**8. REPORT OF THE PORTFOLIO COMMITTEE ON HIGHER EDUCATION AND TRAINING ON CONSIDERATION OF THE BUDGET VOTE 15: HIGHER EDUCATION AND TRAINING, WITH REFERENCE TO THE NATIONAL STUDENT FINANCIAL AID SCHEME (NSFAS), THE COUNCIL ON HIGHER EDUCATION (CHE), THE QUALITY COUNCIL FOR TRADES AND OCCUPATIONS (QCTO) AND THE SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA), DATED 09 MAY 2018**

**1. INTRODUCTION AND MANDATE OF THE COMMITTEE**

The Portfolio Committee on Higher Education and Training (hereinafter referred to as the Committee), having considered the 2015/16 – 2019/20 Strategic Plans, the 2018/19 Annual Performance Plans and budgets of the National Student Financial Aid Scheme (NSFAS), the Council on Higher Education (CHE), the Quality Council for Trades and Occupations (QCTO), and the South African Qualifications Authority (SAQA), reports as follows:

**1.1. Purpose of the Report**

The purpose of this report is to account in accordance with Rule 166 of the Rules of the National Assembly for work done by the Committee in considering the 2015/16 – 2019/20 Strategic Plans, the 2018/19 Annual Performance Plans and budgets of NSFAS, the CHE, the QCTO, and SAQA submitted in accordance with Public Finance Management, 1999 (Act No. 29 of 1999) Section 27 (1); and as referred by the Speaker of the National Assembly to the Committee in terms of Rule 338 for consideration and reporting in terms of Rules 339 and 340 respectively.

**1.2. Mandate of Committee**

Section 55(2) of the Constitution of the Republic of South Africa stipulates that “the National Assembly (NA) must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) national executive authority, including the implementation of the legislation; and (ii) any organ of state”. Rule 227 of the Rules of the National Assembly (9th edition) provides for mechanisms contemplated in section 55(2) of the Constitution.

The Committee oversees the implementation of the following Acts:

Higher Education Act, 1997 (Act No.101 of 1997), National Student Financial Scheme Act, 1999 (Act No. 56 of 1999), Continuing Education and Training Act, 2006 (Act No. 16 of 2006), National Qualifications Framework Act, 2008 (Act No. 67 of 2008), Skills Development Act, 1998 (Act No. 97 of 1998), Skills Development Levies Act, 1999 (Act No. 9 of 1999) and General and Further Education and Training Quality Assurance Act, 2001 (Act No. 58 of 2001).

**1.3. Method**

In preparation for the consideration of the Strategic Plan 2015/16 – 2019/20 and the Annual Performance Plan 2018/19 of the entities, the Committee considered key government policy documents relevant to the work of the Department, and the entities, including, among others, the National Development Plan (NDP) / the 2014 – 2019 Medium Term Strategic Framework (MTSF), and the 2018 State of the Nation Address (SONA), the Departments of Higher Education and Training and Finance on the 2017 Budgetary Review and Recommendation Report (BRRR).

The Committee convened a briefing session with the Auditor-General of South Africa (AGSA) on the audit outcomes of the Higher Education and Training Portfolio for the 2018/19 Annual Performance Plans on 14 March 2018. The Committee also convened meetings with NSFAS and the CHE on 18 April 2018 and the QCTO and SAQA on 19 April 2018.

**2. OVERVIEW OF THE KEY POLICY FOCUS AREAS RELEVANT FOR THE ENTITIES**

**2.1. Relevant Government policy documents**

**2.1.1. The National Development Plan (NDP), Vision 2030 and the 2014 – 2019 Medium Term Strategic Framework (MTSF)**

The 2014-2019 MTSF, which is a five-year strategic plan of government, forms the first five-year implementation phase of the NDP. The aim of the Framework is to ensure policy coherence, alignment and coordination across government plans as well as alignment with the budgeting process. The Department is responsible for Outcome 5: “*A skilled and capable workforce to support an inclusive growth path”*.

The NDP commits NSFAS to support an increased in participation rates at Technical and Vocational Education and Training (TVET) Colleges and in the higher education sector. It states that all students who qualify for the National Student Financial Aid Scheme should be provided with access to full funding through loans and bursaries to cover the costs of tuition, accommodation and other living expenses.

For the Quality Assurance Councils, both the NDP and the MTSF make a call for the education, training and innovation system, which should cater for different needs and produce highly skilled individuals, and for production of graduates of the post-school system to have adequate skills and knowledge to meet the current and future needs of the economy and society. The White Paper for Post-School Education and Training further commits them to ensure that there are no dead ends within the post-school education and training system.

**2.1.2. 2018 State of the Nation Address (SONA)**

During the 2018 State of the Nation Address, Hon C Ramaphosa reaffirmed the fee-free education policy for children of the poor and working class. President Ramaphosa reaffirmed the government’s position that fee-free higher education and training will be available to first-year students from households with a gross combined annual income of up to R350 000 per annum in 2018, starting with the first-time entering students at universities.

**3**. **OVERVIEW AND ASSESSMENT OF THE NATIONAL STUDENT FINANCIAL AID SCHEME (NSFAS) 2015/16 – 2019/20 REVISED STRATEGIC PLAN, 2018/19 APP AND MTEF BUDGET**

**3.1. NSFAS Mandate**

The National Student Financial Aid Scheme (NSFAS) was established in terms of the National Student Financial Aid Scheme Act, 1999 (Act No. 56 of 1999). Its main mandate is to provide loans and bursaries to eligible students, developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training, raising funds, recovering loans, maintaining and analysing a database, undertaking research for the better utilisation of financial resources, and advising the Minister on matters relating to financial aid for students.

