

**1998/1999 Annual Report
of the Council on Higher Education (South Africa)**

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FOREWORD

The report seeks to promote decisive action towards developing a higher education system characterised by equity, quality, responsiveness to development needs, and effective provision and management

Without doubt, higher education plays an important role in socio-economic change and development. A common factor among countries that have managed to sustain high levels of economic growth with significant improvements in the living standards of the masses is the priority given to relevant high quality education.

High quality basic education equips young people with learning skills and the ability to absorb new knowledge and technology and inculcates a culture of self-improvement.

Higher level education, at the apex of the learning-teaching system, is charged with contributing to the urgent economic and social development of South Africa, with producing high-level skilled graduates to drive such development and with generating the knowledge that is increasingly a vital component of development.

The government's decision to establish the Council on Higher Education (CHE) must be understood against this background. The mandate of the CHE is to advise the Minister of Education on all matters of higher education so that the system makes its due contribution to the public good. The CHE functions as an independent, expert, statutory body and has responsibility, through its Higher Education Quality Committee (HEQC), for quality assurance in higher education. The mandate of the CHE also extends to reporting annually to parliament on the state of higher education in South Africa and on its own activities.

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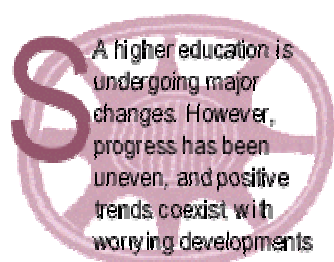
This first annual report of the CHE reviews higher education prior to the democratic elections of 1994 and since the promulgation of the White Paper on higher education in 1997. It highlights new trends and developments, examines progress towards the policy goals embodied in the White Paper, identifies challenges and, where appropriate, proposes new directions.

The report seeks to promote public debate on the status and condition of higher education and considered, yet decisive, action towards developing a higher education system characterised by equity, quality, responsiveness to economic and social development needs and effective and efficient provision and management.

The CHE will contribute by providing informed, considered and strategic advice on higher education issues to the Minister of Education; through the quality assurance activities of its HEQC; and through publications, media, conferences and workshops and various other focused activities.

EXECUTIVE SUMMARY

Introduction



1. In his 27 July 1999 *Call to Action: Mobilising Citizens to Build a South African Education and Training System for the 21st Century*, Education Minister Kader Asmal stated:

At the first Cabinet meeting of the new government, President Thabo Mbeki posed the question: Is our education system on the road to the 21st century? The South African public has a vital interest in the answer.

The question is highly pertinent. Given the investment of public funds in higher education, the public must have a 'vital interest in the answer'.

1. The *White Paper* of 1997 established a comprehensive and ambitious transformation agenda to harness higher education to overcome social inequities, contribute to reconstruction and development and enable South Africa to engage effectively with globalisation.
2. South African higher education institutions and the higher education system are indeed undergoing major changes. However, progress since the adoption of the *White Paper* has been extremely mixed and uneven. Very positive trends coexist with greatly worrying conditions and developments. Overall, a great deal more has to be accomplished if higher education is to be a system of and for the 21st century.

The higher education landscape

4. A new, more diverse and differentiated higher education landscape is emerging. The previous rigid boundaries between different types of institutions (university, technikon and college; contact and distance) are eroding. The distinctions between historically advantaged and disadvantaged institutions are becoming blurred. Changes are also occurring around forms of higher education provision, and around curriculum, programme and qualifications offerings. An expanding private higher education sector is emerging. While some developments are to be welcomed, there is also much cause for concern around other unanticipated outcomes, especially in relation to the goal of a national, integrated and co-ordinated higher education system.
5. The pace, scope, depth, form and content of change at institutions varies greatly. Some institutions are consciously and energetically remodelling and reorienting themselves. Others are well placed to meet new demands and the new context. Yet others seem to be overwhelmed and are finding it extremely difficult to respond with any vigour to the new challenges. Change at institutions is shaped by both institutional histories and conditions, and leadership, governance and management capacities.
6. A strategic confluence of various key higher education policy initiatives remains to be achieved. There are also severe problems related to availability of financial and, especially, human resources, inadequate high-level higher education policy expertise, and a weak knowledge and poor information base.
7. There are a number of vitally urgent and overriding challenges: a need to identify and vigorously tackle the core priority issues and areas - such as the size and shape of

the higher education system - and to make decisive choices and decisions around these; a need for effective national and central shaping and steering of the higher education system and appropriate and timely interventions; and the mobilisation of resources to support institutions to develop capacities congruent with the demands of the new conjuncture.

Participation in HE

8. The increased enrolments in higher education called for by the *White Paper* have not occurred. Instead, student enrolment in higher education declined by 7% (41 000) in 1999, compared to 1998. This represents a fall in full-time equivalent student enrolments of 26 000. The decline could have unfortunate social and economic consequences since labour market trends predict a sustained growth of 5% in the demand for high level skills. The decline in enrolments strongly and sharply raises the question of the sustainability of the current institutional shape of higher education.
9. The participation of students has broadened. Student enrolments in terms of 'race' and gender have become more representative. In 1999, 52% of students in universities and technikons were female, compared to a proportion of 43% in 1993. In 1999, 59% of all students in universities and technikons were African and only 29% white, compared to the 1993 proportions of 40% for African students and 47% for white students.
10. A major shift is occurring in enrolments patterns. The main beneficiaries are the contact technikons and the historically white Afrikaans-medium universities. Conversely, the historically black universities and the traditionally distance institutions - Unisa and Technikon SA - are experiencing substantial losses of students.
11. The increasing enrolments at the technikons signals a shift towards career-oriented education. Between 1995 and 1999 the proportion of enrolments in the contact technikons increased from 18% to 23%, whereas contact university enrolments only increased by 1%.
12. There have also been shifts at the level of programmes. Between 1995 and 1999, enrolments in business and commerce increased by 62% (56 000). Science and technology enrolments during this period increased by 26% (29 000). However, growth in this area may not be sustainable due to the general decrease in matric passes with exemption and the appalling pass rate of matriculants with mathematics at the higher grade. Total student numbers enrolled in humanities have declined by 16% (52 000) since 1995.
13. Increased access to and participation in higher education must not only be viewed in narrow economic terms and as a purely economic good. Higher levels of education also add value to and enrich the intellectual and cultural domains of society and contribute to a robust and vibrant civil society and democracy.
14. Despite equal opportunity policies and initiatives at a number of institutions, the participation of black and women academic staff has not increased much during the past five years. The number of blacks and women in high-level management at universities and technikons remains severely limited.
15. It is necessary to improve higher education conditions of service as part of national policy. A range of new, proactive and innovative recruitment and retention strategies with targets will have to be developed, as will initiatives to enhance staff quality and capacities around research and teaching.

Responsiveness of higher education

16. Higher education may not be producing sufficient numbers of high-level graduates with relevant cognitive and social competencies and skills. It is also unclear whether there is a shift towards higher education producing the kinds and quality of knowledge required for South Africa to become globally competitive and address the reconstruction and development challenge.
17. To ensure the relevance and quality of the knowledge disseminated and the competencies and skills developed throughout the system, overall curriculum reform is vital. There is a need to establish the diverse knowledge needs of South Africa, the nature and level of the knowledge and cognitive skills that are relevant for different occupational or professional categories, restructure the curriculum and raise quality across the board.
18. There remain huge imbalances in research production and capacity between higher education institutions. Output continues to be concentrated among a small number of universities. Given how knowledge production has been traditionally organised, movement towards applications-based research may require vigorous promotion on the part of the Department of Education (DoE) and science councils.



Governance

19. The *White Paper* introduced new modes of national and institutional governance based on the idea of co-operative governance. At a national level, co-operative governance requires the definition and sharper clarification of the roles, responsibilities and functions of the Higher Education Branch of the DoE, the CHE and its Higher Education Quality Committee (HEQC), the South African Qualifications Authority (SAQA), professional councils, the Sector Education and Training Authorities (SETAs) and key stakeholder bodies. Principled co-operation without blurring of roles, mandates and identities, and close and continuous interaction and communication is necessary to achieve effective and efficient co-ordination and confluence around key areas and issues of higher education transformation.
20. The practice of co-operative governance has been severely tested at various higher education institutions. The mediation of the competing and sometimes irreconcilable needs, claims and interests of different constituencies without debilitating conflict, institutional paralysis and/or loss of space and time for charting clear and realistic new institutional directions remains a particular challenge.
21. Various types of institutional governance and management structures have emerged. Some appear to have positioned institutions well to cope and even flourish in the new situation. Others have experienced major problems in (re)orienting themselves. At yet other institutions there is a potent coexistence of a crisis of leadership and governance, declining student enrolments and institutional debt and/or weak financial management. The possibility of such institutions deteriorating further and even collapsing must be faced.
22. Initiatives to enhance good governance, institute effective and efficient structures and processes, and build leadership, management and administrative capacities are urgently needed at various institutions. Training is also required for members of councils and student leaders.



Funding

23. Government increased its higher education funding during the 1995-1999 period. However, on average, public subsidies for higher education only represent about 50% of the total higher education income.
24. A number of institutions, especially the historically black universities, have been experiencing severe financial difficulties. Institutional redress funding during the past two years has amounted to no more than 0.9% of the overall higher education budget. A key issue is the priority and balance between institutional redress (a focus on historically disadvantaged *institutions*) and individual social redress (a focus on historically disadvantaged *individuals*).
25. A number of institutions that have experienced declining student enrolments and/or institutional debt during recent years could find themselves under continuous and severe financial and other pressures, with some institutions facing the risk of collapse. Because of decreased enrolments, the higher education system itself could lose over R300 million in government funding between 1999 and 2002.
26. This scenario represents a crisis with the potential to intensify unless there is a considerable increase in student enrolments at a number of institutions and within the public higher education sector as a whole. At a juncture when knowledge is more crucial than ever for development and when there already exists a shortage of high-level personpower, South Africa can ill-afford declining enrolments in public higher education or a less than robust public system.
27. The emerging scenario requires the urgent attention of the DoE, the CHE and the wider higher education constituency. An innovative framework and plan of action must be developed which reconfigures and revitalises the higher education system and individual institutions in relation to development, knowledge and personpower needs; builds and enhances public confidence in higher education; and promotes access and enrolments as a means of convincing government to maintain the present levels of higher education funding.

ACKNOWLEDGEMENTS

The CHE issued a public tender for a report on the state of higher education. The commission was won by a consortium of the Centre for Higher Education Transformation (CHET) and the Education Policy Unit (EPU) of the University of the Western Cape.

The CHE expresses its deep appreciation to CHET and the EPU (UWC), as well as to the Institutional Information Unit (IIU) of the University of Cape Town. These organisations provided the data and information on trends and issues in higher education and prepared the draft report that was used to produce this Annual Report of the CHE. The CHE also extends its sincere thanks to the Higher Education Branch of the Department of Education for providing the current and historical data on which the analyses in the report are based.

Various people commented on different drafts of this report. The CHE registers its gratitude for their time and comments. Of course, the contents remain the responsibility of the CHE alone.

Finally, sincere thanks to all the people involved in the design, production, printing and distribution of the report.

