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NATIONAL COMMISSION ON HIGHER EDUCATION

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# AN OVERVIEW OF A NEW POLICY FRAMEWORK FOR HIGHER EDUCATION TRANSFORMATION

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### 1.1 Preamble

South Africa's higher education system has considerable capacity in research, teaching and physical and human resources. Yet the system is fundamentally flawed by inequities, imbalances and distortions deriving from its history and present structure. Higher education can play a pivotal role in the political, economic and cultural reconstruction and development of South Africa. For it to do so, the strengths in the system must be maintained; but the weaknesses must be remedied. To preserve what is valuable and to address what is defective requires transformation. The system of higher education must be reshaped to serve a new social order, to meet pressing national needs, and to respond to a context of new realities and opportunities. This report is intended to serve as the basis for such a process of transformation. It envisages a new system of higher education

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characterised by increased participation by all sectors of society; by greater institutional responsiveness to policy imperatives, and by a new set of co-operative relations and partnerships between higher education and the broader society.

## 1.2 The need for transformation

The need for transformation stems from two sets of factors: firstly, the profound deficiencies of the present system which inhibit its ability to meet the moral, social and economic demands of the new South Africa; and, secondly, a context of unprecedented national and global opportunities and challenges. Together, these factors require reorientation and innovation.

### 1.2.1 Deficiencies

- The present system perpetuates an inequitable distribution of access and opportunity for students and staff along axes of race, gender, class and geographic discrimination. There are gross discrepancies in the participation rates by students from different population groups and indefensible imbalances in the ratios of black and female staff compared to whites and males. There are also vast disparities between historically black and historically white institutions in terms of facilities and capacities for teaching and research. The inescapable need is for a dynamic and viable programme of large-scale redress for both disadvantaged individuals and disadvantaged institutions.
- There is a chronic mismatch between higher education's output and the needs of a modernising economy. Discriminatory practices have limited the access of black students and women students into fields such as science, engineering, technology and commerce and this has been detrimental to economic and social development.
- There is a strong inclination towards closed-system disciplinary approaches and programmes that has led to inadequately contextualised teaching and research. The content of the knowledge produced and disseminated is insufficiently responsive to the problems and needs of the African continent, the southern African region, or the vast numbers of poor and rural people in our society. Similarly, teaching strategies and modes of delivery have not been adapted to meet the needs of larger student intakes and the diversity of lifelong learners.
- There is a lack of regulatory frameworks, because of a long history of organisational and administrative fragmentation and weak accountability. This inhibits planning and co-ordination, the elimination of duplication and waste, the promotion of better articulation and mobility, and the effective evaluation of quality and efficiency.
- There has been a tendency for higher education institutions to replicate the ethnic, racial and gender divisions of the wider society. This has limited the role of higher education in constructing a critical civil society with a culture of tolerance, public debate and accommodation of differences and competing interests. Neither has the higher education system as a whole contributed significantly to a democratic ethos and a sense of citizenship defined around commitment to a common good.

### 1.2.2 New realities, opportunities and challenges

- Higher education faces dual demands for increased participation, driven by demographic and developmental imperatives. On the one hand, there is a sociopolitical demand for access from larger cohorts of school leavers, especially from population groups and social classes hitherto largely excluded from higher education. On the other hand, there is a socioeconomic demand for highly trained personpower with wider ranges of skills and competencies, especially if the requirements of economic development are to be met.
- The reconstruction and development policies and practices which loom large in South Africa's present transitional phase will have a pronounced impact on higher education. New

research agendas and new learning programmes will be needed to mobilise the cultural, social and economic potential of the country and all its people.

- South African higher education, emerging from a period of relative isolation, now confronts the reality of multiform and accelerating changes in culture, communications and production 7 changes characterised as 'globalisation's. Knowledge, information and culture increasingly inhabit a borderless world: new computer and communication technologies are transforming the way people work, produce and consume. As South Africa locates itself in this network of global exchanges and interactions, higher education will have to produce the skills and technological innovations necessary for successful economic participation in the global market. It must also socialise a new generation with the requisite cultural values and communication competencies to become citizens of an international and global community.
- Of crucial importance for higher education is the rapid international development of the learning society. The term refers to the proliferation of knowledge and information in the contemporary world. The production, dissemination, acquisition and application of knowledge is shaping the structures and dynamics of daily life to an unprecedented degree. The learning society places a premium upon lifelong and continuing education; a growing array of public and private institutions ('non-specialised learning organisations') share in knowledge production with institutions of higher education. The challenge to higher education is to adapt to these changes and to sustain its role as a specialised producer of knowledge. If knowledge is the electricity of the new globalisation, higher education institutions must seize the opportunity of becoming major generators of this power source.

### 1.3 Principles and features of the new framework

#### 1.3.1 Principles

In developing its proposals, the Commission considered a number of key policy documents tabled since 1994: the Constitution of the Republic of South Africa; White Papers on Reconstruction and Development and on Education and Training; the Labour Relations Act; the draft White Paper on Science and Technology; the Report of the Labour Market Commission, and the new macroeconomic strategy.

Based upon these policy formulations and its own terms of reference, and taking into account stakeholder views expressed in submissions and consultations, the Commission identified certain fundamental principles that should guide and direct the process of transformation. These principles require that:

- Provision of resources and opportunities in higher education should be premised upon equity.
- Historical inequities must be redressed.
- Governance of the system and of individual institutions should be democratic, representative and participatory.
- Higher education should aspire to the ideal of a balanced development of national resources, material and human.
- All the services and products of higher education should pursue and maintain the highest attainable levels of quality.
- Clearly defined and appropriate tenets of academic freedom and institutional autonomy should be established and observed.
- Increased efficiency and productivity of higher education is an essential attribute of accountability for public funding.

The Commission envisages a transformed system that will be able to:

- **Ensure access to a full spectrum of educational and learning opportunities to as wide a range as possible of the population, irrespective of race, colour, gender or age.**
- **Meet, through responsive programmes, the vocational and employment needs of a developing economy aspiring to become and to remain internationally competitive.**
- **Support a democratic ethos and a culture of human rights by educational programmes conducive to a critically constructive civil society, cultural tolerance, and a common commitment to a humane, non-racist and non-sexist social order.**
- **Contribute to the advancement of all forms of knowledge and scholarship, in keeping with internationally observed standards of academic quality, and with sensitivity to the diverse problems and demands of the local, national, southern African and African contexts.**

### 1.3.2 Central features of the new framework

Within the new framework summarised here, the Commission wishes to highlight what it regards as three central attributes that shape and inform the more detailed proposals.

