
2.1 INTRODUCTION

The South African tertiary landscape is fast-evolving. Although the right to education is protected constitutionally, the provision of higher education is currently problematic.

The purpose of this chapter is to provide an overview of the tertiary landscape in which the RAU finds itself in order to better understand the complexities surrounding funding, governance and government control over education. After all, a large proportion of goods and services that are procured are sourced from subsidy funding.

2.2 CONSTITUTIONAL BACKING FOR HIGHER EDUCATION

The Constitution of the Republic of South Africa addresses education in the Bill of Rights. In terms of section 29 of the Constitution, the following is guaranteed to all citizens:

29. (1) Everyone has the right –
   (a) to a basic education, including adult basic education; and
   (b) to further education, which the state, through reasonable measures, must make progressively available and accessible.

(2) Everyone has the right to receive education in the official language or languages of their choice in public educational institutions where that
education is reasonably practicable. In order to ensure the effective access to, and implementation of, this right, the state must consider all reasonable educational alternatives, including single medium institutions, taking into account -

(a) equity;
(b) practicability; and
(c) the need to redress the results of past racially discriminatory laws and practices.

(3) Everyone has the right to establish and maintain, at their own expense, independent educational institutions that -

(a) do not discriminate on the basis of race;
(b) are registered with the state; and
(c) maintain standards that are not inferior to standards at comparable public educational institutions.

(4) Subsection (3) does not preclude state subsidies for independent educational institutions.” (South Africa, 1996a).

The above explicit constitutional right, creates somewhat of a contradiction. In terms of section 29 (1) (b) the right to further education, which would encompass education at a tertiary level, should be made progressively available and accessible. However, the state need only make it available through reasonable measures. Given the budgetary constraints under which Government has to operate in a contemporary South Africa, it appears to be difficult to marry the two statements unconditionally, as it is equally difficult to do so all over the world; emphasising the importance of efficiency and effective financial management in higher education.

Schedule 4 of the Constitution makes reference to education in that education at all levels, excluding tertiary education is listed as a functional area of concurrent national and provincial legislative competence (South Africa, 1996a:Schedule 4 Part A).

Apart from the constitutional right to education, higher or tertiary education is also addressed in another act, being the Higher Education Act, Act No 101 of 1997 (as amended).
2.3 THE HIGHER EDUCATION ACT

The Higher Education Act, Act No 101 of 1997 is applicable to higher education and institutions of higher education in South Africa (South Africa, 1997a:s 2).

Higher education is defined in section 1 (xiii) as encompassing all learning programmes that lead to qualifications higher than grade twelve or the equivalent thereof in terms of the National Qualifications Framework, as well as tertiary education as contemplated in Schedule 4 of the Constitution (South Africa, 1997a).

“Institutions of higher education” is defined in section 1 (xiv) as:

“…any institution that provides higher education on a full-time, part-time or distance basis and which is-

(a) established or deemed to be established as a public higher education institution under this Act;

(b) declared as a public higher education institution under this Act; or

(c) registered or conditionally registered as a private higher education institution under this Act” (South Africa, 1997a).

The broad goals of the Higher Education Act are to:

• Regulate higher education;
• Provide for the establishment, composition and operation of the Council on Higher Education;
• Provide for the establishment, control and funding of public institutions of higher education;
• Provide for the appointment and operation of an independent assessor;
• Provide for quality assurance and quality promotion; and
• Put transitional measures in place to regulate higher education (South Africa, 1997a:Pre-amble).

The Higher Education Act is made up of seventy-seven sections contained in nine chapters, being:

• Chapter 1 - Definitions, application and determination of policy;
Chapter 2 – An overview of the South African tertiary landscape

- Chapter 2 - Council on Higher Education;
- Chapter 3 - Public Higher Education Institutions;
- Chapter 4 - Governance of Public Higher Education Institutions;
- Chapter 5 - Funding of Public Higher Education;
- Chapter 6 - Independent assessor;
- Chapter 7 - Private Higher Education Institutions;
- Chapter 8 - General; and
- Chapter 9 - Transitional and other arrangements.

One of the most important issues addressed by this Act, is the establishment of the Council on Higher Education. The main functions of the Council on Higher Education is to advise the Minister of Education on any aspect of education, to arrange and co-ordinate conferences, to promote and audit quality assurance, publish information regarding higher education and promote access of students to higher education (South Africa, 1997a:s 5 (1)).

In terms of financial related advice, the Council on Higher Education may give advice on a mechanism for the allocation of public funds, student financial aid and student support (South Africa, 1997a:s 5 (2)).

Chapter 5 of the Higher Education Act that addresses the funding of public higher education will be dealt with in detail in chapter 3 of this thesis.