ACRONYMS AND ABBREVIATIONS

CCERSA	Committee of College of Education Rectors of South Africa
CHE	Council on Higher Education
CHET	Centre for Higher Education Transformation
COLISA	Confederation of Open Learning Institutions in South Africa
CSS	Central Statistical Services
CTP	Committee of Technikon Principals
DoE	Department of Education
ECHEA	Eastern Cape Higher Education Association
EPU	Education Policy Unit (University of the Western Cape)
ESAT	Eastern Seaboard Association of Tertiary Institutions
ETQA	Education and Training Quality Assurer
FOTIM	Forum of Tertiary Institutions in the Northern Metropolis
FSHET	Free State Higher Education Trust
GDP	Gross Domestic Product
HBIs	Historically black institutions
HBT	Historically black technikon
HBU	Historically black university
HE	Higher education
HEQC	Higher Education Quality Committee
HSRC	Human Sciences Research Council
HWIs	Historically white institutions
HWT	Historically white technikon
HWU (Afrikaans)	Historically white Afrikaans-medium university
HWU (English)	Historically white English-medium university
IIU	Institutional Information Unit (University of Cape Town)
LANGTAG	Language Plan Task Group
MIS	Management Information System
NCHE	National Commission on Higher Education
NQF	National Qualifications Framework
NSBs	National Standards Bodies
PANSALB	Pan South African Language Board
QPU	Quality Promotion Unit
R&D	Research and development
RDP	Reconstruction and Development Programme
SAPSE	South African Post-Secondary Education
SAQA	South African Qualifications Authority
SAUVCA	South African University Vice-Chancellors' Association
SERTEC	Certification Council for Technikon Education
SETAs	Sector Education and Training Authorities
SGB's	Standards Generating Bodies
Technikon SA	Technikon Southern Africa
TEFSA	Tertiary Education Fund of South Africa
THRIP	Technology and Human Resource for Industry Programme
Unisa	University of South Africa
<i>White Paper</i>	<i>Education White Paper 3 of 1997, A Programme for the Transformation of Higher Education</i>



THE STATE OF HIGHER EDUCATION IN SOUTH AFRICA

INTRODUCTION

As is characteristic of periods of political and social transition, South African higher education (HE) is in considerable flux as the government, the Council on Higher Education (CHE), stakeholders and higher education institutions seek, in different ways, to give effect to the transformation agenda contained in the *Higher Education Act of 1997* and *White Paper 3 of 1997, A Programme for the Transformation of Higher Education*.

The transformation agenda has its source in at least three related conditions:

1. The inherited higher education system was designed, in the main, to reproduce white privilege and black subordination in all spheres of society through teaching and research and all institutions were, in differing ways and to differing extents, implicated in this. Higher education was characterised by a lack of vision and paralysis of policy, and lack of legitimacy and conflict around governance. It was fragmented and divided along racial and ethnic lines and reflected severe social inequalities of 'race' and gender in student access and success and the composition of academic staff. Finally, there were major institutional inequities between what are termed historically white institutions and historically black institutions. Thus, one key policy imperative and challenge has been to transform higher education so that it becomes more socially equitable internally and promotes social equity more generally.
2. While research and teaching were extensively shaped by the socio-economic and political priorities of the apartheid separate development programme, higher education now is called on to address and respond to the development needs of a democratic South Africa. These needs are crystallised in the Reconstruction and Development Programme (RDP) of 1994 as a fourfold commitment: 'meeting basic needs of people - jobs, land, housing, water, electricity, telecommunications, transport, a clean and healthy environment, nutrition, health care and social welfare'; 'developing our human resources', defined as crucial to the RDP as a 'people-centred programme'; 'building the economy'; and 'democratising the state and society' on the grounds that 'without thoroughgoing democratisation the resources and potential of our country and people will not be available for a coherent programme of reconstruction and development'.
3. South Africa's transition is taking place during the emergence of a global economy and changes in the world that have been captured by the concept 'globalisation'. It is recognised that economic growth is 'increasingly dependent on knowledge and information applied to production, and this knowledge is increasingly science-based'. Moreover, there is wide, if not unanimous, acceptance of the argument of a renowned international scholar that 'if knowledge is the electricity of the new informational international economy, then institutions of higher education are the power sources on which a new development process must rely'. Thus, a concomitant challenge facing higher education is to produce, through research and teaching-learning programmes, the knowledge and personpower that will enable South Africa to engage proactively with, and participate in, a highly competitive global economy.

higher education policy development, from the National Commission on Higher Education (NCHE) of 1995, through to the *Higher Education Act* of 1997 and *White Paper 3* has taken this triple challenge as its point of departure - overcoming social-structural inequities, contributing to reconstruction and development and positioning South Africa to engage effectively with globalisation. As the *White Paper* notes:

(T)he South African economy is confronted with the formidable challenge of integrating itself into the competitive arena of international production and finance...

Simultaneously, the nation is confronted with the challenge of reconstructing domestic social and economic relations to eradicate and redress the inequitable patterns of ownership, wealth and social and economic practices that were shaped by segregation and apartheid.

The challenge is, of course, formidable yet unavoidable and requires creative, innovative and courageous responses if higher education is to contribute positively and decisively to the economic and social needs of our country. The *White Paper* identifies various and diverse social purposes for South African higher education:

...attention to the pressing local, regional and national needs of the South African society and to the problems and challenges of the broader African context.

...the mobilisation of human talent and potential through lifelong learning to contribute to the social, economic, cultural and intellectual life of a rapidly changing society.

...to help lay the foundations of a critical civil society, with a culture of public debate and tolerance which accommodates differences and competing interests.

...the training and provision of personpower to strengthen this country's enterprises, services and infrastructure. This requires the development of professionals and knowledge workers with globally equivalent skills, but who are socially responsible and conscious of their role in contributing to the national development effort and social transformation.

Production, acquisition and application of new knowledge: ...a well-organised, vibrant research and development system which integrates the research and training capacity of higher education with the needs of industry and of social reconstruction.

Beyond this, a number of specific policy goals and initiatives are identified for the higher education system, including:

- ⌚ Increased and broadened participation within higher education to meet personpower needs and advance social equity;
- ⌚ The development of a single, national, integrated and co-ordinated system;
- ⌚ Co-operative governance of the system and institutions and partnerships;
- ⌚ Curriculum restructuring and knowledge production which is responsive to societal interests and needs;
- ⌚ Quality assurance through assessment and promotion of quality and accreditation of programmes;
- ⌚ Incorporation of higher education programmes and qualifications within a National Qualifications Framework designed to promote articulation, mobility and transferability;
- ⌚ Improved institutional planning and management and the development of three-year institutional plans;
- ⌚ State funding on the basis of allocated student enrolments and accredited programmes with redress funding to overcome historical institutional inequities.

Many of these goals and initiatives are, of course, not unique to South African higher education. However, because it comes at a time of political and social transition and is part of a societal reconstruction and development programme to which higher education is required to make a significant contribution, the higher education transformation agenda is appropriate, comprehensive and of a fundamental nature, the tasks faced are particularly urgent and the expectations of higher education are considerable. Of course, such a transformation agenda has considerable financial and human resource implications and the trajectory, dynamism and pace of implementation and achievement of policy goals will unavoidably be shaped by available resources. We will return later to this issue.

For various reasons, it is presently not possible to provide a comprehensive and definitive commentary on the current state of higher education in South Africa. Firstly, the current higher education information systems are sorely inadequate and there is a weak institutional culture of higher education research. Secondly, only two years have elapsed since the publication of the *White Paper* on higher education, national and institutional governance structures are relatively new and policy instruments are still in the process of development or being refined. Overall, the higher education system and institutions are in considerable flux and it is therefore much too early to draw definitive conclusions on a number of policy areas, issues and processes.

There are initiatives underway, including a new Management Information System (MIS), to address data problems. The CHE itself is exploring ways to ensure that there is adequate monitoring and evaluation of progress on a number of key policy goals and ongoing and more in-depth review of select policy areas and issues. Through these measures it is hoped considerably more comprehensive reports on the state of higher education will be possible in the future.

The remainder of Part 1 focuses on developments related to select policy areas and within these policy goals and initiatives that have their source in the *White Paper* on higher education.

1. The shape and size of the system

1.1 The institutional landscape

Democratic South Africa inherited 36 public higher education institutions - 21 universities and 15 technikons - that were structured along racial and ethnic lines, characterised by a rigid binary divide between universities and technikons and administered by the national Department of Education (DoE). There were also many colleges (education, nursing, agricultural, etc.) which were also administered along racial and ethnic lines by the provinces

and various separate development political structures and which were linked to the higher education institutions. Alongside the public higher education sector existed a small but growing private higher education sector.

Both the NCHE and the *White Paper* advanced the overall goal of a single national integrated and co-ordinated higher education system, but one that also displays diversity in the institutional landscape in terms of institutional missions, organisational forms, curriculum and qualification structures and learning programmes as a means of being responsive to the diverse social and economic needs of South Africa.

In this regard, the *Higher Education Act* provided the legislative basis for the incorporation of colleges as higher education colleges and as a central state responsibility while the *White Paper* indicated that they would be incorporated into the higher education sector in phases, beginning with the colleges of education.

The 1996 Constitution provided for the existence of private higher education institutions on the basis of not discriminating on the grounds of race. These would be registered with the state and maintain standards that are not inferior to those at comparable public educational institutions. The *Higher Education Act* stipulated the legal conditions for the registration of private higher education institutions and imposed various obligations. The *White Paper* calls for a regulatory framework to ensure that only private institutions with the necessary infrastructure and resources to provide and sustain quality higher education, and which are thus able to contribute to expanding access to higher education in select areas, will be registered.

Currently, all the 36 public universities and technikons continue to exist. All have been attempting to respond to the changed political, economic and social conditions of the mid to late 1990s and the new regulatory framework of the *Higher Education Act* and *White Paper* and the challenges and imperatives that these have introduced. Not surprisingly, given their diverse institutional histories and cultures and thus different kinds of facilitating conditions as well as constraints, the speed, form and nature of the responses of individual universities and technikons have varied considerably.

Some institutions have taken full advantage of the new environment, developed strong strategic planning and management expertise and have used resources to respond to the demand for higher education by non-traditional students. Sources of funds have been diversified and income has been generated through non-traditional fee paying students, research contracts and partnerships and financial management systems have been strengthened and measures introduced to cut and redirect costs. In this way, they have been responsive to particular policy goals and socio-economic needs.

Other institutions have remained essentially residential and have asserted a strong emphasis on excellence, postgraduate teaching and research. They have engaged in faculty and curriculum restructuring to increase efficiency and to respond more effectively to the range of competencies, skills and abilities required by the knowledge economy. There have also been initiatives to change the 'race' and gender composition of the student and staff bodies, develop academic staff capacities and strengthen management and information systems.

Yet other institutions are characterised by stability, a strong leadership core, a shared vision of where the institution is moving, a slowly expanding student body and a relatively stable academic and service workforce. Although many of these institutions are largely continuing with their previous teaching and research practices and orientations, some are beginning to experiment with new programmes, new forms of delivery, new notions of co-operation and new forms of management. These institutions are generally well placed for ongoing restructuring and innovation programmes.

Finally, certain institutions have, for various reasons, been unable to reorient themselves as quickly and to the same extent as others. They have experienced sporadic and differing degrees of instability due to conflict among different institutional governance structures and an accompanying lack of stable authority which has made it difficult for these institutions to

establish new directions and to attract new funds and students. Indeed, some institutions have had severe declines in student enrolments. In some cases, there has also been a lack of effective institutional and financial management systems and capacities. While there are areas of innovation and responsiveness, these are not common at such institutions and are more likely to be the result of initiatives by exceptional departments and/or staff.

Three institutions that had experienced governance and other problems were investigated by independent assessors who were requested to report their findings and recommendations. The assessors' reports were published and the DoE used them to work with the institutions to address the problems. The DoE also commissioned the office of the Auditor-General to undertake financial audits at six more institutions that had experienced severe financial problems. The aim was to identify the nature and extent of the financial problems and develop business plans for these institutions.

As higher education is a national, central state competence and responsibility, a Higher Education Branch in the national DoE is responsible for administration. An integrated, co-ordinated yet diverse higher education system which is responsive to social and economic needs, pursued through the Higher Education Branch, required institutions to develop three-year institutional rolling plans. These plans include institutional missions and visions, indicative targets for student enrolments, staff and student equity and development plans, academic development and quality improvement plans, research development plans and infrastructural development plans. The first planning phase (1999-2001) is seen as a preparatory phase involving the system-wide collection of planning information and developing the capacities required for a full planning framework including the development of a new higher education management information system and new funding arrangement. The development of overall planning has been constrained by the absence of a sound base of information. As a result, the DoE has had to pay attention to building an MIS and a concept document for a new MIS has been released. A tender for software development for the MIS has been published and the MIS system is expected to be in place to gather data from the beginning of 2000.

It is clear that the ability of institutions to deal successfully with current policy goals and initiatives and changing conditions is uneven and is also partly shaped by historical conditions - whether the institutions have been historically white or historically black, historically advantaged or disadvantaged. However, it is also clear that a new institutional configuration appears to be emerging within the university-technikon sector. Whether this is strictly a consequence of the policy imperatives of the *White Paper* or a result of changing conditions in the broader political and socio-economic arena is an open question.

