**Report of the Portfolio Committee on Higher Education, Science and Innovation on its Assessment of the 2022/23 Fourth Quarter Financial and Non-Financial Performance Report of the Department Of Higher Education and Training, Dated 14 June 2023**

The Portfolio Committee on Higher Education, Science and Innovation (“the Committee”), having assessed the 2022/23 Fourth Quarter financial and non-financial performance report of the Department of Higher Education and Training (“the Department”), reports as follows:

1. **INTRODUCTION**

Section 40 (1) (f) of the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) makes provision for the accounting officer of a department to submit all reports, returns, notices and other information to Parliament. The Act also stresses the need for accounting officers to regularly monitor and report on the performance of their departments against the agreed budget for the year.

Section 5 (1) (c) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009) determines that the National Assembly (NA), through its committees, must annually assess the performance of each national department in relation to the expenditure report of the said department published by the National Treasury in terms of section 32 of the PFMA.

The Committee conducts in-year monitoring and assessment of the service delivery and financial performance of the Department towards achieving the performance indicators and targets as set out in the Annual Performance Plan. The quarterly assessments of the Department’s financial and non-financial performance also assist the Committee in its preparation for the annual submission of the Budgetary Review and Recommendation Report (BRRR) as determined by section 5 (2) of the Money Bills Amendment Procedures and Related Matters Act, 2009 (Act No. 9 of 2009).

The Committee convened a meeting on 31 May 2023 to assess the Department’s 2022/23 Fourth-Quarter performance report.

1. **OVERVIEW AND ASSESSMENT OF THE DEPARTMENT’S QUARTERLY EXPENDITURE AND PERFORMANCE**

**2.1. 2022/23 FOURTH-QUARTER PERFORMANCE**

**Table 1: Budget allocation and expenditure for the Fourth Quarter of the 2022/23 financial year**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **VOTE 17: HIGHER EDUCATION AND TRAINING** | | | | | |
| **R million** | **Available budget** | **Year End Actual Expenditure** | **Expenditure as % of available budget** | **Underspending/overspending** | **% Underspending/overspending** |
| Administration | 504,7 | 452,1 | 89.6% | 52,6 | 10,4% |
| Planning, Policy and Strategy | 4 695,9 | 4 683,5 | 99.7% | 12,4 | 0.3% |
| University Education | 88 834,5 | 88 818,6 | 100.0% | 15,9 | 0.0% |
| Technical and Vocational Education and Training | 12 647,8 | 12 282,5 | 97.1% | 365,3 | 2.9% |
| Skills Development | 411,4 | 406,0 | 98.7% | 5,4 | 1.3% |
| Community Education and Training | 2 643,4 | 2 632,0 | 99.6% | 11,3 | 0.4% |
| **Sub-total** | **109 737,6** | **109 274,7** | **99.6%** | **462,9** | **0.4%** |
| **Direct charges** | **21 238,1** | **20 808,8** | **98.0%** | **429,3** | **2.0%** |
| **SETAs** | 16 990,5 | 16 647,1 | 98.0% | 343,4 | 2.0% |
| **National Skills Fund** | 4 247,6 | 4 161,8 | 98.0% | 85,9 | **2.0%** |
| **Total** | **130 975,8** | **130 083,6** | **99.3%** | **892,2** | **0.7%** |

Source: National Treasury, 2023

The Department’s adjusted budget for the 2022/23 financial year, inclusive of the direct charges against the National Revenue Fund amounted to R130,975 billion. The Department’s expenditure at the end of the Fourth Quarter, excluding direct charges, amounted to R109,274 billion or 99.6 per cent of the R109,737 billion. The Department recorded lower than the projected expenditure amounting to R462,9 million, mainly under the compensation of employees across all programmes. At the end of the 2022/23 Fourth Quarter, the Department had spent R10,251 billion or 96.3 per cent on the compensation of employees’ available budget, recording lower than the projected spending amounting to R399,4 million or 3.7 per cent, mainly in Programme 4: Technical and Vocational Education and Training. Underspending in Programme 4 is mainly due to delays in implementing the Post‐Provisioning Norms (PPN) at colleges where the required documents were not submitted on time. The Department noted that there were challenges with the matching of staff to posts at some colleges, and some of the staff had criminal records and could not participate in the process pending the finalisation of their cases. The Department also noted that is working closely with TVET college management teams to ensure that all the necessary human resources management requirements needed to implement the PPN are met.

Expenditure on goods and services amounted to R633,1 million or 92.6 per cent of the available budget of R683,5 million. The underspending on goods and services amounted to R50,4 million or 7.4 per cent of the available budget.

Spending on transfers and subsidies at the end of the Quarter under review amounted to R98,376 billion or 100 per cent of the available budget. Spending on payments for capital assets amounted to R11,5 million or 70 per cent, recording an underspending of R4,9 million or 30 per cent of the available budget of R16,4 million.

**2.2. Overview and Assessment 2022/23 Third-Quarter service delivery performance**

For the 2022/23 Fourth Quarter, the Department had 74 targets. The targets were shared among the six budget programmes, namely: Administration, Planning, Policy and Strategy; University Education, Technical and Vocational Education and Training (TVET), Skills Development and Community Education and Training (CET). The Department achieved 42 targets or 57 per cent of the 74 targets.

**(i) Programme 1: Administration**

The programme provides strategic leadership, management and support services to the Department. The programme had six (6) targets and achieved three (3) or 50 per cent of the targets in the Fourth Quarter.

The Programme achieved the target to resolve 80 per cent of disciplinary cases within 90 days, the vacancy rate was below 10 per cent and concluded within 12 months, and 100 per cent determination tests on irregular, fruitless and wasteful expenditure. Targets not achieved include:

* Percentage (100%) of valid invoices received from creditors paid within 30 days and actual achievement was 99.54 per cent. The Department cited administrative delays relating to purchase order matters that were apparent during the period under review. This affected about 19 invoices.
* 40 per cent of public procurement spent on women-owned businesses and the actual achievement was 22.9 per cent. The Department cited the lack of enabling preferential procurement legislation as the reason for the non-achievement of this target; and
* Percentage (98%)of network connectivity uptime per annum, actual achievement was 95 per cent. The Department ascribed the partial achievement to rolling blackouts due to ESKOM load shedding and State Information Technology Agency (SITA) outages.

At the end of the quarter under review, the Programme spent R452,1 million, recording lower than projected spending amounting to R52.6 million or 10.4 per cent. The lower-than-projected spending was under compensation of employees and was ascribed to vacant posts that were not filled in time due to delays in the processing of a high number of applicants.

**(ii) Programme 2: Planning, Policy and Strategy**

The programme provides a strategic direction in the development, implementation and monitoring of departmental policies and the human resource development strategy for South Africa. The programme had 23 targets and achieved 12 or 52 per cent of the planned targets for the Fourth Quarter.

Amongst the targets achieved were: the gazetting of the Revised Recognition of Prior Learning Coordination Policy for public comments; approval by the Minister of the policy brief on articulation between TVET colleges and Universities; approval by the Director-General of a report on the implementation of Social Inclusion in the PSET system; approval of a report on the implementation of Gender Equality and GBV policy framework for PSET; approval of guidelines on the provision of National Integrated CDS system, guidelines for the provision of open access Learner-Teacher Support Materials (LTSM) for students in TVET colleges; and policy brief on E-Learning/Open Learning Strategy in PSET.

Targets not achieved include:

* Two new agreements on cooperation in Higher Education and Training entered with foreign countries.
* A report on the implementation of Integrated Infrastructure Development Support Programme (IIDSP) for PSET approved by the Director-General by 31 March 2023.
* Monitoring report on the number of Imbali Precinct projects completed in collaboration with Durban University of Technology (DUT) approved by the Director-General by 31 March 2023.
* Monitoring report of a feasibility study to establish a Multi-Purpose Centre in Giyani, Limpopo approved by the Director-General by 31 March 2023.
* A monitoring report on progress towards the achievement of MIF milestones approved by the Director-General by 31 March 2023.
* Multifaceted student accommodation strategy approved by the Minister by 31 March 2023.
* A plan for the establishment of the new institutions, based on the feasibility study submitted to the Minister for approval by 31 March 2023.
* Revised Policy on Minimum Norms and Standards for student housing approved by the Director-General for submission to the Minister by 31 March 2023.
* TVET colleges Infrastructure maintenance plans for 2023/24 relating to all (100%) sites of delivery approved by the Director-General by 31 March 2023.
* Infrastructure delivery plans for universities approved by the Director-General by 31 March 2023.
* A report on the implementation of norms for differentiated infrastructure approved by the Director-General by 31 March 2023.

At the end of the quarter under review, the programme had spent R4.683 billion recording an underspending amounting to R12.4 million or 0.26 per cent. Underspending was mainly under the compensation of employees as the Department struggled to fill vacancies timeously due to the length of time taken to process the high number of applications.

**(iii) Programme 3: University Education**

The programme develops and coordinates policy and regulatory frameworks for an effective and efficient university education system and provides financial and other support to universities, the National Student Financial Aid Scheme (NSFAS) and national higher education institutions.

For the Quarter under review, the programme had 15 targets and achieved 11 or 73 per cent of the targets.

Targets achieved included: the approval by the Director-General of a report on the achievement of Ministerial enrolment planning targets approved by the Director-General by 31 March 2023; achievement of 63 per cent throughput rate of 2014 first–time cohort at universities; the filling of 85 new Generation of Academics Project (nGAP) posts at universities; the allocation of 40 scholarship or internship positions to universities through the Nurturing Emerging Scholars Programme; achievement of 48 per cent of university lecturers (permanent instruction or research staff) who hold doctoral degrees; approval of infrastructure plans for 2023/24 relating to all sites of delivery and approval of a report on the implementation of norms for differentiated infrastructure.

Targets not achieved include:

* A report on the implementation of the University Capacity Development Programme (UCDP) approved by the Director-General by 31 March 2023. The Department alluded that there were delays in approving the release of funds that must form part of the financial component of the UCDP.
* A report on the compliance of public higher education institutions (PHEIs) to the regulations approved by the Director-General by 31 March 2023. The Department alluded that the draft of the compliance report was not approved due to capacity constraints in the Chief Directorate.
* A needs analysis report and framework for the university governance programme approved by the Director-General by 31 March 2023. The Department mentioned that the draft needs analysis report needed major revisions and possibly additional research.
* A report on the evaluation of the 2021 research outputs of public universities approved by the Director-General by 31 March 2023. The Department reported that the report could not be concluded on time due to capacity constraints in the Chief Directorate.

At the end of the quarter under review, the programme spent R88.818 billion recording an underspending amounting to R15.9 million or 0.02 per cent. Underspending was mainly under compensation of employees as the Department struggled to fill vacancies timeously due to the length of time taken to process the high number of applications.

**(iv) Programme 4: Technical and Vocational Education and Training**

The purpose of this Programme is to plan, develop, implement, monitor, maintain and evaluate national policy, programmes, assessment practices and systems for TVET. The programme had 13 targets and achieved eight (8) or 62 per cent of the planned targets.

Targets achieved include: the establishment of a Disability Student Unit to support students with disabilities in TVET colleges; placement of 10 000 unemployed TVET students in workplaces; approval of a report on a cooperation agreement with Germany on the South African Institute for Vocational and Continuing Education and Training (SAIVCET) work; enrolment of 4 000 students in PLP to improve success; and approval of 10 new or revised subject curricula for TVET colleges.

