; a monitoring and evaluation framework for post-school education and training (PSET) system was developed and approved by the Director-General (DG) by 31 March 2017; a report on international relations monitoring was developed and approved by the DG by 31 March 2017; a report on macro indicator trends on PSET was developed and approved by the DG by 31 March 2017; a report on the implementation of strategy on open learning and distance education was developed and approved by the DG by 31 March 2017; an annual report on skills supply and demand was published by 31 March 2017 and an annual statistics on PSET report was published by 31 March 2017.

**2.3. Programme 3: University Education**

The purpose of this programme is to develop and coordinate the policy and regulatory framework for an effective and efficient university education system. Furthermore, it provides financial support to universities, the National Student Financial Aid Scheme (NSFAS) and the National Institute for Higher Education (NIHE).

There were 19 targets planned for the fourth quarter of 2016/17, of which 13 (68 percent) were achieved, namely: governance indicators for universities were approved by the Director-General by 31 March 2017; a policy on minimum requirements for programmes leading to qualifications in higher education for early childhood (ECD) educators was approved by the Minister by 31 March 2017; ministerial statement to guide the management and utilisation of the university development grant was approved by the Minister by 31 March 2017; an integrated plan for offering National Qualifications Framework (NQF) Level 5 qualifications in the PSET system was approved for implementation by 31 March 2017; an annual report on the effective use of the infrastructure and efficiency grants for universities was approved by the DG by 31 March 2017; an annual report on the effective use of the new universities earmarked grant was approved by the DG by 31 March 2017; an annual report on the achievement of ministerial enrolment targets was approved by the Minister by 31 March 2017; an annual report on the implementation of Staffing South Africa’s Universities Framework (SSAUF) programme was approved by the DG by 31 March 2017; a report on the council capacity development programme was approved by the DG by 31 March 2017; a report on student support services in higher education institutions was signed by the DG by 31 March 2017 and a report on the 2016 BRICS academic forum and think tank partnerships was approved by the Minister by 31 March 2017.

The following targets were not achieved: a policy on creative and innovation outputs was due to be published in the government gazette by 31 March 2017; a report on the 2015 research outputs of universities was due to be published in the Department’s website by 31 March 2017; a policy on internationalisation of higher education was due to be published in the government gazette by 31 March 2017; a policy on community service for graduates was duly published in the government gazette by 31 March 2017; a policy on differentiation in higher education was due to be published in the government gazette by 31 March 2017; a revised funding framework for higher education was not published in the government gazette by 31 December 2016 and a revised language policy for higher education was due to be published in the government gazette by 31 March 2017.

**2.4. Programme 4: Technical and Vocational Education and Training (TVET)**

The purpose of this programme is to plan, develop, implement, monitor, maintain and evaluate national policy, programmes, assessment practices and systems for TVET.

There were eight (8) targets planned for the fourth quarter of 2016/17 and five (68 percent) were achieved, namely: a revised costing model for TVET College programmes; a monitoring and evaluation report on TVET institutions; an implementation report on teaching and learning support plans in TVET Colleges an implementation report on the student support services plan in TVET Colleges and a report on the maintenance of TVET Colleges infrastructure.

The targets that were not achieved include: the establishment of a coordinating structure for stakeholder engagement (South African Institute for Vocational and Continuing Education and Training). The Department envisaged that the SAIVCET would operate in the 2017/18 financial year as a unit in the Department. The national admission and promotion guidelines for NC(V). The Department indicated that the national admission and promotion guidelines for NC(V) was the responsibility of Umalusi, and the revised NC(V) qualification policy had been published for comment on 26 May 2017. The admission and promotion requirements were also captured in this draft policy. A revised conduct policy for NC(V). The Department indicated that the conduct policy could not be revised until such time that the assessment regime for the revised NC(V) qualification has been finalised by the Umalusi.

