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GENERAL NOTICE

NOTICE 133 OF 2011

MINISTRY OF HIGHER EDUCATION AND TRAINING

MINISTERIAL COMMITTEE FOR THE REVIEW OF THE FUNDING OF UNIVERSITIES

I, Bonginkosi Emmanuel Nzimande, MP, Minister of Higher Education and Training, in accordance with Treasury Regulation 20 [issued in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999)], hereby establish the committee set out in the schedule hereto to review the funding of universities.



Dr BE Nzimande, MP

Minister of Higher Education and Training

Date: 12/05/11

Ministry of Higher Education and Training

Terms of reference for the Review of the Funding of Universities

Background

- 1 Education White Paper 3: *A Programme for the Transformation of Higher Education (July 1997)* sets transformation goals for the higher education system, which include achieving equitable student access, improving the quality of teaching and research, increasing student progression rates, and improving the responsiveness of the system to the social and economic needs of South Africa. The White Paper adds that such transformation processes will require the introduction of a higher education funding framework which must function as a mechanism which steers the higher education system towards the achievement of the goals of transformation. The National Plan on Higher Education of 2001 identified 3 steering mechanisms, namely: planning (enrolment, academic and broad institutional planning), quality assurance, and funding.
- 2 The present version of the funding framework for universities was approved by the former Ministers of Education and Finance at the end of 2003. It was introduced in phases over a three-year period 2004/05 to 2006/07, to ensure that the university system was not destabilised by rapid changes in the government income of individual universities. This interim strategy of partial implementation ended after the allocation to universities of funds for the 2006/07 financial year. The funding framework has now been implemented in full since the 2007/08 financial year.

Appointment of Ministerial Review Committee

- 3 The committee appointed by the Minister of Higher Education and Training's first main task will be to review the experiences of the past six years of partial and full implementation of the current funding framework for universities. Its second main task will be to determine what the university system's resource requirements will be over the next 5 to 10 years.

Terms of reference

- 4 The terms of reference for the first main task of the Ministerial review committee are these:
 - 4.1 Formulate a set of principles for the funding framework for universities which would serve the transformation goals for the university education system as set out in Education White Paper 3 of 1997. The following principles could be considered, namely that the funding framework must:
 - improve the responsiveness of the university system to the social and economic needs of South Africa;
 - improve equitable student access;

- improve quality and excellence in teaching and research;
 - improve student progression rates;
 - improve equity in the allocation of government funds amongst universities;
 - improve effectiveness and efficiency in the use of funds in higher education;
 - improve accountability;
 - ensure transparency in funding allocations; and
 - facilitate financial stability and predictability in universities.
- 4.2 The committee must analyse the current funding framework to determine whether it has functioned effectively in achieving the goals set for it at its inception, and in particular, whether it has functioned effectively as a transformation-oriented steering mechanism. The functioning of the current funding framework should be tested against the agreed-upon set of principles.
- 4.3 The committee must recommend what changes (if any) should be made to the current funding framework, taking particular account of the following:
- 4.3.1 whether the proportions of government funds allocated to the block and earmarked grants should be changed from those currently applied and if so, what criteria should govern such changes;
 - 4.3.2 whether the proportions allocated to subcategories within the block grant category should be changed from those currently applied and if so, what criteria should govern such changes;
 - 4.3.3 whether new subcategories should be introduced in the block grant and the earmarked categories and if so, what criteria should govern changes in the subcategories making up the block and earmarked grants;
 - 4.3.4 the funding requirements related to the draft policy on distance education;
 - 4.3.5 the funding requirements related to experiential learning as required in terms of the Higher Education Qualifications framework;
 - 4.3.6 the over-funding and under-funding of universities as a result of deviations of universities from the agreed-upon enrolment targets.
 - 4.3.7 the funding requirements related to the recommendations made by the Ministerial Committee for the Review of the Provision of Student Housing.
- 4.4 The committee must pay particular attention, when formulating recommendations under 4.3 above, of the need to improve the funding levels of (a) historically disadvantaged universities and (b) small rural universities.
- 4.5 The committee must determine how the links between the current funding framework and government's other steering mechanisms as set out in the National Plan on Higher

Education of 2001 have functioned, and must formulate recommendations on any changes which may be needed to ensure that the agreed-upon principles are served.

- 5 The terms of reference for the second main task of the Ministerial review committee are as follows:
- 5.1 The committee is required to undertake an in-depth analysis of the human, physical and financial resources which was available to the university system over the five-year period 2005 to 2009. In this regard, the committee should analyse shortfalls that have occurred in the resourcing of universities, and report on the efficiency and effectiveness of the university system's utilisation of its various resource categories.
- 5.2 The committee is further required to develop resource strategies and models which relate to the Department of Higher Education and Training's strategic plans for universities. These strategies and models should indicate what the human, physical and financial resource requirements of the university system will be if:
- enrolments and graduates in fields where critical skills shortages are experienced are to grow;
 - overall graduate output rates are to improve;
 - the placement of learners into structured and mentored workplace learning is to increase;
 - equity of student access and equity of student output are to be enhanced;
 - in general, the transformation goals of the 1997 White Paper are to be achieved; and
 - the university system is to contribute more significantly to national, social and economic development needs.

The members of the Ministerial Committee are:

Mr C Ramaphosa (Chairperson)
Ms Collette Caine (Finance)
Professor Christopher R Malikane
Dr Mvuyo Tom
Professor Ihron Rensburg
Ms Carol Deliwe
Ms Jenny Glennie
Professor Brian O'Connell
Ms Brenda Swart
Dr Charles Sheppard
Mr Fazel Toefy
Mr O Shelembe
