**Memorandum from the Parliamentary Office**

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION 1768**

**DATE OF PUBLICATION OF INTERNAL QUESTION PAPER: 09/09/2016**

**(INTERNAL QUESTION PAPER 27 OF 2016)**

**Mr T R Majola (DA) to ask the Minister of Higher Education and Training:**

(1) What is the current deficit carried by each of the country’s (a) universities and (b) universities of technology;

(2) whether he intends to provide financial assistance to each of the specified (a) universities and (b) universities of technology in the (i) long and/or (ii) short term; if not, (aa) why not and (bb) what is the expected route that the specified universities will take; if so, (aaa) by how much and (bbb) by when in each case;

(3) whether he intends to close any of the specified universities as a cost-saving measure; if not, what is his plan to render the sector viable over the next five years; if so, what are the relevant details?

**NW2076E**

**REPLY:**

1. An assessment of the 2015 Annual Financial Statements submitted by universities to the Department of Higher Education and Training on 30 June 2016 shows that, by 31 December 2015:

(a) North-West University and the University of Venda had incurred deficits on their Council controlled unrestricted funds, whilst the University of South Africa had incurred deficits on both its operations and Council controlled unrestricted funds; and

(b) five Universities of Technology, namely: Cape Peninsula University of Technology, Central University of Technology, Mangosuthu University of Technology, Tshwane University of Technology and Vaal University of Technology, incurred deficits on both their operations and Council controlled unrestricted funds.

Table 1: 2015 Annual Financial Statements: Deficits incurred

|  |  |  |  |
| --- | --- | --- | --- |
| **No** | **Name of institution** | **Operating surplus** | **Council controlled unrestricted surplus** |
| **(Deficit)** | **(Deficit)** |
| **R'000** | **R'000** |
| 1. **Universities** | | | |
| 1 | North-West University | 80 965 | (5 828) |
| 2 | University of Venda | 34 439 | (17 830) |
| 3 | University of South Africa | (358 577) | (365 938) |
| 1. **Universities of Technology** | | | |
| 4 | Cape Peninsula University of Technology | (25 972) | (72 191) |
| 5 | Central University of Technology | (18 950) | (16 717) |
| 6 | Mangosuthu University of Technology | (20 268) | (16 544) |
| 7 | Tshwane University of Technology | (64 116) | (72 701) |
| 8 | Vaal University of Technology | (32 160) | (13 545) |

1. The Department provides financial assistance to each institution through the funding framework for universities. This is made up of a block grant subsidy and a range of earmarked grants, including National Student Financial Aid Scheme (NSFAS) funding. Block grant funds are Council controlled unrestricted funds mainly used to fund teaching and learning, and operational activities. Earmarked funds are utilised to steer developments in the system, for example, access to higher education to previously excluded groups through NSFAS, and infrastructure renewal and development. It is the fiduciary responsibility of each university to ensure that they manage their finances effectively and efficiently. Institutions receive funding from different sources, including the Department and must work within their budgets to ensure their long-term sustainability.
2. No, the Minister does not intend to close any university within the next five years. The 2015 audited financial statements of all eight institutions have been prepared as a going concern based on the principle that the institutions will remain in operation for the foreseeable future.

National Treasury has undertaken a recent study to model the cost implications of expanding public higher education, within the Post-School Education and Training (PSET) sector, to meet the National Development Plan targets by 2030. This has been done on the assumption that a cost-sharing model, as is currently implemented across the system, will continue. The Department will work with National Treasury to provide input for high-level policy decisions to adequately fund the PSET sector, including universities, in order to ensure the sustainability of a quality PSET system and ensure affordable higher education for all.

COMPILER/CONTACT PERSONS:

EXT:

DIRECTOR – GENERAL

STATUS:

DATE:

QUESTION 1768 APPROVED/NOT APPROVED/AMENDED

Dr BE NZIMANDE, MP

MINISTER OF HIGHER EDUCATION AND TRAINING

STATUS:

DATE: