**Memorandum from the Parliamentary Office**

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION 2582**

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**(INTERNAL QUESTION PAPER 38 OF 2016)**

**Prof B Bozzoli (DA) to ask the Minister of Higher Education and Training:**

Whether, with reference to the recommendations of a report commissioned by the National Treasury on International Practices in Post-School Education and Training funding that was produced by DNA Economics and Mzabalazo Economics, any output bonuses have been paid to technical and vocational education training (TVET) colleges as part of their funding formulae; if not, (a) why not and (b) what steps has his department taken in this regard; if so, what (i) amounts have been paid in bonuses to TVET colleges and (ii) were the terms of the bonuses that were awarded?

**NW2995E**

**REPLY:**

In terms of the National Norms and Standards for Funding Technical and Vocational Education and Training Colleges (NSF-TVET Colleges), paragraph 59 refers to the output bonus as a monetary bonus, which the college receives in recognition of efficient or outstanding service delivery. The output bonus is over and above a college allocation and is determined based on the following criteria:

* The ratio of past successful completions to past enrolments, and previous versions of this ratio, applicable to previous years, both the absolute levels of this ratio, and improvements in this ratio overtime, should be taken into account.
* Attainment of development targets in the strategic plan of the college, including targets relating to the representivity of students.
* Average examination scores attained by students.

Paragraph 15 of the TVET funding norms states:

*In the interests of quality TVET services in the public sector, and in order to minimise inefficient utilisation of funds, it is important that the new funding system should be sensitive to the outputs achieved by public colleges. There are two ways in which the new system deals with the matter of efficiency and outputs. Firstly, the system allows DHET to expand enrolment in colleges that prove to be efficient and to decrease enrolment in inefficient colleges. This is made possible through the joint DHET-college planning process. Secondly, the system includes an output bonus, which should be considered a performance incentive that eligible colleges can utilise to improve their facilities, conduct further research, or for some similar developmental activity. The output-related aspects of the system are obviously dependent on the credible measurement of college performance, both in terms of successful completions (or the throughput rate) and in terms of the labour market performance of graduates.*

1. The Department has not been able to implement the payment of output bonuses to TVET Colleges because the TVET system was migrated to the Department on 1 April 2015 from Provincial Departments of Education and prior to this, it was the responsibility of Provinces to determine output bonuses. Since 1 April 2015, the Department has not paid any output bonuses as the TVET funding norms in paragraph 15, quoted above, indicates that the payment of the output bonuses is dependent on the credible measurement of college performance. The Department has started developing credible measurement tools. The TVET sector remains underfunded and with the current budget constraints, it is not possible for the Department to fund any output bonuses. It must be noted that the Department is currently only able to fund TVET Colleges at 57% of the required 80% funding level due to limited budget and increased enrolments. It must also be noted that the Department has submitted bids to National Treasury since 2010 specifically indicating the funding shortfall of which no additional baseline funding was received.
2. The Department is committed to a system of output bonuses for TVET colleges and is developing a robust, reliable and incontestable measuring tool for performance; ensuring that the TVET examinations system managed by the State Information Technology Agency is cleaned up to produce reliable data on throughput and success rates; instituting a verification process for data supplied by TVET Colleges; implementing for the first time in 2016, a unit record TVET management information system; instituting monitoring and evaluation systems as well as a DHET-college strategic and annual performance planning system, among others. Once the credibility of these measures is tested and consulted, and the Department is able to manage over-enrolment and thereby releasing funds, the system will be implemented.
3. No amounts have been paid as output bonuses to TVET colleges.
4. There are no terms for the payment of bonuses, as no amounts have been paid as output bonuses to TVET colleges.

COMPILER/CONTACT PERSONS:

EXT:

DIRECTOR – GENERAL

STATUS:

DATE:

QUESTION 2582 APPROVED/NOT APPROVED/AMENDED

Dr BE NZIMANDE, MP

MINISTER OF HIGHER EDUCATION AND TRAINING

STATUS:

DATE: