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| MEMORANDUM FROM THE PARLIAMENTARY OFFICE |

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION 1534**

**DATE OF PUBLICATION OF INTERNAL QUESTION PAPER: 28/05/2021**

**INTERNAL QUESTION PAPER NO 15 OF 2021**

**Mr M N Nxumalo (IFP) to ask the Minister of Higher Education, Science and Innovation:**

(1) Given that budget adjustments were made in response to COVID-19 and its impact, resulting in the decrease of the technical and vocational education and training (TVET) colleges budget, while the infrastructure efficiency grant is also projected to decrease, as presented in Budget Vote 17, what are the implications of the specified adjustments on creating a competent workforce, which is one of the objectives of the National Development Plan and the Economic Reconstruction and Recovery Plan;

(2) how do the specified budget reductions affect the employability of graduates, especially from TVET colleges, which enrol over 700 000 students, mainly from economically disadvantaged households;

(3) what measures has his department put in place to ensure that targets set for the Department of Basic Education will be reached, despite challenges such as COVID-19? **NW1737E**

**REPLY:**

(1) To assess the real impact of the proposed Technical and Vocational Education and Training (TVET) system budget cuts, it is important that the earmarked budget provided by National Treasury for the purpose of implementing the TVET Post Provisioning Norms (PPN) be excluded from the baseline increase, as it is actually being subsidised through a baseline reduction from the TVET Direct Transfers (subsidies). The PPN allocation is, therefore in real terms not a baseline increase, as the TVET sector and public TVET colleges will receive no additional funding for this purpose in particular.

The following table reflects in real terms the proposed budget reduction for the TVET sector over the Medium-Term Expenditure Framework (MTEF), which excludes the PPN:

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| **Budget**  | **2021/22****R'000** | **2022/23****R'000** | **2023/24****R'000** | **Total** **R'000** |
| TVET Compensation of Employees (CoE) budget cut  | (908,399)  | (1,206,281)  | (951,175)  | (3,065,855) |
| TVET subsidy budget cut  | (100,000)  |  (100,000)  | (100,478) | (300,478)  |
| **Sub-Total** | (1,008,399)  |  (1,306,281)  | (1,051,653)  | (3,366,333) |
| TVET operationalisation of new campuses budget cut | (16,664)  | (22,136)  | (31,648)  | (70,448) |
| TVET Infrastructure and Efficiency Grant budget cut  | (204,282)  | (265,613)  | (458,610)  | (928,505) |
| **Total** | (1,229,345)  | (1,594,030)  | (1,541,912)  | (4,365,287) |
| **Impact on student enrolments: TVET CoE and subsidies** |   |   |   |   |
| Budget reduction %  | -8.39%  | -10.47%  | -8.60%  | -9.17% |
| **Annual Performance Plan Targets** |   |   |   |   |
| Headcount enrolments in TVET colleges (State funded)  | 505 770 |   |   |   |
| TVET enrolment reduction  | (42 419)  | (52 978)  | (43 492)  | (138 889) |

As can be noted from the above table, the budget for the rest of the MTEF has been reduced by R3.3 billion affecting the TVET Compensation of Employees (CoE) and TVET Direct Transfers (subsidies), which translates to a reduction of student headcount enrolments by approximately 138 889 over the MTEF period.

(2)   For many young people, attending a TVET college secures them with the skills and opportunities for employment in industries and businesses, and for some to venture into self-employment. A reduced budget will restrict access to TVET colleges for many students who come from economically disadvantaged backgrounds, thereby exacerbating the challenges of escaping the generational trap of poverty.

(3)  The Department has been supporting TVET colleges in developing strategies to overcome the difficulties faced by the contracting budget:

-     The Department has identified the need for TVET colleges to expand access by developing partnerships with both private and public sector enterprises, and has incorporated this as a performance target for colleges to achieve. Colleges with partnerships have been able to increase their enrolments despite facing constrained budgets.

-     The Department has encouraged colleges to initiate online learning as a platform of learning that can be accessed by a larger number of individuals that do not require to be physically at the college.

-     In line with this and in response to the COVID-19 pandemic, computers will be disbursed to TVET students thereby enabling the digital revolution for expanded blended and online learning.

All these innovations will boost the quality and quantity of competency achieved by young people attending TVET colleges.