**3.1.1. Analysis of the revised 2015/16 – 2019/20 Strategic Plan**

In light of the pronouncement of fee-free education policy, NSFAS revised its 2015/16 – 2019/20 Strategic Plan to adjust the MTSF targets in line with the new funding policy. NSFAS has revised upwards the two targets, the number of eligible TVET College students obtaining financial aid and the number of eligible university students obtaining financial aid as follows:

**Table 1: Revised impact indicator after fee-free education pronouncement**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **No** | **Impact indicator** | **DHET 2019/20 before new policy** | **DHET Revised 2019/20 MTSF** | **Baseline (2017 academic year)** | **2018 academic year (projection)** | **2019 academic year (projection)** | **2020 academic year (projection)** |
| **3** | Number of eligible TVET College students obtaining financial aid | 200 000 eligible TVET College students obtaining financial aid | 481 111 eligible TVET College students obtaining financial aid | 230 469 eligible TVET College students obtaining financial aid | 293 925 eligible TVET College students obtaining financial aid | 400 920 eligible TVET College students obtaining financial aid | 420 367 eligible TVET College students obtaining financial aid |
| **8** | Number of eligible university students obtaining financial aid | 205 000 eligible university students obtaining financial aid | 300 000 eligible university students obtaining financial aid | 230 068 eligible university students obtaining financial aid | 290 184 eligible university students obtaining financial aid | 377 050 eligible university students obtaining financial aid | 469 978 eligible university students obtaining financial aid |

**3.2.** **Overview and assessment of the NSFAS 2018/19 MTEF and 2018/19 Annual Performance indicators and targets.**

**3.2.1. Overview and assessment of the NSFAS 2018/19 Medium-Term Expenditure Framework (MTEF) Budget**

For the 2018/19 financial year, NSFAS received a total budget of R24.7 billion. The budget is made up of R1.6 billion entity's revenue (R23.9 million from administration fees and R1.5 million of interests), R23.1 billion (R20.0 billion DHET Loans and Bursaries; R269.1 million DHET Administration Grant, R1.5 billion from other government departments, R1.5 billion Department agencies and accounts and R252.1 million from higher education institutions). The overall budget is projected to grow to R35.5 billion and R40.2 billion in the two outer years of the METF.

The significant increase in the budget is towards the realisation of the fee-free education policy as pronounced by the former President Zuma on 16 December 2017 and reiterated by President Ramaphosa in the 2018 State of the Nation Address. The increase, especially the DHET Loans and Bursaries from R12.3 billion in 2017/18 to R20.1 billion in 2018/19 is to expand access to education and training of students TVET College and university students coming from poor and working class households with an average annual income of up to R350 000 per annum. Of this programme budget, R22.8 billion is allocated for bursaries and R102 million is for operations. Budget for bursaries is projected to grow by 66.5 percent over the MTEF period.

In terms of expenditure estimates for the 2018/19 financial year, programme 1: Administration budget amounts to R191 million. The programme received a budget cut of R15.6 million from R206.5 million allocated in 2017/18. Student-Centred Financial Aid programme received a total budget of R22.9 billion. The budget increased significantly by R12.8 billion from R10.4 billion allocated in 2017/18.

In terms of economic classification, R181.6 million is for compensation of employees for the 2018/19 financial year. The allocation for compensation of employees accounts for 0.78 percent of the NSFAS total budget. The budget increased by 15.78 percent (R24.7 million) in nominal terms from R156.7 million in 2017/18. The budget is projected to grow by 15.9 percent over the MTEF period. The allocation for spending on goods and services for 2018/19 amounts to R103 million. This budget accounts for 0.44 percent of NSFAS total budget. The budget decreased by R17.1 million, which represents a 14.26 percent decrease. The budget is projected to grow by 11.3 percent over the MTEF period.

Transfers and subsidies received a total allocation of R22.8 million, which accounts for 98.74 percent of the total budget of the entity. The budget is expected to grow by 66.5 percent over the MTEF period. Payments for capital assets allocation for the 2018/19 financial year amounts to R8.6 million. The budget decreased by 39.95 percent (R5.7 million) from R14.3 million in 2017/18. The budget for payments for capital assets will further decrease to R6.4 million and R6.7 million in the two outer years of the MTEF.

**3.2.2. Analysis of the Annual Performance Plan (APP) 2018/19**

The National Student Financial Aid Scheme has two budget programmes, Administration and Student-Centred Financial Aid. The targets have been developed under four perspectives, Financial Perspective, Stakeholder Perspective, Internal Process Perspective and Learning and Growth Perspective.

**3.2.2.1. Programme 1: Administration**

The purpose of the programme is to conduct the overall management, administration and governance of the entity and to provide efficient and effective support services to sustain the new student-centred operating model. This programme received an allocation of R191 million for 2018/19. The budget will among others support its Internal Processes Perspective achieve a clean audit and to maintain Corporate Governance of Information and Communication Technology Assessment Standards. NSFAS also planned to complete LBC 360-degree assessment for 70 percent of employees in levels 11 and above and to have an employee engagement index of 80 percent.

**3.2.2.2. Student-Centred Financial Aid**

The purpose of this programme is to improve the provision of financial aid to an increasing number of eligible students and to improve the efficiency of the application and funding of students. The Programme has four service units: Loans and Bursaries Administration, sBux, Contact Centre and Research and Policy.

The programme received an allocation of R22.9 billion for the 2018/19 financial. The budget will enable the Scheme to continue its focus on increasing the amount of funds (Rand Value) by raising R11 million from new funders and to increase the amount of money recovered from debtors by 25 percent on the 2017/18 actual collections. The Scheme will also focus in 2018/19, to have 80 percent of all applications received by 30 November, where provisional funding decisions are communicated to applicants by 31 January each year, to disburse allowances directly to students at have 24 institutions, to pay first instalment amounts of 80 percent of students to the institution within 30 days from Loan Agreement Form Schedule of Particulars (LAFSOP) acceptance, to pay first instalment of allowances to 90 percent of students (where NSFAS disburses directly to students) within 10 days of LAFSOP acceptance date, to have 90 percent of amounts due to institutions in respect of LAFSOP accepted by 30 November which are paid to institutions by 31 December each year, to have 90 percent of allowances due to students in respect of LAFSOPs accepted by 30 November (where NSFAS disburses directly to students) which are paid to students by 31 December each year and to produce four research reports for the better utilisation of financial resources.

**4.** **OVERVIEW AND ASSESSMENT OF THE COUNCIL ON HIGHER EDUCATION (CHE) 2015/16 – 2019/20 REVISED STRATEGIC PLAN, 2018/19 APP AND MTEF BUDGET**

**4.1. The CHE Mandate**

The South African Council on Higher Education (CHE) is an independent statutory body established in terms of the Higher Education Act No. 101 of 1997, as amended. The mandate of the CHE as the Quality Council for Higher Education is to advise the Minister of Higher Education and Training on all higher education issues, and is responsible for quality assurance and promotion through the Higher Education Quality Committee (HEQC).

**4.2.** **Overview and assessment of the CHE 2018/19 MTEF and 2018/19 Annual Performance indicators and targets.**

**4.2.1. Assessment of the overall budget allocation and expenditure estimates: 2018/19 financial year.**

For the 2018/19 financial year, the CHE has a total of R55.6 million. The budget increased by R1.0 million in nominal terms, and decreased by 3.42 percent (R1.9 million decrease) in real terms when factoring in inflation. The budget allocation is projected to grow by R3.1 million in 2019/20. A significant increase is projected for the last year of the MTEF period, 2020/21 to R181.8 million. The increase is meant to accommodate the institutional audit that would be conducted.

The budget of the CHE is shared among the four programmes, Administration, Institutional Quality Assurance, Research, Monitoring and Advice and Qualifications Management and Programme Review. Administration budget for the 2018/19 is R23.4 million, which decreased by 22.67 percent in real terms from R28.6 million allocated in 2017/18. This programme accounts for 42.05 percent of the total allocation of the CHE. Institutional Quality Assurance received an allocation of R16.8 million, which accounts for 30.32 percent of the CHE’s total budget. The budget increased by 4.14 percent in nominal terms from R16.2 million allocated in 2017/18. The programme budget is projected to increase to R100.2 million in 2020/21 in line with the CHE’s overall budget increase in the same period. The increase is to cater for institutional audits. Research, Monitoring and Advice and Qualifications Management and Programme Review received allocations of R6.3 million and R9.0 million respectively.

In terms of economic classification, R33.5 million is for compensation of employees for the 2018/19 financial year, which accounts for 60.37 percent of the total budget. The budget for compensation of employees increased by 0.75 percent in nominal terms, which is actually a decrease of 4.50 percent in real terms. The budget is projected to grow to R59.3 million in the 2020/21. Allocation for goods and services amounts to R20.5 million, which decreased by 3.39 percent in nominal terms from R21.2 million allocated in 2017/18. The budget for goods and services is projected to increase to R120.7 million in 2020/21. Payments for capital assets amounts to R1.5 million.

**4.2.2.** **Analysis of the Annual Performance Plan (APP) 2018/19**

The CHE has four budget programmes, namely: Administration, Institutional Quality Assurance, Research, Monitoring and Advice and Qualifications Management and Programme Review. The programmes have a combined total of 54 targets planned for the 2018/19 financial years.

**4.2.2.1. Programme 1: Institutional Quality Assurance**

The purpose of this programme is to advance the realisation of Strategic Goal 1. The programme develops and implements processes to inform, assure, enhance, and promote quality in higher education institutions (HEIs). The programme has three sub-programme, Programme Accreditation, Quality Enhancement Project (QEP): up to 2017/18 financial year, and Institutional Audits: from 2019. For the 2018/19 financial year, the programme will focus on producing 2 reports on institutional assessments on quality assurance systems, to have 75 percent of submitted applications with a Higher Education Quality Committee (HEQC) outcome within 12 months after the appointment of an evaluator, to have 80 percent of submitted applications with a HEQC outcome within 18 months after the appointment of an evaluator, to have 75 percent of reports tabled at an HEQC meeting 12 months after a site visit, to have piloted revised workflows for programme accreditation and to have Phase 2 institutional submissions analysis report approved.

**4.2.2.2. Programme 2: Qualifications Management and Programme Review**

This programme seeks to advance the realization of strategic goal 3 of the CHE by managing a single integrated national framework of higher education qualifications as a subset of the National Qualifications Framework (NQF); developing qualification standards; and undertaking national reviews in selected programmes and qualification levels. The programme has three sub-programmes: Management of the Higher Education Qualifications Sub-Framework (HEQSF), Development of Qualification Standards and National Reviews with a combined total of eight (8) targets.

For 2018/19, the CHE planned to develop and approved one policy by end of March 2019, to have 2 reports on HEQCIS uploads to the National Learners Record Database (NLRD), to develop and review 3 standards (Doctoral Qualifications, Bachelor of Commerce and Bachelor of Sports Coaching), to develop 2 reports on completed major milestones in each national review by end of March 2018 (approved national report on Bachelor of Laws – Phase 3 and approved activities report on Doctoral qualifications – phase 1).

**4.2.2.3. Research, Monitoring and Advice**

This programme is responsible for researching and monitoring trends and developments in higher education and fostering critical discourse on contemporary higher education issues and providing advice on strategy and policy. The programme has four sub-programmes, Research, Monitoring, Advice and Global trends in quality assurance.