In relation to the system targets performance, there were 12 system targets planned for the fourth quarter of 2016/17. Of these, one target was achieved. The target on the number of qualifying TVET students (200 000) obtaining financial assistance was exceeded by 26 007.

The following system targets were not achieved: to have 829 000 headcount enrolment in TVET Colleges. The actual achievement was 741 542; to have a 40 percent certification rate for NC(V) Level 4. The actual achievement was 32.6 percent; to issue certificates to qualifying candidates within three (3) months. It took more than six months to issue certificates to qualifying students; to have 1 000 additional beds for student accommodation in public TVET Colleges. The actual achievement was zero (0) due to inadequate funding; to have 5 000 students entering the foundation programme by 31 March 2017. The target was not implemented due to funding constraints.

The Department indicated that the performance of the following targets was not reported due to unavailability of data, namely: certification rate in the TVET qualifications (N3); certification rate in the TVET qualifications (N6) and TVET throughput rate; percentage of public TVET College examination centres conducting national examinations and assessments in compliance with national policy; funded NC(V) Level 4 students obtaining a qualification within the stipulated time and TVET institutions compliant to governance standards by 2019 and increasing every year thereafter.

The unavailability of data for reporting was a great concern for the Committee, since it could not obtain sufficient information on the performance of the TVET sector for the quarter under review. The Committee was also concerned that the TVET programme had continuously under performed in the previous quarters.

**2.5. Programme 5: Skills Development**

The purpose of the programme is to promote and monitor the National Skills Development Strategy (NSDS III) and to develop a skills development policy and regulatory framework for an effective skills development system.

There were five (5) targets planned for the fourth quarter 2016/17 and all were achieved, namely: the extension of the National Skills Development Strategy (NSDS) III was approved by the Minister; the extension of the Sector Education and Training Authority (SETA) landscape from 2018 to 2020 was approved by the Minister; the SETA monitoring report on skills development was approved by the DG; the 120 days average lead time from trade test application until a trade test was conducted at INDLELA was 120 days (an improvement from 169 days in 2015/16) and average national artisan learner’s trade test pass rate at INDLELA was 55 percent (an improvement of 54 percent in 2015/16).

The Department indicated that the system achieved the following targets, namely: 79 percent of national artisan learners were employed or self-employed against the target of 67 percent; 148 517 work-based learning opportunities were created against the target of 120 000; 21 188 new artisan learners qualified per annum against the target of 21 110 and 30 814 new artisan learners were registered nationally per annum against the target of 30 750.

The target to have 100 percent proportion of SETAs meeting standards of good governance was not achieved. The actual achievement was 71 percent. Six SETAs did not meet the standards of good governance. The Committee was concerned about the number of SETAs which were not meeting the standard of good governance.

**2.6. Programme 6: Community Education and Training**

The purpose of this programme is to plan, develop, implement, monitor, maintain and evaluate national policy, programme assessment practices and systems for community education and training.

There were five targets planned for the fourth quarter and all were achieved as planned, namely: a conduct policy for General Education and Training Certificate for Adults (GETCA) was approved by the Minister for public comment; an annual plan for education, training and development improvement plan for CET Colleges was approved by the DG; a report on CET College infrastructure / facilities maintenance was developed and approved by the DG; a strategy on strategic partnerships was approved by the DG and a national curriculum policy for CET colleges was developed and approved by the Minister on 5 April 2017. It was commendable that there had been a notable progress in the development of policies to provide clear guidelines for the governing the CET sector which was previously informal prior the migration to the Department.

The two system targets, namely: to have 310 000 headcount enrolment in all CET Colleges and to have 35 percent certification rates in formal CET qualifications performance was not reported due to unavailability of data. The Committee was concerned about the lack of data available to report on the performance of this programme. The absence of data at the time of reporting impacted on the Committee’s ability to exercise sufficient oversight on the performance of this programme.