- Increased participation

A key feature of the new framework is a policy of growth: that is, an expansion of student enrollments, feeder constituencies and programme offerings. The principles of equity and redress, as well as the imperatives of demography and development, signal an ineluctable expansion of participation in South African higher education. Greater numbers of students will have to be accommodated; and these students will be recruited from a broader distribution of social groups and classes.

In the international literature on higher education such expansion is usually described as a transition from an elite to a mass system, or as massification. The terminology denotes more than a mere increase in enrollment. It also refers to a series of concomitant changes that must accompany greater numbers. These include: the composition of the student body; the diversification of programmes, curriculums and qualifications; the introduction of multiple entry and exit points; new relations between study and the workplace; and shifts in institutional functions and missions.

Increased participation (in terms of numbers and diversity) will affect the process and outcome of transformation. The growth of the higher education system, in a changing national and global context, will require radical changes in the ways institutions and the system are structured, funded, planned and governed. New administrative arrangements will be necessary to achieve better planning and co-ordination. In this light, the Commission proposes a single, co-ordinated system. This is the only way in which the inequities, ineffectiveness and inefficiencies of the present system can be eradicated. It is the only way in which the consequences of growth and increased access can be planned and managed responsibly.

Greater numbers mean greater expenditure. In a situation of financial constraints, measures will have to be devised to make wider participation affordable and financially sustainable. The Commission believes that its proposals for a new funding model, for distance learning, for private initiatives and for an expanded further education sector will help to ensure the financial viability of a process of planned growth.

Numbers also affect standards. To combat the potentially adverse effects of rising enrollment on educational and academic standards, a policy of quality assurance becomes a necessity.

Institutions will be increasingly accountable with regard to performance indicators that influence

standards. Structures and procedures are proposed for a combination of self-evaluation, external validation and quality promotion. Quality promotion will also involve the accreditation of qualifications and various forms of capacity building.

It can be anticipated that massification will lead to more flexible approaches to the higher education curriculum, as it has elsewhere. Traditional models of courses and qualifications are based on academic assumptions about the need for sequential learning in defined disciplines. These might for instance be augmented by an approach based on modular programmes and the accumulation of credits, offering multiple entry and exit points, while progression is measured in terms of pragmatic connections between topics and levels, as well as the norms of cognitive coherence.

**To ensure that growth/massification is sustainable, it will have to be planned and negotiated. This will require radical change in the structure, planning and governance of institutions and the system. Massification will also affect the structure of the curriculum, the qualifications offered, arrangements for articulation and quality assessment. Increased participation, above all, means the participation of a far higher proportion of those previously excluded from higher education. Successful planning and implementation of increased participation will promote the values of equity, redress and development.**

- Greater responsiveness

The second feature of the new framework is a heightened responsiveness within higher education to societal interests and needs. It can be described as a shift from a closed to a more open and interactive higher education system, responding to social, cultural, political and economic changes in its environment.

Such responsiveness implies that higher education should engage with the problems and challenges of its social context. In the case of South Africa, this context is that of a developing and modernising African country in a period of transition from racial discrimination and oppression towards a democratic order with constitutional provisions for justice and equal opportunity. Aspects of this context will have to be reflected in the content, focus and delivery modes of higher education programmes; as well as in the institutional missions and policies that are developed. To ensure that this happens, governance structures will have to provide for stakeholder consultation and participation in decision-making processes so that real and urgent needs are identified and answered. Funding mechanisms will have to be introduced that are sensitive to, and able to address, the demands of redress and the challenges of development. In all of these respects, the proposals of the Commission are intent on increasing the responsiveness of the system.

At an epistemological level, increased responsiveness entails a shift from closed knowledge systems (controlled and driven by canonical norms of traditional disciplines and by collegially recognised authority) to more open knowledge systems (in dynamic interaction with external social interests, 'consumer' or 'client' demand, and other processes of knowledge generation).

Such interaction will lead to the incorporation of the perspectives and values of previously silenced groups into the educational and cognitive culture of institutions. Higher education institutions will increasingly have to offer a greater mix of programmes, including those based on the development of vocationally-based competencies and skills needed in the workplace.

Innovations will occur in the research function of higher education. These will include the emergence of new forms of transdisciplinary knowledge production; the involvement of other research agents in addition to academic researchers; and new forms of accountability by higher

education researchers to external constituencies. Higher education researchers will interact not only with their academic colleagues, but also with intellectuals and knowledge producers in a range of other organisations and enterprises. There will also be greater social accountability towards the taxpayer and the client/consumer regarding the cost-effectiveness, quality and relevance of teaching and research programmes. In essence, increased responsiveness and accountability express the greater impact of the market and civil society on higher education and the consequent need for appropriate forms of regulation.

However, it would be detrimental to the future of higher education in South Africa if responsiveness were to become no more than a reaction to immediate and short-term problems. Responsiveness must also be aware of longer term demands on higher education and must retain a sense of the more universal, wide-ranging nature and role of knowledge within human affairs. This means that the new framework must also provide space for higher education objectives and endeavours which are not directly reducible to the market and social environment.

**Overall, greater responsiveness will require new forms of management and assessment of knowledge production and dissemination. It has implications for the content, form and delivery of the curriculum. It will result in a more dynamic interaction between higher education and society, which should promote development, equity, quality, accountability and efficiency.**

- Increased co-operation and partnerships

The third main feature of the proposed framework is an emphasis on co-operation and partnerships in the governance structures and operations of higher education. The tendency towards academic insularity and institutional self-reliance will have to make way for a recognition of the functional interdependence between multiple actors and interests with a stake in higher education.

Co-operative governance has implications, firstly, for relations between the state and higher education institutions. The Commission's proposals seek to mediate the apparent opposition between state intervention and institutional autonomy. The directive role of the state is reconceived as a steering and co-ordinating role. Institutional autonomy is to be exercised within the limits of accountability. A co-operative relationship between the state and higher education institutions should reconcile the self-regulation of institutions with the decision-making of central authorities. The viability of such a reconciliation will depend in significant degree upon the success of a proposed intermediary body with delegated powers, and of proposed structures for consultation and negotiation. The state will use financial incentives and other steering mechanisms as opposed to commandist measures of control and top-down prescriptions.

Co-operation has implications, secondly, for relations between higher education and the organs of civil society. There will have to be new linkages and partnerships between higher education institutions and commercial enterprises, parastatals, research bodies and NGOs, nationally and regionally. Local stakeholders will acquire a greater interest in participating in the governance of higher education institutions.

Co-operation has implications, thirdly, for relations between and within higher education institutions. Higher education will face an array of demands for recurrent, continuing and adult learning and for more flexible modes of delivery. In order 'to do more with less, there will have to be new partnerships and co-operative ventures among regional clusters of institutions. Human and infrastructural resources will need to be pooled for optimal use. The Commission foresees a growth of transdisciplinary, transfaculty and transinstitutional programmes and schools.

