MINISTRY
HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

**Budget Vote speech by Minister of Higher Education and Training Dr Blade Nzimande**

**National Assembly, 26th May 2011**

**EMBARGOED UNTIL 14H00**

Honourable Speaker

My Honourable Cabinet Colleagues

Deputy Minister of Higher Education and Training

Chairperson of the Portfolio Committee

Honourable Members

Distinguished Guests

My mother and family members

Ladies and Gentlemen

Exactly one hundred years ago, the Mines and Works Act (No 12 of 1911) was passed by the parliament of the Union of South Africa, establishing the colour bar in employment. It permitted the granting of certificates of competency for a number of skilled mining occupations to whites and coloureds only. Africans and Indians were prohibited from being recognised as skilled artisans in South Africa's mining industry. In the decades that followed these restrictions were extended throughout the economy and made increasingly harsh, especially for Africans. It is thus fitting that we announce all the measures contained in this speech whose primary goal is to expand opportunities, especially for African youth, to enter technical and other skilled careers.

Our department's goals are firmly located within the overall objectives of prioritising job creation, and within the framework of the New Growth Path, the Industrial Policy Action Plan II and the Human Resources Development Strategy.

Access to decent education and training is essential for the completion of the liberation struggle, whose foundation must be economic liberation. Education is the apex government priority and now accounts for 19.4% of the total national budget for 2011/12. Vote 17 has received R37.4 billion of which R9.1billion is a direct charge against the national revenue fund and goes to our Sector Education and Training Authorities and the National Skills Fund. Universities receive R19.4 billion for the 2011/12 financial year and R4.3 billion is allocated for Further Education and Training (FET) colleges. R4.1billion is for our public entities, of which R4billion is allocated to the National Student Financial Aid Scheme (NSFAS). The remainder is shared by the South African Qualifications Authority, the Council on Higher Education, the National Skills Authority and the Quality Council for Trades and Occupations. NSFAS will disburse R5.4 billion in loans and bursaries this financial year, double the R2.7 billion disbursed last year.

**Deepening our vision for post school education and training**

Since my last budget vote I have organised three major summits with stakeholders: one for Higher Education, one for Further Education and Training Colleges and one for skills in general. These were opportunities to consult with a wide range of stakeholders and map a way forward. All the summits adopted declarations on areas of agreement on major policy issues.

The over-arching vision we are developing is that of an expanded, effective, coherent, integrated, differentiated, but highly articulated post-school system and responsive, comprising all the institutional types falling under our department: universities, colleges, adult education centres and the levy-grant institutions (the SETAs and the NSF) as well as the various regulatory and advisory institutions. We are developing ways in which the work and the resources of these institutions can be brought together to benefit the entire system, with the strengths of each being harnessed for the mutual benefit of all. This vision will be elaborated in a Green Paper that my Department will be publishing soon for public comment.

**Strengthening skills development through the levy-grant institutions**

This vision is taking shape through the National Skills Development Strategy III (NSDS III) which we launched in January this year. NSDS III is a strategy aimed at increasing access to training and skills development opportunities and to eliminate unfair discrimination in skills training. The NSDS III will make resources available for the training programmes in institutions such as cooperatives, small enterprises, non-government organisations and trade unions.

The NSDS III sets clear goals to the SETAs and the National Skills Fund on how the levy-grant resources should be spent. Above all, it seeks to improve the quality and effectiveness of training and channel it increasingly to the formal training institutions where workers and the unemployed can get full occupational qualifications. Too much of levy money – estimated at over eighty percent – has been going to short courses which provide little lasting benefit and thus only serve to reproduce cheap labour while purporting to develop skills. Levy money must also be used in building the capacity of the formal public educational institutions. We have invested heavily over the decades in these public education and training institutions. They now must be used by the Setas and the NSF to provide quality occupational and professional training programmes for youth and adults.

SETAs have an in-depth knowledge of the labour market in their sectors and must have contact with virtually all employers in the country. They are ideally placed to assist educational institutions to access workplace experience for students. However, this has not been happening and literally thousands of students in universities of technology and FET colleges have not been able to qualify because they do not access workplace experience to complete their qualifications. SETAs will now be at the forefront in overcoming these problems.

Our department has reconfigured the SETA landscape, reducing SETAs from 23 to 21. I have also taken measures to strengthen governance and management of the SETAs to ensure that they become effective. This has led to resistance from some, but we are determined to forge ahead. The vast majority of SETAs have publicly supported these transformative measures and we have had a very positive response from most stakeholders. Most

SETAs are determined to turn their organisations into effective components of an integrated and successful post-school system. The measures we have taken are a giant step forward in the transformation of the South African skills development system.

I and my officials have had a number of engagements around skill development with employers in both the private sector and state-owned enterprises. NEDLAC has also been engaged and approved of these measures. I'm pleased to say employers have been cooperative and have committed to taking on specific numbers of apprentices, learners and interns. My department and the Department of Public Enterprises are in discussion with the SOEs regarding the expansion artisan development.

