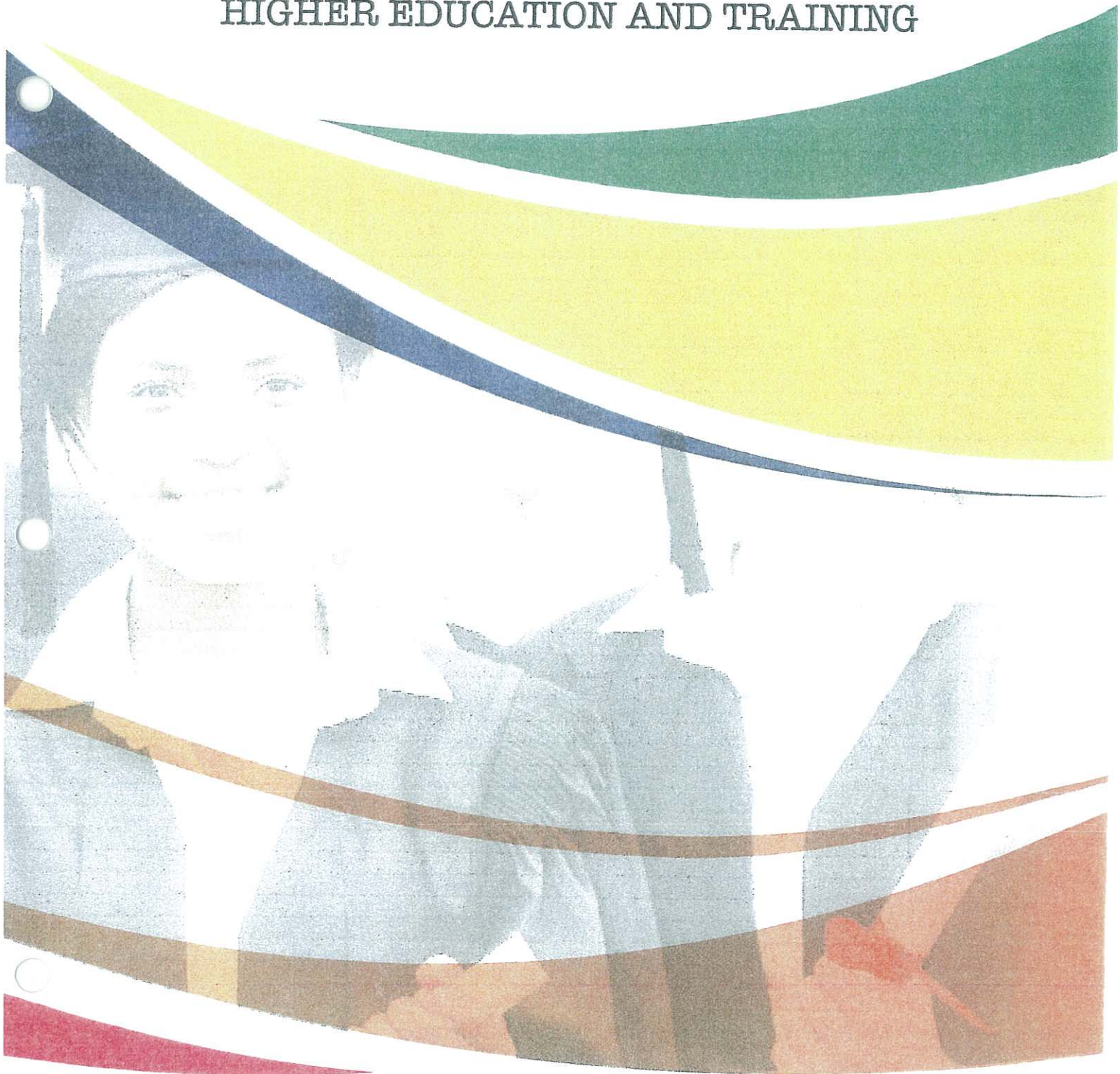




ACCESS. SUCCESS. SUSTAINABILITY.

COMMISSION OF INQUIRY INTO HIGHER EDUCATION AND TRAINING



**REPORT OF THE COMMISSION OF ENQUIRY INTO HIGHER EDUCATION
AND TRAINING TO THE PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA**

EXECUTIVE SUMMARY

1. Everyone has the right to further education. The state has a constitutional duty to make such education progressively available and accessible through reasonable measures.
2. A large proportion of existing and future students will be unable to exercise that right because of dire economic need. That need extends to the full cost of study (i.e. tuition fees, accommodation, transport, food, books, computers, tools etc. and health care). A further ill-defined but significant number of students (sometimes referred to as 'the missing middle') will experience the same deprivation because of an inability to afford some part of the full cost.
3. In order to make the right of access meaningful, the persons falling within the scope of the previous paragraph must either be provided with free higher education and training or be assisted financially to benefit from the right.
4. The Commission was mandated to advise the President as to whether the provision of fee-free education is feasible. The decision of that question has required an extensive examination of all aspects, economic and socio-economic, that bear on the funding of higher education and training in south Africa (including matters expressly referred to in the mandate) as well as practices and experience in the funding of such education internationally.