~~At each of these levels of co-operation and partnership there will be a recognition of~~ complementary and competing interests and an acknowledgment of interdependence. Institutions, in other words, will pursue their policies and strategic plans within a framework of policy formulation and planning for the sector as a whole. The Commission does not prescribe in detail how co-operation should be organised and institutionalised. Its proposals assume, however, that structural impediments to co-operation and partnership which exist in the present system should be identified and removed.

**Increased co-operation and partnerships among a broader range of constituencies will require participatory, responsible and accountable structures and procedures. These will depend upon trust and constructive interaction among all constituencies. The result would be a higher education sector that is more participative, democratic, accountable and transparent.**

## 1.4 A framework for transformation

### 1.4.1 Proposals for a single co-ordinated system

The existing higher education system cannot meet the challenges we face nor realise the goals outlined above. Four factors point to this conclusion:

- Higher education in South Africa must respond to a new set of demands as the country determines its growth and development strategies, enters the world economy on new terms, and tackles the task of political, social and economic reconstruction.
- The imperatives of equity, redress and development require a significant expansion of higher education over the next decade and beyond.
- The fragmentation and inefficiency of the current system must be replaced by a strong emphasis on co-operation and partnerships between higher education and society, with the development of mechanisms and structures capable of steering the system in accordance with national needs.
- Policies must be implemented to promote race and gender equity and to develop new programmes and capacities at historically disadvantaged institutions.

In summary, the Commission's proposals for a new system of higher education:

- Provide for expanded access over the next decade, within a context of limited increases in public expenditure.
- Propose the development of a single co-ordinated system of higher education encompassing universities, technikons, colleges and private providers.
- Envisage the incorporation of colleges of education, nursing and agriculture into universities and technikons, and the development of a new further education sector spanning general, further and higher education.
- Suggest an expanded role for distance education and for high quality 'resource-based' learning.
- Propose a rolling three-year national higher education plan. Propose the inclusion of higher education programmes in the National Qualifications Framework (NQF), and in a new quality assurance system to be developed within the broad ambit of the South African Qualifications Authority (SAQA).
- Stress the fundamental importance of research within higher education and its vital contribution to a National System of Innovation.
- Identify key areas of capacity development.
- ~~Recommend the establishment of a National Higher Education Information and Admissions~~

Service, improved student selection instruments and the provision and funding of programmes to bridge the gap between further and higher education.

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The Commission believes that these proposals, with those for co-operative governance and goal-directed funding, provide a framework for transformation.

- Programmes and institutions

The Commission proposes a programme-based definition of higher education. Higher education programmes are all learning programmes that lead to the award of a qualification more advanced than the further education certificate. This definition is not exhaustive of all higher education functions, but provides a means of delimiting the boundary between higher education programmes and other levels of education. The definition of a higher education programme emphasises levels of learning rather than the institution or sector offering the programme. In terms of the new definition, higher education programmes are presently offered by universities, technikons, colleges of education, nursing and agriculture, some technical colleges and other public and private colleges. The definition of a programme does not resolve the question of how institutions or sets of institutions should be included in a future higher education system. This is considered later.

- Increased participation

The development of a single co-ordinated higher education system must take into account the effects of rising participation rates. Growth in higher education is essential to meet the imperatives of equity, redress and development. Recent growth has not been planned at a system level, nor has its impact on institutions been even. Increased participation must occur within a framework of planned growth, linked to capacity, available resources, enhanced quality and national human resource needs.

The following proposals imply significant investment in the system's infrastructure and enhanced efficiency as a result of co-ordination and rationalisation:

- Growth will take place within a three-year rolling national higher education plan that co-ordinates student enrollments by qualification level and broad subject area.
- Planning will address mismatches between higher education outputs and national and regional needs.
- Private higher education will be encouraged.
- An expanded further education sector will offer a wide range of higher education programmes, without losing its own focus.
- Distance education and resource-based learning will be made widely available.
- A restructured college sector and improved regional co-ordination will make optimal use of existing facilities and reduce duplication.

**This multipronged strategy should enable South Africa to increase its higher education participation rate to approximately 30% (as a percentage of the 20 to 24-year-old cohort) over the next decade. This will see an increase from about 800 000 students in 1995 to about 1 500 000 in 2005.**

- A single national system

If the legacy of the past is to be overcome, higher education must be planned, governed and funded as a single co-ordinated system. This requires the adoption of a range of new governing, planning and funding arrangements

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~~The challenge is to ensure diversity within a single co-ordinated system. The solution must be sought through the operation of a regulatory environment which meets four requirements:~~

- Policy and planning focused on the development of an effective regulatory environment.
- Policy and planning which take as a point of departure current strengths, weaknesses, knowledge and capacities embedded in existing institutions.
- Change must occur in consultation with institutions.
- Identification of short and medium-term measures which reshape the current structure.

The mechanisms for creating an expanded, single system include a new qualifications framework, a quality assurance system, new research funding and co-ordinating mechanisms, greater provision of distance education and resource-based learning, a systematic planning process, and an improvement of the capacity and infrastructure of higher education institutions.

Higher education programmes must be offered within a single coherent qualifications framework, based on a ladder set of qualifications, from higher education certificates and diplomas to masters and doctoral degrees. All qualifications should be recognised in terms of the SAQA Act.

The framework should provide for exit qualifications within multi-year programmes. At the same time, it must promote coherence and quality within qualifications. As different subject fields have different structures of knowledge, each National Standards Body should determine whether to register whole qualifications, or to proceed on the basis of unit standards.

Quality is not only an internal institutional concern, but also an essential ingredient of a new relationship between government and higher education. Government is to steer the system by means of incentives and evaluation of institutions and programmes rather than by detailed regulation and legislation. A comprehensive, development-oriented quality assurance system provides an essential mechanism for tackling differences in quality across institutional programmes.

The higher education quality system should operate within the framework of the SAQA Act. A Higher Education Quality Committee (HEQC) of the Higher Education Council (HEC) is proposed as an umbrella body for quality assurance in higher education, with specialist bodies undertaking the external evaluation function. To ensure legitimacy and acceptance, such a system must operate within an agreed framework underpinned by:

- Formulation of criteria and procedures in consultation with higher education institutions.
- A focus on improvement rather than sanctions, with quality assurance not directly linked to funding.
- A combination of institutional self-evaluation and external evaluation.

SERTEC should form the nucleus of the HEQC. The HEQC would carry out the HEC's statutory authority for accreditation of higher education programmes. Quality promotion activities should be encouraged and monitored by the HEC, but undertaken on an agency basis. The proposed Quality Promotion Unit of the CUP could play this role, and its scope might be broadened beyond the universities.

Higher education should be steered, flexibly and responsively, in line with broad national goals. A national higher education plan should centre on the development of three-year rolling institutional plans, whereby institutions seek approval and funding for a proposed programme mix and enrollment levels. Such plans could include proposals for funding to enable institutions to ~~introduce new programmes or develop new capacities.~~

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A national higher education plan should provide for overall growth in the system, target participation rates, and changes to the overall shape of the system. The HEC will develop a preliminary national plan in the form of a grid indicating the overall number of student places to be funded over a three-year period, across broad programme fields and levels. Institutions will then devise rolling three-year plans in terms of their own missions.

The HEC would receive draft institutional plans, consult regionally, and assess the fit between these plans and the broad national plan. Where necessary, modification of institutional plans will be negotiated. Criteria for approval of institutional plans will include institutional capacity, regional and national needs, national equity goals, and the need to promote resource sharing, collaboration and articulation between institutions.

The process would culminate in formulation by the HEC and consideration and approval by the Minister of a three-year national plan. Approval of plans would be linked to public funding levels for student places.

Race and gender equity is a national goal. Institutional policy and progress in this regard will be a requirement of the annual reports submitted by institutions in the planning process. Equity considerations will be among the criteria used by the HEC in approving programmes and institutional plans. The establishment and funding of programmes will be considered from the perspective of national equity and development goals and not simply on the basis of existing institutional capacity. Where needed, redress funding will ensure that institutions possess the resources, capacity and infrastructure to develop their programme mix.

Significant barriers inhibit student access and success at traditional contact institutions. Distance education and resource-based learning can play a major part in reducing these barriers. For this to happen, appropriate methods are needed to encourage and reward the development of quality resource-based courses and course materials, and to ensure their wide distribution and availability. This requires a co-operative and co-ordinated approach across institutions.

The Commission recommends to higher education distance providers a vision of a single distance education institution offering modern distance education programmes to very large numbers of students. This single institution would co-ordinate the production of high quality learning materials for widespread use across the system.

The Commission proposes that South Africa's capacity in research and advanced postgraduate studies should be preserved, expanded and strengthened. Higher education should consolidate its position as a major component of the National System of Innovation. Basic science and traditional disciplinary research should remain the domain of higher education and strong incentives should encourage research across the full spectrum from traditional to product-related research.

The proportion of private and public resources used to support research and development in higher education should be increased. Current mechanisms for funding research from the higher education budget should be altered to provide for continued incentive funding for research outputs; the funding of research set-up costs via the 'prices' for student places at masters and doctoral levels; and the direct allocation of higher education resources to fund research projects.

The Department of Arts, Culture, Science and Technology and the Department of Education should ensure close co-ordination of their respective functions in the area of research.

A major priority for the higher education system should be to ensure enhanced access by black people and women to masters, doctoral and postdoctoral studies at centres of current research

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capacity. There should also be a targeted expansion of the institutional base for research.

Increased student access requires attention to procedures for admission and selection. The provision of flexible entry points to first degree/diploma programmes, which take into account the levels of preparedness of entering students, is a crucial element in such rethinking. Extended curriculum programmes will include a foundation of knowledge, concepts, and academic skills as a basis for further study.

There should be a uniform statutory minimum entry requirement for all higher education programmes. This should be a pass in the proposed further education certificate. Institutions will be able to set additional requirements for entry to particular programmes.

A National Higher Education Information and Admissions Service is proposed. It would provide potential students with information about programmes, financial aid and related matters; and would streamline applications through a single composite application. Selection decisions would be taken by institutions.

For an expanded higher education system to function efficiently, capacity must be enhanced at all levels. National policy should support institutional and regional capacity-building initiatives. Developmental functions should be carried out on an agency basis, while functions such as the development of policy frameworks and the allocation of funding should be the HEC's responsibility. The Department of Education should be responsible for information gathering and processing.

Higher education institutions should define gender and race equity goals and submit these as supporting documentation in the planning process. Urgent attention must be given to assist higher education personnel to improve their qualifications and skills. The HEC should provide funding and other support to develop appropriate human resource development policies and practices.

The development of extended curriculum programmes will play an important role in promoting student access and success. Experience shows that such academic development-oriented initiatives cannot be confined to the entry level alone, but must affect the entire undergraduate process. academic development (AD) has an important role to play in the promotion of quality teaching through staff, curriculum and materials development at all levels of higher education. While curriculum development is a responsibility of all academic staff, a small professional core of specialists is needed to guide and co-ordinate AD work in institutions. AD must be provided for in the new formula funding mechanism, while earmarked funding should be available for the development of innovative new approaches and programmes.

- Colleges, a further education sector and private sector providers

The Commission favours a model which results in fewer, larger, multidisciplinary higher education institutions; and proposes the incorporation of many of the colleges of education, nursing and agriculture into universities and technikons. This process should be managed by the HEC as a single national project. Colleges not incorporated should be transformed into comprehensive further education colleges.

The possibility of establishing new higher education institutions in provinces where none exist is not foreclosed. When and where appropriate, existing colleges might be amalgamated to form a nascent university or technikon. Mergers should incorporate existing university or technikon satellite campuses in the region and might also involve technical colleges with a significant involvement in higher education programmes.

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The Commission strongly supports the need for a further education college sector offering a wide range of educational programmes from general and adult basic training through further education to higher education programmes.

Proposals on this sector await the report of the National Task Team on Further Education. The Commission recommends that the funding of higher education programmes offered by these colleges occur via the national higher education budget and that an aggregated form of college plan be developed via the planning mechanisms outlined earlier. Key challenges will be to ensure an appropriate mix of general, further and higher education programmes within colleges; and to avoid a situation in which colleges drift into higher education provision, leaving a programme vacuum at the further education level.

The Commission recognises and supports the role of private higher education providers. Providers should be encouraged to enter the programme registration and quality assurance procedures outlined above. The Commission favours the establishment of private universities and technikons, but proposes that legislation, and the question of possible public financial support, be deferred until such time as the single co-ordinated system of public higher education is firmly established.

- Diversification within the single co-ordinated system

The Commission's task is not to propose a unified, binary or stratified institutional structure for the single co-ordinated system, but to recommend a set of transitional arrangements that will hold while national and regional needs are clarified, planning capacities are developed and institutional development proceeds. The Commission believes that the system should recognise, in name and in broad function and mission, the existence of universities, technikons and colleges as types of institutions offering higher education programmes. But these institutional types should not be regarded as discrete sectors with mutually exclusive missions and programme offerings.

The new system will evolve through a planned process which recognises current institutional missions and capacities, addresses the distortions created by apartheid, and responds to emerging regional and national needs. At a later stage in this evolution, it may be decided whether the new system should retain the distinction between universities, technikons and colleges, change the nature of the distinction, and increase or decrease the number of institutional types.

The HEC should place a five-year moratorium on institutional proposals to change from one institutional type to another so as to ensure stability and organisational continuity during the transitional period.

#### **1.4.2 Proposals for co-operative governance**

Changes in government and the anticipated new system of higher education render essential a review of governance relations and structures. Models framing the relationship between government and higher education (internationally, in Africa and in South Africa) have been characterised as state control, state interference and state supervision. After extensive evaluation of these, the Commission has developed a South African variant of the state supervision approach called co-operative governance.

Within a restructured democratic state, co-operative governance entails autonomous civil society constituencies working co-operatively with an assertive government. Co-operative governance mechanisms encourage an active role for associations and different agencies. They also promote interaction and co-ordination through a range of partnerships.

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### • National level

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The Minister of Education has ultimate decision-making authority in matters pertaining to higher education, except where delegations have been made. In addition to a statutory role as part of government, the Minister is also active in governance arrangements involving stakeholders.

The Commission proposes that the Department of Education create a Branch of Higher Education to provide efficient and effective service to the new single, co-ordinated higher education system. The Branch of Higher Education would also advise the Minister on policy matters and provide support to the proposed new national stakeholder structures. The branch would require a high-level executive manager and staff with analytical, interpretive and comparative skills.

The experience of some African countries indicates that the exclusion of stakeholders such as staff and students from national governance contributes to systemic instability. Instead, and in keeping with the principle of co-operative governance, the Commission proposes that stakeholders, as well as people with professional expertise, should participate in policy formulation and implementation.

In most countries with developed higher education systems there is some form of 'buffer' or 'intermediary' structure between higher education institutions and government. Co-operative governance promotes co-operation between government and higher education, hence the Commission's preference for intermediary rather than buffer structures.

Bodies outside a government department with allocative and co-ordinating functions have become an established practice in the new South African context. A number of departments have intermediary bodies with policy, allocation and funding functions, and these bodies operate independently but interactively with the departments (for example, SAQA, the Independent Broadcasting Authority and National Arts Council).

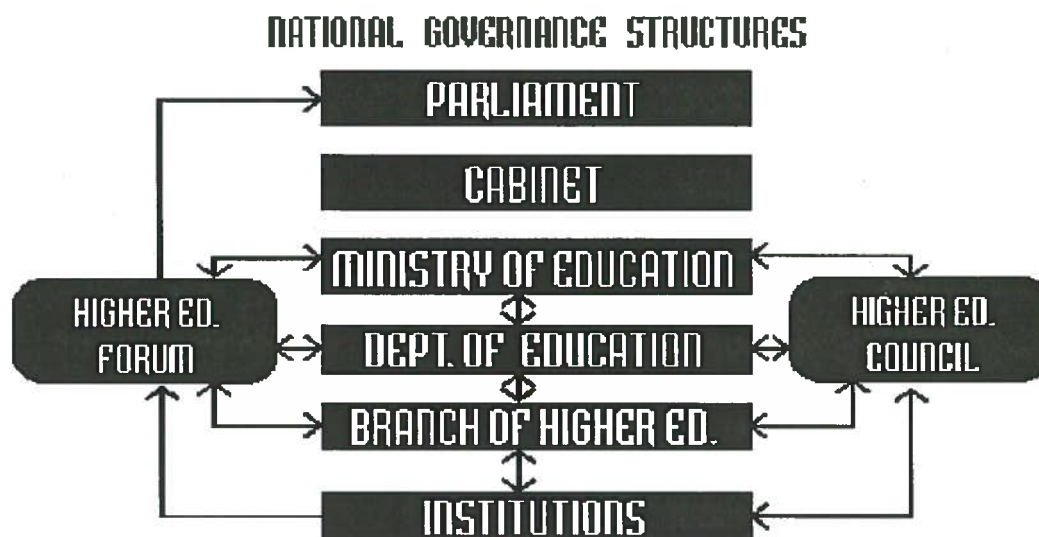
**The trend internationally is that direct constituency representation is found mainly in intermediary bodies with advisory functions, while allocative and co-ordinating functions are performed by experts and/or career bureaucrats. The Commission proposes the formation of two statutory bodies. A Higher Education Forum (HEF) of about 30 members would provide for representation and participation by organised constituencies. A Higher Education Council (HEC) of about 12 members would provide expertise that is not directly representative of sectoral or institutional interests.**

The core function of the HEF would be the deliberation of policies and principles. To make it an effective participant in co-operative governance, the HEF would be a statutory stakeholder body with powers to advise the Minister on policy issues. The HEC would provide allocative and planning functions within the framework of policies and principles agreed upon by the Minister and the HEF. Members of the HEC should have knowledge and understanding of higher education issues informed by work experience or through relevant research. They should enjoy the confidence of stakeholders. Their main responsibility would be to advise the Minister on co-ordination and planning the higher education system.

For stakeholders to participate effectively in the HEF, there is an urgent need for umbrella national structures to be established. These should provide accountable representation, leadership and effective participation for staff and students. For students, the Commission believes that the student representatives' councils (SRCs) should form the basis of a single, national representative structure. For staff, it is imperative to have an effective national structure that can engage in higher education transformation and the negotiation of salary and service conditions.

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The Commission endorses the principles of academic freedom and institutional autonomy as key conditions of a vibrant higher education system. Academic freedom and institutional autonomy will be exercised within the new configuration of functions and responsibilities provided by the proposed model of co-operative governance. Institutional autonomy will operate within the context of co-operation and greater accountability. All authorities should recognise the right to academic freedom for individuals engaged in academic work, especially teaching, research and dissemination of findings.



- Regional level

Regional co-operation is an important strategy in overcoming some of the legacies of apartheid. It would cluster institutions across the traditional divide between historically white and historically black institutions. The Commission proposes that the HEC should encourage the formation of non-statutory regional structures with a mix of internal and external stakeholders. Such structures could be consulted on the planning needs of the region, mergers, rationalisation, programme distribution, sharing of resources and the development of institutional capacity.

- Institutional level

Co-operative governance at the institutional level requires the acknowledgment of competing and complementary interests, as well as the interdependence and common goals of different role players. It is necessary to balance participation with effectiveness, while sharing power, responsibility and accountability. To enable students and staff to participate meaningfully, resources and leadership training should be provided.

Higher education institutions need to address the pervasive issues around race and gender on their campuses through various mechanisms and policies. Major aspects to be addressed are: access (altering student and staff profile); development (capacity building and training); curriculum transformation (sensitivity to issues of race, gender, context), and institutional culture (creating an enabling and safe work and study environment).

Councils, senates and academic boards should be restructured. Institutional change should occur within the framework proposed by the Commission, which allows great scope for institutional specificity and negotiation. The Commission proposes that Institutional Forums be established in higher education institutions. (Such forums would resemble the transformation forums that developed on many campuses as an attempt by previously excluded groups to participate in policy

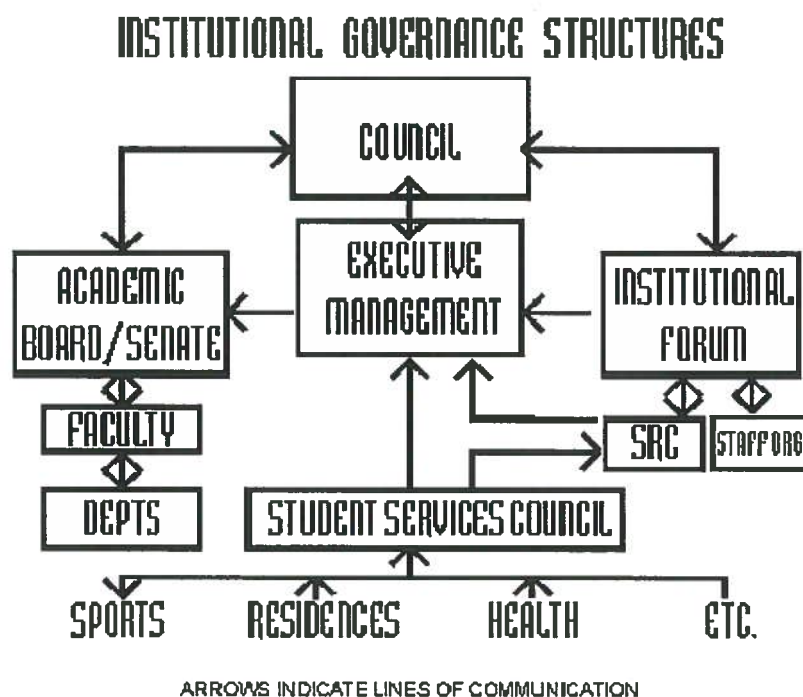
making.) For Institutional Forums to operate effectively, student bodies need to be organised in clearly defined structures with accountability procedures. SRCs should be assisted to develop leadership capacity and continuity. The Commission agrees with certain national student organisations that there is an urgent need for institutional codes of conduct and dispute resolution procedures.

Co-operative governance requires the negotiation of industrial relations within the framework of the Labour Relations Act. The Workplace Forums specified in the Act are distinct from the Institutional Forums proposed by the Commission: the former focus upon employer-employee relations and the latter on broad transformation of the institution.

Massification will create unprecedented needs for skilled career counselling and academic guidance, both at institutional and at regional/national levels. It will be necessary to professionalise student services staff and to undertake human resource development in this area. As a general principle, clients (students) should have a more direct say over the support services provided to them. The Commission thus proposes that institutions should set up Student Services Councils, with policy advisory functions and with equal representation by students and staff/management.

The Commission recommends legislation of a new Higher Education Act which will specify relationships at national and institutional levels. It would detail the composition, powers, functions and lines of accountability of the envisaged HEF and HEC. The Act should identify key internal governance structures at institutional level, the context in which they would operate and their respective relationships.

The proposals on co-operative governance of the system would not on their own bring about transformation of the system. These proposals are interlinked with the funding proposals that follow, as part of the strategy to establish a single, co-ordinated system.



### 1.4.3 Proposals for goal-oriented funding of higher education

The higher education funding policies and mechanisms currently employed by South African government departments can be categorised as full funding of all activities. itemised budget

funding and formula funding.

This set of different funding policies and practices has a number of shortcomings. The subsidy formulae for universities and technikons, for example, are partly based on principles which are neither valid nor sustainable in the current context. Present funding policies have in fact given rise to effects in higher education which contradict some of the principles and goals for that sector, as formulated by the Commission.

In particular, the present funding policies and mechanisms would inhibit pursuit of the following higher education goals: the planning and administration of a single, co-ordinated system; diversification of the system in terms of institutional missions and programme mixes; promotion of increased participation and equal opportunities for all deserving students as a means of redress and development through planned and responsible growth policies; and provision of instructional programmes focused on human resource and other developmental needs.

The proposed funding framework is consistent with the basic principles of the system as enunciated by the Commission: equity, redress, development, democracy, efficiency, effectiveness, financial sustainability and shared costs. The funding framework supports and promotes the achievement of the Commission's key goals for higher education. Its main thrust is to establish a goal-oriented public funding framework for higher education.

- Key elements of the new public funding framework

The funding framework proposed by the Commission consists of two main components:

- A formula funding component that will generate block grants for institutions offering approved higher education programmes.
- An earmarked funding component through which funds will be allocated to institutions offering approved higher education programmes in accordance with clearly specified policy objectives.

The proposed funding formula is best expressed in the form of a two-dimensional funding grid according to a number of levels of learning and a number of fields of study. Funding entries in the various cells of the funding grid are obtained by multiplying the normative prices (rand values) of student places at the different levels of learning and in the different fields of study by the number of approved student places to be funded in that particular cell.

The input variable for the funding grid would be full-time equivalent (FTE) student places in programmes at various levels and fields of learning. Student places, for this purpose, should be defined as expected student enrollments adjusted on the basis of eligibility criteria determined by the Minister of Education. These criteria could refer to different categories of eligibility for foreign or non-resident students, or to the loss of eligibility by students exceeding a specified minimum time for completing an instructional programme.

On the basis of a national higher education plan and academic plans submitted by higher education institutions, the Minister of Education would allocate an approved number of student places in a particular cell of the funding grid to the institution concerned. By specifying a desired proportion of first-time FTE student places within the total approved FTE student places in each of the cells of the funding grid, the Minister could provide for wider access as well as achieve greater efficiency within the system.

The main function of the prices per student place would be to support an equitable and agreed allocation of funds in terms of the goals and objectives set for the higher education system, such



as active stimulation of study in certain fields of learning. Cost differences associated with study at different levels of learning would also be reflected in the prices per student place. In particular, prices per student place at research-based levels of learning should include a base provision for research.

Initially, a distinction would be made between the broad categories of contact and distance education, pending the outcome of an analysis which distinguishes between 'true' distance education and correspondence education. Finally, to accommodate economies of scale dependent on the size of higher education institutions and other valid institutional differences, provision has to be made for incorporating such institutional factors in the block grant generated by the funding formula.

The second component of the public funding framework involves earmarked funding. Funding formulae do not easily lend themselves to accommodating special needs, especially if such needs may fluctuate or diminish over time. Earmarked funding, however, readily lends itself to meeting specific and shorter-term needs. It provides specific funds for targeted programmes, activities or endeavours in higher education. The mechanism is intended to address unacceptable inequalities and to serve as a means of redress in higher education.