In terms of the stipulations regarding the governance of higher education institutions, these institutions may have a chancellor, but must have the following structures and offices in place:
- A council;
- A senate;
- A principal;
- A vice-principal;
- A students’ representative council;
- An institutional forum; and
- Any other structure or office as determined by the institution (South Africa, 1997a:s 26).
The function of the council of a university is to govern the institution, set a language policy (subject to the policy determined by the Minister of Education) and, in consultation with the students’ representative council, provide suitable structures on policy in respect of student support (South Africa, 1997a:s 27).

The senate is accountable to the council for the academic and research functions of the institution (South Africa, 1997a:s 28 (1)).

The institutional forum must advise the council on issues affecting the institution including the implementation of the Higher Education Act, race and gender equality policies, the selection of candidates for senior management positions, codes of conduct, mediation and dispute resolution procedures and fostering of tolerance and a human rights culture within the institution (South Africa, 1997a:s 31 (1)).

For purposes of this thesis, the focus will fall on public higher education in South African universities and technikons that are all governed by the Higher Education Act.

Although the Constitution does not guarantee unlimited availability of higher education, the level of Government or ministerial control over higher education has become a contentious issue in South Africa. Recently, the Higher Education Act was amended by Parliament with the effect that control over higher education does not reside with cabinet, but with the Minister of Education. This very important issue of institutional autonomy versus Government intervention will be discussed in detail in chapter 4 of this thesis.

In addition, the amendment bill was also aimed at scrapping private acts that may still govern higher education institutions. In the case of the RAU, the repeal of the Rand Afrikaans University Act, act no 51 of 1966 had no effect, as RAU is governed by a separate statute, the contents of which covers broadly the same aspects as the RAU act, such as the election of a chancellor (South Africa, 1966:s 6), the composition of council (South Africa, 1966:s 9) and the purpose of the senate (South Africa, 1966:s 10).
2.4 LEGAL STATUS OF THE RAU

2.4.1 Introduction

The statute of the RAU clearly sets out the legal status of the university as being:

“The University exists and functions in terms of the Constitution of the Republic of South Africa, 1996 (Act No 106 of 1996), the Higher Education Act, 1997 (Act No 101 of 1997) (see section 72(2) of the Act) as well as the University’s Statute and Rules based on the latter Act.” (RAU, 1999:chapter 1, par. 1).

References to universities contained in the Constitution of the Republic of South Africa were discussed in paragraph 2.2 of this thesis whilst the Higher Education Act was discussed in paragraph 2.3 of this thesis.

The statute of the RAU will be discussed below.

2.4.2 The statute of the RAU

2.4.2.1 Introduction

The statute of the RAU sets out the governing structures and consultative bodies of the university, as well as rules pertaining to these. As a whole, the statute maintains and promotes the values and objectives contained in the Higher Education Act (RAU, 1999:chapter 1, par. 2).

In terms of the statute, the RAU strives to serve the South African society through excellence in academic research, education and community development. In order to achieve these goals, the RAU provides education in Afrikaans and English were it is reasonably practicable (RAU,1998:3).
2.4.2.2 Chapter contents of the statute (RAU, 1999)

Chapter 1 of the statute provides for education in both English and Afrikaans, equality, merit and non-discrimination in respect of staff appointments and student admission and attracting staff and students from underprivileged communities through the creation of equal opportunities, through training and through a fair admission and academic support policy.

Apart from chapter 1, the statute of the RAU comprises of:

- Chapter 2 - Office bearers, government structures and consultative bodies;
- Chapter 3 - Chancellor;
- Chapter 4 - Vice-chancellor;
- Chapter 5 - Rector;
- Chapter 6 - Vice-rector/s;
- Chapter 7 - Registrar/s;
- Chapter 8 - Council;
- Chapter 9 - Management committee;
- Chapter 10 - Senate;
- Chapter 11 - Board of Trustees: Trust Fund;
- Chapter 12 - Board of Trustees: Pension Fund;
- Chapter 13 - Board of Trustees: Medical Pension Fund;
- Chapter 14 - Board of Trustees: Provident Fund;
- Chapter 15 - Students’ representative council, student discipline and student Registration;
- Chapter 16 - Institutional Forum;
- Chapter 17 - Discussion forum; and
- Chapter 18 - Staff: appointments and conditions of service.

2.4.2.3 Focus and contents of the statute

The focus of the statute of the RAU is to set out the procedures to be followed in the election of all office bearers, governance structures and consultative bodies, their functions, terms of
office and appointment procedure.

In terms of the statute, the chancellor is the titular head of the RAU who confers all degrees at ceremonial functions (RAU, 1999:chapter 3, par. 8). The rector is the chief executive and accounting officer of the RAU (RAU, 1999:chapter 5, par. 14) as well as holding the position of vice-chancellor (RAU, 1999:chapter 4, par. 11). In terms of chapter 6, paragraph 18, the vice-rector/s supports the rector and the management committee in managing and controlling the University, whilst the registrar/s are tasked with supporting the rector and management committee (RAU, 1999:chapter 7, par. 22).

