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## GOVERNMENT NOTICE

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### DEPARTMENT OF HIGHER EDUCATION AND TRAINING

**No. 772****3 October 2014**

#### **MINISTERIAL COMMITTEE TO REVIEW THE FUNDING FRAMEWORKS FOR FURTHER EDUCATION AND TRAINING COLLEGES AND ADULT LEARNING CENTRES**

I, Bonginkosi Emmanuel Nzimande, Minister of Higher Education and Training, in accordance with Treasury Regulation 20 (issued in terms of the Public Finance Management Act, 1999), hereby establish the committee to review the funding frameworks for Vocational and Continuing Education and Training institutions.

The purpose of the committee will be to:

- a) proceed with the review process of the current funding framework for Further Education and Training (FET) Colleges, to assess its relevance and effectiveness in enabling FET Colleges to play a key role in producing a skilled and capable workforce for the country. This will culminate in the finalization of the amendments of the national Norms and Standards for Funding Further Education and Training Colleges (NSF-FET Colleges) that I will publish for public comments.
- b) align the National Norms and Standards for Funding Adult Learning Centres (NSF-ALCs) to the proposed new institutional type for Post School Education and Training (PSET) i.e. Community Education and Training Colleges (CET Colleges).

The main tasks of the Ministerial Committee are as follows:

- a) Analyse the current funding frameworks to determine whether they are effective in achieving the goals of attaining a skilled and capable workforce to support an inclusive growth path;
- b) Investigate other funding modalities of Vocational and Continuing Education and Training (VCET) institutions (i.e. the Adult Learning Centres (ALCs), CET Colleges and FET

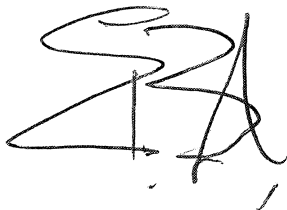
- Colleges or other institutions similar to them) in other countries; make comparative analysis; and advise on the most suitable and preferable funding framework;
- c) Diagnose the relevance of the current funding approach in the light of funding modalities in other countries as well as all developments that have taken place especially at FET Colleges e.g. diversification in terms of offering different types of programmes (NC(V) and Report 191), development of artisans, technicians, etc and propose the most appropriate funding framework;
  - d) Draft amendments to the current NSF-FET Colleges legislative after taking into account the review process; and
  - e) Draft amendments to the current NSF-ALCs to ensure alignment to the new institutional type (i.e. CET Colleges).

The members of the Ministerial Committee are:

- Dr Charles Sheppard: Nelson Mandela Metropolitan University
- Professor Amhed Cassim Bawa: Durban University of Technology
- Professor Pundy Pillay: University of Witwatersrand
- Professor John Aitchison: Independent Consultant
- D Gerald Ouma: University of Pretoria
- Professor Pieter Vermuelen: Independent Consultant
- Professor Divya Singh: UNISA
- Professor Stephen Khehla Ndlovu: Mangosuthu: University of Technology

The review process to revise the funding frameworks is kept separate between Technical and Vocational Education and Training (TVET) Colleges and Community Education Training (CET) Colleges as these institutions in their current state vary in terms of programme mix; number of learners/students and sites; determination of enrolments; ownership of facilities used; etc. It will be the prerogative of the Ministerial Committee to propose whether to continue keep them separate or merge based on the detailed investigation that would have been conducted. Merging at some stage or at a particular point will serve the purpose of sharing common understanding on the differences and similarities of the two types of colleges i.e. CET and TVET Colleges

I have attached the two Terms of References (ToRs) for the Ministerial Committee that will work on the two funding frameworks. The Ministerial Committee is expected to complete the work within a period of twelve (12) months from date of commencement of the project.



**BONGINKOSI EMMANUEL NZIMANDE, MP**

**MINISTER OF HIGER EDUCATION AND TRAINING**

**DATE:**

19/06/14

### EXPLANATORY NOTE

Attention is drawn to the public to note the provisions of sections 20 and 21 read with sections 1 and 2 of the Further Education and Training Amendment Act No.1 of 2013 which provide the authority to change the name of the Further Education and Training (FET) Colleges to Technical and Vocational Education and Training (TVET) Colleges and Adult Education and Training (AET) Centres to Community Education and Training (CET) Colleges when these sections are brought into operation by the President. The name of the Further Education and Training Colleges Act No.16 of 2006 will also change to be known in future as the Continuing Education and Training (CET) Act No.16 of 2006. The new names are used in the proposed amendments of the funding norms.

All Annexures to the Terms of Reference are accessible from the Departmental website: [www.dhet.gov.za](http://www.dhet.gov.za):

- Step 1: Click on the Organisation tab;
- Step 2: Click on Technical Vocational Education and Training;
- Step 3: Scroll down to Financial Planning where you will find the Ministerial Committee folder.

Alternatively you can directly log on to [www.dhet.gov.za/SitePages/Org\\_TVET\\_.aspx](http://www.dhet.gov.za/SitePages/Org_TVET_.aspx).



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA

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**TERMS OF REFERENCE FOR THE MINISTERIAL COMMITTEE ON THE REVIEW  
OF NATIONAL NORMS AND STANDARDS FOR FUNDING FURTHER EDUCATION  
AND TRAINING COLLEGES (NSF-FET COLLEGES)**

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**PURPOSE**

1. The main purpose of the Ministerial Committee will be to proceed with the review process of the current funding framework for Further Education and Training (FET) Colleges. The main reason for the review is to ensure the effectiveness of the funding framework in enabling FET Colleges to play a key role in producing a skilled and capable workforce to support an inclusive growth path. This will culminate in the finalization of the amendments of the funding norms that will be published by the Minister of Higher Education and Training for public comments.

**BACKGROUND**

2. In 2009 the Minister of Education, with the concurrence of the Minister of Finance and after consulting the Members of the Executive Councils (MECs), published the national Norms and Standards for Funding Further Education and Training Colleges (NSF-FET Colleges) in Government Notice No. 32010 of 16 March 2009. A copy of the funding norms is attached as **Annexure A**.
3. In June 2012, the Department of Higher Education and Training (DHET) developed a Concept Note for the review of the funding norms as a result, amongst others, of the shift of the

administration function from Provincial Education Departments (PEDs) to DHET. The Concept Note is attached as **Annexure B**.

4. The Concept Note was consulted extensively with stakeholders in the field of the Further Education and Training Colleges (FET Colleges) which include DHET officials, PED Officials, College Principals and FET Colleges Funding Norms Task Teams. The task team is composed of officials from National Treasury, South African College Principals Organisation (SACPO) and Further Education and Training College Employer Organisation (FETCEO) and it is responsible for monitoring implementation of the NSF-FET Colleges.
5. After the Concept Note was consulted with FET stakeholders as mentioned in paragraph 4 above, the inputs were considered and it was shared with the members of FET Colleges Funding Norms Task Team for their inputs. The draft amendments to the funding norms are attached as **Annexure C**.
6. The review process would create an opportunity to consider other aspects which were not catered for in the funding norms. These include:
  - 6.1 funding for NATED Report 191 programmes and other skills programmes;
  - 6.2 introduce a standard date for informing FET Colleges about enrolments determined by PED/DHET and indicative budgets for the following year;
  - 6.3 introduce measures to deal with poor performance by FET Colleges rather than decreasing enrolments as it is currently stipulated in the funding norms;
  - 6.4 provide for funding of hotels;
  - 6.5 consider funding for bridging programmes e.g. Literacy, Mathematics, Science, etc. for further learning;
  - 6.6 consider geographic location of colleges and poverty as rural colleges at times face challenges in sourcing funds from nearby industries (Private Sector);
  - 6.7 make provision for access to and distribution of alternative funding sources (such as the National Skills Fund (NSF), Sector Education and Training Authorities (SETAs), etc.); and
  - 6.8 review the funding of students with special needs to cater for different disabilities.

## SCOPE OF WORK

7. The main tasks of the Ministerial Committee Review are as follows:

- 7.1 analyse the current funding framework to determine whether it is effective in achieving the goals of attaining a skilled and capable workforce to support inclusive growth path;
- 7.2 investigate other funding modalities of FET Colleges in other countries, make comparative analysis; and
- 7.3 diagnose the relevance of the current funding approach in the light of funding modalities in other countries as well as all developments that have taken place especially at FET Colleges e.g. diversification in terms of offering different types of programmes (NC(V) and Report 191), development of artisans, technicians, etc and propose the most appropriate funding framework for FET Colleges and propose the most suitable preferable funding model.

8. The committee must recommend what changes (if any) should be made to the current funding framework, taking particular account of the following:

- 8.1 whether current funding framework and approach will be able to make it possible to achieve the enrolment target of 1 million students in FET Colleges by 2014 and 4 million by 2030;
- 8.2 funding of all Ministerial approved programmes and other skills programmes;
- 8.3 how to deal with the under-funding of FET Colleges as a result of over-enrolment. The current funding norms deals with over-funding and application of claw back mechanism;
- 8.4 whether the funding norms should continue using least cost of delivering the programme and apply funding formulas or use average cost to avoid administrative burden of applying and revising formulas (if needs be) at certain intervals;
- 8.5 whether the current rate of college fee applied is appropriate; which is 20% of the total programme cost and what measures should be considered for adjusting;
- 8.6 the funding requirements for distance education;
- 8.7 the funding requirements related to experiential learning;
- 8.8 how the earmarked recurrent funding should be applied in terms of its varied cost inputs per college and review relevance of Basic Minimum Package;

- 8.9 how to deal with poor performance by FET Colleges rather than decreasing enrolments as it is currently stipulated in the funding norms;
  - 8.10 funding for bridging programmes e.g. Literacy, Mathematics, Science, etc. for further learning;
  - 8.11 the efficiency rates such as pass rate, throughput rate, certification rate, etc taking into cognisance that some colleges have been put under administration; and
  - 8.12 recommending on how to subsidise private FET Colleges.
9. Advice on how FET Colleges can administer the recovery of college fees that in some cases culminate in bad debts.
10. Pay particular attention to making the funding framework to respond to the needs of:
- a) Historically disadvantaged FET Colleges; and
  - b) Rural colleges taking into cognisance of the small campuses that are far apart from the central offices.
11. Review the funding of students with special needs and recommend funding to cater for different disabilities.
12. Propose the funding mechanism for compensation of College Council members.
13. Determining the minimum size of a college and a campus which would be economically viable whilst delivering optimum outcomes.
14. Determine a funding framework for hostel accommodation that will be separate from the NSF-FET Colleges.
15. Develop guidelines on how other sources of funding such as Sector Education and Training Authorities (SETAs) and National Skills Fund (NSF) could contribute towards college expansion with an easy access to such funds by FET Colleges. Consider whether other skills programmes which are not part of the Ministerial approved programmes could be funded through these other sources of funding and suggest ways in which this could be done.

16. Notwithstanding the scope of work outlined above, the Ministerial Committee is at liberty to include any other area of focus that is deemed pertinent to its investigation which will be within the project budget and timelines.

## **DELIVERABLES**

17. The key deliverables which should respond to the scope of work are as follows:

- 17.1 provide the DHET with a process map (project plan) indicating the timeframes on the activities to be carried out relating to their scope of work, within two weeks of commencement of the project;
- 17.2 submit a draft report to the DHET for review in eleven (11) months after the date of appointment of the Ministerial Committee;
- 17.3 submit a final report to the DHET with findings, recommendations and proposed implementation steps on the revised FET Colleges funding norms, one month following submission of the comments by DHET on the draft report. The Minister will be briefed timeously on the progress made;
- 17.4 report with clear recommendations on proposed amendments to the funding norms focusing on:
  - 17.4.1 recommendations required as listed in paragraph 8 above;
  - 17.4.2 funding mechanism for compensation of college councils;
  - 17.4.3 mechanism of subsidizing private FET Colleges;
  - 17.4.4 funding framework for hostel accommodation; and
  - 17.4.5 guidelines on how to source other funding e.g. SETA, NSF etc.
- 17.5 a comparative analysis of different funding modalities applied in different countries;
- 17.6 draft national policy or guidelines on how to recover students' debts; and

17.7 draft amendments to the current NSF-FET Colleges after taking into account the review process.

