



FUNDING OUR YOUTH FOR SKILLS DEVELOPMENT



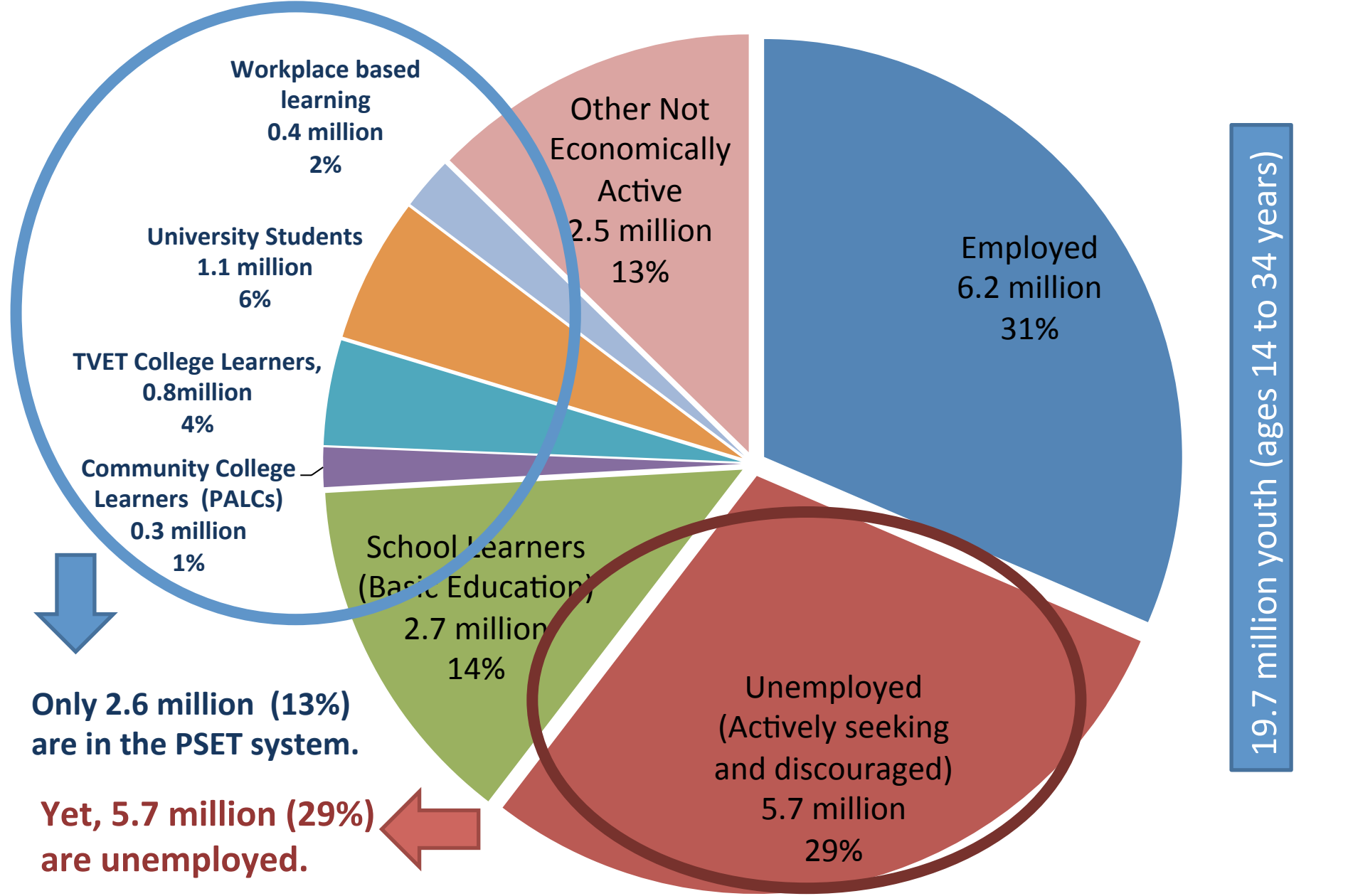
Focus on our Youth



The Statistical Release on National and Provincial Labour Market: Youth for Q1: 2008 to Q1: 2015 are indicating that of those of working age in South Africa, 19.7 million are youth (ages 15 and 34 years) and 16.2 million are adults (ages 35 to 64 years).

Thus, the majority (55%) of South Africa's potential working force consist of our youth (ages 15 to 34 years).





The Statistical Release on National and Provincial Labour Market: Youth for Q1: 2008 to Q1: 2015 and DHET information provided to the Presidential Commission on Higher Education and Training



Unemployed
(Actively seeking
and discouraged)
5.7 million
29%

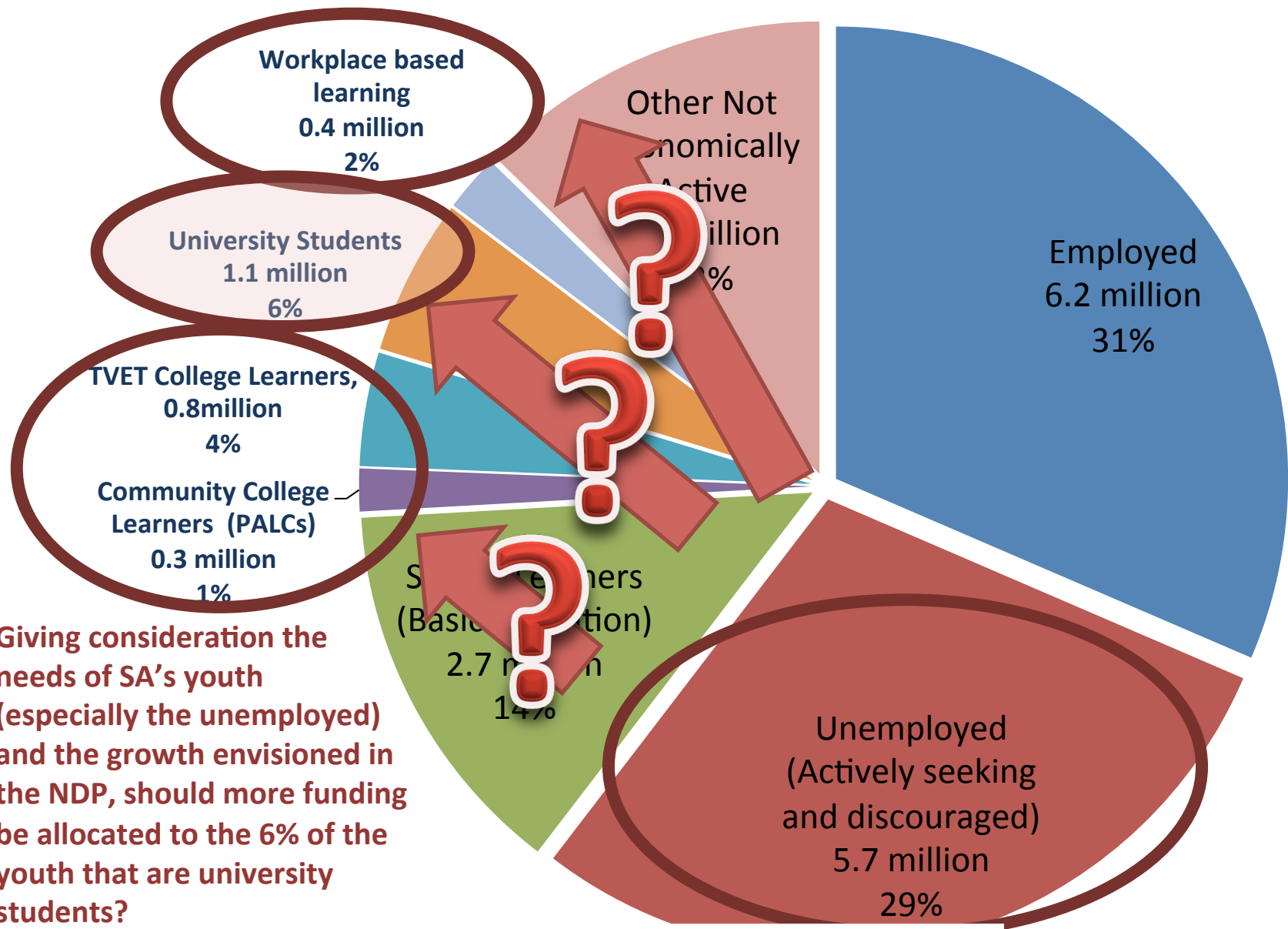
	Million	%
Primary and lower	0.5	9%
Secondary incomplete	2.9	51%
Secondary complete	1.9	33%
Tertiary	0.4	7%
TOTAL	5.7	

Of the 5.7 million unemployed youth, 4.8 million (93%) either have an education level of matric only (33%) or below matric (60%), with few having tertiary education.

This means, that the majority (93%) of the unemployed may be able to acquire skills through the CET system (incl. skills programmes) and TVET system (incl. occupational programmes).

NOTE: Of those that pass their National Senior Certificate (matric) +/- 30% qualify for university entrance. Thus, 70% must be catered for by TVET system and those without matric by the CET system in the main.





19.7 million youth (ages 14 to 34 years)

Giving consideration the needs of SA's youth (especially the unemployed) and the growth envisioned in the NDP, should more funding be allocated to the 6% of the youth that are university students?

Or should more funding be allocated towards TVET colleges, Community colleges and WPBL to provide skills development opportunities for the 29% unemployed youth?



PSET System: Shape and Size

NDP
Target:
1.62
million

Higher Education
+/- 1.1 million

26 Universities: 969 00
114 PHEIs: 143 000

System
growth =
0.52
million
(32%)

NDP
Target: 2.5
million

TVET
+/- 800 000

50 TVET Colleges: 711 000
627 Private Colleges: 79 000

System
growth =
1.7 million
(213%)

NDP
Target: 1
million

CET Colleges:
275 000

System
growth =
725 000
(264%)

**Largest growth envisaged for the TVET and CET system.
This includes a strong component of workplace based
learning, especially in the TVET system.**



The SETAs and the NSF will continue to play a critical roll in linking the PSET learning institutions to the workplace through the provision of funding for WPBL.

Currently the largest number of learners in the PSET system is enrolled at Universities (1.1 million), followed by TVET colleges (800 thousand) and Community Colleges (275 thousand).

The funding allocation to the higher education system (Universities) consist of R30.3 million (54%) of the total allocation to the DHET (R56.6 million), while the TVET colleges receives R8.4 million (15%) and Community Colleges R1.8 million (3%).

The SETAs and the NSF receive R14.7 million (26%) from the SDL for funding in the main workplace based learning.

This current learner enrolment and funding of the PSET seems to be in contrast with the needs of the unemployed youth (and those passing matric) for the attainment of skills that could lead to their employment as the focus is primary towards the higher education sector.



PSET Funding

	2012/13	2013/14	2014/15	2015/16
	R'000	R'000	R'000	R'000
University subsidies	20 902 860	22 388 767	24 155 093	26 243 227
National Student Financial Aid Scheme (NSFAS)	5 195 255	5 769 405	6 138 832	6 448 551
NSFAS: Administration	82 519	87 676	116 200	148 878
University Loans	3 377 902	3 693 295	3 914 893	4 094 978
TVET College Bursaries	1 734 834	1 988 434	2 107 739	2 204 695
Technical and Vocational Education and Training Colleges	4 757 271	5 462 868	5 827 173	6 179 573
TVET College Subsidies	4 757 271	3 020 189	3 195 827	1 140 945
TVET College Conditional Grant		2 442 679	2 631 346	
TVET College Compensation of Employees and Operational Costs				5 038 628
Community Education and Training (CET)	1 647 884	1 776 752	1 853 062	1 780 353
CET Allocation at Provincial Education Departments	1 647 884	1 776 752	1 853 062	
CET College Subsidies				55 408
CET Compensation of Employees and Operational Costs				1 724 945
Direct Charges: Skills Levy	9 606 148	12 403 000	13 440 000	14 690 000
Sector Education and Training Authorities (Skills Levy)	7 684 915	9 922 395	10 752 647	11 752 707
National Skills Fund (Skills Levy)	1 921 233	2 480 605	2 687 353	2 937 293
Other Operational Activities	888 582	962 608	1 014 340	1 286 096
Total: DHET Allocation	42 998 000	48 763 400	52 428 500	56 627 800



To meet these growth projections, significant additional funding is required for the PSET system, which has been costed by the National Treasury at R31 billion additional funding for the status quo scenario to R228 billion additional funding for full policy scenario required per annum by 2030:

Sector	Projected (R'm)	2014	2030			Cumulative		
	Item	Current Value	Status Quo Scenario	Full Policy Scenario	Mixed Scenario	Status Quo Scenario	Full Policy Scenario	Mixed Scenario
TVET	Current Costs	R8 816	R70 890	R184 780	R44 878	R531 304	R1 324 701	R394 708
	Funding and financing: Total	R10 076	R57 440	R49 741	R39 035	R424 672	R408 010	R336 691
	Shortfall (-) / Surplus (+)	R1 260	-R13 450	-R135 039	-R5 843	-R106 632	-R916 691	-R58 017
Unviersities	Costs	R52 920	R259 356	R328 258	R261 342	R2 230 502	R2 546 273	R2 142 417
	Funding and financing	R58 854	R248 821	R248 821	R248 821	R2 200 662	R2 200 662	R2 200 662
	Shortfall (-) / Surplus (+)	R5 935	-R10 535	-R79 437	-R12 521	-R29 840	-R345 611	R58 245
Community Colleges	Current Costs	R1 884	R14 451	R21 228	R15 169	R116 273	R190 785	R140 138
	Funding and financing: Total	R1 884	R7 343	R7 343	R7 343	R63 665	R63 665	R63 665
	Shortfall (-) / Surplus (+)	R0	-R7 108	-R13 886	-R7 826	-R52 608	-R127 120	-R76 473
Other institutions (incl DHET)	Current Costs	R427	R1 719	R1 719	R1 719	R15 024 123	R15 024 123	R15 024 123
	Funding and financing: Total	R427	R1 719	R1 719	R1 719	R15 024 123	R15 024 123	R15 024 123
	Shortfall (+) / Surplus (-)	R0	R0	R0	R0	R0	R0	R0
Total	Current Costs	R64 047	R346 416	R535 985	R323 108	R17 902 202	R19 085 882	R17 701 386
	Funding and financing: Total	R71 241	R315 323	R307 623	R296 917	R17 713 122	R17 696 460	R17 625 141
	Shortfall (+) / Surplus (-)	R7 195	-R31 093	-R228 362	-R26 191	-R189 080	-R1 389 422	-R76 245



KEY REMARKS

It is acknowledged that although the Higher Education (Universities) system is the best funded of all the PSET sub-systems, the funding towards the system has not kept up with growth in the Higher Education system. This has led to gradual systemic underfunding of the system by government, resulting in institutions having to raise income through student fees, making it increasingly unaffordable to the lower middle and working class. Hence, students are protesting for no fees increase.

It is further acknowledged that current funding towards the TVET system and CET system is even weaker than that of the Higher Education system, which has a negative impact on the quality of education and training within these PSET sub-systems.

It is also acknowledged that the largest growth in the PSET system is targeted towards the TVET and CET system, which will require substantial funding.

And it is acknowledged that workplace based learning is critical component to the learning pathway of many learners and should receive dedicated funding.



And all of these funding demands are expected within a constrained fiscal environment with sluggish economic growth.



YET THE QUESTION REMAINS...

What will be the socio economic impact should we not invest in the education and training of our youth?

and

What will happen to our accumulated wealth as a country, should we not invest in the education and training of our youth?





THANK YOU

***“YOU ARE BECAUSE I AM
I AM BECAUSE YOU ARE”***

