

Report of the Select Committee on Education, Technology, Sports, Arts and Culture on Consideration of Budget Vote 17: Higher Education and Training, Dated 02 June 2021

The Select Committee on Education, Technology, Sport, Arts and Culture (hereinafter referred to as the Committee), having considered the Revised Strategic Plan: 2020 – 2025 and Annual Performance Plan (APP): 2021/22 and budget of the Department of Higher Education and Training (hereinafter referred to as the Department), reports as follows:

1. INTRODUCTION AND MANDATE OF THE COMMITTEE AND THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING

1.1. Purpose of the Budget Vote 17 Report

The purpose of this report is to account for work done by the Committee in considering the Revised Strategic Plan: 2020 – 2025 and Annual Performance Plan (APP): 2021/22 and budget of the Department of Higher Education and Training in accordance with Section 27(1) of the Public Finance Management Act, 1999 (Act No. 29 of 1999), and as referred by the Chairperson of the National Council of Provinces (NCOP) to the Committee in terms of Rule 338 for consideration and reporting.

1.2. Mandate of Committee and the Department

The mandate of Parliament is based on the provisions of the Constitution of the Republic of South Africa, 1996, establishing Parliament and setting out the functions it performs. Parliament's role and outcomes are to represent the people and ensure government by the people under the Constitution, as well as to represent the provinces and local government in the national sphere of government. The main functions of Parliament as outlined in the Constitution are:

- To pass legislation,
- To oversee executive action,
- Facilitation of public involvement, co-operative government and,
- International engagement.

The Department derives its mandate from section 29 of the Constitution of the Republic of South Africa and the following legislation: 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 the General and Further Education and Training Quality Assurance Act, 2001 (Act No. 58 of 2001). The Committee oversees the implementation of the above mentioned legislation.

1.3. Method

The Revised 2020 - 25 Strategic Plan and 2021/22 APP and budget of the Department were considered against the background of key government policy documents, including, amongst others, the National Development Plan (NDP), the 2019 – 2024 Medium Term Strategic Framework (MTSF), and the 2021 State of the Nation Address (SONA). The Committee had a briefing session to consider the Revised Strategic Plan and the APP of the Department on Wednesday, 12 May 2021.

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

2.1. Key government policies

2.1.1. The National Development Plan (NDP) Vision 2030

The NDP identifies the decent work, education and the capacity of the state as particularly important priorities. For the post-school education and training sector, the NDP envisages that by 2030, South Africans should have access to education and training of the highest quality. The education, training and innovation system should cater for different needs and produce highly skilled individuals; and graduates of the post-school system should have adequate skills and knowledge to meet the current and future needs of the economy and society.

2.1.2. The White Paper for Post-School Education and Training (WPPSET)

The White Paper articulates a vision for an integrated system of post-school education and training, with all institutions playing their role as parts of a coherent but differentiated system. The White Paper sets out strategies to expand the current provision of education and training in South Africa, to improve its quality, to integrate the various strands of the post-school system. There are interventions set in the White Paper for implementation by different sectors of the Post-School Education and Training. Flowing from the White Paper, the Department has developed a Draft National Plan for

Higher Education, which will be an implementation plan with measurable targets for each sub-system of the sector. The main policy objectives are:

- A post-school system that can assist in building a fair, equitable, non-racial, non-sexist and democratic South Africa;
- A single, coordinated post-school education and training system, expanded access, improved quality and increased diversity of provision; and
- A post-school education and training that is responsive to the needs of individual citizens, employers in both public sectors, as well as broader societal and development objectives.

2.1.3. 2019 – 2024 Medium-Term Strategic Framework (MTSF)

In 2019, the new Administration has identified seven priorities derived from its electoral mandate and the 2019 State of the Nation Address (SONA) to focus its interventions for the 2019 – 2024 MTSF period. The 2019 – 2024 MTSF is a five-year strategic plan of government, and forms the second five-year implementation phase of the NDP. The post-school education and training sector contributes to Priority 2: Education, Skills and Health. This priority contributes to pillar 2 of the NDP pillars, which is Capabilities of South Africans.

In implementing Priority 2: Education, Skills and Health, Government has developed the new 2019 – 2024 MTSF. The Strategy has four Outcomes that are relevant to the Department of Higher Education and Training (DHET). These are:

- Expanded access to PSET opportunities;
- Improved success and efficiency in the PSET system;
- Improved quality of PSET provisioning; and
- A responsive PSET system.

2.1.4. 2021 State of the Nation Address (SONA)

On 11 February 2021, the President addressed South African citizens during his State of the Nation Address. The February 2021 State of the Nation Address (SONA) key focus areas were the following:

- To defeat the Coronavirus (COVID-19) pandemic;
- To accelerate economic recovery;
- To implement economic reforms to create sustainable jobs and drive inclusive growth; and
- Fight corruption and strengthen the State.

One of the key focus areas of the February 2021 SONA remains inclusive growth and addresses critical priorities for the Higher Education and Training sector. There has been a steady improvement in the reach of education; although it is acknowledged that it is inadequate. The continued focus on inclusive growth is about the critical actions that are required to build a capable state and place the economy on the path to recovery.

In response to the huge challenge of youth unemployment the country faces, the President announced that the Department of Small Business Development would provide Grant funding and business support to 1 000 young entrepreneurs within 100 days. While the programme had to be put on hold due to the Coronavirus restrictions, it nevertheless managed to reach its target of 1 000 businesses by International Youth Day on 12 August 2020. This provides a firm foundation for efforts to support 15 000 start-ups by 2024.

3. OVERVIEW AND ASSESSMENT OF THE DEPARTMENT'S REVISED STRATEGIC PLAN 2020 – 2025

The Deputy Minister of Higher Education, Science and Innovation noted that the 2020/21 financial year proved to be a challenging year as the COVID-19 pandemic remained a major disruption for the economy, government service delivery, the Department, and the PSET system in particular. The national state of disaster and the nationwide lockdown necessitated campus closures and in some cases led to declining admissions and enrolments in institutions of higher learning.