18. The product of the work of the Ministerial Committee will become the property of the DHET.

#### **COMPOSITION OF THE MINISTERIAL COMMITTEE**

The members of the Ministerial Committee are:

- a) Professor Ahmed Cassim Bawa
- b) Professor Pundy Pillay
- c) Professor John Aitchison
- d) Dr Charles Sheppard
- e) Dr Gerald Ouma
- f) Professor Pieter Vermeulen
- g) Professor Divya Singh
- h) Professor Stephen Khehla Ndlovu

19. The committee can also work with other key centres of excellence in the planning such as the National Planning Commission (NPC).

20. The Minister will appoint public service officials to work with the committee as Reference Group.

21. Financial Planning Directorate at the DHET will be part of the secretariat of the committee.

## MEETINGS

22. The Ministerial Committee members will work with the reference group and will hold monthly meetings where the work necessitates. Meetings will be held at DHET offices in Pretoria.

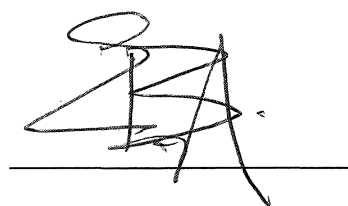
## TIMELINES

23. The Ministerial Committee is expected to complete the work within a period of twelve (12) months from date of commencement of the project. Notwithstanding the scope of work outlined above, the Ministerial Committee is at liberty to include any other area of focus that is deemed pertinent to its investigation which will be within the project budget and timelines. The committee can also work with other key centres of excellence in the planning such as National Planning Commission (NPC)

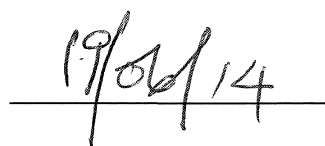
## ENQUIRIES

Ms Dorothy Masipa: Email: [Masipa.d@dhet.gov.za](mailto:Masipa.d@dhet.gov.za); Tel: (012) 312 5454

## APPROVAL BY MINISTER: HIGHER EDUCATION AND TRAINING



DR BE NZIMANDE, MP



DATE



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA

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**TERMS OF REFERENCE FOR THE MINISTERIAL COMMITTEE ON ALIGNING THE  
NATIONAL NORMS AND STANDARDS FOR FUNDING ADULT LEARNING CENTRES  
(NSF-ALCs) TO THE PROPOSED INSTITUTIONAL MODEL FOR POST SCHOOL  
EDUCATION AND TRAINING (PSET)**

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**PURPOSE**

1. The role of the Ministerial Committee will be to align the National Norms and Standards for Funding Adult Learning Centres (NSF-ALCs) of Adult Education and Training (AET) to the proposed new institutional model of Post School Education and Training (PSET) i.e. Community Education and Training Colleges (CET Colleges).

**BACKGROUND**

2. The NSF-ALCs were published in government gazette number 30576 on 14 December 2007. A copy of the funding norms is attached as **Annexure A**.
3. The initial implementation date of NSF-ALCs was 01 January 2010 and was later postponed to 01 January 2011 (Government Gazette number 33215) after Provincial Education Departments (PEDs) indicated that they were not ready to implement the funding norms during the call for public comments. A copy of the General Notice is attached as **Annexure B**.

4. Some PEDs even requested that the implementation date be postponed further than the date of 01 January 2011.
5. A proposal was made to postpone the implementation date of NSF-ALCs indefinitely after it was realised that PEDs would not be ready to implement the funding norms on 01 January 2011.
6. On 04 August 2011 the Minister postponed indefinitely implementation of NSF-ALCs pending meeting the requirements for implementation mentioned in paragraph 7 below. A copy of the General Notice is attached as **Annexure C**.
7. Implementation of the funding norms require, amongst others, the following to be in place:
  - 7.1 costed AET programmes to determine a funding formula. A funding formula is required in order to determine the centre allocations in implementing the funding norms. These allocations which currently include educator salaries have to be transferred to the bank accounts of the Public Adults Learning Centres (PALCs). It will be a state responsibility to pay educator salaries once the Further Education and Training Colleges Amendment Bill 2012 has been assented to by the State President of South Africa;
  - 7.2 fully constituted and functional Governing Structures as per the AET Act 52 of 2000;
  - 7.3 certification of PALCs by PEDs on the capability of managing and accounting for public funds in line with the AET Act. Certification of PALCs is a pre-requisite for the full implementation of the funding norms as it is in preparation for transfers of allocated funds to ALCs by PEDs; and
  - 7.4 centre Evaluation Teams (CETs) established by PEDs to evaluate centres for quality rating to determine the enrolment target of the PALCs for each year.
8. The NSF-ALCs are piloted in most provinces at designated centres and continue to be piloted notwithstanding the indefinite postponement of the NSF-ALCs as it is a measure to prepare for full scale implementation that will be announced by the Minister.
9. A task team was commissioned by the Minister in April 2011 to conceptualise the development and implementation of Community Education and Training Centres. A final draft report was presented to the Minister which is attached as **Annexure D**.

10. The Green Paper argue that NSF-ALCs makes provision for programme funding although PALCs do not offer programmes at this stage but learning areas. There might be a need to consider whether the learning areas offered in different levels of AET could be grouped into programmes, if not then a proper funding model or a revision of the current funding norms is necessary. The Green Paper further mention that in very weak institutions funding based on learner enrolment does not allow for the building of institutional capacity.
11. DHET developed a Discussion Document that proposes how to align the current funding norms to PSET which the committee has to consider is attached as **Annexure E**.

### SCOPE OF WORK

12. The main tasks of the Ministerial Committee are as follows:
- 12.1 analyse the current funding framework to determine whether it is effective in achieving the goals of attaining a skilled and capable workforce to support inclusive growth path;
  - 12.2 consider other funding modalities of CET Colleges in other countries and make comparative advantage; and
  - 12.3 diagnose the relevance of the current funding approach in the light of all developments that have taken place, e.g. the new proposed Community Education and Training (CET) Colleges taking into consideration other funding modalities globally, formula funding programme and funding of AET level 1 to 4 learning areas and propose the most suitable preferable funding model.
13. The Committee must make recommendations on how to align the current NSF-ALCs to suit/align to the proposed new institutional models, taking account of the following:
- 13.1 provision for the funding model that ensures some core funding in the form of programme-based funding in the light that ALCs are currently offering Learning Areas in AET level 1 and 4. This will be an important first step in the process of building PALCs into Community Education and Training Centres;
  - 13.2 aligning the NSF-ALCs to cater for funding of qualifications from National Qualifications Framework (NQF) level 1 to 4 as proposed in the Further Education and Training (FET) Colleges Amendment Bill of 2012. This implies that some FET College programmes such

- as National Curriculum (Vocational) (NC(V)) and Report 191 may be offered at CET Colleges;
- 13.3 provision for funding of other skills programmes through other income such as funding from the National Skills Funds (NSF) or Sector Education and Training Authority (SETAs);
- 13.4 determining a typical CET College with regard to performance, accountability in funding, staff development, utilization of posts, payment of personnel salaries in Centre and compensation of Council members, growth potential, etc.;
- 13.5 provision for funding different models of institutions differently as proposed by the Ministerial Task Team on CET Colleges;
- (i) investigate the offering of other types of vocational qualifications proposed in the report and determine cost implications thereof.
- (ii) identify other key aspects to be included for funding new institutional models; and
- 13.6 determine a measure on how to deal with poor performance by CET Colleges to avoid reducing enrolments which might have a negative effect on students who might already be from disadvantaged communities and may not have any recourse.
14. Conduct a study of the demographics in terms of areas with more or dwindling target groups such as considering a particular age cohort and identify where new CET Colleges could be established or merge those with low enrolments.
15. The committee must provide recommendations on the following:
- 15.1 provision of funding for distance education in CET Colleges. Currently the success rates in distance education are low and therefore models of distance student support and high level contact technologies need to be developed and funded. There is a need to consider for example; providing distance students with laptops and funding for connectivity;
- 15.2 the size of a CET college which would be economically viable whilst delivering optimum outcomes and consider the possibility of having Central/ Main colleges with satellites. This might require rationalizing of the centres and consider hostel accommodation with its funding implication.
- 15.3 funding of special education needs. Consider different types of CET Colleges to cater for different special needs and propose different funding models accordingly.