For the 2018/19 the programme have 1 publication recording research findings published and shared by the end of March 2019, to host one event, to have one Vital Stats publication produced and shared by March 2019, to have two Advisory reports submitted to the Minister, and to have 80 percent of requests for advise responded to the Minister of Higher Education and Training by the end of March 2019.

**4.2.2.4. Administration**

The purpose of this programme is to provide strategic direction, corporate services, enabling systems, structures and facilities in support of the core functions. The programme has five sub-programmes, Human Resources Management, Information and Communication Technology, Facilities Management, Finance and Supply Chain Management and Office of the Chief Executive Officer.

For the 2018/19 financial year, the programme to, among others, to produce 1 report on the implementation of an integrated online CHE management information system, to develop 2 ICT policies and review 1 framework, to review and approve 4 policies, to have 31 staff training interventions, to have 85 percent of approved posts on the organisational structure filled, to have 2 finance and supply chain management policies, framework, guidance and procedures developed and approved, to have 100 percent average of eligible suppliers paid within 30 days, and to have 5 international partnerships and cooperation activities or events.

**5.** **OVERVIEW AND ASSESSMENT OF THE QUALITY COUNCIL FOR TRADES AND OCCUPATION (QCTO) 2015/16 – 2019/20 REVISED STRATEGIC PLAN, 2018/19 APP AND MTEF BUDGET**

**5.1. The QCTO Mandate**

The QCTO was established as a juristic person in 2010 in terms of the Skills Development Act (SDA), 97 of 1998 as amended in 2008. The QCTO is one of three Quality Councils (QCs) responsible for a part of the National Qualifications Framework (NQF), which is the Occupational Qualifications Sub-Framework (OQSF).

**5.2. Overview and assessment of the QCTO 2018/19 MTEF and 2018/19 Annual Performance indicators and targets**

**5.2.1. Assessment of the overall budget allocation and expenditure estimates: 2018/19 financial year**

The QCTO budget for the 2018/19 financial year amounts to R114 million. The budget is made up of R27.380 million from the voted funds (DHET Grant Allocation) and R86.7 million allocated in terms of the SETA Grant Allocation. The budget increased by R18.7 million, which represents 19.7 percent in nominal terms, from R95.3 million allocated in 2017/18. The overall budget is projected to increase by 17.4 percent over the MTEF period. The voted funds (DHET Grant Allocation) are projected to grow by an annual growth rate of 4.3 percent between 2017/18 – 2020/21.

In terms of economic classification, R63.1 million is for compensation of employees for the 2018/19 financial year. The allocation for compensation accounts for 55.35 percent of the QCTO’s total budget. The budget increased by 19.85 percent (R10.5 million) in nominal terms from R52.6 million in 2017/18. The budget is projected to grow to R74.4 million and 87.9 million in the two outer years of the MTEF respectively. The allocation for spending on goods and services for the 2018/19 amounts to R44.2 million. This budget accounts for 38.73 percent of the QCTO’s total budget and has increased by 16.64 percent from the allocation of R37.9 million in 2017/18. Allocation for capital expenditure for the 2018/19 is R6.7 million and the budget increased by 42.14 percent (R2 million) from R4.7 million in 2017/18.

**5.2.2. Analysis of Annual Performance Plan (APP) 2018/19**

The Council has retained its three budget programmes, which are: Administration, Occupational Qualifications and Quality Assurance.

**5.2.2.1. Programme 1: Administration**

The purpose of the Programme is to enable QCTO performance through strategic leadership and reliable delivery of management support services. This programme falls under the Strategic Outcome Oriented Goal 1: To create a sustained organisation.

The Programme had one indicator in 2015/16. For 2018/19, the Council will approve an ICT MSP implementation plan and implement Marketing and Communication Strategy.

**5.2.2.2. Programme 2: Occupational Qualifications**

The purpose of the Programme is to ensure that occupational qualifications registered on the Occupation Qualifications Sub-Framework are available and Skills Development Providers (SDPs) that offer occupational qualifications are accredited within a reasonable period and ensure credibility of providers. This programme falls under the Strategic Outcome Oriented Goal 1: Competent people in priority trades and occupations. This Programme is fundamental in delivering on the mandate of the organisations as stipulated in the Skills Development Act.

For 2018/19, the Council planned to recommend 30 prioritised occupational qualifications to South African Qualifications Authority (SAQA) for registration on the Occupational Qualifications Sub-Framework (OQSF); to monitor 100 percentage prioritised registered occupational qualifications with enrolment (based on new Occupational Qualifications Development Model); to have 90 days average turnaround time from date of receipt of duly completed accreditation application to date of issuance of accreditation letter to skills development providers offering newly registered occupational qualifications (in working days); to have 90 days average turnaround time from date of receipt of duly completed accreditation letters to skills development providers offering NATED Report 190/1 part qualifications(in working days); to have 40 Learner Qualifications Development Facilitators enrolled on training programme to facilitate the development of occupational qualifications; and to have 4 reports on reconstruction N4-N6 part qualifications submitted for consideration to the Occupational Qualifications Committee.

**5.2.2.3. Quality Assurance**

The purpose of this Programme is to establish and maintain standards for Quality Assurance of Assessments and Certification for Occupational Qualifications on the Occupational Qualifications Sub-Framework. The programme also falls under Strategic Outcome Oriented Goal 1: Competent people in priority trades and occupations. There are two strategic objectives under this programme which are: to ensure that the Quality Assurance System for the implementation of registered occupational qualifications is functional, effective and efficient; and Certification: Learner achievements of qualifications on the OQSF quality assured and certified as prescribed in QCTO policies.