The Deputy Minister further indicated that as everyone know, it became necessary to combat the spread of the virus and limit its impact on the Post-School Education and Training (PSET) sector. As mentioned before, the Department has adopted a risk-adjusted strategy, informed by the National Command Council. They were determined that no learner would be left behind and committed their efforts to the #Save the Academic Year, #Save Lives, through innovation and science. Through targeted interventions, linked to each Level of the Lockdown, the Department implemented efforts geared towards curbing the spread of the pandemic at institutions of learning, testing and providing

support, ensuring that students had uninterrupted access to teaching and learning support materials, access to affordable data for access to educational content and websites, to name a few. The Deputy Minister said that the Department's efforts of saving lives and the academic year have had positive results. The 2020 reorganized/restructured academic programme has enabled all the institutions and their students to complete academic requirements. Notwithstanding the positive strides, the constantly changing environment pushed the Department to review the initial commitments of the 2020-2025 Strategic Plan in preparation for the 2021/22 Medium Term Expenditure Framework period. The lessons learned from the effects of the pandemic on the economy and the PSET system at large had to be taken into consideration during the review process. The Deputy Minister pointed out that the revised Strategic Plan: 2020-2025, presented to the Committee, builds on the strides the Department have made towards building and strengthening the Post-School Education and Training system since the advent of democracy in the Republic of South Africa. As the Department continue to steer the system, their interventions are consistently informed by the policy directives of the White Paper for PSET and their resolve towards ensuring that the country has a skilled and capable workforce that supports an inclusive growth path in a fair, equitable, non-racial, non-sexist and democratic manner. However, the advent of COVID-19 and its impact on the economy is increasingly becoming a challenge to government and its service delivery efforts. While the Department's five year strategic thrusts remain relevant, they have made few considerations during the review process and some amendments have been made to the Strategic Plan to try and make it relevant to the changing environment. He concluded by highlighting some of the critical areas that the revised Strategic Plan will be taking forward, as follows:

3.1. Downward adjustment of the MTSF 2019 – 2024 targets in the following Outcomes

3.1.1. Expanded access to PSET opportunities

- Number of student enrolments at TVET colleges annually, from 710 000 to 620 000.
- Number of students enrolled at the CET colleges annually, from 555 194 to 388 782.

3.1.2. Improved success and efficiency of the PSET system

- Number of TVET students enrolled in the Pre-vocational Learning Programme (PLP) annually, from 7 000 to 4 000.

3.1.3. Improved Quality of the PSET Provisioning

- Number of New Generation of Academics Programme (NGAP) posts allocated to universities every year, from 100 to 85.

3.1.4. A responsive PSET system

- Percentage of TVET college lecturing staff appropriately placed in industry or in exchange programmes, from 33% to 18%.

3.2. Inclusion of MTSF 2019 – 2024 outcome indicators and targets that have been excluded in the original Strategic Plan

3.2.1. Improved quality of the PSET Provisioning

In addition to the MTSF system targets included in the DHET's Revised Strategic Plan 2020 – 2025, the Department has also included new indicators and targets in Outcome 4: A responsive PSET System as follows:

- Number of lecturers participating in project-based lecturer capacity-building programmes in engineering (electrical, plumbing and mechanical), (300 by 2024).
- Number of TVET colleges with 4IR centres of excellence established, (50 by 2024).
- Number of lecturers participating in digital literacy programmes, (6 000 by 2024).

3.2.2. MTSF Outcome indicators and targets that do not reflect in the Revised Strategic Plan 2020 - 2025

Notwithstanding the inclusion of some of the MTSF outcome indicators and targets that were not reflected in the original Strategic Plan of the Department, it should be noted that there are some of the MTSF outcome indicators and targets that have not been included in the Revised Strategic Plan 2020 -2025, and these are:

3.2.2.1. Expanded access to PSET opportunities:

- Number of learners registered for SETA supported skills learnership annually(116 000).

- Number of learners registered for SETA-supported internships annually (18 000).
In relation to the above outcome indicators and targets, the Department reflected only the number of learners who will complete these programmes.

3.2.2.2. Improved quality of the PSET provisioning

- Number of protocols signed with industry to place TVET college students and lecturers for workplace experience, (target: all TVET colleges sign protocols with industry and place learners for workplace experience accordingly).

4. 2021/22 MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF) BUDGET

4.1. Overview and assessment of the 2021/22 Medium-Term Expenditure Framework (MTEF) Budget and the 2021/22 Annual Performance Plan (APP)

Table 1: Summary of the overall Budget Allocation and Expenditure Estimates: 2021/22

Programme	Budget				Nominal	Real Rand	Nominal %	Real % change
	R million	2019/20	2020/21	2021/22	2022/23	2019/20-2020/21	2019/20-2020/21	2019/20-2020/21
Programme 1: Administration	412.2	491.2	525.7	552.2	79.0	58.3	19.17 per cent	14.14 per cent
Planning, Policy and Strategy	180.7	214.5	227.5	239.2	33.8	24.8	18.71 per cent	13.70 per cent
Programme 3: University Education	73 365.0	80 083.4	84 332.6	0.0	6 718.4	3 343.2	9.16 per cent	4.56 per cent
Programme 4: Technical and Vocational Education and Training	12 630.9	13 813.6	14 644.0	15 278.7	1 182.7	600.5	9.36 per cent	4.75 per cent
Programme 5: Skills Development	280.9	318.5	336.6	354.8	37.6	24.2	13.39 per cent	8.61 per cent
Programme 6: Community Education and Training	2 143.8	2 522.9	2 686.7	2 780.5	379.1	272.8	17.68 per cent	12.72 per cent
TOTAL	89 013.5	97 444.1	102 753.1	19 205.4	8 430.6	4 323.8	9.47 per cent	4.86 per cent

The National Development Plan envisages that, by 2030, South Africans should have greater access to post-school education and training opportunities through a system that is responsive to their needs. This is supported by priority 2 (education, skills and health) of Government's 2019-2024 Medium-Term Strategic Framework. Over the medium term, the Department of Higher Education and Training will aim to give expression to these guiding policies by focusing on transforming universities and increasing student financial aid; expanding access to TVET colleges and improving their performance; developing artisans; and strengthening the governance of the community education and training sector.