The colleges of education, nursing, agriculture etc. currently continue to be administered through the nine provincial states. However, to give effect to the intention stated in the *White Paper* to incorporate colleges into the higher education sector in phases in August 1998 the DoE released the document, *The Incorporation of Colleges of Education into the Higher Education Sector - A Framework for Implementation*, which proposed two options for colleges of education. One option was either for them to become autonomous colleges in the higher education system, as a single campus or as a multi-campus institution. A requirement for establishing such a college is that it should have a minimum of 2 000 students. Another option was for colleges of education to be incorporated into existing universities or technikons.

A committee has been overseeing the incorporation process and, in consultation with the provinces, developing provincial rationalisation plans. Five provinces have completed their plans and the minister published these for public comment late in June 1999. The other four provinces are expected to complete their proposals in late 1999. The number of colleges of education has already been reduced from 120 in 1994 to about 50 in 1999. The DoE in co-operation with the Department of Agriculture has established a task team to investigate the incorporation of the 12 colleges of agriculture into the higher education sector. The DoE has also, together with the Department of Health, established another task team to examine the incorporation of colleges of nursing into the higher education sector.

The private higher education sector is growing rapidly and a large number of institutions provide programmes and qualifications in a variety of fields. The institutions take a number of organisational forms and include both local and international providers and suppliers. Various kinds of partnerships exist between local private institutions, local public institutions and overseas public and private universities based mainly in the United Kingdom, the United States of America and Australia. Indications of the growth of this sector are the several local private education companies that have listed on the Johannesburg Stock Exchange.

The expansion of private higher education is an international trend, a possible result of what has been described as 'excess demand and differentiated demand'. It has been suggested that governments have increasingly been unable to provide for the diverse needs of learners in a rapidly changing labour situation, a gap that has been filled by private institutions. The digital revolution (world wide web, internet, video conferences etc.) has also given impetus to the growth of private higher education.

A possible reason for the increase in the provision of private higher education in South Africa could be that public institutions have been slow to react to opportunities created by new legislation. These include recognition of learning experience in the workplace, flexible entry and exit points, accreditation of qualifications obtained at a variety of institutions and flexible learning in general; the nature and length of programmes and qualifications at public institutions and fears or perceptions that academic standards are declining and that university and technikon qualifications may no longer be recognised abroad.

The above developments signal that a new higher education landscape is emerging in South Africa. This landscape is becoming more diverse in terms of institutional types, organisational forms of higher education provision, curriculum, programme and qualifications offerings, and styles of governance and management. Further, the previous differences between institutions categorised as 'historically advantaged' and 'historically disadvantaged', 'historically white' and 'historically black', 'university' and 'technikon', 'contact' and 'distance' and even 'Afrikaans-medium' and 'English-medium' are increasingly being eroded and no longer fully capture the differentiations within the higher education system.

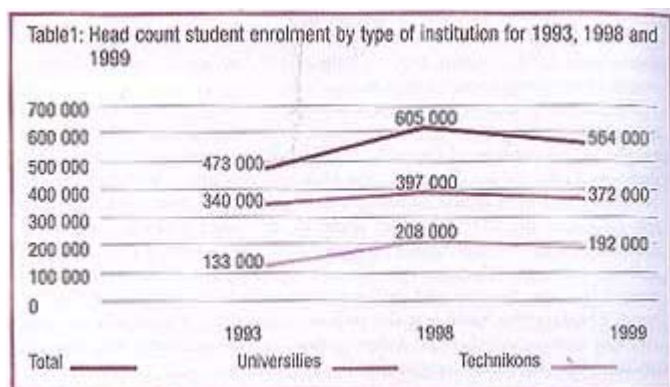
While a new higher education landscape is emerging, this may not be entirely the consequence of policy initiatives. One contributory factor could be the policy vacuum of the early 1990s and the 'regulatory vacuum' that developed after the publication of the proposed new policy framework in the NCHE report prior to the establishment of the Higher Education Branch in the DoE and the CHE. Another could be the political changes that have exposed South Africa, including its higher education system, to global trends and competition. Whatever the reasons, the challenge is to maintain and consolidate the diversity and differentiation within the system on the one hand. On the other hand, it is also to ensure that there is more effective and efficient steering so that the policy goal of a national, integrated and co-ordinated system is not compromised.

1.2 Student enrolments in the higher education system

The 1996 NCHE report projected growth in the higher education system with a heightened demand for places. It predicted that the head count enrolments of South Africa's 21 universities and 15 technikons would reach a total of 680 000 by 1999 and 740 000 by 2001. These projections were based on the assumptions that the number of school-leavers obtaining matriculation exemption would increase at an annual average rate of 10% after 1994 and that overall university and technikon enrolments would grow at a rate of more than 4% a year over the decade 1995-2005. The *White Paper* accepted the NCHE projections in its vision of increased enrolments and an expanded higher education system. However, expansion was also linked to the imperative of social equity - of the student body moving towards reflecting the demographic reality of the broader South African society and increases in the participation rates of African, coloured and women students - and the need for increasing the pool of high-level personpower to contribute to reconstruction and development.

From 1993, the year immediately prior to the election of the first democratic government, to 1996 when the NCHE submitted its report, head count student enrolments grew rapidly. This was especially so in the technikon sector: 1993 head count enrolments increased by 67 000 (or 50%) by 1996. Head count enrolments at universities increased at a slower rate - by 50 000 (or 15%) between 1993 and 1996. Over the 1993-1996 period the average annual growth rate in the system was a very high 7,6%; full-time equivalent student enrolments in universities and technikons grew at the faster rate of 11,6% per annum, which implies that a smaller proportion of part-time students were entering the system (see Tables 1 and 2).

Table1: Head count student enrolment by type of institution for 1993, 1998 and 1999



Note: A head count enrolment treats all students as units, regardless of the course load they are carrying.

Table2: Full-time equivalent student enrolments: 1993 - 1999

	1993	1995	1996	1997	1998	1999
Universities	193 000	252 000	260 000	261 000	260 000	245 000
Technikons	96 000	126 000	140 000	153 000	152 000	141 000
TOTAL	289 000	378 000	400 000	414 000	412 000	386 000

Notes: (1) A full-time equivalent (FTE) enrolment takes account of the course loads carried by students. Only a student carrying a standard full-time curriculum is counted as a unit. (2) The 1999 FTE enrolment is an estimate based on historical ratios between head count and FTE enrolments.

The tables show that head count as well as full-time equivalent student enrolments in effect levelled off between 1996 and 1998, and then fell in 1999 compared to 1998. Total head count enrolments grew by only 15 000 (or 3%) between 1996 and 1998 and dropped by 41 000 (or 7%) in 1999 compared to 1998.

It is quite possible, even likely, that the higher education system's growth path in coming years will not match those projected by the NCHE or meet the goal of increased enrolments advocated by the *White Paper*. Indeed, the DoE projections show head count enrolments could fall to 520 000 in 2002.

A full and rigorous explanation for the failure of the predicted expansion in enrolments to materialise and the decline in enrolments has yet to be produced. One contributory factor is that the assumption that dramatic improvements would occur in the schooling system has not been realised. The NCHE used the 1994 total of 89 000 school-leavers obtaining full matriculation exemption to predict that by 1998 130 000 candidates with full matriculation exemption would be produced by the school system. In reality, the number of candidates obtaining full matriculation exemption has declined since 1994 - from 89 000 to 80 000 in

1996 to 69 000 in 1998. The decline in the school output has meant that since 1996 many universities and technikons have not been able to meet their admission targets for new undergraduates.

Another reason for non-expansion and decline is that retention rates in the higher education system have dropped, particularly in 1998 and 1999 when smaller proportions of students re-registered for study. This could be a result of a combination of the enrolment bulges of earlier years working their way through the system and larger proportions of students being required to leave on academic and financial grounds.

Whatever the reasons, the actual and projected decline in enrolments is severe and is occurring at a time when it appears that the need for high-level personpower is already not being met. As will be seen, the decline in enrolments is especially concentrated at certain institutions and this has major financial and organisational implications for these institutions and the higher education system as a whole. Thus, the issue of enrolments and the overall size of the higher education system require urgent attention.

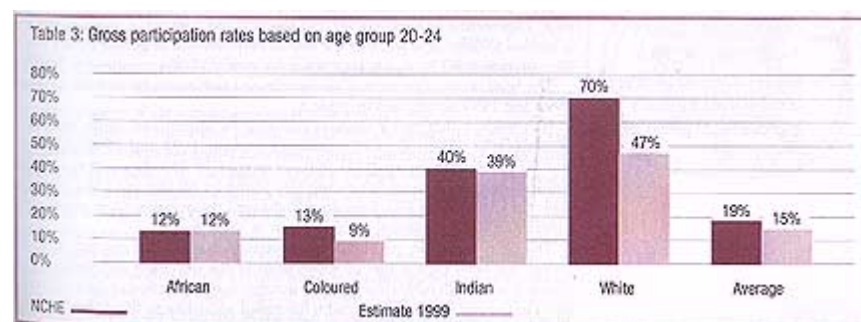
1.2.1 Participation rates in higher education

The *White Paper* advances the goal of increasing the participation rates of Africans, Coloureds and women in higher education.

The NCHE report provided an analysis of student participation rate in higher education by 'race', using the UNESCO technique of showing total enrolments in higher education as proportions of the total of the population in the age-group 20-24 years. In its determination of participation rates, the NCHE used population figures derived from the 1991 census and higher education student head count enrolment data for 1993. It concluded that South Africa's gross higher education participation rate in 1993 was 19%, a proportion which was considerably higher than that of many developing countries, but considerably lower than that of some fast developing and developed countries.

For various reasons, it now appears that this NCHE estimate was too high. More accurate 1993 participation rates would have been about 9% for Africans and about 17% overall. The 1996 census figures for the 20-24 age group suggest that the gross higher education participation rate is only about 15% in 1999. Table 3 compares the NCHE's participation rate calculations by population group and a revised one based on the 1996 census.

Table 3: Gross participation rates based on age-group 20-24



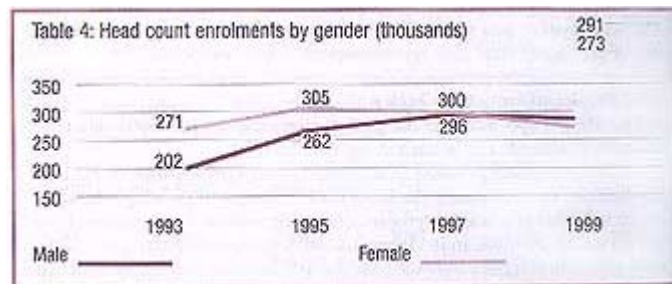
Reasons for the decline in the average participation rate between 1993 and 1999 include the 1991 census undercounting Africans and excluding residents of the independent bantustans; a 33% fall in white student enrolments at universities, technikons and teacher training colleges in 1999 compared to 1993; and the decrease in matric exemption passes.

Overall, it is likely that African participation rates in higher education have improved since the early 1990s. However, those of Coloureds have probably deteriorated as has the average participation rate.

1.2.2 Composition of the student body

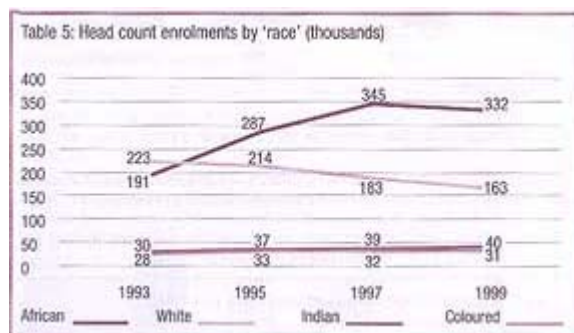
Table 4 shows what changes have occurred in head count student enrolments by gender between 1993 and 1999.