**2.7. Financial performance**

The Department projected to spend R49.2 billion by the end of the fourth quarter of the 2016/17 financial year and the actual expenditure amounted to R49.1 billion, or 99.9 per cent of the available budget. The expenditure per programme at the end of the fourth quarter was as follows: Programme 1: Administration: R372.7 million; Programme 2: Planning, Policy and Strategy: R56.8 million; Programme 3: University Education: R39.5 billion; Programme 4: Technical and Vocational Education and Training: R7.03 billion; Programme 5: Skills Development: R180.6 million; and Programme 6: Community Education and Training spending at the end of the fourth quarter was R1.98 billion.

The Department incurred an under-expenditure amounting to R50.7 million by the end of the fourth quarter of 2016/17. The Department indicated that the under-expenditure did not impact negatively on the Department’s programmes and service delivery. Some of the factors that contributed to the under-expenditure included the savings on compensation of employees which amounted to R47 million, and administrative costs relating to the provision of major items such as courier services that were not claimed as projected.

**3. Committee observations**

The Committee having assessed the fourth quarter performance report 2016/17 of the DHET made the following observations:

3.1. The Committee expressed a concern about the unavailability of data to report on the performance system of the TVET and CET sectors to enable the Committee to assess the performance of these sectors.

3.2. The Committee expressed a concern about an underspending of R50.7 million incurred at the end of the fourth quarter. The Committee noted that the underspending had been recurring from the previous quarters due to the delays in the payment of claims for examiners and moderators.

3.3. The Committee expressed a concern about the constant delays in the filling of advertised positions within the regulated time. The Department undertook to develop an e-recruitment system which would assist in the processing of large volumes of applications within the regulated time.

3.4. The Committee expressed a concern that only 71 percent of the SETAs met the standards for good governance instead of the planned 100 percent. The Department indicated that six (6) SETAs did not submit the portfolio of evidence required.

**4. Conclusion**

The Department recorded an under-expenditure of R50.7 million at the end of the fourth quarter. This was mainly due to R47 million savings on compensation costs and other administration costs relating to the provision of major items such as courier services that were not claimed as planned.

The Department did not have adequate capacity in its human resource division and this contributed to the delays in filling the advertised posts within the regulated period. The Department indicated that it would continue to utilise the services of an external service provider to assist with the processing of large volumes of applications received for the advertised posts. The Department had made a significant progress in clearing the backlog of disciplinary cases inherited from TVET Colleges, as a result of the migration process. However, it continued to experience challenges in resolving other disciplinary cases within 90 days. The Department reported that capacity was increased through the appointment of a Deputy Director at the head office and four Assistant Directors to be based at regional offices.

In relation to the core delivery programmes, the University Education programme achieved 68 percent of the planned direct targets. The other targets that were not achieved as planned related to the policies that were due for publication at the end of the fourth quarter. The Department indicated that the implementation of the targets such as the revised funding framework for higher education and policy on community service for graduates required adequate funding which the Department did not have. The Department made an example of the policy on community service for graduates, and indicated that it would require R10 billion to place 160 000 University graduates for community service. The Department indicated that the TVET and CET sectors did not have a reliable information management system similar to universities. The Department indicated that the information would be reported by the end of October 2017.

**5. Recommendations**

The Committee recommends that the Minister of Higher Education and Training consider the following:

5.1. The Department should resolve its capacity constraints to prevent recurrence of underspending.

5.2. The Department should look into mechanisms to capacitate its Human Resources Division so that it can expedite the process of filling advertised posts within the regulated timeframe. This would also assist the Department in saving costs by not outsourcing the tasks to an external service provider.

5.3. The Department should look into addressing the challenges that prevent it from resolving disciplinary cases within 90 days. This could be done through the capacitation of the national and regional offices in order to ensure that these cases are resolved within 90 days.

5.4. The Department in collaboration with the State Information Technology Agency (SITA) should resolve the challenge of non-availability of examination data for the TVET and CET sectors.

Report to be considered.