The programme planned to have 100 percent of Assessment Centre Accreditations processed within the turnaround time (30 working days); to process 100 percent of Assessment Quality Partner (AQP) delegation approvals; to monitor 100 percent of Quality Assurance Partners (QAPs) against QCTO compliance standards; to have 8 of 8 quality assurance functions delegated to QAPs (SETAs and SAQA accredited Professional Bodies) taken up by the QCTO; to have N4-N6 part qualifications quality assured against QCTO standards; to have 100 percent Certificates issued within the turnaround time (21 working days); to submit 100 percent of learner achievement data to the NLRD in accordance with the NLRD specifications; and to have 100 percent of verifications requests for certificates issued by the QCTO verified within turnaround time (5 working days).

**6.** **OVERVIEW AND ASSESSMENT OF THE SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA) 2015/16 – 2019/20 REVISED STRATEGIC PLAN, 2018/19 APP AND MTEF BUDGET**

**6.1. The SAQA Mandate**

The South African Qualifications Authority (SAQA) is a statutory body established in terms of the South African Qualifications Act, (Act No. 58 of 1995). It continues to exist under the National Qualifications Act (Act No. 67 of 2008). The NQF Act positions SAQA as the oversight body of the NQF and the custodian of its values. SAQA is responsible for coordinating the work of the Quality Councils (Umalusi, Council on Higher Education, and the Quality Council for Trades and Occupations) and other NQF partners.

**6.2. Overview and assessment of the SAQA 2018/19 MTEF and 2018/19 Annual Performance indicators and targets**

**6.2.1. Assessment of the overall budget allocation and expenditure estimates: 2018/19 financial year**

SAQA’s total for the 2018/19 financial year, is R135.4 million. The budget increased by 13.6 percent (R16.2 million) in nominal terms from R119.1 million in 2017/18. The budget is projected to grow to R139.9 million and R147 million in 2019/20 and 2020/21 respectively. Of the total budget R66.7 million is a government grant from the Department of Higher Education and Training. The DHET grant to SAQA is projected to increase to R70.4 million in 2019/20 and R74.3 million in 2020/21 respectively.

The budget is shared among the six budget programmes, Administration and support, Recognition and Registration, National Learners Records Database Including Verifications, Foreign Qualifications Evaluation and Advisory Services, Research and International Liaison.

The Administration Support programme received an allocation of R68.8 million for 2018/19, which increased by 24.36 percent (R13.5 million) in nominal terms from R55.3 million in 2017/18. This programme accounts for 50.82 percent of the total allocation of SAQA. Foreign Qualifications Evaluation and Advisory Services received an allocation of RR29.7 million, which accounts for 21.95 percent of the SAQA’s total budget. The budget increased marginally by 0.35 percent in nominal terms, which represents a decrease of 4.88 percent in real terms from R16.2 million allocated in 2017/18. In the two outer years of the MTEF period (2019/20 and 2020/21) the programme budget is projected to increase to marginally to R31.4 million and R33.1 million respectively. The National Learners Records (NLRD) database including, Verifications received an allocation of R18.1 million, which is the third largest programme allocation, followed by Recognition and Registration programme at R10.0 million. The two programmes accounts for 13.41 percent and 7.41 percent of the total SAQA budget respectively.

In terms of economic classification, R89.8 million is for compensation of employees for the 2018/19 financial year. The budget increased by R5.0 million from R84.7 million in 2017/18 and it is projected to increase to R94.7 million and R99.9 million in the two outer years of the MTEF period. The allocation for goods and services amounts to R40.4 million and allocation for payment capital assets amounts to R5.2 million. The budget for payment for capital assets is projected to decrease to R3.9 million and R3.6 million in 2019/20 and 2020/21. This is mainly due to the projected decrease in the allocation of computer equipment.

**6.3. Overview and assessment of the 2018/19 Annual Performance Plan (APP)**

SAQA has six budget programmes, Administration, Registration and Recognition, National Learners Records Database and Verifications, Foreign Qualifications Evaluation and Advisory Services, Research and International Liaison.

**6.3.1. Programme 1: Administration and Support**

This programme covers the activities of the Executive Office and the following Directorates: Human Resources; Information Technology, Finance and Administration; Advocacy, Communication and Support and International Liaison.

For the 2018/19, SAQA through its executive Office will: monitor and oversee the implementation of the NQF Implementation Framework for 2015 – 2020, complete a report on progress with implementation of Ministerial Guidelines, negotiate with the Department of Justice to get updates for Register of Fraudulent Qualifications, develop a new Action Plan for Articulation, provide advice to the Minister of HET on all requested matters, or as and when deemed necessary, provide input and comments on draft polices/ legislation if required, to establish Articulation Ombuds function if approved by the Minister.

With regard to Finance and Administration, the Authority focus on achieving a clean audit and 100 percent compliance with National Treasury requirements. For the Human Resources, SAQA planned to submit Workplace Skills Plan, Annual Training Report and Employment Equity Plan by the stipulated deadline, to approve 100 percent of staff contracts and assess 100 percent of staff, and to recognise and reward 100 of staff who qualify.

On Information Technology, SAQA planned to migrate three directorate documents from DocBox file shared folders to Knowledge Management System, to update and get approval for the revised ICT Enterprise Architecture, to provide evidence of compliance with catalogued IT governance legislation, regulations and codes of best practice. For Advocacy, Communication and Support, the Authority planned to have implementation of the recommendations of the review of the NQF Advisory Service, to record of 3.8 million interacting with content on SAQA/NQF digital platforms, and to maintain over 90 percent rating for awareness.

**6.3.2. Programme 2: Registration and Recognition**

The programme is responsible for advising the Ministers and informing policy-makers and making recommendations on all matters relating to the NQF in South Africa; Coordination of the work of education and training partners to ensure systemic coordination, coherence, articulation and implementation in overseeing the further development of the NQF to the benefit of learners, in line with and responsive to national education and training imperatives. The programme also registers high quality, nationally relevant and internationally comparable qualifications and part-qualifications that meet national criteria and articulate across sub-frameworks, and to recognise Professional Bodies and register professional designations on the NQF.