Table 4: Head count enrolments by gender (thousands)



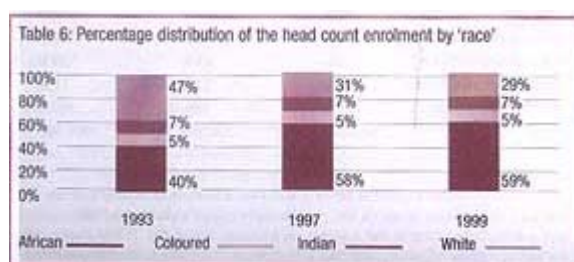
Female student enrolments grew sharply up to 1997 and then levelled off between 1997 and 1999. The total increase in female enrolments between 1993 and 1999 was 89 000 (or 44%). Male enrolments reached a peak of 305 000 in 1995 and remained level for three years, but then dipped sharply in 1999 to 273 000 - a decline of 10% since 1995. Thus, there has been a major shift in the proportion of female students - from 43% in 1993 to 52% in 1999 - and a major improvement in terms of general enrolments in gender equity. However, traditionally women students have been clustered in humanities programmes, with serious under-representation in programmes in science, engineering and technology and business and commerce. Further work is needed to determine whether the overall improvement in gender equity has been accompanied by equity improvements within all programmes. The head count enrolment at universities and technikons by 'race' between 1993 and 1999 is indicated in Table 5.

Table 5: Head count enrolments by 'race' (thousands)



It is evident that major changes occurred in African and white student enrolments in universities and technikons between 1993 and 1999. African student enrolments grew by 141 000, an increase of 74%. In sharp contrast, white student enrolments fell during this period by 60 000 (or 27%). These different growth rates have considerably changed the overall student profile at universities and technikons, as can be seen in Table 6:

Table 6: Percentage distribution of the head count enrolment by 'race'



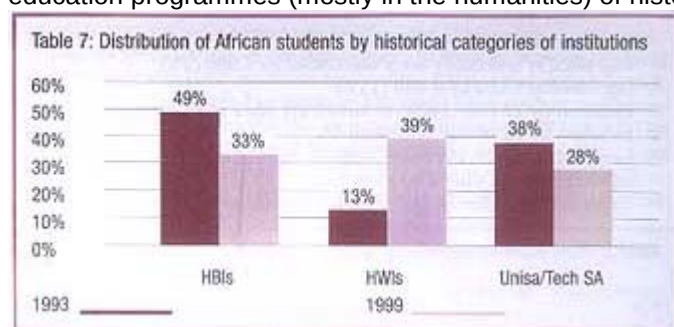
The rapid change in the number and proportion of African students in the system has been even across all subsections of the university and technikon sector. The considerable change in the number and proportion of African students in the higher education system has varied

according to the different historical categories of universities and technikons. Over the period 1993 to 1999, African student enrolments:

- ⌚ Decreased at historically black universities by 7 000 (9%);
- ⌚ Decreased at University of South Africa (Unisa) by 6 000 (11%);
- ⌚ Increased by 22 000 (140%) at historically black technikons;
- ⌚ Increased by 28 000 at Technikon SA;
- ⌚ Increased at historically white Afrikaans universities by 56 000 (1 117%, although this was from a very low base);
- ⌚ Increased at historically white English universities by 10 000 (94%).

The pattern of enrolment growths is reflected in Table 7 below:

The changes in the overall proportions of black students are signs of equity improvements in the higher education system with the system beginning increasingly to become representative of South Africa's overall population. However, whether this has occurred due to a vigorous affirmative action policy or due to black students filling the vacuum left by whites who have left the public system must remain an open question. Further, as in the case of gender equity, the system will be equitable only if African students are spread equally across programmes and only if their performances within programmes matches those of other students. A possible sign of inequity is that large proportions of African students are clustered in distance education programmes (mostly in the humanities) of historically white universities.



1.3 Student enrolments by institutional types

The pattern of student enrolments by different types of institutions along an axis of traditionally contact and traditionally distance institutions is reflected in Table 8. It should be noted that the lines between contact and distance institutions and forms of instruction are increasingly becoming blurred and this has implications for the funding of institutions.

Table 8: Share by institutional type of head count enrolments

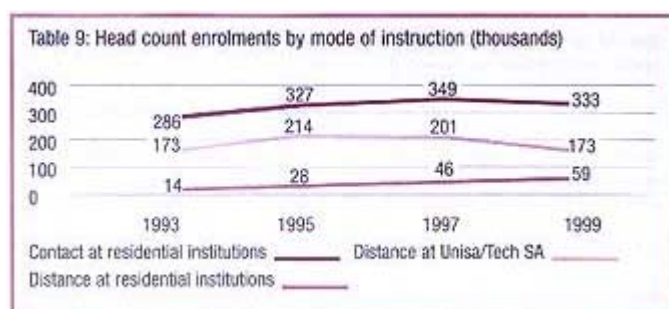
Institutional type	Proportion of total enrolment		
	1995	1997	1999
Contact universities	45%	45%	46%
Contact technikons	18%	21%	23%
Distance university	22%	21%	19%
Distance technikon	15%	13%	12%
Total	569 000	596 000	564 000

It is evident that there has been a considerable shift of students from the distance institutions towards the traditionally contact residential institutions and particularly towards the contact technikons. Since the *White Paper* calls for an expansion of career-oriented programmes, and the technikons concentrate on career-oriented programmes to a far greater extent than the universities, this represents an encouraging trend.

While the distance university and technikon (Unisa and Technikon SA) have lost more than 40 000 (21%) students between 1995 and 1999, the shift of students to the residential contact universities and technikons has not necessarily been towards a contact mode of instruction.

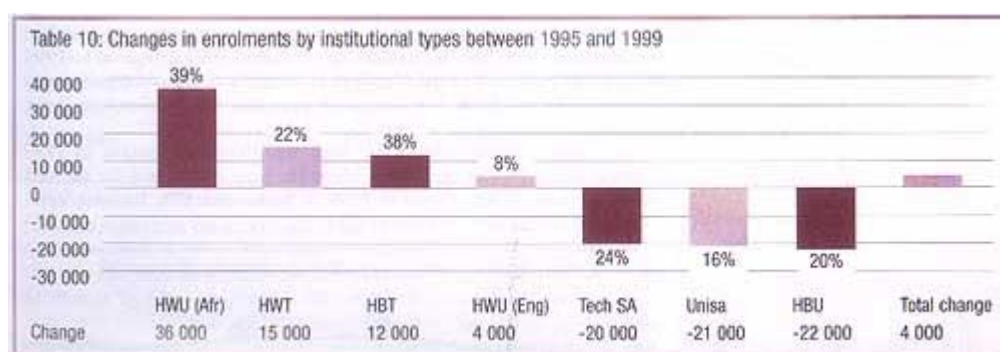
The head count total of students studying in the contact mode at residential institutions increased by only 6 000 (2%) between 1995 and 1999. Instead, a significant feature has been the expansion in programmes offered by the traditional contact institutions in distance mode and the accompanying considerable increase in students studying in distance mode at these institutions. The numbers here grew by 31 000 (111%) between 1995 and 1999. The changes in enrolments by mode of instruction is reflected in Table 9.

Table 9: Head count enrolments by mode of instruction (thousands)



The changing pattern of enrolments by institutional types that also encompass the historical categories of institutions is illustrated in greater detail in Table 10.

Table 10: Changes in enrolments by institutional types between 1995 and 1999



While both historically white and black contact technikons increased their enrolments between 1995 and 1999, the increased enrolments at contact universities during this period have not been evenly distributed between the different historical categories of institutions. Clearly, the major beneficiary of expanded enrolments has been the historically white Afrikaans-medium universities and, to a lesser extent, the historically white English-medium universities. On the other hand, the historically black universities, both individually (bar one) and collectively, have experienced a sharp and severe decline in student enrolments. This has serious implications for their level of public funding given the link between student numbers and state subsidies, for the efficient and effective use of infrastructure and resources and, therefore, for their organisational viability. Much the same situation exists for the distance Unisa and Technikon SA (see Appendix).

It is clear that the shape of the higher education system is changing and that the previous distinctions by institutional types, modes of instruction and historical categories are loosening and eroding. This appears to be more the result of the responses of individual institutions to the new policy environment and new conditions in South Africa than the outcome of any rigorous steering in terms of a national planning framework. This must be a matter of considerable concern, for although some of the changes may well be positive others could make the achievement of an integrated and co-ordinated higher education system, a key goal of the *White Paper*, much more difficult.

1.4 Student enrolments by academic programmes

Significant changes have also occurred in recent times in the shape of the higher education system by intended major or field of specialisation. Table 11 shows that the head count total of students following majors in the broad humanities reached a peak in 1995 (329 000) and that these numbers have since fallen by 52 000 (16%) in 1999.

In contrast, the number and proportion of students specialising in the more career-oriented programmes in business and commerce have risen steadily since 1993. The increase in these majors in 1999 compared to 1993 was 56 000 (62%). The total of majors in science and technology also grew between 1993 and 1999, but at a slower pace than the business/commerce majors.

One effect of these changes has been that humanities majors in 1999 declined below 50% of the higher education head count total for the first time. The share of enrolments in 1999 is: humanities 49%, business/commerce 26% and science/technology 25%.

Table 11: Head count enrolments by field of specialisation (thousands)



These shifts are in line with the *White Paper's* call for increased programmes and enrolments in science and technology and career-oriented programmes. However, it remains an open question whether the decline in humanities enrolments is the result of student perceptions of the ultimate career benefits of a humanities qualification in relation to private input costs or the result of institutional decisions to place greater emphasis on science and technology studies in their student recruitment efforts.

Further, the school system's present production of matriculants with the qualifications required for entry into science/technology suggests that any hope of a continued substantial growth in these fields may be misplaced. In recent years, the inflow of first-time entering undergraduates into the higher education system has been about 120 000, and only about 25% (30 000) of these students have entered science/technology programmes. The number of candidates leaving school with higher grade mathematics passes (20 250 in 1998) and higher grade physical sciences passes (22 000 in 1998) is barely sufficient to meet an annual inflow of 30 000 students into programmes which emphasise mathematics and physical sciences.

The 1997 *White Paper* expressed the need for increasing enrolments of masters and doctoral students as part of higher education meeting the challenges posed by the knowledge society and economy. Table 12 shows that enrolments of masters and doctors students at universities increased between 1995 and 1999, both in numbers and as the proportion of total head count enrolments, but declined at technikons.

Table 12: Head count masters and doctors enrolments

	Head count enrolments			Proportion of total enrolment in system		
	1995	1997	1999	1995	1997	1999
Universities	27 000	29 500	31 300	4,7%	4,9%	5,5%
Technikons	1 700	1 300	1 300	0,3%	0,2%	0,2%
Overall total	28 700	30 800	32 600	5,0%	5,1%	5,7%

1.5 Composition of academic staff

Like most professions in South Africa, the academic arena has also been long dominated by whites and males. The *White Paper's* goal of increased and broadened participation within higher education very firmly included an improvement over time of the number and proportion of blacks and of women on the staff of universities and technikons. Tables 13 and 14 show the distribution of academic staff by 'race' at universities and technikons respectively.

Table 13: Academic staff at universities by 'race'

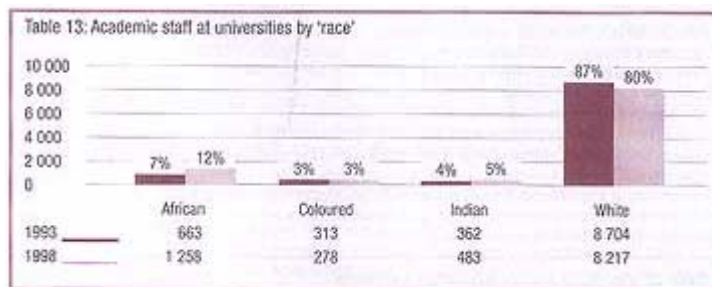
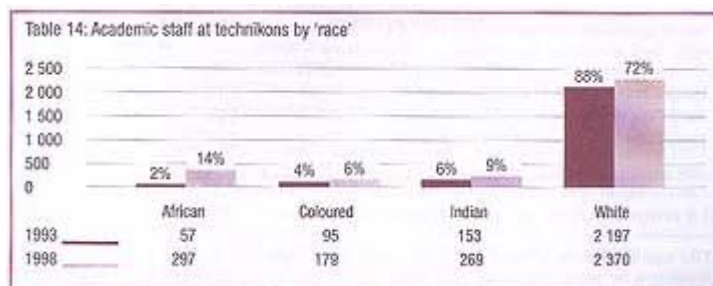


Table 14: Academic staff at technikons by 'race'



During the period 1993-1998, in terms of overall proportions, African academic staff at universities increased from 7% to 12% and at technikons from 2% to 14%. The proportion of white academics decreased over this period from 87% to 80% at universities and more markedly from 88% to 72% at technikons. There were slight increases in the proportions of Coloured and Indian academics over this period. In relation to the population as a whole, White and Indian academics remain over-represented while Coloured and African academics are severely under-represented.