The council controls the university (RAU, 1999:chapter 8, par. 26). The management committee controls, manages and administers the university from day to day (RAU, 1999:chapter 9, par. 38), whilst the senate is responsible to council for the academic and research functions of the RAU (RAU, 1999:chapter 10, par. 42).

The students’ representative council is tasked with arranging and controlling all students matters, excluding matters of student communities within recognised university residences and day-houses on campus (RAU, 1999:chapter 15, par. 80).

The Institutional Forum advises the university on matters affecting the RAU including:

- The implementation of the Higher Education Act of 1997;
- The national higher education policy;
- Policies on sex and race;
- The selection of candidates for senior management positions;
- Codes of conduct as well as mediation and dispute resolution procedures; and
- The establishment of an institutional culture to promote human rights and a positive academic learning environment (RAU, 1999:chapter 16, par. 95).

The discussion forum is a voluntary employee organisation that attends to staff matters (RAU, 1999:chapter 17, par. 101).

In many respects, the statute of the RAU is a procedural, rather than a philosophical document.
Although the statute of the RAU was written fairly recently, the institution existed in the apartheid era and it forms part of the tertiary legacy that post-apartheid South Africa has inherited.

2.5 THE POST-APARTHEID TERTIARY EDUCATION ENVIRONMENT

2.5.1 Introduction

The post-apartheid South African tertiary education environment is a complex, problematic, but exciting area of growth and change. The present tertiary environment has a number of fundamental problems and serious weaknesses that stem from the effects of the policy of apartheid, as well as other developments during the past decade (Council on Higher Education, 2000:12).

One of the financial management tools that can be used to summarise some of the key issues from an environmental analysis of the tertiary landscape, is a SWOT (strengths, weaknesses, opportunities and threats)-analyses (Johnson & Scholes, 1997:173). A SWOT-analysis of the South African tertiary landscape will follow in the paragraphs below.

2.5.2 Sources for the SWOT-analysis

The SWOT-analysis detailed in paragraph 2.5.3 will focus firstly on strengths and weaknesses that are inherent or internal to the tertiary landscape. Thereafter, opportunities and threats from the external environment will be detailed. In other words, the SWOT-analysis will be performed from the perspective of a university or technikon.

Although the SWOT-analysis of tertiary education in South Africa could be the topic of an entire doctoral thesis, this analysing tool can be used to positive effect to understand the
tertiary environment in which we find ourselves.

The strengths, weaknesses, opportunities and threats that have been included in the SWOT-analysis in paragraph 2.5.3, have been extracted from:

- A report issued by the Size and Shape Task Team (Council on Higher Education, 2000);
- Draft Education White Paper 3 (South Africa, 1997b);
- An overview of a new policy framework for higher education transformation (South Africa, 1996b);
- The summary of the public discussion document entitled “Special needs and support to developing quality education for all learners” (South Africa, 1997c);
- A report to the Minister of Education, the honourable SME Bengu from the independent assessor appointed to investigate the affairs of the University of Fort Hare (South Africa, 1999);
- An address by Prof Kader Asmal, Minister of Education at the international education association of South Africa (IEASA) third annual conference (Asmal, 1999); and
- Recent newspaper articles relating to higher education which are available on-line at the following URL addresses:
  * [http://www.bday.co.za/bday/content/direct/0,3523,557279-6078-0,00.html](http://www.bday.co.za/bday/content/direct/0,3523,557279-6078-0,00.html)
  * [http://www.bday.co.za/bday/content/direct/0,3523,631674-6078-0,00.html](http://www.bday.co.za/bday/content/direct/0,3523,631674-6078-0,00.html)
  * [http://www.bday.co.za/bday/content/direct/0,3523,559238-6078-0,00.html](http://www.bday.co.za/bday/content/direct/0,3523,559238-6078-0,00.html)
  * [http://www.bday.co.za/bday/content/direct/0,3523,593606-6078-0,00.html](http://www.bday.co.za/bday/content/direct/0,3523,593606-6078-0,00.html)
  * [http://www.bday.co.za/bday/content/direct/0,3523,552439-6078-0,00.html](http://www.bday.co.za/bday/content/direct/0,3523,552439-6078-0,00.html)
  * [http://www.bday.co.za/bday/content/direct/0,3523,583763-6078-0,00.html](http://www.bday.co.za/bday/content/direct/0,3523,583763-6078-0,00.html)
  * [http://www.fm.co.za/00/0901/currents/hcurrent.htm](http://www.fm.co.za/00/0901/currents/hcurrent.htm)
  * [http://www.fm.co.za/00/0303/busec/bbusec.htm](http://www.fm.co.za/00/0303/busec/bbusec.htm)
  * [http://www.fm.co.za/00/0526/currents/dguest.htm](http://www.fm.co.za/00/0526/currents/dguest.htm) and
  * [http://www.fm.co.za/00/0331/toptail/alett.htm](http://www.fm.co.za/00/0331/toptail/alett.htm).
The SWOT-analysis of the tertiary landscape set out below, is in no way intended to be exhaustive, nor set out in order of importance. However, it attempts to some extent to focus on financially related matters. For purposes of the SWOT-analyses, 31 December 2000 was used as a cut-off date for this research.

### 2.5.3 A SWOT-analysis of the public tertiary environment in South Africa

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Institutions meet the learning needs and aspirations of individuals and give credence to the importance of research through structured reviews of programmes through the mechanism of the South African Qualifications Authority;</td>
<td>• Vast disparities between historically black and historically white institutions in terms of facilities and capacities for teaching and research;</td>
</tr>
<tr>
<td>• Provides the labour market with high-level competencies and expertise;</td>
<td>• Weak accountability and fragile governance capacities in many institutions;</td>
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<tr>
<td>• Produces sufficient graduates in some crucial fields;</td>
<td>• Fragmentation (such as numerous distance learning programmes in traditional institutions of higher education);</td>
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<tr>
<td>• Academic expertise and infrastructure are national assets;</td>
<td>• Low research outputs;</td>
</tr>
<tr>
<td>• Academic freedom and institutional autonomy are relatively strong;</td>
<td>• Decline in student enrolments;</td>
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<tr>
<td>• The Higher Education Quality Committee is starting to coordinate quality assurance in higher education;</td>
<td>• Inefficiencies, low throughput rates, low graduation rates, high unit costs across the system;</td>
</tr>
<tr>
<td>• Programme accreditation and quality assurance through the structures of the National Qualification Framework is</td>
<td>• Inability to attract diverse funding;</td>
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<td>• Inequitable distribution of access and opportunities for students and staff along axes of race, gender, class and geographical discrimination;</td>
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under way;
- Effectively one body overseeing higher education being the Council on Higher Education;
- Three year rolling plans in place in most higher education institutions giving (some) direction;
- Various documents issued by Government on higher education giving (some) guidance and direction; and
- Some institutions have developed internationally competitive research and teaching capacities that are used for the benefit of these institutions.

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tbody>
<tr>
<td>• Higher education is a vitally important activity in modern society that can play an important role in social redress in South Africa;</td>
<td>• Future inability to pay for tuition and rising student debt;</td>
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<tr>
<td>• Most developed and best-resourced system of education and training in Africa;</td>
<td>• Unresponsive to change, societal needs and interests;</td>
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<td>• The new public funding framework is envisaged to be more equitable;</td>
<td>• Deterioration of higher education in Africa;</td>
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<tr>
<td>• Access to higher education is no longer determined by physical space and location as electronic teaching methodologies can provide access to unlimited numbers of students;</td>
<td>• Skewed funding, ineffective subsidy formulae used by Government, slow pace of change in respect of the funding formulae;</td>
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<tr>
<td>• Scope to improve internal</td>
<td>• Public spending on higher education is considerable and rather high by international standards, but is insufficient for the needs of society and will decline in the future;</td>
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<td>Part A</td>
<td>Chapter 2 – An overview of the South African tertiary landscape</td>
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<td></td>
<td>efficiencies;</td>
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<td>• Could provide human resource development, high-level skills</td>
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<td>training, acquisition and application of new knowledge;</td>
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<td>• Can play an important role to socialise a new generation</td>
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<td>with the values and competencies of global international</td>
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<td>citizens;</td>
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<td>• A will to restructure higher education;</td>
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<td></td>
<td>• Increased participation and expansion of student enrolments</td>
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<td>driven by demographic and developmental imperatives,</td>
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<td>massification of education;</td>
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<td>• Students recruited from a broader distribution and social</td>
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<td>groups and classes;</td>
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<td>• New forms of accountability by researchers to external</td>
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<td></td>
<td>constituencies;</td>
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<td></td>
<td>• Incorporation of colleges into universities and</td>
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<td>amalgamation of universities and programmes, partnerships</td>
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<td>between historically white and historically black</td>
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<td>universities and technikons;</td>
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<td>• Distance learning and resource-based learning made widely</td>
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<td>available;</td>
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<td>• Co-ordinated teaching programs envisaged;</td>
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<td>• Democratisation of the decision-making processes;</td>
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<td>• Diversity of higher education;</td>
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<td>• Concerns about the long term financial viability of</td>
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<td>universities such as Fort Hare, Transkei, North West;</td>
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<td>• South Africa is a late-comer to the internationalisation of</td>
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<td>higher education;</td>
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<td>• Large number of private tertiary institutions (fewer</td>
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<td>controls over these institutions) that are competing with</td>
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<td>public higher education institutions and foreign universities</td>
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<td>selling degree courses at local universities;</td>
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<td>• Relatively un-controlled distance education provided by</td>
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<td>various institutions that may not focus on this form of</td>
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<td>education;</td>
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<td>• The transformation of higher education will involve</td>
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<td>additional investments that could be spent directly on</td>
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<td>education;</td>
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<td>• Future reduction in funds from state to specific</td>
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<td>institutions, future funding will not be optimal;</td>
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<td>• Free higher education not affordable nor a sustainable</td>
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<td>option;</td>
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<td>• Systems wide reconfiguration of higher education will</td>
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<td>require radical change and effective change management;</td>
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<td></td>
<td>• The tendency towards academic insularity and constitutional</td>
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<td>self-reliance will have to make way for a recognition of</td>
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<td></td>
<td>the functional</td>
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</table>
Part A
Chapter 2 – An overview of the South African tertiary landscape

- Creating a single coordinated higher education system to address inefficiencies;
- Programme-based approach through ensuring greater articulation between the different tiers of higher education, promoting flexibility and diversification and cooperation;
- Curriculum restructuring and knowledge production responsive to societal needs and interests;
- 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;
- Globalisation and the proliferation of knowledge and information will reinforce the role of higher education;
- A programme of targeted funding to redress inequities and deficiencies in historically disadvantaged institutions may negatively affect traditionally white universities that now have large numbers of non-white students enrolled in these institutions.

<table>
<thead>
<tr>
<th>TABLE 2.1 – SWOT-ANALYSIS OF THE PUBLIC TERTIARY LANDSCAPE</th>
</tr>
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<tbody>
<tr>
<td>interdependence between government and higher education and more direct governmental involvement;</td>
</tr>
<tr>
<td>• The world is rethinking the importance and role of universities;</td>
</tr>
<tr>
<td>• Limited in ability to meet moral, social and economic demands; and</td>
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<tr>
<td>• A programme of targeted funding to redress inequities and deficiencies in historically disadvantaged institutions</td>
</tr>
<tr>
<td>and</td>
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<tr>
<td>• More graduates are needed in certain fields.</td>
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</tbody>
</table>

2.5.4 Conclusion

From the SWOT-analyses above, it is clear that although the tertiary landscape is riddled with weaknesses, there are unparalleled opportunities to be taken up if the threats associated with the tertiary landscape are managed properly and the tertiary landscape transformed. To this
end, Government has issued a number of Green Papers, White Papers and discussion documents.

2.6 RECENT GOVERNMENT PUBLICATIONS ON HIGHER EDUCATION

Since the democratisation of South Africa in 1994, the post apartheid Government has issued a number of documents relating to education as a whole, and not specifically limited to higher education. The intention of all these publications was similar, in that it investigated and reported on ways of improving education in South Africa. The fact that so many documents have seen the light also eludes to the importance of higher education and the level of direction or control that Government is working towards. (The issue of academic autonomy versus Government intervention will be discussed in chapter 4 of this thesis.) These documents issued up to December 2001 will be set out below.

1994
• None issued.

1995
• Draft Education White Paper 1, March (South Africa, 2000a); and
• Draft Education White Paper 2, November (South Africa, 2000a).

1996
• Education White Paper 2, February (South Africa, 2000a);
• An overview of a new policy framework for higher education transformation, August (South Africa, 2000b); and
• Higher education transformation (South Africa, 2000c).

1997
• Draft White Paper on Higher Education, April (South Africa, 2000a);
• Education White Paper 3, A programme for the transformation of higher education, July (South Africa, 2000a);
Chapter 2 – An overview of the South African tertiary landscape

- Public service training and education White Paper, July (South Africa, 2000a);
- Language in education policy, 14 July 1997 (South Africa, 2000b);
- Public service training and education Green Paper, March 1997 (South Africa, 2000c);
- Curriculum 2005, April (South Africa, 2000d); and
- Education for all, August (South Africa, 2000d).

1998
- Education White Paper 4, a programme for the transformation of further education and training, September (South Africa, 2000a);
- Assessment policy in the general and education and training bands, grades R to 9 and ABET, December (South Africa, 2000b);
- National norms and standards for school funding, October (South Africa, 2000b);
- Draft assessment policy in the general education and training phase – grades R to 9 and ABET (South Africa, 2000b); and
- Green Paper on further education and training, April (South Africa, 2000c).

1999
- National policy on HIV/AIDS, for learners and educators in public schools and students and educators in further education and training institutions, August (South Africa, 2000b); and
- National policy on the conduct of the senior certificate examinations, June (South Africa, 2000b).

2000
- Council on Higher Education Shape and Size Task Team (South Africa, 2000d).

2001
- National plan (South Africa, 2001).

One of the most important and long-awaited of these documents issued by Government, was the report of the Shape and Size of Higher Education Task Team that was issued in June 2000 which will be discussed in some detail below.
2.7 REPORT OF THE SHAPE AND SIZE OF HIGHER EDUCATION TASK TEAM


The report issued by the Task Team has given, possibly the clearest indication to date, about the direction that higher education may take in the future.

The brief of the Task Team was:

“…an overarching exercise designed to put strategies into place to ensure that our higher education system is indeed on the road to the 21st century. The restructuring will therefore impact on the system as a whole. There can be no business as usual.” (Council on Higher Education, 2000:5).

The main findings of the Task Team as set out in the report may be summarised as follows (Council on Higher Education, 2000:8-9):

- The report supports the development of a higher education system that delivers effectively and efficiently and is based on equity, quality, excellence, responsiveness and good governance and management;
- The report points to a historic opportunity to reconfigure the higher education system;
- The report provides a framework and foundation for making the present incoherent, wasteful and un-coordinated higher education system rational, enabling significant improvements in quality and equity and ensuring that the knowledge and human resources needs of a developing democracy are effectively realised;
- The report recommends that the present system should be reconfigured as a differentiated and diverse system;
- That a new reconfigured system should be created in which institutions should have a range of mandates;
- Institutions should be classified in five ways being:
1. Institutions which constitute the bedrock of higher education oriented towards and focussed on:
   • Quality undergraduate programmes;
   • Limited postgraduate programmes up to a taught masters level; and
   • Research related to curriculum, learning and teaching with a view to application.

2. Institutions focused on:
   • Quality undergraduate programmes;
   • Comprehensive postgraduate taught and research programmes up to doctoral level; and
   • Extensive research capabilities across a broad range of areas.

3. Institutions focused on:
   • Quality undergraduate programmes;
   • Extensive postgraduate taught and research programmes up to the masters level;
   • Selective postgraduate taught and research programmes up to doctoral level; and
   • Select areas of research.

4. One institution focused on and dedicated to distance education.

5. Private higher education institutions;
   • The report recommends that the Minister should investigate the possible combinations of institutions and provides some examples thereof;
   • The report advocates that there should be no closure of institutions but that the absolute number of institutions should be reduced through combination;
   • Increased participation rates of African and Coloured learners and mature learners should be sought; and
   • The report urges that the current levels of public funding of higher education should be maintained.

In coming to the above conclusions, the Task team was adamant that no “public institution should believe that it is exempt from the imperative of system-wide reconfiguration, from the need to change fundamentally, and from contributing to the achievement of a new higher education landscape. No higher education institution can assume that its track record with
respect to equity, quality, social responsiveness and effectiveness and efficiency is beyond
dispute and self-evident” (Council on Higher Education, 2000:11). This statement clearly sets
out the very urgent need to transform the higher education system.

Although the report did not focus on financial management, the report contained information
in respect of the financial management and governance of higher education institutions. Some
of the issues discussed are set out below, together with a short commentary provided in italics
of the effect of the finding on purchasing within RAU (provided in italics):

- A lack of institutional effectiveness compromises accountability to the public and
government in relation to the investment of public resources (Council on Higher
Education, 2000:15). The effective and efficient manner in which goods and services are
procured, has a direct effect on the use of public funds;

- The costs of institutional inefficiency are ultimately borne by the public and especially
the parents and students from working class and rural poor backgrounds (Council on
Higher Education, 2000:15). In this regard, purchasing has a role to play to ensure cost
effectiveness on the expenditure side;

- There have been difficulties in the speedy mobilisation of human and financial resources
for the effective steering and regulation of higher education (Council on Higher
Education, 2000:15);

- Student enrolments have not grown (Council on Higher Education, 2000:20);

- A new funding framework has not yet been finalised (Council on Higher Education,
2000:20). There is no causal relationship between Government income received by
public higher education institutions and expenditure required to sustain institutional
systems. It is therefore imperative that expenditure is managed carefully and with the
necessary governance and control in place. This causal relationship, or lack thereof, is
discussed in chapter 4 of this thesis;

- Many institutions have fragile governance capacity, also in terms of management and
administration (Council on Higher Education, 2000:21). This study will make specific
recommendations and develop specific models dealing with the governance,
management and administration of purchasing;

- The higher education information systems are inadequate in relation to information on
finance matters (Council on Higher Education, 2000:21);

- The Higher Education Management Information System (HEMIS) is in the process of
being developed (Council on Higher Education, 2000:21);

• The demand for public accountability is a necessary and legitimate demand in respect of the use of scarce public resources (Council on Higher Education, 2000:25). *Procurement at tertiary institutions is sourced to a large extent from public funds of which a clear account must be given*;

• Various institutions show evidence of governance and financial problems, inadequate financial systems and the lack of optimal use of infrastructure and human resources (Council on Higher Education, 2000:25). *Again, the models developed in this study can assist in addressing wider governance issues in institutions*;

• The case for greater investment in higher education is not made on the grounds of equity and redress alone (Council on Higher Education, 2000:30);

• Present funding levels must be maintained (Council on Higher Education, 2000:31);

• Inadequate senior and middle-management capacities exist in higher education (Council on Higher Education, 2000:34). *The models, policy documents and procedures manuals developed throughout this study will be specific and detailed enough in order to assist particularly middle-management in fulfilling their responsibilities clearly and effectively*;

• The diversification of funding and sources of revenue and the extent to which state funds could become an increasingly limited instrument for the steering and regulation of higher education remains a problem (Council on Higher Education, 2000:34);

• Funding must enable higher education institutions to pursue social and educational goals (Council on Higher Education, 2000:56). *The preferential procurement treatment suggested later on in this study has specific economic and social reform goals in mind*;

• In the future, funds earmarked for research should make provision for dedicated research and development work (Council on Higher Education, 2000:56); and

• Institutional viability and sustainability should be considered before decision are taken on the combination of institutions of higher education (Council on Higher Education, 2000:59).

Subsequent to the 31 December 2000 cut-off date for the SWOT-analysis and subsequent to the issue of the Task team report set out above, Government released a final document on higher education in South Africa entitled “National plan for higher education in South Africa”.
2.8 NATIONAL PLAN FOR HIGHER EDUCATION IN SOUTH AFRICA

2.8.1 Introduction

The National plan for higher education was issued in February 2001. The purpose of the document is to provide a strategic framework for re-engineering the higher education system in South Africa in the 21st century (South Africa, 2001:1).

The document differs from those referred to in this chapter in that it is a final document that brings to a close the consultative process on higher education that started in 1999 (South Africa, 2001:12).

2.8.2. Summary of the National plan

The main points contained in the National plan may be summarised seriatim in the following manner (South Africa, 2001:3-5):

a. The plan is a framework and mechanism for the restructuring of the higher education system.

b. The plan addresses targets for overall growth and participation rates, institutional and programme mixes and equity and efficiency goals.

c. The so-called “rolling plans” of institutions must be developed and used further.

d. Participation rates in higher education should be increased from 15% to 20% within ten to fifteen years.

e. Efficiencies must be improved through increased graduate outputs in terms of the graduation rate benchmarks that institutions have to meet. In addition, academic development programmes must receive more attention, also in the new funding formula.

f. Participation rates should be improved through the recruitment of workers, mature students, in particular women and the disabled, as well as recruiting students from the Southern African Development Community.
g. Enrolments in the different fields of study must be moved as follows over the next five to ten years:
   - Humanities, from 49% to 40%;
   - Business and commerce, from 26% to 30%; and
   - Science, engineering and technology, from 25% to 30%.

h. Attention must be given to the basic skills needed in modern society, in particular computer literacy, information management, communication and analytical skills.

i. Equity of access for women and black students has not been achieved in particular in respect of studies in business, commerce, science, engineering and technology. In this regard, institutions will have to establish equity targets.

j. There has been limited redress in respect of the participation of women and black people in the staff composition of institutions. Institutional targets to facilitate the redress have to be put in place. Recruitment from outside the borders of South Africa is to be encouraged in this regard.

k. Diversity in higher education must be achieved through mission and programme differentiation based on the type and range of qualifications offered.

l. Differentiation between universities and technikons will remain in place, although in loose form.

m. The moratorium on the introduction of new distance education programmes is lifted with the release of the National plan, but a restriction is placed on the funding of new programmes.

n. Redress at historically black institutions will be facilitated through developmental strategies to build capacity, in particular, administrative, management, governance and academic structures.

o. It is envisaged that distance education will be delivered through a single dedicated distance education institution to take advantage of economies of scale. This step will lead to the merger of the University of South Africa, Technikon South Africa and the distance education units of Vista University.

p. A separate component for research will be included in the new funding formula in order to ensure greater accountability and more efficiency from limited research funds.

q. The institutional landscape must be transformed to create new institutional and organisational forms to address racial fragmentation and administrative, human and financial constraints.

r. Technikon Natal and ML Sultan Technikon will merge.
s. The Qwa-qwa branch of the University of the North will be incorporated in the University of the Free State.

t. The unbundling of Vista University and consequent incorporation of its constituent parts into appropriate institutions in each region will probably go ahead.

u. Two national institutes will be established, one in Mpumalanga and another in the Northern Cape to facilitate access to higher education.

**2.8.3 Financially related references in the National plan**

The National plan contains a number of references to financial matters that are important in the context of this study. These matters will be listed below, together with a short commentary shown in italics on how the issues affect purchasing in the context of this study (shown in italics):

a. Research will be funded through a separate formula based on research outputs, including, at a minimum, masters graduates, doctoral graduates and research outputs (South Africa, 2001:5). *As the Government subsidy income of tertiary institutions is not related to expenditure required to sustain institutions, proper governance, planning and control over purchasing is essential to the financial well-being of institutions.*

b. Earmarked funds will be allocated to build research capacity and to promote postgraduate studies (South Africa, 2001:5).

c. The National plan must ensure that limited resources are used efficiently and effectively and that there is accountability for the expenditure of public funds (South Africa, 2001:6). *This thesis will detail specific measures on how these goals can be achieved through procurement reform.*

d. Government expenditure on higher education as a percentage of Gross Domestic Product has (and will probably) fluctuated as follows:

- 1995/1996 0,72%;
- 1996/1997 0,77%;
- 2000/2001 0,73%;
- 2001/2002 0,72%; and
- 2003/2004 0,68% (South Africa, 2001:8).
Part A
Chapter 2 – An overview of the South African tertiary landscape

e. Institutions have to respond to the decrease in government spending on higher education and decreasing student numbers by widening their income streams (South Africa, 2001:8). The opposite is also true in that savings on the expenditure side can also assist institutions.

f. Public institutions are expected to offer a wide range of educational programmes in competition with private higher education institutions with limited focus on profitable programmes (South Africa, 2001:9).

g. The decline in student enrolments, growing student debt, governance and management failures and general instability has led to the rapid erosion and non-sustainability of historically black universities (South Africa, 2001:9). The results of this thesis may be tailored to the requirements of the RAU, but may be used with very little alteration in other institutions of higher education, thereby making a broader contribution than to a single institution.

h. Redress funds will be utilised to sustain historically black universities (South Africa, 2001:10).

i. Institutions must develop a clear mission and sense of purpose and ensure that the necessary administrative, management, governance and academic structures are put in place to support these missions (South Africa, 2001:10). Specific detail will be provided for procurement in this regard.

j. From 2003, the funding of higher education will be directly linked to the approval of institutional three-year “rolling” plans (South Africa, 2001:11).

k. The Ministry of Education will utilise earmarked funds to realise particular policy objectives such as access for the disabled to higher education (South Africa, 2001:11).

l. The process of finalising a new funding framework is well under way and the new funding formula will be phased in from 2003 (South Africa, 2001:11-12).

m. The delicate balance between institutional autonomy and public accountability must be maintained (South Africa, 2001:12). The issue is discussed in some detail in chapter 4 of this thesis.

n. It is unlikely that significant additional funds will be made available for higher education from the fiscus (South Africa, 2001:19). Great attention should therefore be given to the efficient use of available funds and to proper planning and control over expenditure.

o. The Ministry believes that rapid enrolment growth must be guarded against unless it is matched by additional resources (South Africa, 2001:19).
p. The new funding formula will be linked to the number of graduates produced (South Africa, 2001:20). There is no causal relationship between Government income received by public higher education institutions and expenditure required to sustain institutional systems. It is therefore imperative that expenditure is managed carefully and with the necessary governance and control in place. This causal relationship, or lack thereof, is discussed in chapter 4 of this thesis;

q. Any proposal for the restructuring of the qualifications framework would have to be considered in light of its implications for sustainable financing of higher education (South Africa, 2001:27).

r. The funding of academic development programmes will become an integral component of the new funding formula (South Africa, 2001:27).

s. The Minister of Education is committed to ensuring that academically able students who do not have the financial resources are not prevented from pursuing higher education studies (South Africa, 2001:35).

t. Institutions of higher education should develop strategies to improve the salaries of academics and to narrow the salary gap between higher education and the private and public sectors (South Africa, 2001:37).

u. The following funding levers will be used to increase the access and success of black, women and disabled students:

- Allocating funded student places on the proposed planning grid taking into account past institutional performance in enrolling and graduating black, women and disabled students as well as stated equity objectives and targets in the institutional three-year “rolling” plans;
- Reducing funded student places in institutions that do not have satisfactory equity plans or whose performance is at variance with stated equity plans;
- Academic development programs that target women, black students and disabled people in specific areas will be given priority; and
- An increased efficiency in the National Students Financial Aid Scheme (South Africa, 2001:35).
2.9 SUMMARY

This chapter gave a brief perspective of the legislation directly impacting higher education in South Africa.

Further, the overview of the South African tertiary landscape set out in this chapter provided an opinion of the strengths, weaknesses, opportunities and threats that higher education faces.

Government has reacted to some of these factors with the issue of a number of papers and documents, the latest being a far-reaching document on a National plan for education in the 21st century.

The evidence presented in this chapter has given a view of the importance of the efficiency with which higher education funds must be dealt with. Indeed, many of the weaknesses and threats to higher education can be eliminated with unlimited funds. Alas, as this is not feasible, specific attention will be paid to financial governance and controls in institutions of higher education in the following chapters, with particular emphasis on the purchasing function.
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