Our efforts are already starting to pay off. During 2010, 23 517 apprentices were registered by the SETAs compared to 17 228 in 2009. Also in 2010, 11 778 apprentices were certificated partly because the number of learners who passed their trade tests has been gradually increasing over the past 4 years. This is an indication that the target of 10 000 artisans per annum are being met before the time frames set in my performance agreement with the president. The numbers of learners entering artisan training are expected to increase further over the next 5 years due to commitments made or expected from both business and the SETAs. In 2010 the learnership and other learning programmes registered by the SETAs had increased to 120 615, up from 109 351 in 2009.

**Further Education and Training Colleges**

The period since my last budget vote has been one of intensive policy consultation and development. Hands-on support is being given to FET colleges in the areas of governance and management; curriculum and qualifications; examinations and assessment; planning and funding; and the establishment of partnerships and linkages with employers, SETAs and other stakeholders. Our aim is the substantial transformation and improvement of the capacity of the colleges over the next few years to offer a range of courses for the production of mid-level skills for the economy.

The college system will expand to take in substantially more students to achieve our goal of one million by 2014. Over the 2011 MTEF period, R14, 29 billion has been allocated as subsidies to the FET Colleges. Of this, R1.42 billion has been earmarked to expand FET college student enrolment, especially to increase artisans. Particular attention will be given to expanding access to students in rural areas.

The department also intends to utilise the NSF to expand skills centres (as campuses of FET colleges), prioritising areas where there is no post-school provisioning. We are also developing plans to better use existing post-school institutions to maximise their utilisation. Details will be announced in the coming months.

I have appointed a Task Team to undertake a review of the National Certificate (Vocational) qualifications. The review will ensure that these qualifications serve their intended purpose of delivering high-level conceptual knowledge linked to practical training, either as preparation for entry into the job market or for university entry.

I have reversed the decision made three years ago to phase out the NATED Report 191 programmes (commonly known as the N-courses) as a result of strong demand from the colleges and employers. However the N-course curricula are in need of updating and we shall do so. Colleges will work with SETAs and employers to provide and expand training tailored to the specific needs of particular industries.

I am pleased to announce that for 2011 the reach of the FET Colleges bursaries has tripled. R1.235 billion is available to financially needy yet academically capable students. This means that 100% of eligible students from poor and working class households enrolled in the NC (V) and Report 191 (NATED) will be totally exempted from college fees, covering for the first time more than 169 000 students.

In line with the intention I stated here last year, we have signed an agreement to bring about parity between the State-paid FET College lecturers and their counterparts in the schooling system, and a similar agreement for both college and state paid support staff.

With regard to my commitment last year that we would look at legislative measures to make FET Colleges and adult education an exclusive national function, I will be introducing a Further Education and Training Amendment Bill soon. Its purpose is to shift responsibility for FET colleges from the provinces to our department. Furthermore, I expect the Minister of Justice and Constitutional Development to bring a bill to the house this year to amend Schedule 4 of the Constitution, making FET colleges and adult education an exclusive national competence.

**Adult Education and Training**

Quality access and widening participation in Adult Education and Training is one of my outputs in my performance agreement with the President. The large number of young people who are neither studying nor working (we estimate over 3 million in the 18 to 24 year age group alone) require us to expand educational opportunities for adults outside the universities and FET colleges.

In this process of radically expanding opportunities for adults, including young adults, we will look at various possibilities, including the better use of existing facilities at further and higher education institutions and the creation of additional institutions. I have put together a team of experts to conceptualize a workable institutional model of community education and training centres that is distinct, unique and multipurpose with appropriate systems, programmes, funding modalities, qualification frameworks, institutional arrangements and staffing.

As I undertook last year, my department has finished drafting a National Senior Certificate for Adults. This has now been approved by Umalusi which will soon be gazetting the qualification for public comment.

**Teacher Education**

On the 5 April, together with the Minister of Basic Education, we launched the Integrated Strategic Plan for Teacher Education and Development in South Africa for the period 2011 to 2025. This is a plan that will ensure that we have enough teachers to serve the needs of our schools, that increasing numbers of high-achieving school leavers are attracted into the teaching profession, and that teachers are provided with ongoing support to improve their education and skills.

Existing university-based teacher education will be strengthened, and new, dedicated institutions (and campuses) will be established where needed. Where feasible we will also involve those FET colleges engaged in the training of Early Childhood Development practitioners. My department is currently also working on a plan for the education and development of lecturers for FET colleges and adult education and training practitioners.

In the period 2011-2014, the DHET will increase the number of universities offering Foundation Phase teacher education programmes, specifically for the preparation of teachers who are able to teach in the African languages.

**University Initiatives**

In line with the intention I announced last year, I have appointed a Ministerial Committee for the Review of the Funding of Universities under the leadership of Mr Cyril Ramaphosa. This committee will review the current funding framework of universities and determine the university system's resource requirements over the next 5 to 10 years. I expect a report with recommendations by early next year.

The Ministerial Committee for the Review of the provision of Student Housing headed by Professor Ihron Rensburg will submit a final report at the end of June 2011. For the period 2010/11 to 2011/12, R686 million has been allocated from the infrastructure grant to the universities to build and refurbish student residences.