Targets not achieved include:

* Period it takes to issue certificates to qualifying candidates following the publication of results (months). The Department reported that there were no certificates released during the quarter under review.
* Throughput rate of TVET National Certificate Vocational NC(V). The Department reported that the impact of COVID-19 affected teaching and learning.
* All 50 public TVET colleges implementing student-focused entrepreneurship development programmes. The Department reported that eight (8) TVET colleges, namely: Flavius Mareka, Sedibeng, Tshwane South, Western, Mthashana, Thekwini, Letaba and South Cape did not implement student-focused entrepreneurship development programmes.
* Number of protocols signed with industry to place TVET college students and lecturers for workplace experience annually. The Department reported that 28 TVET colleges did not submit reports.

At the end of the quarter under review, the programme spent R12.282 billion recording an underspending amounting to R365.3 million or 2.3 per cent. Underspending was mainly under compensation of employees due to delays in implementing the Post‐Provisioning Norms (PPN) at TVET colleges where the required documents were not submitted on time. The PPN will see TVET employees paid from the Department’s compensation budget. Goods and services had underspent by R36.7 million because invoices for exam‐related goods and services were received too late for payment to be made by 31 March 2023.

**(v) Programme 5: Skills Development**

The programme promotes and monitors the National Skills Development Strategy (NSDS). Develop skills development policies and regulatory frameworks for an effective skills development system. For the Quarter under review, the programme had 11 targets and achieved three (3) or 27 per cent of the targets.

Targets achieved include:

* 31 3 00 Learners who completed learnerships annually.
* 40-day average lead time from qualifying trade test applications received until the trade test is conducted.
* A monitoring report on the implementation of the Skills Strategy was approved by the Director-General by 31 March 2023.

Targets not achieved include:

* 107 000 learners or students placed in work-based learning (WBL) programmes.
* 148 000 learners registered in skills development programmes annually.
* 22 000 learners entering artisanal programmes annually.
* 20 500 artisans found competent annually.
* 5 200 learners who completed internships annually.
* 100 000 learners who completed skills programmes.
* Percentage of allocated SETA mandatory grants paid to employers.
* Percentage of SETAs that meet the standards of good governance.

At the end of the quarter under review, the programme spent R406 million recording an underspending amounting to R5.4 million or 1.3 per cent.

**(vi) Programme 6: Community Education and Training**

The purpose of this Programme is to plan, develop, implement, monitor, maintain and evaluate national policy, programme assessment practices and systems for community education and training. For the Quarter under review, the programme had six targets and achieved five (5) or 83 per cent of the targets.

Targets achieved include:

* Two programmes and qualifications offered in CET colleges.
* Report on the implementation of open access LTSM for students in CET colleges approved by the Director-General by 31 March 2023.
* 95% of CETCs that meet standards of good governance.
* 900 CET college lecturers trained.
* 100% CET colleges compliant with the policy on the conduct and management of examination and assessment.

Targets not achieved include:

* Number of pilot community learning centres (CLCs) accredited.

At the end of the quarter under review, the programme spent R2,632 billion or 99.6 per cent, recording an underspending amounting to R11,3 million or 0.4 per cent. Underspending was mainly under compensation of employees as the Department struggled to fill vacancies timeously due to the length of time taken to process the high number of applications.

1. **OBSERVATIONS**

The Portfolio Committee having considered the 2022/23 Fourth Quarter expenditure and non-financial performance report of the Department of Higher Education and Training, makes the following observations:

**3.1. Programme 1: Administration**

3.1.1.The Committee expressed its concern regarding human resource capacity constraints in some of the Chief Directorates within the Department. The inadequate HR capacity impacts the ability of the Department to operate optimally and meet its APP targets.

3.1.2 The Committee reiterated its concern with respect to the challenges experienced by the Department in paying 100 per cent of valid invoices to suppliers within 30 days. It further noted that the delays in paying invoices to small and emerging enterprises have a detrimental impact on their sustainability.