- 15.4 funding mechanism for National Senior Certificate for Adults (NASCA). Investigate any challenges in offering NASCA at CET Colleges which may have further cost implications and propose how to address them if there could be any. These might include additional infrastructure costs such as laboratories as NASCA proposes physical science, computer science, life science etc.
- 15.5 conditions for granting subsidies or grants to Private Centres considering the draft conditions attached as **Annexure F**.
- 15.6 different funding model for rural CET Colleges to be able to make such centres more economically viable as they are likely to benefit lesser on other forms of private funding; and
- 15.7 how to regulate the remuneration of college council members via the funding norms, if their constitution or structure might differ from that of FET Colleges. Conduct research to better understand the cost implications regarding the expenses of College Council members incurred as part of their duties before regulating the remuneration of council members.

#### COMPOSITION OF THE MINISTERIAL COMMITTEE

The members of the Ministerial Committee are:

- a) Professor Ahmed Cassim Bawa
- b) Professor Pundy Pillay
- c) Professor John Aitchison
- d) Dr Charles Sheppard
- e) Dr Gerald Ouma
- f) Professor Pieter Vermuelen
- g) Professor Divya Singh
- h) Professor Stephen Khehla Ndlovu

16. The Minister will appoint public service officials to work with the committee as Reference Group.

17. Financial Planning Directorate will be part of the secretariat of the committee.

## **DELIVERABLES**

18. The key deliverables are as follows:

- 18.1 provide the DHET with a process map (project plan) indicating the timeframes on the activities to be carried out relating to their scope of work, within two weeks of commencement of the project;
- 18.2 submit a draft report to the Department of Higher Education and Training (DHET) for review in seven (7) months after the date of appointment of the Ministerial Committee;
- 18.3 submit a final report to the DHET with findings, recommendations and proposed implementation steps on the revised CET Colleges funding norms, one month following submission of the comments by DHET on the draft report;
- 18.4 report that will include analysis, findings, challenges and recommendations based on the scope of work. The report should also provide concrete recommendations mentioned in paragraph 13 and 15 on the scope of work with emphasis on:
  - 18.4.1 funding model that ensures some core funding in the form of programme-based funding.
  - 18.4.2 aligning the NSF-ALCs to cater for funding of qualifications from NQF level 1 to 4.
  - 18.4.3 funding of other skills programmes through other income.
  - 18.4.4 funding for distance education in CET Colleges.
  - 18.4.5 economic viable size of CET Colleges.
  - 18.4.6 funding of special education needs.
  - 18.4.7 funding mechanism for National Senior Certificate for Adults (NASCA).
  - 18.4.8 conditions for granting subsidies or grants to Private Centres.
  - 18.4.9 funding model for rural CET Colleges.
  - 18.4.10 remuneration of college council members;

- 18.5 Different funding modalities applied in different countries; and
- 18.6 Draft amendments for the NSF-ALCs that are aligned to the new institutional model.

19. The product of the work of the Ministerial Committee will become the property of the DHET.

#### **TIME LINES**

20. The Ministerial Committee is expected to complete the work within a period of twelve (12) months from date of commencement of the project. Notwithstanding the scope of work outlined above, the Ministerial Committee is at liberty to include any other area of focus that is deemed pertinent to its investigation which will be within the project budget and timelines. The committee can also work with other key centres of excellence in the planning such as National Planning Commission (NPC).

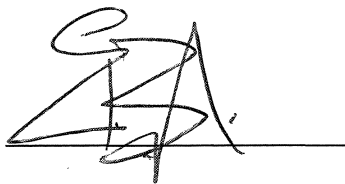
#### **ENQUIRIES**

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#### **APPROVAL BY MINISTER: HIGHER EDUCATION AND TRAINING**



**DR BE NZIMANDE, MP**



**DATE**