For the 2018/19, the programme planned to process 100 percent of qualifications and part-qualifications recommended by the QCs, to process 100 percent of applications for the recognition of professional bodies and registration and their professional designations, to monitor 100 percent of professional bodies that were recognised in the 2016/17 financial year, against the policy and criteria, and to monitor all qualifications registered from 2009 for learner uptake and de-register qualifications with no learner uptake after two years of registration.

**6.3.3. Programme 3: National Learners Records Database and Verifications**

The programme is responsible to maintain and further develop the National Learners’ Records Database (NLRD) as the key national source of information for human resource and skills development in policy, infrastructure and planning. The targets planned for the 2018/19 are to: receive data from QCs twice a year and load 100 percent of all data that meet the criteria, to receive from professional bodies twice a year and load 100 percent of all data that meet criteria, to make available all 7 searchable databases at least 95 percent of the time and to produce a report per quarter on learner achievements added to the NLRD. With regard to the verifications project, to process 100 percent of applications received for the verification of national qualifications in the financial year, to invoice 100 percent of clients within 30 days of closing a batch and to produce a progress report for each quarter within 15 days after the end of the quarter.

**6.3.4. Programme 4: Foreign Qualifications Evaluation and Advisory Services**

The programme maintains and develops SAQA’s role as the national source of advice on foreign and domestic learning and qualifications. The targets planned for the year are: to produce a monitoring report on the implementation of the approved Policy and Criteria for the Evaluation of Foreign Qualifications within the South African NQF, as amended, with specific reference to the framework for the recognition of deviation and exception cases, and to register and activate 100 percent of all applications for further processing.

**6.3.5. Programme 5: Research**

This programme is responsible for advising the Minister of Higher Education and Training, and to inform policy-makers and make recommendations on all matters relating to the NQF and education and training in South Africa; to conduct/commission research together with research partners, and publish reports on issues of importance to the development and implementation of the NQF, including periodic studies of the impact of the NQF, to produce a detailed report on progress made with current partners, to finalise and get Board approval for the 2017 NQF Impact Study Report, to commence with the conceptualisation of the 2021 NQF impact Study and to provide support for Articulation Ombuds if required.

**6.3.6. Programme 6: International Liaison**

The programme contributes to the development of a world class NQF for South Africa through collaboration with international partners on matters concerning qualifications frameworks. For 2018/19, SAQA planned to produce two documents on international best practices, to produce one benchmarking report or convene a benchmarking workshop, to attend two international forums, to produce trend reports, to convene one stakeholder workshop, and to produce/review one guideline policy.

**7. ALIGNMENT OF NSFAS, CHE, QCTO AND SAQA 2015/16 - 2019/20 STRATEGIC PLANS AND THE 2018/19 APPS WITH THE RELEVANT FRAMEWORKS AND INSTRUCTIONS.**

The Strategic Plans and the Annual Performance Plans of NSFAS, the CHE, the QCTO and SAQA meets the technical requirements as prescribed by the National Treasury Strategic Plan and Annual Performance Framework. The Strategic Plans of the Entities contain the elements such as a vision, mission and values of the organisation; legislation and policy; situational analysis and strategic outcome oriented goals of the entity. They also contain the strategic objectives, which stipulate the programmes purpose, objectives, resource consideration and risk management.

The APPs contain the updated situation analysis, revisions of legislative and other mandates and overview of budget estimates and the Medium-Term Expenditure Framework. (MTEF). They also detail the programmes and sub-programmes, programme purpose, for each programme, reconciling performance targets and budget, SMART annual and MTEF targets for strategic objectives, programme performance indicators with SMART annual and MTEF targets and quarterly targets for indicators.

Section 53(3) of the PFMA states that a public entity must submit a budget in terms of subsection (1) may not budget for a deficit and may not accumulate surpluses unless prior written approval of the National Treasury has been obtained. Sub-section 53 (4) further states that the accounting Authority for such a public entity is responsible for ensuring that expenditure of that public entity is in accordance with the approved budget. The CHE, the QCTO and SAQA have not budgeted for deficits nor surpluses. Their total income equals the total expenditure estimates. The National Student Financial Aid Scheme has not adhered to Section 53(3), its projected expenditure estimates of R23.5 billion for the 2018/19 is R1.2 billion lower than the total revenue of R24.7 billion.

NSFAS, the CHE, the QCTO and SAQA have also effected cost-containment measures in their projected spending for the 2018/19 financial year. This is in adherence of National Treasury Instruction No. 02 of 2016/1 on Cost containment measures.

**8. OBSERVATIONS**

The following formed part of the key observations:

**8.1. National Student Financial Aid Scheme**

* The significant increase in the funding of the entity from R15 billion in 2017/18 up to R38 billion in 2020/21 is commendable. The increase will assist the entity in the implementation of fee-free higher education aimed at increase access for students coming from the poor and working class family households. The additional allocation of R105 million over the MTEF aimed at supporting and improving its administration to enable effective management of the increased funding is commendable. This will address the IT and human resources challenges and to improve turnaround times in the processing of applications, disbursement of funds to students and institutions.
* The upward review of the MTSF targets for eligible TVET Colleges and university students obtaining financial aid to align with the new funding policy is commendable as this will ensure both access to and success of students in the PSET system. It is commendable that the policy will provide the full cost of study for students, which will ensure improved retention and success rates.
* The delays by students at higher education and training institutions in signing the loan agreement forms and schedule of particulars (LAFSOP) continue to hamper the ability of the entity to administer the payment of student allowances. In addition, the poor integration between NSFAS and the institution’s IT systems compounds the situation.
* The entity continues to struggle in recouping outstanding debts from its former beneficiaries.
* The inefficiencies with the roll-out of the student-centred model contributes to the sporadic student protests across the PSET institutions. The communication between NSFAS and the PSET institutions is a cause of concern.
* The sBux system used by NSFAS for the payment of student allowances in PSET has serious shortcomings. Moreover, the ability of the entity to monitor and detect the abuse of the system by students remains a challenge.
* The entity’s visibility and accessibility to the public remains a concern. NSFAS has been struggling to acquire new premises which could be easily accessible to the public.
* The stakeholders in the PSET sector, in particular the student leadership does not seem to understand the new fee-free education policy. This has resulted in some students resisting to sign the loan agreement forms.

**8.2.** **Council on Higher Education**

* The Council has a total budget of R55.6 million for 2018/19, which increased by R1.0 million in nominal terms and decreased in real terms by 3.42 percent when factoring inflation. Of importance to note is that the DGET Grant allocation to the CHE is not growing significantly and this impact on the ability of the Council to improve its administrative capacity to discharge its quality assurance, accreditation of higher education qualifications, maintaining the Higher Education Qualification Sub-Framework. Furthermore, the mandate of the Council is expanded without commensurate funding. The funding constraints will further jeopardize its work to support the higher education and training sector and by ensuring that the goal of providing quality higher education in South Africa which is internationally comparable is realised.
* The budget allocation for compensation of employees for the 2018/19 financial year decreased by 4.50 percent in real terms, and this has put a strain on the Council to fill critical posts because there is no room within the current budget to increase personnel.
* The Higher Education Act, 101 of 1997 section 10 (1) (b) and (c) provides that the CHE can derive income from services rendered. The CHE is deriving income from services is uncertain as the Council cannot predetermine the number of application requests and it would be risky to budget on income uncertainty.
* The delays in the filling of vacant posts are a cause of concern.
* The use of external expertise/peer academics who at time do not deliver on time or to the expected quality remains a challenge.
* The turn-around time in the processing of applications for accreditation from private higher education institutions remains a concern.

**8.3. Quality Council for Trades and Occupations**

* The QCTO total budget for 2018/19 is R114 million, which increased by R18.7 million from R95.3 million allocated in 2017. The DHET Grant allocation to the SETA is R27.4 million. National Treasury approved a budget cut of R1 million over the MTEF period, which will adversely affect the work of the Council. Compounding the financial constraints, is the SETA Levy Grant annual fluctuation which makes it extremely difficult for the QCTO to plan ahead. There is already an estimated decline of R1.051 billion in the collection of the skills levy for the 2018/19 financial year. This will impact on the QCTO as 70 percent of its come is from the SETAs.
* The focus of the entity’s work for the 2018/19 is quality assurance and development new occupational programmes to address skills shortages in critical sectors to grow the economy as well as the review of the NATED outdated curriculum. This is critical in increasing the skills pool of the country. Similar to the CHE, the mandate of the QCTO is also expanded by the implementation of the new policies and there is no funding to support the expanded mandate.
* Furthermore, if the entity does not get additional allocation, the bulk of the activities supporting quality assurance of trades and occupational programmes will still have to be conducted by the SETAs and professional bodies with the QCTO retaining accountability through a light touch quality assurance approach.
* The Skills Development Act makes provision for the QCTO to generate income from other sources. However, the income generated from other sources is very minimal and the receipt thereof is uncertain. The entity is unable to pre-determine the number of requests it can receive for verification and certification.
* The NATED curricula for TVET colleges is outdated and not responsive to the demands of the economy. There have been delays in the reconstruction of the NATED curricula. However, the entity indicated that it has made some progress in reconstructing the N4-N6 programmes categorized as business and general studies. Furthermore, engagements are underway with the University of Witwatersrand and Venda to reconstruct the engineering programmes.
* The progress in the training and development of people with short-term skills required by the economy is not commensurate with the expectations in society.
* The low uptake of trade assessments of candidates with experiential learning, but not formal qualifications remains a concern towards achieving the NDP target of producing 30 000 artisans per annum by 2030.

**8.4. South African Qualifications Authority**

* SAQA’s budget for 2018/19 is R135.4 million, which increased by 13.6 percent from R119.1 million in 2017/18. R66.7 million of this budget is DHET Grant Allocation. SAQA received a budget cut of R2 million over the MTEF period. The budget The ability of the entity to oversee the development and implementation of the NQF, continue verification of qualifications will be limited by resource constraints. SAQA is unable to maintain its IT infrastructure with the current limited funding available. The goal of the entity in becoming a technology-driven organisation is severely hampered by a lack of funding.
* The entity has been able to achieve more with less over the years, its mandate is expanding without commensurate funding. The new mandates include overseeing of the implementation of 2017 Articulation Policy for the Post-School Education and Training System in South Africa, the establishment of an Articulation Ombuds Function by SAQA to respond to requests from public to resolve issues relating to articulation, and the implementation of the National Policy on the Misrepresentation of Qualifications. The Department of Higher Education and Training will table to Parliament the National Qualifications Amendment Bill, and this envisaged may further expand the mandate of the QCs.
* The inability of government departments/entities to settle their outstanding debts with SAQA remains a serious concern given the limited resources of the entity. As a result, SAQA has suspended the verification services to all clients that have outstanding debt for longer than the 30 days. The matter was reported to the DHET and Public Service Commission. Moreover, SAQA has amended its policy so that if debtors do not pay, the outstanding debt would be handed over to collection agencies. The government departments and entities would be liable for legal collection costs.
* The ability of the entity to oversee the development and implementation of the NQF given its limited resources is commendable.
* The entity has appointed its first black female Chief Financial Officer (CFO) since its establishment.
* The entity needs to raise an additional R10 million at minimum to maintain its status quo and significant increases in excess of the usual inflationary increase to its baseline funding going forward.
* SAQA is unable to maintain its IT infrastructure with the current limited funding available. The goal of the entity in becoming a technology-driven organisation is severely hampered by a lack of funding.
* SAQA has submitted the issue of its budget to the Minister of Higher Education and Training and the Department consistently over many years. However, the response has not been positive, instead and the entity was informed about the R2 million.