The imprint of apartheid is clearly evident as staff composition is still strongly determined along racial lines within the historical categories of institutions. Academic staff at the historically white universities remain overwhelmingly white especially at the historically white Afrikaans universities where black (African, Coloured and Indian) academics together constituted under 3% of the total in 1998 and where very little change in this regard has been evident in the past five years. The situation was only marginally better at the historically white English universities where the proportion of African academics grew from 4% in 1993 to 7% in

1998 and where white academics still constituted 87% of the total in 1998 - only a slight decrease from 91% in 1993.

A very rapid rise in the proportion of African academics occurred at the historically black technikons (from 17% in 1993 to 49% in 1998) and the proportion of white academics consequently dropped from 80% to 41% over this period. The proportion of African academics at the historically white technikons increased from 1% in 1993 to 6% in 1998 which meant that the proportion of white academic staff dropped from 98% to 90%. At Technikon SA, African staff increased from 1% in 1993 to 12% in 1998 with a concomitant decline in the proportion of white staff from 95% to 81%.

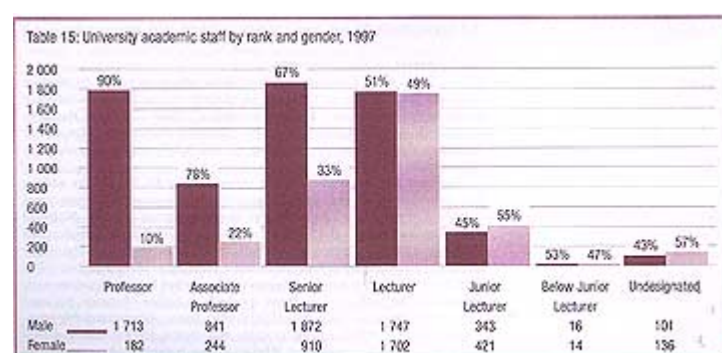
Overall, Whites constitute less than half the total staff at both universities and technikons. However, they predominate in the professional staff categories, which includes executive management and academics, making up 76% of the total compared to 15% for Africans. Correspondingly, whites made up only 29% of the total of non-professional staff at universities and technikons while the majority (52%) in this category were African.

Women staff made up 38% of professional staff, but were in the majority (51%) in the non-professional category. This indicates a strongly gender-based division of higher education labour in which women were concentrated in non-professional administrative positions and in the specialist support category, which includes librarians. Correspondingly, within the professional category, women were highly under-represented in the key sub-categories of executive/administrative/managerial staff and academic staff.

Despite their continued overall under-representation, the proportion of women academics has grown across all institutional types over the past six years. The increase in the overall proportion of women academics was accompanied by a growth in the absolute numbers of men, but the rate of increase of the latter was far lower. Over the period 1992-1998, the proportion of women academics rose from 30% to 35% at universities; from 32% to 37% at the historically black universities and technikons and from 26% to 32% at the historically white universities and technikons.

These are encouraging trends, yet when analysed and disaggregated in terms of rank, highest qualifications and field of study they reveal other underlying gender inequalities. In essence, women continue to be employed in a limited number of fields, at the lower ranks and with poorer qualifications, and if this continues the growth trends in the number of women academics will represent limited equity gains. Indeed, they could reinforce existing inequalities. Table 15 indicates the academic staff at universities by 'race' and gender.

Table 15: University academic staff by rank and gender, 1997



It is clear that male academics dominated the senior and middle ranks, making up 90% of all professors and being in significantly higher proportions than women in the ranks of associate professor and senior lecturer. By contrast, only 45% of junior lecturers were men.

Overall, it is evident that some gains have been registered in terms of increasing and broadening participation of blacks and women in the academic workforce. Further, at a number of institutions, employment equity structures and initiatives of different kinds have been established to contribute to eroding the inequities in this area. Still, the lack of change in the 'race' and gender profile of the higher education system's academic staff body contrasts starkly with the rapid changes in the composition of students over the last few years. The growing difference in the racial profiles of students and academic staff is most evident at the historically white institutions, while that in the gender profile of students and staff is clear at all institutions.

It is clear that higher education institutions are presently a long way from meeting the provisions of the *Employment Equity Act*. The social composition of academic staff and the extent to which institutions are vigorously pursuing 'race' and gender equity at the level of academic staff require ongoing and effective monitoring.

2. RESPONSIVENESS TO SOCIETAL INTERESTS AND NEEDS

South African higher education has been called upon to respond efficiently and effectively to the myriad pressing problems and challenges of economic and social development in a context of globalisation through the education and training of socially responsible, competent and skilled professionals and knowledge workers, and through producing, acquiring and applying knowledge.

2.1 Knowledge needs, the labour market and student outputs

2.1.1 Knowledge and development

The 1997 *White Paper* requires the higher education system to produce graduates for an economy that must be globally competitive and contribute to the reconstruction and developments needs of society. This poses the question which is at the heart of the higher education curriculum: what are the capacities, skills and competencies that the South African economy and society require?

This issue has received insufficient attention. The NCHE did not address the curriculum question directly. Instead, it seemed to assume that curriculum change would occur through the implementation of the National Qualifications Framework (NQF) driven by the South African Qualifications Authority (SAQA). Subsequently, both the NCHE report and the *White Paper* have been criticised for their silence around curriculum transformation. Still, the call for greater responsiveness on the part of higher education institutions and for a programme-based approach to higher education has contributed to vigorous debate around curriculum issues, some remarkably innovative activity in relation to programme and course development and new forms of academic organisation. These changes potentially have enormous implications for higher education learning and teaching, for the development, accreditation and registration of programmes and qualifications and, ultimately, for how knowledge and institutions are organised.

Higher education has to produce professional graduates for the professions and the service sector as well as highly skilled knowledge producers for high level innovation. It may be important to distinguish between (under)graduate level professional skills and the high-level postgraduate skills necessary to produce new knowledge. Professional graduate skills in a knowledge economy that is constantly changing its skill requirements could need to be based on a solid platform of being able to access relevant information and being able to solve problems. It has been suggested that these skills cannot be too context specific (i.e. 'vocational') for a number of reasons. One definition of a knowledge economy is that its skills base is constantly changing and this change is not so much different in content directions as in the direction of ever-higher cognitive demands. The more specific the skill, the less adaptable it is. More important, if specific skills are inculcated before a solid platform of knowledge processing is in place, the possessor of the skills is stranded in particularity with no means for getting to a different level of cognitive demand. Concretely acquired skills,

without being based on a platform of broad recontextualising competence (the notion of 'reflexivity' is sometimes used to indicate this), could actively prevent the kind of adaptability required by an economy characterised by ever changing cognitive demand.

The limits of a practical problem solving approach become especially evident in the major task of producing postgraduates skilled in producing new knowledge. That skills will increasingly be exercised in problem solving contexts different to that of the masters or doctoral programme does not dispense with the need for the capacities to think theoretically, recontextualise data at different levels of abstraction, analyse with rigour, conduct solid empirical research and do all this with a deep social conscience and sensitivity to the diverse needs of South Africa's people and society.

Ultimately, higher education institutions are challenged to generate the competencies that will be required from all graduates during the 21st century - computer literacy, knowledge re-configuration skills, information management, problem solving in the context of application, team building, networking, negotiations/mediation competencies and social sensitivity. Modern democracies also require graduates to be able to deal with and manipulate different cultural symbols, operate in diverse social settings and develop complex notions of identity and citizenship. A major task is to incorporate and integrate the diverse social skills and competencies required by graduates into disciplinary and field knowledge.

2.1.2 The labour market and student outputs

The South African labour market has in recent years undergone major restructuring, with increasingly capital and knowledge-intensive production resulting in a growing demand for skilled professionals, technicians and managers to develop, implement, operate and maintain new technologies. The structural shift is reflected in the drop in the contribution of the primary sector of the economy to Gross Domestic Product (GDP) from 18,6% in 1970 to 11,9% in 1997. The economy has also been moving away from manufacturing production towards greater output in the services sector. Over the past two decades this has led to a growth of about 5% per annum in skilled professional and managerial occupations. As a result, these occupation categories have increased their share of total employment from 4,7% in 1970 to 15,2% in 1997. It is estimated that their share will be 22% by 2002. By contrast, occupations in farming, forestry and fishing have declined at an average annual rate of more than 3% over this period.

Is the South African higher education system producing the graduates required by the rapidly changing economy? In a recent survey of 273 major employers, 76% reported that they were experiencing a shortage of professional workers. This survey predicted that in the period 1998-2003 job opportunities at the professional level would grow by between 16% and 18% while those for unskilled workers would decrease by around 35%. The higher education system thus faces an enormous challenge to produce the numbers and types of graduates required by the labour market.

Higher education may either be producing too few graduates overall or be producing graduates inappropriate to the needs of the economy. The available evidence suggests that it may actually be more the former. Studies suggest that higher education graduates, irrespective of their major fields of study, may have some initial difficulties in finding employment, but are usually employed within two years.

The only two recent national sources of information on the employment of graduates are studies undertaken by the Central Statistical Services (CSS) and the Human Sciences Research Council (HSRC). The CSS survey reported a 3% unemployment rate for graduates. This figure, of course, obscures as much as it reveals for it does not say anything about field of study, when the person graduated or level of employment. Nevertheless, 3% is remarkably low in comparison with the unemployment levels of matriculants and those with lower levels of education (more than 30%). In the United States, as an example, 3% is regarded as close to full employment because a 2-3% allowance is made for unemployment due to physical or psycho-social problems.

The HSRC study surveyed 8 000 graduates of whom 2 000 responded. The sample consisted of students who graduated between 1991 and 1995, stratified for fields of study and for historically white and black universities. The overall finding of the study was that 59% of all graduates found employment immediately while a further 25% did so within the first year. After 25 months only 2% were not employed (after 36 months less than 1%). About 80% of graduates were in full-time employment in the public and private sectors.

During the period 1991-1995 there were still racial differences in how quickly a job was found, but not in ultimately finding a job. Only 28% of black graduates found a job immediately compared to 67% of white graduates. This trend was evident across all fields of study. For example, in arts 17% of blacks found a job immediately compared to 43% of whites; in law 5% of blacks found a job immediately compared to 60% of whites. Furthermore, 65% of graduates from the historically white universities found jobs immediately compared to 28% of students from the historically black universities. In relation to gender, 55% of women found immediate employment compared to 63% of males. In terms of fields of study, there were wide ranges of experiences in finding immediate employment: medical sciences 91%, engineering 77%, economic management 65%, education 56%, natural sciences 48%, law 40% and humanities 34%.

The HSRC study suggests that a popular notion that various programmes produce graduates who are unemployable is rather simplistic. Because university and technikon graduates all appear to eventually find jobs, it may be that while the higher education system is meeting some of the needs of the economy it may, however, not be producing sufficient numbers of graduates or graduates with the appropriate mix of skills and competencies (foundational, critical-reflective and technical).

2.1.3 Student outputs: Efficiency and equity

The *White Paper's* call for shifting enrolments towards science/technology and career-oriented fields and programmes and the performance of higher education in this regard has already been noted. However, to meet the challenges confronting South Africa, the *White Paper* also stipulated greater efficiency in terms of improvements in student throughput and output rates and in the success rates of black students.

We are unfortunately restricted to brief analyses of university throughput rates because the data on technikons is unavailable.

Table 16 shows university graduate totals for the years 1995-1998, broken down by three broad major fields of study.