Most universities have made excellent progress so far with the infrastructure projects for which the Ministry allocated R3.2 billion for the 2010/11 and 2011/12 financial years. Universities are investing an additional R2.2 billion from other sources, bringing the total investment to R5.5 billion over the two years. For 2010/11 and 2011/12, approximately R803 million from the infrastructure allocation has been allocated to historically disadvantaged institutions. We intend to increase investment in infrastructure in HDIs over the next three years.

An amount of R421 million for 2011/12 has been allocated to 19 universities for teaching development grants to assist in improving graduate outputs. In addition, R174 million has been allocated to all universities for foundation programmes designed to improve the success rates of students from disadvantaged educational backgrounds. Over the period 2007 to 2009, almost 32 000 first time entering students enrolled for foundation programmes and in 2009 the average success rate of first time entering undergraduates was above 70% in 19 of the 23 universities (and in 7 universities above 80%). The 2010 allocation for foundation programmes made provision for 15 863 students and the 2011/12 allocation makes provision for 16 268 students.

My performance agreement with the President requires me to increase the production of graduates in Science, Engineering, Medicine and other areas classified as scarce and critical skills. I recently had a meeting with the Deans of the relevant faculties to discuss increasing graduate outputs and am currently receiving concrete proposals in this regard.

I must say that I share the concerns of many social scientists that the role and vigour of social sciences and humanities in our universities has declined. I have therefore commissioned Prof Ari Sitas and Dr Sarah Mosoetsa to lead an investigation to develop a charter of how to strengthen the humanities and social sciences in South African universities and am expecting a final report in about three months.

I am particularly concerned about the glaring weakness in our universities of one area of the humanities: the African languages. I held consultations with stakeholders and am now ready to establish an Advisory Panel on African Languages to advise me on how to strengthen the teaching, research and development of African languages in universities.

Last year I announced the establishment of two task teams to explore appropriate models for new universities in Mpumalanga and the Northern Cape. I expect full reports by the end of July which will provide us with a way forward. An amount of R300 million has been allocated over the MTEF period for this purpose.

In November 2010, the Minister of Health and I established a two person task team, consisting of Prof M. Makgoba and Dr M. Price, to review the impact on the training of Health professionals of the merger which resulted in the establishment of the University of Limpopo. We have now received a report and accepted its recommendation. I have agreed with Minister Motsoaledi that we must undo this merger and re-establish Medunsa as a stand-alone medical university, and also proceed to work towards the establishment of a medical school in line with the President's announcement of the establishment of an academic health complex in Polokwane. We have agreed that a joint task team will be established shortly to work out details for the implementation of these decisions. We urge all in both campuses to continue as normal and fully co-operate with the de-merger process.

**National Student Financial Aid Scheme**

An announcement by the President was made on January 8 and elaborated in his State of the Nation Address regarding further assistance for FET students and final year university undergraduates who qualify for NSFAS. I also wish to announce further changes on NSFAS aimed at making higher education more affordable.

In the past, NSFAS has charged interest on student loans throughout the period when the students were studying. This has resulted in students leaving university with large debts. In future, NSFAS will not start charging interest on student loans until 12 months after a student has graduated or left university. This will apply to all the NSFAS loans to students registered on 1 April 2011 and moving forward.

R200 million has been provided to enable NSFAS to grant loans to students who have completed their studies but have not received their certificates or graduated, due to outstanding debt. This will enable an estimated 25 000 students to receive their certificates and enter the job market. All students who met the requirements for graduation between 2000 and 2010 and who are eligible for NSFAS loans can apply for this special funding through their student financial aid offices. In cases of scarce skills, consideration may be given to honours students for such assistance.

A further R50 million has been provided for postgraduate students who require financial assistance to complete their honours, masters and doctoral degrees. These students will enter into loans agreements with NSFAS and the money they pay back will be earmarked to fund future postgraduate students.

Despite the progress we have made in assisting students through NSFAS, I am very concerned that there are many former university students who have been blacklisted with credit bureaus by our public universities. Blacklisting prevents these young people from getting the start in life for which they have studied so hard.

We have asked NSFAS to remove from the credit bureaux all the students they have blacklisted. My Acting Director General is engaging the universities to do the same, especially for students who were recipients of NSFAS loans. We will further be engaging the National Credit Regulator on this matter. We will also be approaching SARS to assist us to trace NSFAS beneficiaries who are now working but not paying their loans.

**Career Guidance**

In my 2010 budget speech I referred to the importance of career guidance information. I am pleased to inform you that a national *NQF and Career Advice Service* was launched in January this year under the auspices of the South African Qualifications Authority.  The project has a website, a career advice help line, is developing guidance materials, and is producing a weekly radio programme in partnership with SABC Education, broadcasting on 9 regional radio stations in 9 languages. It is reaching about 2.3 million South Africans.

**Conclusion**

Finally I’d like to thank the Deputy Minister, the Acting Director General, Mr Gwebs Qonde, and his staff as well as staff in my Ministry for all their hard work. I’d also like to express my appreciation to the President and my cabinet colleagues as well as to the Portfolio Committee for their support.