**9. SUMMARY**

The work of the Quality Councils, including SAQA continues to support the national policy to create seamless, coordinated PSET system that is responsive to the needs of individual citizens, employers in both the public and private sectors, as well as broader societal and development goals. The focus on improving quality assurance of the higher education programmes and trades and occupational programmes in the PSET sector as well as ensuring articulation between the different components of PSET sector, and to ensure that students never gain a terminal qualification that prevents them from gaining further training in other institutions is commendable.

The National Student Financial Aid Scheme supports government’s priority to increase access of students to TVET Colleges and higher education institutions to meet the NDP/MTSF priorities. The Scheme received an allocation of R24.7 billion in 2018/9. Funding allocation for the Scheme will grow by an annual average growth rate of 51.6 percent between 2017/18 – 2020/21 to progressively support implementation of fee-free education policy. In line with this new funding provision, NSFAS has also revised upwards the targets of the eligible TVET College and University students obtaining financial assistance to align with the new funding provision that is aimed at benefiting students coming from poor and working class family households with gross annual income of R350 000 per annum. The new funding provision will cater for first entry university students and phased in over a five-year period. The President reiterated in his State of the Nation Address (SONA) 2018 that funding increases will also be determined by the growth in the economy.

The quality councils (QCs) and SAQA are operating with very limited resources at their disposal. There has been a decline in the past two financial years in the government subsidies which is their biggest portion of their budget. As much as legislation enables these QCs to derive their income from other sources, it has proved difficult to generate increased income from these unpredictable revenue sources. The entities emphasised that if additional funding is not allocated to fund their expanding mandate, there is a risk in the achievement of their APP 2018/19 performance indicators.

**10. RECOMMENDATIONS**

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

**10.1. National Student Financial Aid Scheme**

* The Department working with the NSFAS must progressively work towards completing the full review of the NSFAS Act and Regulations. The full review was meant to have been completed in March 2018.
* NSFAS must strengthen its plans to ensure that necessary improvements are put in place to increase its capacity to implement its new mandate of administering and rolling- out free education.
* NSFAS must indicate how and what measures will be put in place to overcome the challenge of loan recoveries.
* The Department working with institutions and NSFAS must introduce student support systems to ensure that those benefitting from NSFAS receive additional academic and psycho- social support to increase their chances of success.
* The integration of NSFAS IT systems with that of the universities and TVET colleges should be fast tracked to eliminate the inefficiencies in the processing of outstanding claims by students.
* The entity should embark on a stakeholder dialogue to communicate the implementation of the student-centred model, which seems to be less understood by students in the PSET sector.
* The entity should prioritise the processing of outstanding claims due to students as far back as 2016.
* The entity should fast track the process of acquiring new premises which would be easily accessible to the public.

**10.2. Council on Higher Education**

* The MTSF states that to deliver the skills needed by the economy, one of the key actions is to put in place a post-school articulation policy to ensure greater articulation between the different components of post-school education and training, and to ensure that students never gain a terminal qualification that prevents them from gaining further training in other institutions. The CHE has been assigned more functions through the Draft National Policy on the Misrepresentation of Qualifications and to implement the Articulation Policy for the PSET System in South Africa. Consideration for additional funding should be made for the CHE to improve its administrative capacity as well as to implement the unfunded mandates.
* The filling of critical vacancies should be prioritised to improve the internal capacity of the organization.
* The appointment of permanent senior academics to assist with the backlog in the processing of applications for accreditation from private higher education institutions should be fast tracked.
* The Department must in-line with the first objective of the CHE (to improve the CHE’s role as a quality assurer) assist the CHE to deal with the high volume of applications for accreditation.
* As per the NDP, the quality councils need to review how they achieve their mandates in-line with building a strong and streamlined quality assurance and qualification system.

**10.3. Quality Council for Trades and Occupations**

* The expansion of the entity’s mandate should be followed by requisite funding.
* The reconstruction of the NATED curriculum should be fast tracked so that it responds to the needs of the economy.

**10.4. South African Qualifications Authority**

* Additional allocation should be made to the entity’s baseline allocation to enable it to exercise its mandate effectively.
* The simplification of the NQF should be undertaken to allow for smooth articulation in the post-school education and training sector.
* The filling of the vacant board position should be prioritised.
* SAQA needs to look into measures on how to retain its staff in order to increase its senior management level.
* SAQA must look at how it can legislatively compel government debtors to ensure that they settle their outstanding debt. A list of these government debtors must be submitted to the committee.

**10.5. Other recommendations**

* The Committee noted with great concern the budget pressures that the Quality Councils, including SAQA experienced. Of great concern to note was the budget cut of the QCTO by R1 million and SAQA by R2 million over the MTEF period. The Committee further noted that the mandates of the QCs, including SAQA have expanded without commensurate funding. The new mandates include the implementation of an Articulation Policy for the Post-School Education and Training System in South Africa, the establishment of Articulation Ombuds function by SAQA and the implementation of the National Policy on the Misrepresentation of Qualifications. The Department of Higher Education and Training will table to Parliament the National Qualifications Amendment Bill, and this envisaged may further expand the mandate of the QCs. It is therefore critical that additional funding be considered to adequately fund the QCs to ensure that South Africans have access to education and training of the highest quality and that the graduates of the post-school education and training system have adequate skills and knowledge to meet the current and future needs of the economy and society as envisaged by the National Development Plan.
* The Committee should engage with the Standing Committees on Appropriations and Finance on the underfunding of the QCTO, the CHE and SAQA.

Report to be considered.