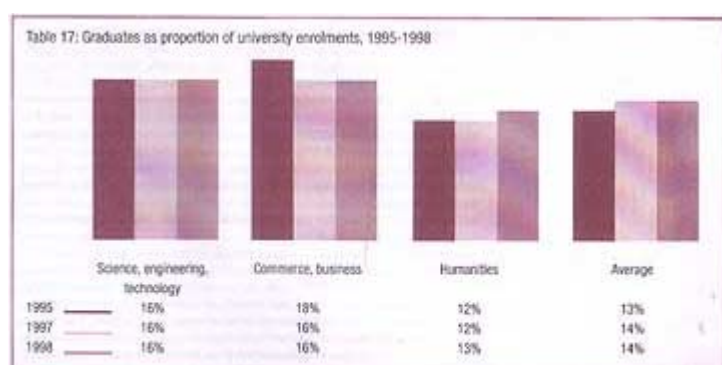
Table 16: Total graduates of universities, 1995-1998 (thousands)

Major field of study	1995	1996	1997	1998	Average annual increase	
					Graduates	Head count enrolments
Science, engineering, technology	11.8	11.8	12.3	12.9	3.0%	1.5%
Commerce, business	11.0	10.5	11.2	11.6	1.8%	8.1%
Humanities	28.7	28.1	30.7	30.4	5.9%	-0.5%
TOTAL	51.5	50.4	54.2	54.9	2.2%	1.1%

Between 1995 and 1998 the number of graduates produced by the university sector increased by 3 400 (7%). Since the total average annual increase in graduates exceeded that of total head count enrolment between 1995 and 1998 (2.2% for graduates compared to 1.1% for enrolments) it could be argued that the university sector improved its outputs over this period.

The graduate totals by field of study must, however, be compared with the corresponding head count enrolment totals to determine if university throughput rates improved between 1995 and 1998. The only measure which can be used, given the data available, is that of graduates in a given year as a proportion of head count enrolments in that year. Measured in this way, one obtains a mixed picture of university throughputs, as Table 17 shows.

Table 17: Graduates as proportion of university enrolments, 1995-1998



Note: 1996 information on enrolments not available.

The table shows that only throughput rates in the broad humanities fields improved in 1998 compared to 1995, but did so from a low base. Those in science/technology did not change. The throughput rates in commerce/business fell in 1998 compared to 1995. The conclusion that has to be drawn based on the data available is that the university sector did not register any significant improvement of the throughput rates of students between 1995 and 1998. Table 18 shows a summary of university graduates between 1995 and 1998 by 'race'

Table 18: University graduates by 'race'

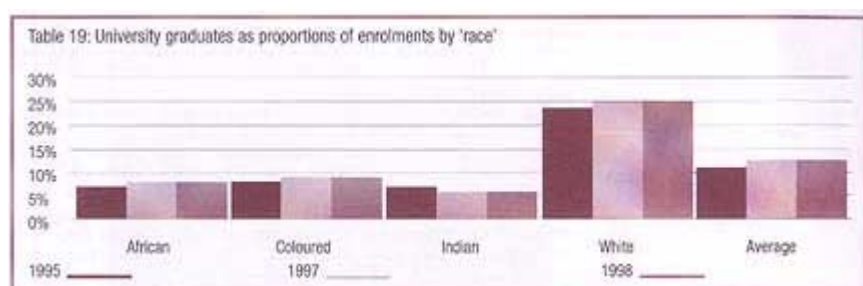
	1995	1996	1997	1998	Average annual increase
African	14 400	14 600	17 100	17 800	7.3%
Coloured	1 500	1 700	1 700	1 700	4.3%
Indian	1 700	1 700	1 800	2 000	5.5%
White	33 900	32 400	33 600	33 400	-0.5%
TOTAL	51 500	50 400	54 200	54 900	2.2%

The table shows that the total black (African, Coloured and Indian) graduates produced by universities increased by 3 900 (22%) in 1998 compared to 1995. This increase does not, however, imply that the success rates of black students have improved since 1995.

Looking at graduation trends from 1991 to 1998 many of the apartheid legacies are still firmly in place. For example, cumulatively from 1991 to 1998 in all engineering fields the proportion of black graduates was 35%, for natural sciences it was 12%, in medicine and engineering the figure was 9%, humanities and arts 28%, literature and languages 39%, education 32%, law 13% and, contrary to expectations, in social science only 20%. Nowhere is the problem better demonstrated than in business. In commerce over the period 1991 to 1998 only 11% of graduates were African, in accountancy only 2%, but in public administration 55% were African. For all graduates over this period, 21% were African and 68% white.

Table 19 shows that the throughput rates of black students did not improve between 1995 and 1998. Serious inequities existed in university throughput rates.

Table 19: University graduates as proportions of enrolments by 'race'



Note: 1996 enrolment data not available.

It is clear that within the university sector there has been no improvement in the success rates of black students.

2.2 Research

The 1997 *White Paper* urged the growth of basic as well as applications-driven research within the framework of a national research plan. This was in the context of the National Research and Technology Audit's conclusion that by 1997 the science system still suffered from the fragmentation and lack of co-ordination that was characteristic of the apartheid period. There is no data on the current nature of research outputs. Moreover, a national research plan has yet to be developed and would need to be an initiative of numerous actors apart from the DoE and higher education institutions.

The higher education system itself expends a relatively small proportion of total research and development (R&D) expenditure in South Africa. The latest available figures for R&D expenditure are set out in Table 20.

Table 20: Research and development expenditure in 1995/96 (Rands millions)

<u>Sector</u>	Total expenditure	Proportion of total	Expenditure as proportion of GDP
Business	3 276	66%	0,76%
Government (including science councils)	1 005	20%	0,23%
Higher education	663	13%	0,16%
Total	4 944	100%	1,15%

Higher education's share of total R&D expenditure in 1995/96 was 13%. The nature of the research undertaken until 1995 has been highly focused. A 1995/96 survey suggested that nearly 75% of all R&D expenditure in higher education was concentrated in five areas: agriculture, health, education, community and social services, and manufacturing. Important fields such as energy, environment, communications and tourism were not strongly supported. There is no data available to indicate whether this situation has changed in the past few years.

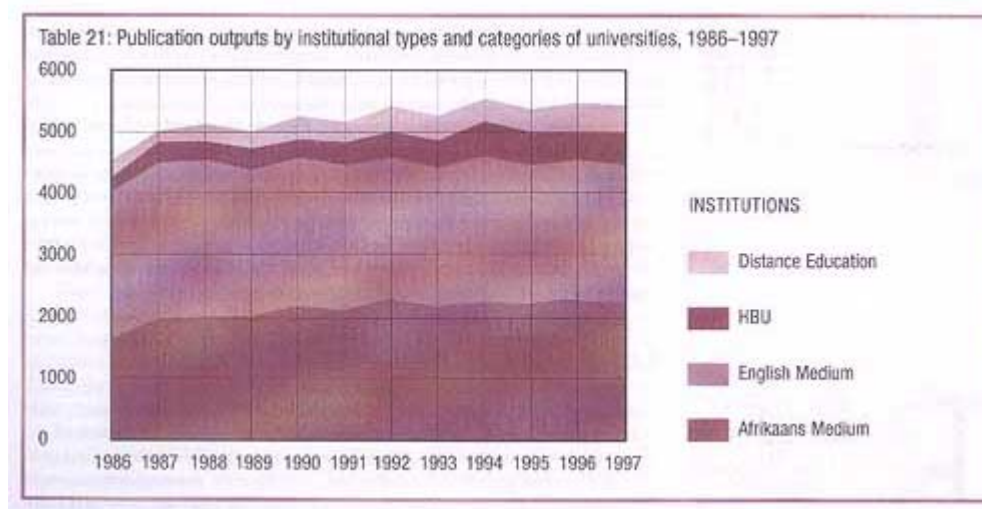
In South Africa, as elsewhere, higher education institutions have traditionally been organised according to the structures of disciplinary science. The central building block in institutions has been the discipline housed in a disciplinary department. This has had the consequence of making the main aim of research in higher education institutions that of deepening knowledge and of developing better methodologies and intellectual disciplines in a cognate area. In this mode of knowledge production, the transfer of knowledge is from basic to applied, with a clear separation made between the two modes.

Universities have traditionally been far more adept at producing basic knowledge than at drawing together or reconfiguring the knowledge that is produced at multiple sites. Yet, science everywhere has come to depend on reconfiguration and less on dramatically novel knowledge. Increasingly, there is a tendency for knowledge to be produced in the context of application by trans-disciplinary teams who are from within and outside higher education, where the organisational structures and teams are less hierarchical and more heterogeneous and both quality control and social accountability become more broadly based. In this model the research practices of higher education institutions and industry and government are drawn closer together.

This new social organisation of knowledge requires a differently equipped cadre of knowledge workers - problem identifiers, problem solvers and problem brokers. This shift is particularly acute for higher education in the developing world and requires rapid adaptation on the part of South African higher education. There appears to have been a growing awareness that higher education must develop a proper balance between traditional discipline-based research and trans-disciplinary research in which knowledge is produced in the context of application. Certainly, there are emerging examples of new modes of trans-disciplinary teams solving problems in the context of application and of institutions shifting their research emphasis towards this. It is too soon to draw conclusions about movement in this direction though the perception remains that the higher education system is not producing the amounts and kinds of knowledge workers required to expand and intensify research and innovation. Because of the way in which knowledge production has been organised, movement towards applications-based research may require vigorous promotion.

The *White Paper* called for the institutional research base to be expanded and for the research capacities of technikons and historically disadvantaged institutions to be developed. Assessments of university and technikon outputs for 1998 are being conducted and there is as yet no data. Table 21 indicates research publication output by institutional types and categories for universities for the period 1986-1997.

Table 21 : Publication outputs by institutional types and categories of universities, 1986-1997



The figure indicates that less than 10% of all research publication outputs are produced by the 10 historically black universities; within this category, the universities of the Western Cape and Durban-Westville make the major contributions. More than 63% of publication outputs were produced by only five of the historically white universities (Cape Town, Pretoria, Witwatersrand, Natal and Stellenbosch). It is important to note that a similar proportion (61%) of all R&D funds available within the higher education system was expended by these five universities. This clearly shows that the capacity for high-level knowledge production is not distributed evenly throughout the system. It is highly likely that no significant changes in this pattern have occurred in the past two years.

Various initiatives have been launched by government through the science councils to develop the research capacity of disadvantaged institutions in the higher education system. There are, however, signs that these initiatives are not making a systematic impact on the problem of uneven institutional research capacities. For example, while a major government competitiveness improvement project, the Technology and Human Resource for Industry Programme (THRIP), almost doubled its budget from 1997/8 (R40m) to 1998/9 (R76m), the involvement of the historically black universities and the technikons in THRIP projects has remained disappointingly low. Furthermore, only 30% of the students involved in THRIP in 1999 are black.

There have also been special initiatives for women in research and for students from historically disadvantaged social groups. During 1997/8, as part of its redress policy, the Centre for Science Development increased grant allocations to black postgraduates by approximately 40% in relation to the 1994/5 financial year. In 1998/9, postgraduate scholarships awarded to black students amounted to 62% of the total available.

2.3 Institutional culture

Higher education institutions have been called upon to be responsive not only to the personpower and knowledge needs of the labour market. They have also been urged to develop institutional cultures which embody values and practices designed to facilitate peaceful assembly, reconciliation, respect for difference and the promotion of the common good. The extent to which this has occurred is difficult to gauge since no data on institutional culture has been gathered in any systematic way at either an institutional or a national level. With a few notable exceptions, most institutions have not implemented systematic campus-wide programmes designed to promote diversity tolerance and community building. This may

be due to change overload, diversity fatigue or the belief on a number of campuses that any programme that systematically seeks to promote social integration is a form of undesirable 'social engineering'. However, a particular problem experienced at a number of institutions with diverse student populations is disengagement: students living past each other and retreating into homogenous groups for academic as well as social purposes. Only a few institutions appear to take into account student development needs related to gender, race and broad diversity awareness and democratic citizenship in their curriculum reform activities. Also of concern is that the political ferment of the pre-1994 decade has quickly turned into apathy. For example, many campuses appear to struggle to get more than 20% of students to vote in student government elections. Student activists do not seem to have made the transition from pre-1994 to post-1994 politics easily and it may be that organisations and activists need to be assisted to develop meaningful new roles.

Concerning students' personal security, there is little hard evidence to support claims that violence and racial and sexual harassment are rife on campuses. Still, lack of evidence does not imply that problems of this kind do not exist. Most institutions do have policies to deal with sexual harassment as well as codes of conduct for staff and students. In this regard, South Africa's institutions are probably on a par with the best in the world. What is less clear is how effectively these policies and codes are being implemented on campuses and whether there are systematic monitoring mechanisms.