Over the medium term, the Department will focus on expanding access to higher education institutions by implementing a 5-year plan for the enrolment of students at higher education institutions, and updating guidelines for the implementation of its bursary scheme for students from poor and working-class backgrounds. As part of its focus on improving performance in higher education institutions, the Department will seek to implement university capacity development plans, eradicate the certification backlog in TVET colleges, and conduct advocacy campaigns on the use of open-access learning and teaching support materials in CET colleges.

The Department has a budget of R358 billion over the medium term, of which 90.4 per cent is earmarked for transfers and subsidies to departmental agencies and accounts, and higher education institutions that provide access to more than 6.5 million students. These funds will be used to build a high-quality, demographically representative higher education sector that provides students and staff with opportunities for access and success.

Cabinet has approved reductions to the Department's baseline amounting to R24.6 billion over the MTEF period, to be effected on transfers and subsidies (R19.6 billion), compensation of employees (R4.6 billion), and goods and services (R290.2 million). These reductions include R6.8 billion on the allocation to the National Student Financial Aid Scheme for loans and bursaries, R5.0 billion on university subsidies, and R947.1 million on TVET college infrastructure grants.

The reductions to university subsidies will likely lead to a decrease in the number of first-year enrolments at universities. Although this will have a longer-term impact on the number of new graduates emerging from the system, it is necessary to ensure that institutions remain sustainable

and can offer quality education, and is expected to be offset by improvements in the throughput rate at universities. Although a decrease in first-year enrolments at universities and TVET colleges will begin to offset by the reductions to the National Student Financial Aid Scheme, this will result in fewer students who enter higher education being able to access support in 2021. The sector may also need to consider revising its policy positions on supporting poor and working-class students in higher education and training, including the maximum allowances for accommodation, transport and food, and halting funding for second qualifications.

Although the reduction to TVET college infrastructure grants could lead to delays in beginning new projects, it will ensure that funding is more closely aligned with the sector's capacity to spend.

The budget structure for the Department remains unchanged and has six expenditure programmes:

- Programme 1: Administration;
- Programme 2: Planning, Policy and Strategy;
- Programme 3: University Education;
- Programme 4: TVET;
- Programme 5: Skills Development; and
- Programme 6: CET.

For the 2021/22 financial year, the budget allocation is R97.7 billion. This excludes the direct charges to the SETAS and the National Skills Fund (NSF) of R14.2 billion and R2.5 billion respectively bringing the total budget to R115.5 billion. The nominal increase is R3.7 billion or 3.9 per cent from the adjusted budget of R94.1 billion in 2020/21. When the inflation rate is taken into consideration, the budget allocation declines by R252.2 million or 0.3 per cent real terms.

Table 2: Reflects the budget summary indicating allocations across the MTEF

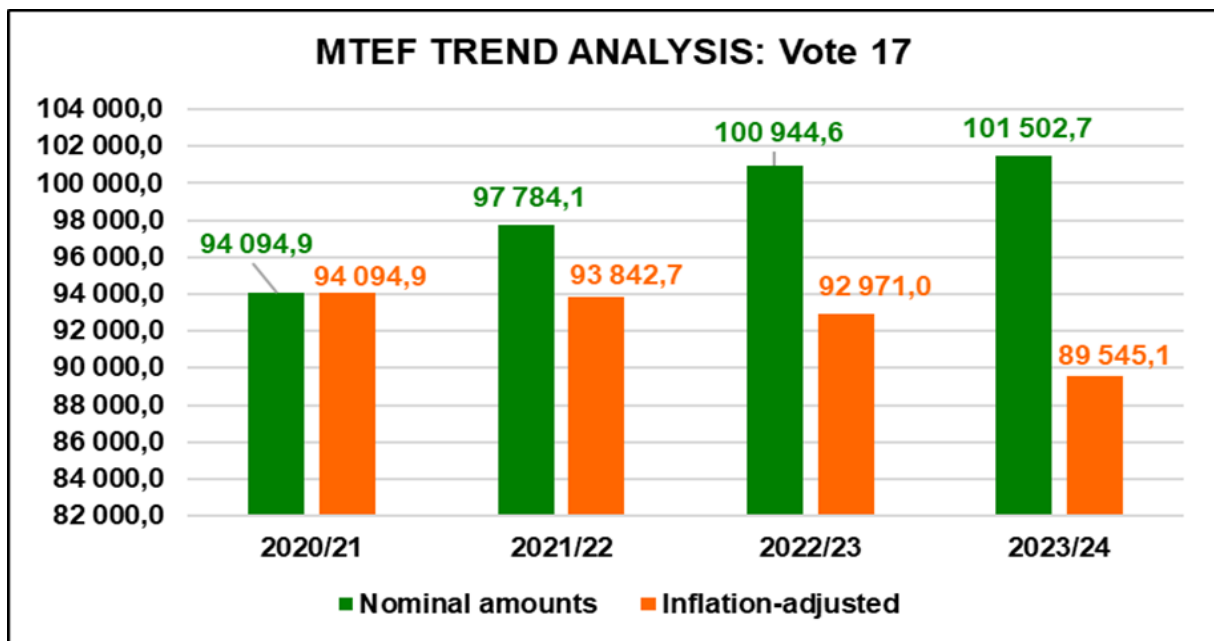
R million	Total	2021/22			2022/23	2023/24
		Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF Allocation						
Programme 1: Administration	504,0	496,3	0,0	7,7	480,9	495,7
Programme 2: Planning, Policy and Strategy	230,7	123,0	107,0	0,7	230,2	234,6
Programme 3: University Education	81 223,2	95,5	81 127,2	0,6	84 058,0	84 651,8
Programme 4: Technical and Vocational Education and Training	13 096,2	7 890,9	5 198,2	6,6	13 377,9	13 233,9
Programme 5: Skills Development	307,9	158,3	147,7	1,9	312,7	314,2
Programme 6: Community Education and Training	2 422,0	2 213,8	207,7	0,5	2 484,9	2 572,5
Subtotal	97 784,0	10 977,7	86 788,3	18,0	100 944,6	101 502,7
Direct charge against National						

Revenue Fund						
Sector Education and Training Authorities (SETA)	14 250,3	0,0	14 250,3	0,0	15 384,1	16 610,2
National Skills Fund (NSF)	2 562,6	0,0	3 562,6	0,0	3 846,0	4 152,5
Total expenditure estimates	115 596,9	10 977,7	104 601,2	18,0	120 174,7	122 265,4

Source; National Treasury (2021b)

Table 2 above shows that Programme 3: University Education receives the bulk of the budget equating to 83 per cent followed by Programme 4: Technical and Vocational Education and Training (13.3 per cent), Programme 6: Community Education and Training (2.4 per cent), Programme 1: Administration (0.5 per cent), Programme 5: Skills Development (0.3 per cent) and Programme 2: Planning, Policy and Strategy (0.2 per cent). The allocation of the budget across programmes is of concern, especially when taking into consideration skills development, which is primarily supported under Programmes 3 and 5. For example, Programme 5 only accounts for 0.3 per cent compared to the 83 per cent allocation to Programme 3. This would impede the realisation of the NDP targets due to inadequate provision of funding.

Figure 1: Comparison of budget allocations over the medium term



Source; National Treasury (2021b)

When looking at the nominal amounts for the budget allocation across the MTEF, allocations show a year-on-year increase. However, when the projected inflation rates are taken into consideration, the budget decreased in 2021/22 and subsequently decreases in the following two financial years.

4.2. Overview and assessment of the 2021/22MTEF budget allocation per programme and the 2021/22 performance targets

This section explores budget allocations per programme for the 2021/22 financial year. The table below sets out the budget allocation per programme for the current financial year and compares it to allocations in 2020/21.

Table 3: Change to allocations per programme for 2021/22

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
	R million	2020/21				
Programme 1: Administration	402,2	504,0	101,8	81,5	25,31%	20,26%
Programme 2: Planning Policy and Strategy	189,0	230,7	41,7	32,4	22,06%	17,14%
Programme 3: University Education	78 321,5	81 223,3	2 901,8	-372,1	3,70%	-0,48%
Programme 4: Technical and Vocational Education and Training	12 652,2	13 096,2	444,0	-83,9	3,51%	-0,66%
Programme 5: Skills Development	282,6	307,9	25,3	12,9	8,95%	4,56%
Programme 6: Community Education and Training	2 247,4	2 422,0	174,6	77,0	7,77%	3,43%
TOTAL	94 094,9	97 784,1	3 689,2	- 252,2	3,9%	-0,27%

Source: National Treasury (2021b)

Table 3 above shows that the budget allocation in real terms, when inflation is taken into consideration, decreased by 0.27 per cent from the previous financial year. It also shows that Programme 1: Administration has the greatest increase of 20.26 per cent followed by Programme 2: Planning, Policy and Strategy (17.14 per cent), Programme 5: Community Education and Training (4.56 per cent) and Programme 6: Skills Development with 3.43 per cent. The table also shows that Programme 4: Technical and Vocational Education and Training (3.51 per cent) and Programme 3: University Education (3.7 per cent) increases in nominal terms but when inflation is considered the allocations decrease by 0.66 per cent and 0.48 per cent, respectively.

4.2.1. Programme 1: Administration

This Programme provides strategic leadership, management and support services to the department.

The Programme has five sub-programmes for 2021/22; namely; Department Management, Corporate Management Services, Office of the Chief Financial Officer, Internal Audit and Office Accommodation.

For the 2021/22 financial year, the budget allocation for this Programme is R504 million. The adjusted allocation for 2020/21 was R402.2 million, representing a nominal increase of R101.8 million or 25.3 per cent. Taking inflation into consideration, the budget for this programme has increased by R81.5 million or 20.2 per cent.

Table 4: Budget allocations for all sub-programmes in Programme 1

Sub-Programmes: Administration	Budget 2020/21	% Total programme Budget
R million		
Sub-Programme 1: Department Management	35,4	7%
Sub-Programme 2: Corporate Management Services	232,5	46%

Sub-Programme 3: Office of the Chief Financial Officer	115,5	23%
Sub-Programme 4: Internal Audit	11,7	2%
Sub-Programme 5: Office Accommodation	108,8	22%
TOTAL	504,0	100%

Source: National Treasury (2021b)

Table 4 shows the budget allocation for each sub-programme. Sub-programme 2 received R232.5 million or 46 per cent which is the bulk of the budget. This is followed by Sub-programme 3 that received R115.5 million or 23 per cent whilst Sub-programme 5 received R108 million or 22 per cent of the budget. Sub-programme 1 received R35.4 million or 7 per cent and Sub-programme 4 received the least amount of R11.7 million or 2 per cent.

The Administration Programme constitutes 0.5 per cent (R504 million) of the Department's budget. Expenditure in the Administration Programme is expected to decrease at an average annual rate of 7.2 per cent, from R504 million in 2021/22 to R495.7 million in 2023/24.

Table 5: Change to allocations per sub-programme for Programme 1

Sub-programmes: Administration	Budget		Nominal Percent change in 2021/22	Real Percent change in 2021/22
	R million	2020/21		
Sub-Programme 1: Department Management	30,4	35,4	16,45%	11,75%
Sub-Programme 2: Corporate Management Services	197,0	232,5	18,02%	13,26%
Sub-Programme 3: Office of the Chief Financial Officer	87,6	115,5	31,85%	26,53%
Sub-Programme 4: Internal Audit	11,9	11,7	-1,68%	-5,64%
Sub-Programme 5: Office Accommodation	75,3	108,8	44,49%	38,66%
TOTAL	402,2	504,0	25,3%	20,26%

Source: National Treasury (2021b)

Table 5 shows that all sub-programmes budgets have increased, except sub-programme 4: Internal Audit which decreased by 5.64 per cent when inflation is considered.

Notable in table 5, is the fact that even though other sub-programmes such as sub-programme 3, 1 and 2 budget allocations increased by 31.85 per cent, 16.45 per cent and 18.02 per cent respectively, Sub-programme 5: Office Administration had the largest increase at 44.49 per cent.

4.2.2. Programme 2: Planning, Policy and Strategy

This Programme provides strategic direction in the development, implementation and monitoring of departmental policies and the human resource development strategy for South Africa.

The Programme has six sub-programmes for 2021/22; namely; Programme Management, Human Resource Development Council, Policy, Planning, Monitoring and Evaluation, International Relations, Legal and Legislative Services and Social Inclusion and Quality.

For the 2021/22 financial year, the budget allocation for this programme is R230.7 million. The adjusted allocation for 2020/21 was R189 million, representing a nominal increase of R41.7 million or 22.1 per cent. Taking inflation into consideration, the budget for this programme has increased by R32.4 million or 17.1 per cent.

Table 6: Budget allocations for all sub-programmes in Programme 2

Sub-Programmes: Planning, Policy and Strategy	Budget 2020/21	% Total programme
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R million		Budget
Sub-Programme 1: Programme Management: Planning, Policy and Strategy	14,9	6%
Sub-Programme 2: Human Resource Development Council of SA	10,7	5%
Sub-Programme 3: Policy, Planning, Monitoring and Evaluation	29,2	13%
Sub-Programme 4: International Relations	18,7	8%
Sub-Programme 5: Legal and Legislative Services	21,0	9%
Sub-programme 6: Social Inclusion and Quality	136,3	59%
TOTAL	230,7	100%

Source: National Treasury (2021b)

The Planning, Policy and Strategy Programme constitutes 0.2 per cent (R230.7 million) of the Department's budget. Expenditure in the Planning, Policy and Strategy Programme is expected to increase at an average annual rate of 7.5 per cent, from R230.7 million in 2021/22 to R234.6 million in 2023/24.

Sub-programme 6 (Social Inclusion and Quality) receives the bulk of the programme budget at R136.3 million or 59 per cent.

Table 7: Change to allocations per sub-programme for Programme 2

Sub-programmes: Planning, Policy and Strategy	Budget		Nominal Percent change in 2021/22	Real Percent change in 2021/22	
	R million	2020/21			2021/22
Sub-Programme 1: Programme Management: Planning, Policy and Strategy		8,7	14,9	71,26%	64,36%
Sub-Programme 2: Human Resource Development Council of SA		8,2	10,7	30,49%	25,23%
Sub-Programme 3: Policy, Planning, Monitoring and Evaluation		24,4	29,2	19,67%	14,85%
Sub-Programme 4: International Relations		14,6	18,7	28,08%	22,92%
Sub-Programme 5: Legal and Legislative Services		13,9	21,0	51,08%	44,99%
Sub-programme 6: Social Inclusion and Quality		119,3	136,3	14,25%	9,64%
TOTAL		189,0	230,7	22,1%	17,14%

Source: National Treasury (2021b)

4.2.3. Programme 3: University Education

This Programme develops and coordinates policy and regulatory frameworks for an effective and efficient university education system. In addition, it provides financial and other support to universities, NSFAS and national institutes for higher education.

The Programme has six sub-programmes for 2021/22, namely, Programme Management; University Planning and Institutional Funding; Institutional Governance and Management Support; Higher Education Policy Development and Research Teaching, Learning and Research Development and University Subsidies.

For the 2021/22 financial year, the budget allocation for this programme is R81.2 billion. The adjusted allocation for 2020/21 was R78.3 billion, representing a nominal increase of R2.9 billion or 3.7 per cent. Taking inflation into consideration, the budget for this programme has decreased by R372.1 million or 0.5 per cent.

Table 8: Budget allocations for all sub-programmes in Programme 3

Sub-Programmes: University Education	Budget 2020/21	% Total programme Budget
R million		
Sub-Programme 1: Programme Management	4,8	0,01%
Sub-Programme 2: University Planning and Institutional Funding	24,5	0,03%
Sub-Programme 3: Institutional Governance and Management Support	35 587,9	43,81%
Sub-Programme 4: Higher Education Policy Development and Research	14,6	0,02%
Sub-Programme 5: Teaching, Learning and Research Development	29,5	0,04%
Sub-Programme 6: University Subsidies	45 561,9	56,09%
TOTAL	81 223,3	100%

Source: National Treasury (2021b)

The University Education programme constitutes 83.1 per cent (R81.2 billion) of the department's budget. Transfers of Government subsidies to 26 universities through grants constitute the bulk of spending in this programme and are projected to increase at an average annual rate of 3.5 per cent, from R45.5 billion in 2021/22 to R47.7 billion in 2023/24. Transfer payments to the National Student Financial Aid Scheme for bursaries to support undergraduate students from poor and working-class backgrounds in universities and TVET colleges are projected to increase at an average annual rate of 1.5 per cent, from R35.1 billion in 2021/22 to R36.4 billion in 2023/24.

Expenditure in the University Education and Training Programme is expected to increase at an average annual rate of 2.6 per cent, from R81.2 billion in 2021/22 to R84.6 billion in 2023/24.

Sub-programmes 3 (Institutional Governance and Management Support) and 6 (University Subsidies) receive the bulk of the programme budget at R35.6 billion or 44 per cent and R45.6 billion or 56 per cent, respectively.

Table 9: Change to allocations per sub-programme for Programme 3

Sub-Programmes: University Education	Budget		Nominal Percent change in 2021/22	Real Percent change in 2021/22
	2020/21	2021/22		
Sub-Programme 1: Programme Management	4,4	4,8	9,09%	4,69%
Sub-Programme 2: University Planning and Institutional Funding	21,1	24,5	16,11%	11,43%
Sub-Programme 3: Institutional Governance and Management Support	35 195,4	35 587,9	1,12%	-2,96%
Sub-Programme 4: Higher Education Policy Development and Research	10,0	14,6	46,00%	40,12%
Sub-Programme 5: Teaching, Learning and Research Development	20,2	29,5	46,04%	40,15%
Sub-Programme 6: University Subsidies	43 070,5	45 561,9	5,78%	1,52%
TOTAL	78 321,5	81 223,3	3,7%	-0,48%

Source: National Treasury (2021b)

Table 9 shows that in real terms there is a minimal increase in budget for Sub-programmes 1,2, 4,5 and 6 of 4.9 per cent, 11.43 per cent, 40.12 per cent, 40.15 per cent and 1.52 per cent, respectively. However, in real terms, there is a decrease in the budget for Sub-programme 3: Institutional Governance and Management Support of 2.96 per cent.

