Tel: +27 (012) 030 0650
Fax: 086 680 5727
Email: admin@usaf.ac.za
Website: www.universitiessa.ac.za

Public Universities South Africa NPC
t/a Universities South Africa (USAf)
Company Reg. No. 2005/013211/08
NPO Reg. No. 176-579 NPO

UNIVERSITIES SOUTH AFRICA

Physical address:
1267 Pretorius Street, 1st Floor, Block D,
Hadefields Office Park
Hatfield, Pretoria, Gauteng, 0083

Postal address:
P.O. Box 27392
Sunnyside, Pretoria, 0132

13 November 2017

UNIVERSITIES SA RESPONSE TO THE RELEASE OF THE "FEES COMMISSION" REPORT

Universities SA (USAf) is pleased that the Report of the Presidential Commission of Inquiry into Higher Education and Training has been released, although we are perplexed by the timing of its release in the midst of the examination period.

We are also disappointed that the release of the Report occurs without any clear process steps. We are informed in the President's statement that the Inter-Ministerial Committee chaired by the Minister in the Presidency Mr Jeff Hadebe and the Presidential Fiscal Committee whose lead Minister is the Minister of Finance, Mr Malusi Gigaba, are processing the report. But there are no time lines attached to this and this raises much uncertainty. For instance, will there be a solution to the many questions still in abeyance for the 2018 academic year?

Now that we have a formal report there are a number of recommendations that USAf would like to comment on.

a. The reaffirmation of the right of all South Africans to access higher education is important for the Commission to make. It places an important responsibility on the whole of our society to ensure that this right is progressively attained. In the light of the high levels of inequality and poverty, the role of universities in creating real opportunities for social mobility and shaping more equal societies is fundamentally important.
b. The Report makes strong recommendations that the TVET College sector should be singled out for substantial investment. We support this. The future sustainability of the higher education system is tied to a properly functioning and articulated post-school education and training sector. This will help enormously to address the inverted pyramid model we have in the post-school education and training sector with too many students in universities relative to the TVET College sector.
c. The Report clearly points towards a crisis in the funding of higher education. This has been ongoing for several years with a decline in real terms in the size of the subsidy for full-time equivalent student. The above-inflation increases in tuition fees is a direct outcome of this decline. The recommendation of pegging the subsidy funding of the state to universities at 1% of GDP will make a major difference to this scenario and will certainly be an important consideration. At the moment, the subsidy funding to universities sits at between 0.6% and 0.7% of GDP.
d. The Report makes a series of recommendations around tax concessions in favour of the private sector investing in university infrastructure. USAf supports this proposal. We recognise the importance of student accommodation, especially as the student demographic shifts towards the lower LSM categories and neither DHET nor universities can address this challenge by themselves. The private sector has to come in to partner on this front and if a regulatory environment that offers tax concessions can be created, then everyone can benefit from this proposal.

e. Most importantly the Heher Report makes the suggestion that we should look towards income contingent loans. These are effectively loans where students entering university request a loan and enter into a relationship with SARS. They sign up to become taxpayers and they are immediately granted loans for their tuition, accommodation and their subsistence. They will only pay back the loan once they reach a particular income threshold. This proposal enables immediate access to higher education in the country for anyone who is accepted into a university on merit. The Report suggests that this should be undertaken in the short-term through arrangements that are facilitated by government bonds for higher education, and effectively through a graduate tax. While we look forward to much more detail about this, we are aware of several societies where this income contingent loan model works well. The key issue is whether it will leave students highly indebted or not and this will require further analysis.

Whatever agreement is eventually implemented, Universities SA is of the view that government must enable and create a long-term sustainable financial regime as the universities do not want to see a series of measures implemented in 2018, followed by an economic crisis in 2021, which may then result in massive cuts in funding to universities. That is not a sustainable developmental agenda. We reiterate that any intervention that is implemented must be undertaken in a sustainable manner, in a way that will allow us to build universities and enable them to play a role in enabling inclusive development.

While we welcome the release of this Report, we are anxiously awaiting further communications from the President's Office regarding both process and decision points. We are anxious that the 2018 academic year is upon us and we are concerned that the sector cannot manage further instability and uncertainty.

Inquiries:

'Mateboho Green. 072 807 4677.

end