3. CO-OPERATION AND PARTNERSHIPS IN GOVERNANCE

Under apartheid, governance at national and institutional level was an arena of bitter conflict and contestation. The NCHE advanced the notion of co-operative governance, an idea that was endorsed in the *White Paper*. Co-operative governance was based on the assumptions that no single actor could effect change in an institution, that the existence of complementary and competing interests must be recognised in all institutions, that the responsibilities of the different partners in the institution must be clarified and that new internal structures must be established to promote co-operative behaviour. During the consultative phase preceding the publication of the *White Paper* and *Higher Education Act*, there was general agreement with the concept of co-operative governance.

The *White Paper* called for the creation of a new and enabling governance environment that reflects and strengthens the values and practices of South Africa's new democracy. The national governance system should support all institutions and encourage inter-institutional co-operation, particularly at a regional level. Regional collaboration is viewed as having the potential to contribute to improving efficiency, build capacity and enhance responsiveness to national and regional development needs. Governance of individual higher education institutions must also conform to the principles of co-operative governance and must help develop institutional cultures that embody the values and practices of peaceful assembly, reconciliation, respect for difference and the promotion of the common good.

3.1 Restructuring of governance structures

As policies have begun to be implemented, it has become evident that 'agreement in principle' between actors has not always translated into 'unity in practice'. There may be a number of different reasons for this. Firstly, there could be two competing (though not inconsistent) notions about democratic priorities in South African higher education. One view is that the key transformation issue is the participation of previously excluded groups in institutional governance structures and thus the priority is increasing the number of blacks and women in existing decision-making structures. The other view is that the priority is the transformation of the governance structures themselves; it is insufficient to place more blacks and women on institutional councils, for example. The role and functions of the councils themselves must change.

Secondly, even though the NCHE and the *White Paper* provided some detail on the functions and powers of governance structures such as the council, senate and the new institutional forums, they were silent on the role and functions of management; and, crucially, on who must drive and be accountable for transformation. Finally, neither the NCHE nor the *White Paper* predicted that there would be an almost immediate demand for efficiency in the higher education system. Efficiency improvements have required strong measures to reduce expenditure, and have led to staff retrenchments and generated conflict in a number of institutions.

These implementation problems have not entirely held back the transformation of institutional governance structures. Most higher education institutions have restructured their primary governance structures in line with new legislative requirements. A number have already amended their private acts to bring them into line with the requirements of the *Higher Education Act*. Many institutions have accomplished the transformation of governance structures at the level of representation. Most councils have representation from all the key stakeholders within the institution. In a number of institutions the restructured councils have played central roles in the appointment of vice-chancellors within institutions. The restructuring of senates, however, has been uneven, and there has been a lack of clarity about the precise role of different stakeholders in senates.

Notwithstanding the significant shifts in representation of stakeholders on councils and other institutional bodies, this has not always been accompanied by significant changes in the functioning of these bodies. It appears that a number of stakeholder representatives on governing bodies do not have a clear idea of their roles within these structures and have consequently not been able to play an active role in the governance of institutions. For example, student and worker representatives who sit on councils have expressed dissatisfaction with their level of participation in the deliberations of this governing body. They complain that they do not have sufficient resources to enable them to participate meaningfully in council business. It seems that in many institutions the experience of sharing responsibility for institutional governance has been a difficult and even frustrating one, and hitherto marginalised groups have been overwhelmed by the enormity of the responsibilities accompanying these roles. This seems to corroborate the insight that self-organising systems of governance require a pool of high-level skills, experience and resources to function optimally.

Another area of contestation around institutional governance has been on the roles of the different governance structures in institutional change. At various institutions, students have challenged the role of councils as the primary governance body and have sought to establish institutional forums as alternative structures of governance authority. At some institutions, students have pushed for forums not to be just advisory subcommittees of council, but to become policy-making structures. In other cases, where the structural transformation of governing bodies has been accomplished, institutional forums have struggled to (re)define the role they will play in institutional transformation. Further, some constituencies have found it difficult to transcend the hitherto adversarial nature of campus governance dynamics.

The conflicts and uncertainties around the transformation of governance structures are exacerbated by the extent of the 'demand-overload' being experienced by most higher education institutions. For institutional leadership, demand overload has to do with having to respond to multiple and simultaneous transformation pressures, more participatory and transparent governance, new approaches to planning, funding and qualifications, new efficiency demands, a barrage of new legislation, new reporting requirements and the setting of new institutional priorities for competitive 'niche markets'. In a very short period, institutional leadership has had to become more skilled in business management and, at the same time, more democratic, and deal with new power relations between constituencies within the institution and between the institution and the rest of society.

3.2 Emergent governance approaches

The 'demand-overload' pressures, the changing conditions within which higher education has to operate and the different inherited conditions and cultures of institutions appear to be giving rise to very different forms of institutional governance and management. These in turn shape the level of participation by different constituencies.

One emerging type of institutional governance is characterised by an expanded leadership core which shares a common vision for the institution; a broad segment of people in senior positions and a committed student leadership who have a shared understanding of the institution's history and future direction (a shared transformation discourse); a directive leadership that is balanced by consultation; participation through a variety of structures (such as expanded planning groups); acceptance that the primary role of leadership is to implement the agreed-upon direction; a well-understood distinction of roles between the council and the institution's management structure; a good working relationship (supportive and critical) between the council (particularly the chairperson) and the executive management; and a leadership that has broad legitimacy and commands authority.

A second type of governance and management at institutional level shows signs of applying management structures and procedures that have traditionally been associated with the private sector. There appears to be an attempt to determine core functions and core areas of excellence, to dispose of unproductive programmes and to contract out certain administrative functions. There has been a move towards full-time professional managerial deans supported by professional financial and other personnel at faculty level and sophisticated cost analysis systems designed to identify profit and loss-making departments. Institutions of this type are directed by a leadership core that has good access to planning skills and institutional information; is able to formulate strategic responses to the changing policy environment and market conditions and has a capable second tier management layer which can implement new strategic directions.

Finally, a complex of conditions has also given rise to institutional situations characterised by weak and/or inadequate governance and management. The problems at these institutions go well beyond episodic student protests and relate fundamentally to institutional leadership, authority, and management. The debilitating conditions include endemic conflict between different constituencies within the institution - management and student and/or worker leadership; management and the transformation forum; council and the forum - problems in relations between the council and management; lack of capacity of the council and/or management; and weak second tier management which struggles to manage the day-to-day running of the institution or to implement council and senate decisions. This has resulted in the absence or lack of leadership authority and capacity to effect change. In general, senates have not been significant players in institution-wide transformation initiatives and processes and have been restricted to addressing narrowly defined academic issues. Various institutions, then, are challenged to strengthen and make the structures of institutional governance and management and leadership more effective, develop a 'culture of management' and create efficient structures of administration.

It must be noted that a review of the Independent Assessor's reports in the case of the three institutions that were investigated highlighted certain common problems. At each institution assessed there was a virtual collapse of the internal management function, or the erosion of its legitimacy among substantial groups on campus. Normal institutional activity could only proceed with management recourse to legal processes.

The councils of these institutions appeared to be mired in the crisis, thus effectively losing moral authority as objective arbitrators in institutional affairs. In this regard, the composition of councils arose as a problem - even though councils were democratically elected, there appeared to be serious problems relating to the roles of interest groups. There were also problems related to fiduciary accountability of the councils of a public institution. For example, at a particular institution the council did not fulfil its mandate, especially as regards the reasonable accounting of the budgets of the institution.

At a number of institutions, councils need to assume greater and more urgent responsibility as custodians of the public interest and for the overall financial performance of their respective institutions. However, this does not detract from the essential separation that must be maintained between the roles of a council in governance and those of the executive management of institutions.

The different emerging institutional types of governance have their sources in a complex mix of institutional histories, resources, previous leadership styles and the new demands and contexts facing institutions in the post-1994 period. On the one hand, there are multiple demands on institutions arising from the new policy framework (strategic planning, institutional three-year plans, information systems, curriculum restructuring, financial management, etc.). On the other hand, there has been the sudden emergence of new 'market' conditions in the form of an expanding private higher education sector, the entry of overseas institutions and competition for students amongst institutions, particularly through new forms of distance education. Within the institutions there is also now competition amongst faculties and departments for a 'competitive edge'. Thus, a growing marketisation (internal and external to institutions) is beginning to permeate institutional life in a way that is profoundly unsettling for many academics and has many implications for South African higher education in the future.

3.3 Regional co-operation

There are at present six higher education consortiums through which various co-operative projects have been launched. These are:

- ⌚ the Adamastor Trust which is based in the Western Cape;
- ⌚ the Eastern Cape Higher Education Association (ECHEA);
- ⌚ the Free State Higher Education Trust (FSHET);
- ⌚ the Eastern Seaboard Association of Tertiary Institutions (eSATI);
- ⌚ the Forum of Tertiary Institutions in the Northern Metropolis (FOTIM);
- ⌚ the Confederation of Open Learning Institutions in SA (COLISA).

The DoE's assessment, however, is that the *White Paper's* goal of regional collaboration is some way from being satisfied. The DoE commented in early 1999 at the end of its assessment of the first set of three-year rolling plans submitted by universities and technikons that the *White Paper's* vision of regional collaboration 'remains a hazy mirage in the distance'. It commented further that an unexpected consequence of starting the three-year rolling plan process was an increase in inter-institutional competitiveness. The extent of this new sense of competition is illustrated by the fact that most institutions did not share their plans, did not discuss them within the regional consortia and were reluctant to make their plans public. It may be that institutions have not yet been persuaded of the benefits to be gained from collaboration and action is needed in this regard.

The need for regional co-operation has always been portrayed as self-evidently good - either in terms of increased efficiency or in terms of eliminating historical inequalities. However, competition under conditions of marketisation and jockeying for students and resources could be impediments to co-operation. Higher education still needs to embrace the paradox of using collaboration to promote competition and recognise that there can be both defensive and offensive aspects to collaboration. Collaboration can be partly defensive in terms of reducing or sharing costs, but can also be offensive in that the skills base (or quality) can be increased, thereby improving the ability of all institutions to compete.

Finally, co-operation ought not to be reduced to regional co-operation. Internationally, regional collaboration is only one form of academic co-operation and there are also examples of movement towards larger, multi-campus, multi-disciplinary institutions. Although institutional mergers have been proven to be complex, time consuming exercises requiring considerable

skills and resources, a review of the Australian experience suggests that some five years after these mergers, the new institutions were working well, with academic staff being better qualified and more cosmopolitan in outlook. The new institutions also had much stronger academic programmes and a much wider range of courses available.

4. FUNDING AND FINANCING

The 1997 *White Paper* indicates the intention of using funding as an important mechanism for the transformation of the higher education system. It indicates that government will, over a period of time, introduce a new funding framework that incorporates goal-oriented incentives. The new funding framework is still in the process of being developed and is unlikely to be implemented before 2003. The *White Paper* established the following further goals:

- ⌚ Increase in the proportion of funds available for earmarked purposes between 1998 and 2000;
- ⌚ Implementation of a targeted programme of institutional redress;
- ⌚ A different distribution of public funding to the higher education system.

4.1 Earmarked and redress funds

Government appropriations generate on average about 50% of the income of the university and technikon sectors in South Africa. The balance of the income is derived from student tuition fees (25%) and other sources of income (25%) which include donations and gifts, research contracts and income from investments.

The government's appropriation for universities and technikons includes an amount distributed in terms of the current subsidy formula as well as various earmarked amounts. These earmarked funds include at present interest and redemption payments on approved long-term loans, capital allocations for new buildings, local government property taxes, institutional redress funds and funds for the national student financial aid scheme. Government funds made available to universities and technikons over the past five academic years are set out in Table 22.

**Table 22: Government appropriations for universities and technikons
(rands millions)**

	1995		1996		1997		1998		1999		Average annual increase
Subsidy funds											
Universities	2710	66%	3275	63%	3591	66%	3854	64%	4155	63%	11.3%
Technikons	856	21%	1120	22%	1296	24%	1455	24%	1648	25%	17.8%
Subtotal	3566	87%	4395	85%	4887	90%	5309	88%	5803	88%	12.9%
Earmarked funds											
Universities	356	9%	576	11%	385	7%	483	8%	493	8%	8.5%
Technikons	150	4%	236	4%	160	3%	208	4%	248	4%	13.3%
Subtotal	506	13%	812	15%	545	10%	691	12%	741	12%	10.0%
Total allocations											
Universities	3066	75%	3851	74%	3976	73%	4337	72%	4648	71%	10.9%
Technikons	1006	25%	1356	26%	1456	27%	1663	28%	1897	29%	17.2%
OVERALL TOTAL	4072	100%	5207	100%	5432	100%	6000	100%	6545	100%	12.6%

The table shows that the proportion of government appropriations devoted to earmarked funds did not in fact increase in 1998 and 1999 compared to 1995. In 1995, 13% of government appropriations for higher education was earmarked. This proportion fell to 12% in 1998 and 1999. Thus, the *White Paper's* proposal to increase the proportion of funds for earmarked purposes has yet to be implemented.