The Commission has concluded that at least the following areas should be considered for possible earmarking: research, student financial aid, academic development, staff development, information technology, library capacity building, curriculum development, equipment, institutional development, new buildings and new land.

Earmarked funds should be divided into three clearly demarcated types: earmarked funds for institutional redress; earmarked funds for individual redress; and earmarked funds for all other specific purposes.

In addition, earmarked funds of these three types can be further categorised. Categorical funds are funds allocated for specific purposes on the basis of applications plus an assessment of needs. Initiative funds are funds allocated for specific purposes on the basis of applications plus an assessment of merit. Incentive funds are funds allocated on the basis of specific achievement in relation to an institution's past performance in designated performance areas. (The 'assessment' required for categorical and initiative funds would include some form of prioritisation in terms of urgency of need and level of merit, as requests for earmarked funds are certain to exceed the amount of funding available.)

Earmarked funds for institutional redress (with categorical fixed asset and categorical current fund components) would be allocated to disadvantaged institutions on the basis of applications in terms of institutional missions, programme mixes and an assessment of needs. Institutions wishing to be considered for redress allocations would have to undergo comprehensive institutional audits.

Earmarked funds for individual redress would mainly take the form of student financial aid schemes such as the National Student Financial Aid Scheme (NSFAS) previously proposed by the Commission. The policies and approaches developed by the Commission in its interim report on an NSFAS for universities and technikons for 1996 should form the basis for an urgent elaboration by the Department of Education of more comprehensive and longer-term policies and approaches. The Commission emphasises that the goals it has set for a higher education system in South Africa will not be achieved without an effective NSFAS.

Other earmarked funds would include categorical fixed asset funding for the acquisition of new land, buildings, equipment and library holdings. Initiative earmarked funds could be allocated for fixed assets and current expenditure. The category other earmarked funds also includes incentive

funds allocated on the basis of assessment of institutions achievements in designated performance areas determined by the Minister of Education.

### General features

<ul style="list-style-type: none"> <li>• Separate funding policies and mechanisms for different higher education</li> </ul>	<ul style="list-style-type: none"> <li>• One set of funding policies and mechanisms for higher education system.</li> </ul>
<ul style="list-style-type: none"> <li>• Government funding not used as means for implementing national higher education goals and plans.</li> </ul>	<ul style="list-style-type: none"> <li>• Government funding used to generate incentives designed to ensure national higher education goals and plans are implemented.</li> </ul>
<ul style="list-style-type: none"> <li>• Most government funding for current and fixed asset purposes as well as major capital projects generated by formulae. No use made of earmarked funding or (before 1966) of student financial aid.</li> </ul>	<ul style="list-style-type: none"> <li>• Government funding derived from a mix of mechanisms: formula and earmarked funding (including student financial aid funding).</li> </ul>
<ul style="list-style-type: none"> <li>• Institutions themselves determine how many students to enrol in which programmes, and funding follows these institutional decisions.</li> </ul>	<ul style="list-style-type: none"> <li>• Public funding based on approved student places for each institution in appropriate fields of learning and levels of learning.</li> </ul>

Based on the areas designated for earmarked public funds and the envisaged time frame for reaching policy objectives such as redress, the Minister will have to determine a short to medium-term schedule for the ratio between formula funding and earmarked funding, and within earmarked funding for the ratio between redress funding and other forms of earmarked funding.

### Main characteristics of the new public funding framework

The first main characteristic of the new public funding framework is that it is based on and derived from the principles and goals for higher education formulated by the Commission. These in turn are consistent with the goals and objectives for higher education stipulated in the White Paper on Education and Training (1995).

Secondly, the funding framework is consistent with the three key features of the proposed transformed higher education system: greater participation, increased responsiveness to socioeconomic demands, and increased co-operation and partnerships. The funding formula by means of the funding grid reconciles demands for increased access, affordability, effectiveness and efficiency, and a better match between output and human resource development needs.

Thirdly, the funding framework, through the mechanism of earmarked funding, includes an emphatic commitment to and provision for dealing with unacceptable inequalities and issues of institutional and individual redress. Earmarked funding will also ensure greater returns on public investment in higher education by awarding funds in accordance with targeted policy objectives.

Fourthly, the funding framework achieves a measure of balance between the government's need for funding policies that support national higher education objectives and the needs of higher education institutions for a reasonable degree of institutional autonomy.

Finally, the public funding framework represents a flexible approach to funding that can easily incorporate policy changes without undue disruption of the higher education system.

The proposals for transforming the higher education system, its governance and funding require a series of paradigm shifts. Such shifts mean radically new ways of conceptualising and conducting higher education in South Africa.

## 1.5 Conclusion

This report is submitted to the Minister of Education in fulfilment of the Commission's terms of reference as published in February 1995. It seeks to advise the Minister on:

- The goals and values of higher education in South Africa.
- The types of institutions and nature of the system which could best realise those goals and values.
- The necessary restructuring of administration, governance and financing to achieve the recommended new system of higher education.
- The specific measures necessary to eliminate inequalities of access, inequitable and inefficient allocation of resources, and historic failure to respond to the economic and social needs of the majority.
- The appropriate mechanisms, structures and procedures for implementing its recommendations.

Higher education can make a potentially crucial contribution to the reconstruction and development of South Africa. Indeed, it is difficult to imagine that successful economic, social and political reconstruction could occur without major inputs from higher education. Only higher education can deliver the requisite research, the training of highly skilled personpower, and the creation of relevant, useful knowledge to equip a developing society with the capacity to participate competitively in a rapidly altering national and global context. The Commission has argued that South Africa's higher education system must be transformed to play this role.

To assist in progressing with transforming higher education the Commission has developed a transformation strategy. It identifies three phases of transformation and outlines the responsibilities and roles during these phases of the various higher education structures, bodies and institutions.

**This report seeks to assist in the vital task of transforming a crucial area of cultural and intellectual life in the service of the larger transformation of the nation's political, social and economic order.**

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# SAEP Intern Projects



## Gear, Poverty Alleviation, and Job Creation

Timothy Swett

July 3, 1998

[There is also available a [footnoted version of this paper in text format.](#)]

**Hein Marais**, in his book *South Africa Limits to Change: The Political Economy of Transition*, asks the fundamental question facing South African policy-makers today:

Will the new society perpetuate the highly divisive social elitism of the past but on a more non-racial basis? Or will it tend towards a more egalitarian system that strives to muffle inherited frictions by redistributing resources and institutional power?

Critics of **Gear**, the government's macroeconomic strategy for **Growth, Employment, and Redistribution**, claim that the policy is leading the nation to the former.