3.1.3 Concerns were raised in relation to the non-achievement of the target of 40 per cent of public procurement spent on women-owned businesses, which was due to the lack of enabling Preferential Procurement legislation and that the current reporting standard is cumbersome and labour intensive to calculate the percentage procurement as it is based on expenditure. The Department noted that the legal impediment has been addressed and this will contribute to the achievement of the target.

3.1.4 The Committee was concerned that some of the office spaces of the Department were not equipped with generators to mitigate against the impact of load shedding, which disrupts network connectivity and other related operations. The Department reported that due to its planned office relocation to the Council for Scientific and Industrial Research (CSIR), it had to halt the purchase of generators.

3.1.5 The Committee was concerned about the Department’s communication strategy to inform the public about its good stories and similar opportunities that are available to young people and adults in the PSET system. An example was the National Skills Fund (NSF) bursary programme, which assisted a lot of beneficiaries from rural areas to achieve their dreams and some are accountants.

3.1.6 The recurring challenge related to the delays in the processing of claims from TVET colleges Examiners and Moderators remain a serious challenge for the Department. This problem further contributes to underspending of the Department’s budget annually.

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

3.2.1. The overall performance of the Department (57 per cent) during the quarter under review was noted as a concern by the Committee. It was noted that the performance of the Department has been inconsistent during the 2022/23 financial year, and there were similar reasons for deviations.

3.2.2 The Committee noted that there is inadequate consequence management implemented by the Department to combat underperformance in its core delivery programmes.

3.2.3 The Committee noted that the National Qualifications Framework (NQF) Amendment Bill has been approved by the Minister for amendment. However, the Committee was concerned about the delays in the promulgation of the NQF Amendment Act, 2019 by the President.

3.2.4 It was noted that the planning of some of the Department’s targets was unrealistic and this affected its quarterly performance.

3.2.5 The Committee noted the approval of the E-learning/Open Learning Strategy in the PSET system as this will provide guidelines on the roll-out of blended learning in the PSET system. The Committee also requested the Department to brief it on this strategy in the near future.

**3.3. Programme 3: University Education**

3.3.1. The Committee welcomed the completion of the feasibility studies towards the establishment of the two new universities (University of Crime Detection Hammanskraal and University of Science and Innovation Ekurhuleni) in Gauteng.

3.3.2 The performance of the University Education programme (73 per cent) during the quarter under review was welcomed.

3.3.3 The delays in the release of funds that must form part of the financial component of the University Capacity Development Programme (UCDP) were noted as a concern given the importance of this programme in improving the capacity of universities.

**3.4. Programme 4: Technical and Vocational Education and Training**

3.4.1. The Committee expressed its concern regarding some TVET colleges’ failure to submit the necessary information required for the full implementation of the post-provisioning norms (PPN).

3.4.2. The Committee welcomed the approval of 10 revised subjects/ curricula for the TVET sector, which is aimed at improving the relevance of programmes and ensuring their responsiveness to industry needs. The Committee has been advocating for the revision of the TVET curricula so that students are taught the skills that are needed in the workplace. The Committee further requested for the list of the 10 revised subjects to be submitted for information.

3.4.3. The emphasis on the provision of occupational skills in TVET colleges was welcomed by the Committee. However, it was concerned about the low uptake of these programmes by students.

**3.5. Programme 5: Skills Development**

3.5.1. The Committee expressed its concern about the delays by two SETAs (EWSETA and PSETA) in submitting the necessary information needed by the Department to report on their adherence to standards of good governance.

3.5.2 A concern was raised with respect to the number of employers that were closing their businesses due to slow economic growth and related matters. The Committee was concerned about the limited availability of workplaces for students to complete their work-based learning as part of attaining their qualifications.

3.5.3 The Committee noted its concern regarding the stipends offered to postgraduate students participating in the learnerships and related skills programmes of the PSET sector. It was further noted that these stipends were not attractive to postgraduate students, in particular, those that do not have base income.