5. The Commission finds that the education sector is an interdependent, interactive, whole of which the tertiary section is one part. The recommendations made necessarily encompass the interests and funding of early childhood development, basic education and community education and training as the feasibility of providing fee-free higher education cannot be entirely isolated from any of these.
6. Notwithstanding that higher education is regarded as an apex priority for the purposes of the National Development Plan and in the allocation of state resources, there is insufficient financial capacity in the state to provide totally free higher education and training to all who are unable to finance their own education, let alone to all students, whether in need or not. Nor for the reasons set out in the Report is the provision of totally free education, necessarily in the best interests of the expansion of South Africa's higher education and training sector.
7. Existing and proposed schemes for the funding of needy students through grants and loans are inequitable, inadequate and unsustainable. NSFAS, even in its new student-centred guise, is unlikely to produce a significant proportion of successful students or to improve materially on its present gross inefficiency in the collection of loan debts.
8. The evidence before the Commission regarding technical education is clear: successful economies place an emphasis on producing technically qualified, work-oriented 'graduates' in numbers which outweigh those of university graduates. South Africa too needs to expand, improve and streamline its TVET sector to the benefit of the economy. TVET colleges must become institutions of first choice rather than holding the position of second-class citizens as is presently the case. This will require pouring money into curriculum improvement, infrastructural development, the improvement of teaching standards and better provision of workplace training. In line with this redirected emphasis, the Commission recommends that, subject to the related recommendations in

the Report, TVET education should be fee-free for all and that stipends be made available, where needed, to cover the fully cost of study. This provision will be well within the capacity of the state, if implemented in conjunction with the proposals set out below.

9. An amount of R50 billion should, subject to the necessary legislative amendment, be transferred from the surplus in the Unemployment Insurance Fund and ring-fenced for infrastructure development of the TVET colleges.
10. The Commission recommends, subject to compliance with other recommendations related to it, that a cost-sharing model for funding of university students be adopted. This will be in the form of an income contingent loan (ICL) scheme for all students (with an opt-out provision). The proposed model is a public/private partnership between the state and the private financial sector in terms of which the latter will, in contributing to its social responsibilities, make loans (up to the full cost of study) available to university students. The state will either purchase these loans or guarantee their repayment. Subject to appropriate legislative amendments, SARS will collect the repayments through the income tax system.
11. The non-negotiable principles of the ICL scheme will be that:
 - 11.1. Those who can afford to pay must pay. Therefore the obligation to repay will only arise if and when an ex-student achieves a specific income level but may increase with an increase in income.
 - 11.2. The setting of income levels, loan interest rates and other terms must be designed to place the lightest possible burden on the debtor.

12. The precise terms of the scheme should be determined by the parties to the public/private partnership in consultation with the universities and student representatives and with due regard to the terms of this Report.
13. The ICL scheme should be extended (on a voluntary basis) to:
 - 13.1. Postgraduate students at public universities;
 - 13.2. Students at private institutions of higher education and training based on the same criteria as for public universities;
 - 13.3. Students or ex-students who carry historic indebtedness.
14. The provision of ICLs should replace the participation of NSFAS in the funding of university students. In the case of TVET students, NSFAS may be retained to administer their funding if such is considered necessary.
15. Application and registration fees for institutions of higher education and training should be scrapped.
16. The Commission recommends that long unclaimed pension fund benefits (within the oversight of the Registrar of Pension Funds) should, subject to legislative amendments, be used to provide stability for the ICL system, subject to the provision of a guarantee by the state for their repayment if a valid demand by a beneficiary is lodged with the Registrar.
17. The Ministerial Task Team established by the Minister of Higher Education to advise him on funding for the poor and missing middle recommended the use of BBBEE points for higher education funding. The Commission recommends that this initiative be incorporated in legislation and applied.

18. The Commission recommends the creation of an education fund to which companies, individuals, international aid agencies, and others can be encouraged to donate towards the development of higher education, bursaries etc.

19. If the ICL proposal is adopted, it should, consistent with international experience, relieve the state of an enormous burden in the financing of student education, the benefits of which can in turn be applied, *inter alia*, to increasing subsidies to universities. In addition it will ensure that a university education is available and accessible to all who qualify for it.



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www.justice.gov.za/commissions/FeesHET/index.html