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

This Programme plan develops, implements, monitors, maintains and evaluates national policy, programme assessment practices and systems for technical and vocational education and training. In addition, it provides financial and other support to Technical and Vocational Education and Training colleges and regional offices.

The Programme has six sub-programmes for 2021/22, namely, Programme Management; TVET System Planning and Institutional Support; Programmes and Qualifications; National Examinations and Assessment; TVET Financial Planning and Regional Offices.

For the 2021/22 financial year, the budget allocation for this programme is R13.1 billion. The adjusted allocation for 2020/21 was R12.7 billion, representing a nominal increase of R444 million or 3.5 per cent. Taking inflation into consideration, the budget for this programme has decreased by R83.9 million or 0.66 per cent.

Table 10: Budget allocations for all sub-programmes in Programme 4

Sub-Programmes: Technical and Vocational Education and Training	Budget 2020/21	% Total programme Budget
R million		
Sub-Programme 1: Programme Management: Technical and Vocational Education and Training	4,7	0,04%
Sub-Programme 2: Technical and Vocational Education and Training System Planning and Institutional Support	12 206,6	93,21%
Sub-Programme 3: Programmes and Qualifications	22,7	0,17%
Sub-Programme 4: National Examinations and Assessment	593,2	4,53%
Sub-Programme 5: Technical and Vocational Education and Training Financial Planning	16,5	0,13%
Sub-programme 6: Regional Offices	252,6	1,93%
TOTAL	13 096,2	100%

Source: National Treasury (2021b)

The TVET Programme constitutes 13.5 per cent (R13 billion) of the Department's budget. Expenditure in the TVET Programme is expected to increase at an average annual rate of 1.5 per cent, from R13 billion in 2021/22 to R13.2 billion in 2023/24.

Sub-programme 2 (TVET System Planning and Institutional Support) receives the bulk of the programme budget at R12.2 billion or 93 per cent.

Transfer payments to 50 colleges, in the Technical and Vocational Education and Training System Planning and Institutional Support sub-programme in the Technical and Vocational Education and Training programme, are projected to increase at an average annual rate of 1.3 per cent, from R11.7 billion in 2020/21 to R12.2 billion in 2022/23.

Table 11: Change to allocations per sub-programme for Programme 4

Sub-Programmes: Technical and Vocational Education and Training	Budget		Nominal Percent change in 2021/22	Real Percent change in 2021/22
	2020/21	2021/22		
Sub-Programme 1: Programme Management: Technical and Vocational Education and Training	3,4	4,7	38,24%	32,66%
Sub-Programme 2: Technical and Vocational Education and Training System Planning and Institutional Support	11 763,1	12 206,6	3,77%	-0,41%
Sub-Programme 3: Programmes and Qualifications	17,9	22,7	26,82%	21,70%

Sub-Programme 4: National Examinations and Assessment	581,2	593,2	2,06%	-2,05%
Sub-Programme 5: Technical and Vocational Education and Training Financial Planning	12,4	16,5	33,06%	27,70%
Sub-programme 6: Regional Offices	274,2	252,6	-7,88%	-11,59%
TOTAL	12 652,2	13 096,2	3,5%	-0,66%

Source: National Treasury (2021b)

Table 11 shows that Sub-programme 1: Programme management, Sub-programme 3: Programmes and Qualifications and Sub-programme 5: TVET Financial Planning budgets increased by 32.41 per cent, 21.47 per cent and 27.46 per cent respectively when inflation is considered. The table also shows that Sub-programme 2: Technical and Vocational Education and Training System Planning and Institutional Support, Sub-programme 4: National Examinations and Assessment and Sub-programme 6: Regional Offices budgets decreased by 0.6 per cent, 2.24 per cent and 11.76 per cent respectively when inflation is considered.

4.2.5. Programme 5: Skills Development

This Programme promotes and monitors the national skills development strategy. Develop skills development policies and regulatory frameworks for an effective skills development system.

The Programme has five sub-programmes for 2021/22, namely, Programme Management; Sector Education and Training Authority Coordination; National Skills Authority Secretariat; Quality Development and Promotion and National Artisan Development.

For the 2021/22 financial year, the budget allocation for this programme is R307.9 million. The adjusted allocation for 2020/21 was R282.6 million, representing a nominal increase of R25.3 million or 9 per cent. Taking inflation into consideration, the budget for this programme has increased by R12.9 million or 4.56 per cent.

Table 12: Budget allocations for all sub-programmes in Programme 5

Sub-Programmes: Skills Development	Budget 2020/21	% Total programme Budget
R million		
Sub-Programme 1: Programme Management: Skills Development	6,2	2,01%
Sub-Programme 2: Sector Education and Training Authority Coordination	157,5	51,15%
Sub-Programme 3: National Skills Authority Secretariat	15,8	5,13%
Sub-Programme 4: Quality Development and Promotion	27,6	8,96%
Sub-Programme 5: National Artisan Development	100,7	32,71%
TOTAL	307,9	100%

Source: National Treasury (2021b)

The Skills Development Programme constitutes 0.3 per cent (R307.9 million) of the Department's budget.

Expenditure in the Skills Development Programme is expected to increase at an average annual rate of 3.6 per cent, from R307.9 million in 2021/22 to R314.2 million in 2023/24.

Sub-programmes 2 (Sector Education and Training Authority Coordination) and 5 (National Artisan Development) receives the bulk of the programme budget at R157.5 million or 51.15 per cent and R100.7 million or 32.71 per cent, respectively.

Table 13: Change to allocations per sub-programme for Programme 5

Sub-Programmes: Skills Development	Budget		Nominal Percent change in 2021/22	Real Percent change in 2021/22
	R million	2020/21		
Sub-Programme 1: Programme Management: Skills Development	5,2	6,2	19,2%	14,42%
Sub-Programme 2: Sector Education and Training Authority Coordination	149,8	157,5	5,14%	0,90%
Sub-Programme 3: National Skills Authority Secretariat	9,5	15,8	66,32%	59,61%
Sub-Programme 4: Quality Development and Promotion	25,5	27,6	8,24%	3,87%
Sub-Programme 5: National Artisan Development	92,5	100,7	8,86%	4,48%
TOTAL	282,6	307,9	9,0%	4,56%

Source: National Treasury (2021b)

Table 13 shows that the budgets of Sub-programme 3: National Skills Authority and Sub-programme 1: Programme management increased in nominal terms by 66.32 per cent, 19.23 per cent respectively. Whilst, and Sub-programme 5: National Artisan development, Sub-programme 4: Quality Development and Promotion and Sub-programme 2: Sector Education Authority Coordination budgets increased by 8.86 per cent, 8.24 per cent and 5.14 per cent respectively. However, Sub-programme 5 received a minimal real increase of 4.28 per cent, yet it is significant in terms of realising both the White Paper on Post School and National Development Plan targets of producing 30 000 artisans per annum and thereby change the labour skills force.

4.2.6. Programme 6: Community Education and Training (CET)

This Programme plan develops, implements, monitors, maintains and evaluates national policy, programme assessment practices and systems for community education and training. It also provides financial and other support to community education and training colleges.

The Programme has four sub-programmes for 2021/22, namely, Programme Management; CET System Planning, Institutional Development and Support; CET Financial Planning and Management and Education, Training and Development Assessment.

For the 2021/22 financial year, the budget allocation for this programme is R2.4 billion. The adjusted allocation for 2020/21 was R2.2 billion, representing a nominal increase of R174 million or 7.8 per cent. Taking inflation into consideration, the budget for this Programme has increased by R77 million or 3.43 per cent.

Table 14: Budget allocations for all sub-programmes in Programme 6

Sub-Programmes: Community Education and Training	Budget 2020/21	% Total programme Budget
R million		
Sub-Programme 1: Programme Management: Community Education and Training	2,7	0,11%
Sub-Programme 2: Community Education and Training System Planning, Institutional Development	2 181,7	90,08%
Sub-Programme 3: Community Education and Training Colleges Financial Planning and Management	219,3	9,05%
Sub-Programme 4: Education, Training and Development Assessment	18,3	0,76%
TOTAL	2 422,0	100%

Source: National Treasury (2021b)

The CET Programme constitutes 2.5 per cent (R2.4 billion) of the Department's budget. Expenditure in the Community Education and Training Programme is expected to increase at an average annual rate of 4.6 per cent, from R2.4 billion in 2021/22 to R2.6 billion in 2023/24.

Sub-programme 2: CET System Planning, Institutional Development and Support receive the bulk of the programme budget at R2.1 billion or 90.1 per cent.

Table 15: Change to allocations per sub-programme for Programme 6

Sub-Programmes: Community Education and Training	Budget		Nominal Percent change in 2021/22	Real Percent change in 2021/22
	R million	2020/21		
Sub-Programme 1: Programme Management: Community Education and Training	2,7	2,7	0,00%	-4,03%
Sub-Programme 2: Community Education and Training System Planning, Institutional Development	2 068,9	2 181,7	5,45%	1,20%
Sub-Programme 3: Community Education and Training Colleges Financial Planning and Management	163,9	219,3	33,80%	28,41%
Sub-Programme 4: Education, Training and Development Assessment	11,9	18,3	53,78%	47,58%
TOTAL	2 247,4	2 422,0	7,8%	3,43%

Source: National Treasury (2021b)

Table 16 shows that the budgets of Sub-Programme 4: Education, Training and Development Assessment and Sub-Programme 3: Community Education and Training Colleges Financial Planning and Management increased in real terms by 47.58 per cent and 28.41 per cent, respectively. Whilst Sub-Programme 2: Community Education and Training System Planning, Institutional Development had a minimal real increase of 1.2 per cent. However, Sub-Programme 1: Programme Management: Community Education and Training decreased in real terms by 4.03 per cent since it did not receive an increase in budget for 2021/22.

5. COMMITTEE OBSERVATIONS

5.1. The Committee, having considered and deliberated on the Revised Strategic Plans 2020 - 2025 and Annual Performance Plans 2021/22 of the Department of Higher Education and Training made the following key observations and findings:

- The Committee noted that the Minister of Finance had emphasized the need for fiscal consolidation in the economic downturn, and appealed to the Department to achieve its goals even with limited resources.
- Referring to what was said by the President during the State of the Nation Address (SONA), Members stressed the need to defeat the pandemic and achieve economic recovery, implement economic reform, stop corruption, and create jobs.
- Members referred to Agenda 2063 - eradicating all forms of gender-based violence (GBV) and discrimination against girls and women and enquired what the Department was doing to ensure

this was ended in the universities and TVETs. They were also concerned that female students were not safe in TVET colleges' accommodation.

- Members also wanted to know whether there was budget set aside to ensure that females were given priority when it came to NSFAS and other government services that students must receive.
- Members pointed out that at the end of the third quarter, there was under-expenditure for programmes four and six, and potentially over-expenditure for programme three. A question was raised as to whether there were reasons for these expenditure trends.
- Members noted that funds had to be reprioritised to accommodate the NSFAS shortfall and wanted to know how this affected the budget for other key programmes like infrastructure.
- Members further noted that Programme one had an increase of 25.3%. A question was asked as to what the Department was planning to accommodate this budget increase.
- Members took note of the R24.6 billion reduction in the baseline budget that had been approved by Cabinet, of which R6.8 billion was removed from NSFAS loans and bursaries, R5 billion from university subsidies; and R947 million from TVET college infrastructure. They were mainly concerned that the budget reduction was prevalent in all the core functions of the educational system. They felt that the reduction, as well as the impact of the COVID-19 pandemic, would place poor income and middle-class families in jeopardy. Presently, the higher education institutions were already battling with tuition and residential payments, and historical debt was estimated to be at R14 billion.
- Members enquired whether the NSFAS laptops distribution from the year 2020 had been finalised.
- Members wanted to know how the Department supported the University of Cape Town (UCT) which recently had a big fire disaster and whether the assistance given for the library and the students affected was adequate.
- Members also indicated that, in one of the briefings, the Minister had referred to an established relationship with the Council for Scientific and Industrial Research (CSIR), which was meant for supplying laptops for students, loading of information, and network connectivity issues etc. They requested progress of this 'agreement'.
- Members felt that the budget for PSET remained inadequate and unsustainable, and this led to key TVET and CET programmes being negatively affected.
- Members asked whether the Department had plans to build new TVET colleges in urban areas.

5.2. Responses by the Department

The Department gave the following responses:

- The Department had allocated R60 million over the MTEF period towards the Higher Health entity in various higher learning institutions. In the previous year it had supplied additional funding to ensure support for GBV and psycho-social support in the CET sector. They had allocated R7 million per annum for a directorate-led unit to fight against GBV in the higher education sector. The institutions receiving subsidies from the Department also had their own initiatives to support GBV programmes.
- Funds had been reprioritised for the NSFAS shortfall. R3.3 billion was a contribution from the National Skills Fund, R3 billion from voted funds, and R2.5 billion from the universities. This budget reduction had an impact on TVET colleges and universities, as the Department had to halt many plans to build, and may not be able to introduce new infrastructure programmes this year due to budget constraints.
- The budget increase observed in programme one was because slide 45 of the presentation had made a comparison with the adjusted budget allocation for the previous year, and compared it with the original budget allocation. The Department indicated they should have added a column in the presentation where they also compared the original budget allocation for the previous financial year to the original budget allocation this financial year, because that way the increase was only 3.6%, which was little. In September 2020, the Department had realised a potentially huge under-spending for programme one, and had made the necessary adjustments. Most budget reprioritisations to key programmes were made from programme one. The Department had experienced recruitment delays because of the lockdown, which accounted for under-spending and under-compensation of employees in programme one. Eliciting responses, the Department added that the additional funding given over the MTEF period was the budget reprioritisation

made from programme one, which was given to the South African Qualification Authority (SAQA), CET colleges (over R120 million), and to reduce the NSFAS shortfall.

- The Department agreed with the Committee's concerns over the adverse effects of the budget reprioritisation to support the NSFAS shortfall. They reported that the infrastructure budget cuts last year had brought some projects to halt, and that some projects this year, such as the new funding for information technology (IT) infrastructure, would have to be postponed. The primary focus of the budget reprioritisation was to protect the core operational budgets of the institutions. As such, the Department had tried to restrict the reductions to areas where they could either postpone projects, or earmark grounds.
- Regarding the policy review process, the Department had gone to Cabinet in March and had requested to return by the end of June with proposals on how to continue sustainable student funding through NSFAS. Some projects related to medium-term projections would be attended to immediately, while other projects would continue in the longer period, such as funding of the missing middle/post-graduate students. The Department was, however, concerned about the growing budget for student funding and the requirements for sustaining this budget for the whole PSET system, and its effect on universities, TVET and CET colleges, and skills development.
- The Deputy Minister had visited UCT during the previous weeks to see the damage caused by the fire. The Department of Higher Education and Training as well as the Department of Health provided support, particularly when students were evacuated from their residences for a short period, and some students had had to be re-housed. The big devastation was the damage caused to the library and its special collections. The university was establishing where there was digitised material, and which materials had been lost. The university was insured to cover the cost of the damage, but the Department would continue to engage them for support. The Department had observed that UCT had acted instantly to ensure the safety of their staff members and students. There was, however, a brief disruption to the academic calendar, but the university had managed to resume a week after the fire. It was also able to mobilise extraordinary support from the private sector and non-governmental organisations (NGOs), like the 'Gift of the Givers'. The Department was in discussion with the university on the long-term effects of this fire, and how best to assist them.
- Not all the institutions were using the NSFAS process for acquiring laptops. In 2020, for instance, many students received their laptops through the institutions delivering devices to them, whilst some institutions took different routes, like delivering hard copies to their students. NSFAS had ordered 170 000 laptops, some of which had arrived last week and were being distributed. NSFAS had experienced a delay because of the international demand for laptop components and delayed manufacturing from some providers. However, it had concluded its tender agreement last year and had appointed service providers. It was estimated that most of the laptops would be distributed towards the middle of this year, and that the Department would provide the Committee with an update.
- Regarding the CSIR, the Department's understanding was that they would assist with a review of the connectivity around the country so that they had a sense of which areas had good or bad network connectivity.
- The Department was concerned about the budget reduction for TVET college infrastructure. They were, however, committed to increasing the number of college campuses available, and finding other modes of delivery for the curricula, like e-learning platforms.
- The Department had received several requests to build new TVET colleges, but the requests were dealt with on a needs-based analysis. Presently, the focus was aligned with the preamble to the CET Act, which was to prioritise previously disadvantaged areas. TVET colleges were of importance, as they provided the skills required to grow the economy.

6. RECOMMENDATIONS

The Committee, having considered the Strategic Plan 2020 – 2025 and Annual Performance Plan 2020/21 of the Department of Higher Education and Training recommends that the Minister of Higher Education, Science and Innovation consider the following:

- 6.1 The Department should review its funding model to ensure sustainable funding for TVET College infrastructure and the NSFAS model.
- 6.2 The Department should focus its budget allocation more on TVET Colleges so as to encourage students to opt for TVET College Programmes, which were more beneficial for the economy.
- 6.3 The Department should provide the Committee with an update with regard to the distribution of laptops.

7. Conclusion

Having satisfied itself in its engagement with the Department of Higher Education and Training on their Annual Performance Plan and the Budget, the Select Committee on Education and Technology, Sport, Arts and Culture recommends that Budget Vote 17: Higher Education and Training be adopted and that the House approves Budget Vote 17: Higher Education and Training.

Report to be considered.