The key strategy behind Gear aims at slashing public spending, maintaining single digit inflation and a stable exchange rate, reducing corporate tax, phasing out exchange controls, encouraging wage restraint by organized labor, and speeding-up privatization in order to encourage foreign direct investment. "Gear is being applied conservatively as a redistribution through growth, or 'trickle-down', strategy in the belief that if a country grows for a sustained period, it can deliver on redistribution." The problem is that since Gear's implementation, it has failed to live up to its promises of job creation and real growth. Gear estimated the creation of 400 000 new jobs a year by 2000, yet last year alone 130 000 jobs were lost.

**Johann Nel** in the *Mail & Guardian* writes that, "if Gear fails it could lead to political mobilisation against the government..." while Marais warns that the country "is sitting on a powderkeg. The rich are staying wealthy while the ranks of the poor keep growing." Nel further points out that at best, Gear merely provides a framework within which growth can take place, while not necessarily guaranteeing growth. Even **Joseph Stiglitz**, chief economist of the **World Bank**, has criticized IMF austerity packages, which closely resemble South Africa's Gear policies in their single-minded focus on inflation and budget deficits, stating that the cavalier adherence to macro-economic stability often ignores growth and jobs. "The history of those countries that have successfully transformed their economies shows that the appropriate macro-economic policy is only a necessary, and not a sufficient, condition for economic success."

It is clear that the neo-liberal economic paradigm that has been exported by the IMF and Western economies to developing countries has failed to address many of the economic and social needs of those countries. The huge gap between the rich and the poor is one of the major issues that government policies need to address, since neo-liberal economic policy often fails to benefit the economically disadvantaged. The desirability of some government intervention in moving economies to the free market model is clearly illustrated, according to Marais, in the cases of 'the first- and second- tier NICs, [which] emerged not from neo-liberal policy scripts but, as the World Bank was forced to admit, from 'government interventions [which] appear in some cases to have resulted in higher more equitable growth than otherwise would have occurred.

The South African government has come under harsh criticism not only from the trade unions but from a growing number of voices in civil society as well for its adherence to its tight management of the state budget in the hopes of attracting foreign direct investment during a time of increasing unemployment and slow growth. Critics predict that the adherence to the tight fiscal policy will fail to create jobs but may send South Africa into a recession. Nel warns that "overall, the impact of a rapid reduction in government expenditure could be very disruptive," while **James Hinds** of the labour think-tank **Naledi**, points out that it is the jobless who are worst affected by a tight monetarist policy.

Is there an alternative path that the Government could take to improve employment and growth? Critics believe so. They argue that by concentrating on job creation, rising levels of income will create greater demand for domestic products which in turn would lead to greater employment. They believe that the government should increase public spending through investment in human capital and through the funding of labor-intensive rather than the capital-intensive industry. The **World Bank** would agree with at least part of this prescription. In its report, *Reducing Poverty*, the World Bank "criticized the capital-intensive character of [South African] industry [and] the heavy state subsidy support for large-scale capital intensive projects." Few jobs are created by capital-intensive industry. Policy-makers need to encourage job creation and environmental sustainability through labour-intensive industry like tourism, which also has the potential of being eco-friendly. The recent decline in the Rand against major Western currencies offers the South Africa an excellent opportunity

to cash in on the world's \$62-billion tourism industry.

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**Peter Bruce**, editor of the *Financial Mail*, goes so far as to suggest that South Africa forget about trying to compete with the world's manufacturers and design the country's economy around a serious mass tourist industry. Bruce writes that "we milk rather than care for tourist while the government chases the smokestack dream and the job queues get longer." **James Seymour**, the information and research manager of the **KwaZulu Natal Tourism Authority (KZNTA)** can attest to this. Seymour claims that "community-based tourism [is] an area that ha[s] been neglected, both in this province and in other areas in South Africa. There [are] many communities in South Africa with significant tourism assets but which d[o] not have the necessary resources and skills to develop and market them."

The country is beginning to see some greater importance being placed on the potential of tourism. The Western Cape Government is currently seeking a R21-million from private investors for accommodations, service roads, rest camps, and restaurants in eight of its nature reserves. The provincial **Minister of Trade, Industry, and Tourism, Hennie Bester** believes that "With a resolve to work hard and provide spectacular service, we should be able to snatch a sizeable share of the world's \$62-billion tourism industry by 2010."

The Government of the National Unity must now move from its increasingly embedded defense of Gear to the exploration of alternatives that can create jobs that benefit those whom Gear is increasingly leaving behind. It is doubtful that an egalitarian society will result from the South African government's current economic strategy encapsulated in Gear mainly because the government is unwilling to deviate from the neo-liberal orthodoxy and invest in job creation, and because the government's anti-inflation policies discourages the creation of labor-intensive industries. It is the small and medium size firms have the greatest potential for employment, since they rely on labour-intensive practices, but the high interest rates needed to stabilize the rand and fight inflation prevent the entry of small firms into the market and discourage medium-size firms from expanding. If the Government is serious about redressing the wrongs of the past that have created the current unacceptable income gap between the rich and the poor, it must develop a strategy that encourages labor-intensive industry that can set the country's poor on a path of future prosperity.

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# Policy Documents

## 2001

- Telecommunications Act - Policy Directions - 26 July 2001
- Electronic Government: The Digital Future - A Public Service IT Policy Framework - February (PDF)

## 2000

- Policy Framework of the Accelerated Agenda towards the Restructuring of State Owned Enterprises - 10 August
- Policy Statement on The Establishment of a Senior Management Service in The Public Service - August

## 1999

- 1999 Medium Term Budget Policy Statement - 29 October
- National Policy on HIV/AIDs, for Learners and Educators in Public Schools, and Students and Educators in Further Education and Training Institutions - August 1999
- Draft policy on the Statutory Regulation of the Built Environment Professions - July 1999 (PDF)
- National policy on the conduct of the Senior Certificate Examinations - June 1999
- Implementation Framework For The Landcare Programme - February 1999

## 1998

- Assessment Policy in the General and Education and Training Bands, Grades R to 9 and ABET - December 1998
- Policy Direction on Global Mobile Personal Communications by Satellite in the Republic of South Africa (GMPCS) - December 1998
- 1998 Medium Term Budget Policy Statement - November 1998
- National Norms and Standards for School Funding - October 1998
- Draft policy direction on Global Mobile Personal Communications by Satellite - August 1998
- Creating Jobs, Fighting Poverty an Employment Strategy Framework - July 1998
- The Agriculture Youth Development Initiative for South Africa - June 1998
- Draft Assessment Policy in the General Education and Training Phase - Grade R to 9 and ABET

## 1997