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

3.5.1. Concerns were raised with respect to the non-compliance by community learning centres (CLCs) with accreditation requirements by the Quality Council for Trades and Occupations (QCTO) and SETAs. It was further noted that CLCs play an important role in providing basic skills to youth and adults that are not in employment or training. Thus, it is critical for the CLCs to be provided with the necessary support needed to meet the accreditation requirements.

**4. SUMMARY**

The Committee was concerned with the Department’s overall performance for the quarter under review, where 42 out of the 74 targets were achieved, which translates into 57 per cent. The performance for the quarter under review was slightly better compared to the previous quarter where the overall performance was 45 per cent. The Committee was further concerned about the reasons for underperformance, which were more related to similar issues such as capacity constraints in some of the Chief Directorates within the Department, poor planning, external factors and process factors.

The Committee noted improvements in the internal control environment of the Department as there was no fruitless, wasteful or irregular expenditure during the quarter under review. The Department also spent R130 billion representing a spending rate of 99.7 per cent of its budget for the 2022/23 financial year, of which R20 billion was for skills levy. The variance on underspending amounted to R462 million or 0.3 per cent of the total budget. The University Education programme remained the biggest spending branch at an amount of R88 billion, which includes R45 billion that was transferred to the National Student Financial Aid Scheme (NSFAS). The Committee also welcomed some notable achievements during the quarter under review, such as the completion of the feasibility studies on the establishment of the two new universities in Gauteng.

**5. RECOMMENDATIONS**

The Committee having assessed the 2022/23 Fourth-Quarter expenditure and performance report of the Department makes the following recommendations:

**5.1.** **Programme 1: Administration**

5.1.1. The Department should develop a plan of action with timeframes for filling vacant positions within its Chief Directorates and TVET colleges.

5.1.2 The Department should be actively involved in assisting TVET colleges to comply with all the requirements for the implementation of post-provisioning norms (PPN) in the TVET sector.

5.1.2 The payment of valid invoices to service providers within 30 days should be prioritised.

5.1.3 The Department and its entities should strengthen partnerships with the South African Broadcasting Corporation (SABC) to communicate the existing skills development programmes and share success stories to improve the image of these institutions.

5.1.4 The Department should put necessary measures in place to achieve the target of 40 per cent of public procurement spent on women-owned businesses.

**5.2. Programme 2: Planning. Policy and Strategy**

5.2.1. The Department working closely with the Presidency should ensure that the process of the proclamation of the NQF Amendment Act, 2019 is prioritised.

5.2.2 The Department should develop a project management plan to monitor the activities implemented towards achieving the planned targets. Furthermore, there should be a centralised approach to monitor the in-year performance of the various programmes of the Department.

5.2.3 Consequence management should be implemented against officials responsible for poor performance in some of the programmes of the Department.

**5.3. Programme 3: University Education**

5.3.1. The Department should prioritise the release of funds for the implementation of the University Capacity Development Programme (UCDP).

**5.4. Programme 4: TVET**

5.4.1. The Department should prioritise the expansion of the Disability Units to all 50 TVET colleges in line with the principle of promoting universal access to the TVET sector.

5.4.2 The Department should ensure that TVET lecturers are capacitated to improve the learning outcomes and throughput rate in the sector.

**5.5. Programme 5: Skills Development**

5.5.1. The Department should ensure that employers, in particular, those hosting students for work-integrated learning (WIL) receive the necessary support needed for students to complete their experiential learning.

5.5.2 The Department should consider reviewing the stipends paid to postgraduate students participating in the learnerships or skills development programmes offered by these entities.

5.5.3 The SETAs and NSF should invest more resources in funding higher-end scarce and critical skills programmes needed to improve the economy.

5.5.4 The Department should ensure that SETAs adhere to the deadlines in relation to the submission of information required for reporting on their performance.

**5.6. Programme 6: CET**

5.6.1. The Department should ensure that CET colleges are provided with the necessary support to be fully compliant with the accreditation requirements of the QCTO and SETAs.

Report to be considered.