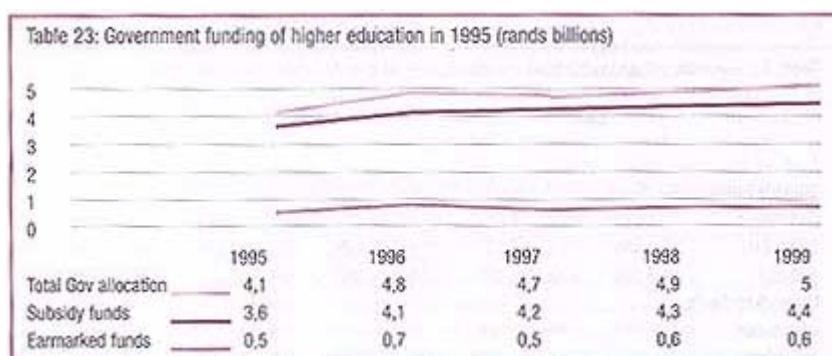
The earmarked totals set out in the table did make provision for institutional redress funds totalling R27 million in 1998 and R60 million in 1999. No institutional redress funds were made available before then. The 1998 fund for institutional redress was only 0.45% and that for 1999 only 0.9% of the total government appropriations for higher education. These amounts were probably insufficient for any major programme of institutional redress.

The government has concentrated its redress funding on individual redress through the national student financial aid scheme administered by the Tertiary Education Fund of South Africa (TEFSA). Since 1996 it has appropriated the following for individual student redress under this financial aid scheme: R300 million (1996); R200 million (1997); R296 million (1998) and R385 million (1999). The 1999 total for financial aid (which does not include a provision of R5 million for TEFSA's administrative costs) represents 5.8% of the total government appropriation for higher education.

4.2 Increased government higher education funds

The amounts and increases shown in Table 22 are nominal ones that do not take account of the effects of inflation. If these government appropriations are discounted to take account of inflation in terms of the consumer price index, then Table 23 is the result.

Table 23: Government funding of higher education in rands of 1995 (rands billions)



The average annual increases in real rands between 1995 and 1999 were:

subsidy funds 5.0%

earmarked funds 4.7%

total funds 5.0%

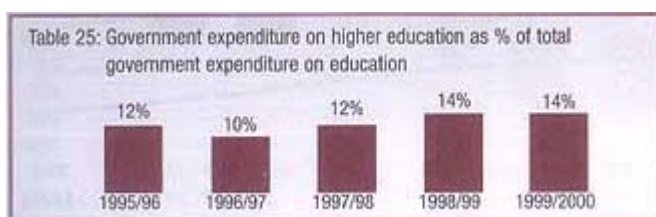
Government, then, increased its allocation to higher education during the period 1995-1999. These real increases in government funding of higher education have to be seen in the context of its total budget, including interest payments on debt.

Table 24: Government expenditure on education (rands billions)

	1995/96	1996/97	1997/98	1998/99	1999/2000
Schools and colleges	29.4	36.6	38.7	38.8	40.2
as % of total govt expenditure	19.0%	20.0%	19.3%	18.8%	18.3%
Higher education	4.1	5.2	5.4	6.0	6.6
as % of total govt expenditure	2.6%	2.9%	2.7%	2.9%	3.0%
Total education	33.5	41.8	44.1	44.8	46.8
as % of total govt expenditure	21.6%	22.9%	22.0%	21.7%	21.3%

It is also useful to analyse government expenditure on higher education relative to total government expenditure on education, as shown in Table 25.

Table 25: Government expenditure on higher education as % of total government expenditure on education



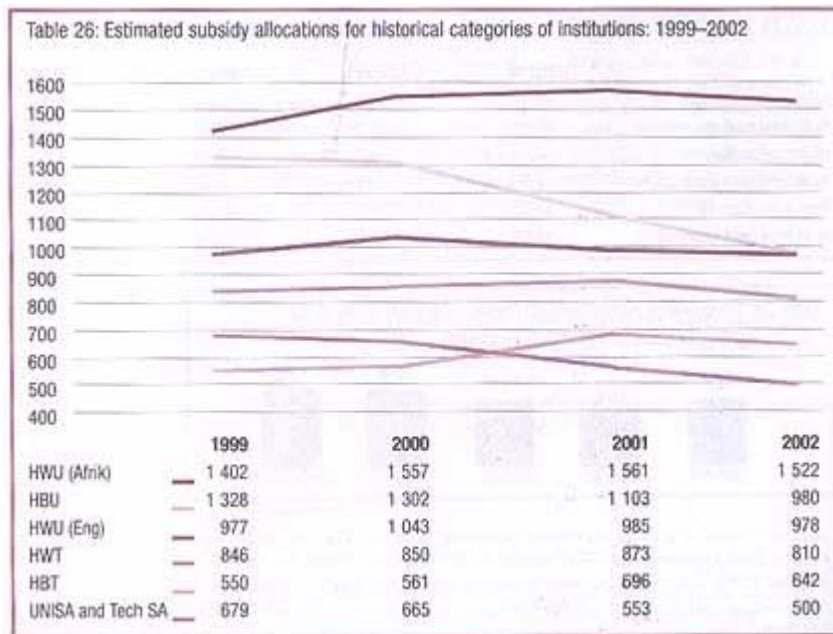
In summary, government expenditure on higher education has increased relative to total government expenditure as well as relative to total government expenditure on education. Government could well argue that given other economic and social development problems and needs the proportional allocations to higher education are now at the upper limits of what is reasonable.

4.3 Crisis and challenge

Nonetheless, in recent years a number of institutions, all historically black universities, have been experiencing financial difficulties at a level that has required them to acquire significant overdraft facilities. The overdrafts have ranged from approximately R26 million to R90 million. While the state subsidy for 1999/2000 could enable institutions to settle their overdrafts, there is a prospect that some will go into overdraft again in the course of the present financial year. Reasons provided by institutions for their debt vary, including: historical and current student debts on tuition fees, declining income due to decreasing student enrolments, costs incurred as a result of staff restructuring and historical under-funding related to the current subsidy formula. Of course, the degree to which each of these factors contributes to the financial difficulties of an institution varies. Moreover, at some of these institutions, but not limited to them, lack of adequate financial planning, management, monitoring and reporting capacities have been identified. The DoE has taken steps to address these inadequacies but they remain a matter of extreme concern.

Work in progress within the DoE suggests that a particularly serious problem could loom at those institutions that seem to be on a trajectory of declining student enrolments. It is clear that if the current higher education funding arrangements, with all their detailed provisions, remain in place during the next triennium, major shifts will occur in government subsidy allocations to the different sectors. The projected subsidy student totals for the triennium 2000-2002 will be based on the following subsidy student data: projections for year 2000 on 1997 and 1998, for year 2001 on 1998 and 1999 and for year 2002 on 1999 and 2000. The subsidy student data for 1997 and 1998 are available, and estimates of subsidy student totals for 1999 and 2000 can be made relatively easily. When these totals are factored into the subsidy formula, they produce the estimates of possible government subsidy allocations set out in Table 26. The graph is based on constant or real rands for 1999 and on the assumption that none of the provisions of the formula are changed in 2000-2002 compared to 1999.

Table 26: Estimated subsidy allocations for historical categories of institutions: 1999 - 2002 (Rands millions) (Rands millions)



Note: the figures quoted are all in 1999 rands.

The possible changes in the distribution of government subsidy formula income, on all the assumptions referred to above, appear in Table 27.

Table 27: Projected shares of government subsidy formula allocations, 1999-2002

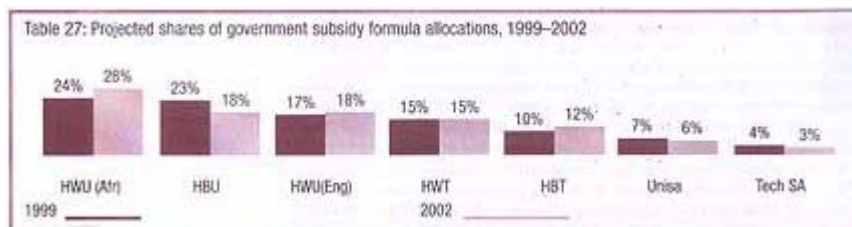
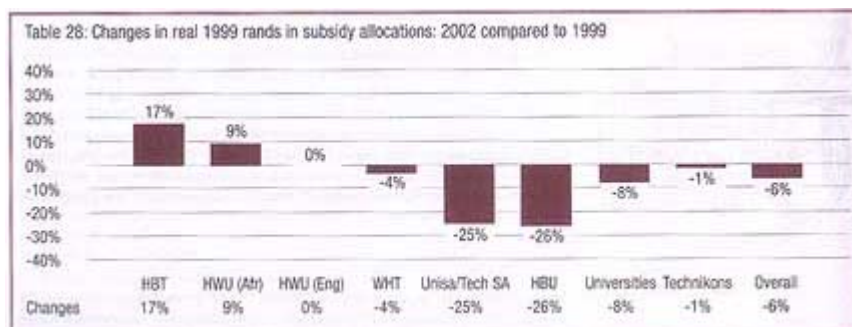


Table 28 illustrates the changes in real rands that would occur in 2002 compared to 1999 as far as these subsidy projections are concerned.

Table 28: Changes in real 1999 rands in subsidy allocations: 2002 compared to 1999



Note: the figures quoted are all in 1999 rands.

Barring actions and interventions from government, the scenario projected here has major implications for the higher education system in general and for higher education institutions in particular. Firstly, there could be a significant shift in resources between universities and technikons and between traditionally contact and traditionally distance institutions. Secondly, institutions with declining enrolments and existing problems of debt and overdraft could find themselves in particularly dire circumstances, and could even collapse. Finally, and of special concern, there could be a 6% or R348m drop in government income from 1999 to 2002.

This scenario represents a crisis of higher education. It also represents a crisis with the potential to intensify, unless there is a considerable increase in student enrolments at a number of institutions and within the public higher education sector as a whole. At a conjuncture when knowledge is more crucial than ever to development and when there already exists a shortage of high-level personpower, South Africa can ill afford a decline in enrolments in public higher education or a less than robust public system.

The emerging scenario, clearly, requires the urgent attention of the DoE, the CHE and the wider higher education constituency. At the same time, it represents a tremendous challenge and perhaps even window of opportunity for the higher education community: the challenge is to develop an innovative framework and plan of action which reconfigures and revitalises the higher education system and individual institutions in relation to development, knowledge and personpower needs; build and enhance public confidence in higher education; and promote access and enrolments as a means of convincing government to maintain the present levels of higher education funding.

5. THE CHALLENGES OF CHANGE

On 27 July 1999, Education Minister Kader Asmal declared:

Today I am announcing the start of a national mobilisation for education and training. At the first Cabinet meeting of the new government, President Thabo Mbeki posed the question: 'Is our education system on the road to the 21st century?' The South African public has a vital interest in the answer.

The question is highly pertinent and, given the investment of public funds in higher education, the public must, of course, have a 'vital interest in the answer'.

The *White Paper* of 1997 established a comprehensive transformation agenda in an attempt to harness higher education to help overcome social-structural inequities, contribute to reconstruction and development and position South Africa to engage effectively with globalisation. In this way, it sought to ensure that South Africa would be both a better place in the 21st century and better equipped for the challenges of the 21st century.

South African higher education is undergoing change, both at the level of individual institutions and in the system as a whole. One impulse towards change has been the policy framework and signals provided by the 1997 *White Paper*; another has been global and local socio-economic conditions. Overall, in the two years since the adoption of the *White Paper*, the progress made by higher education has been very mixed and uneven. There are some extremely positive trends but, equally, some greatly worrying developments and, overall, much remains to be accomplished if higher education is to be a system of and for the 21st century.

5.1 Landscape

At the level of the higher education system, a new landscape is beginning to emerge. The previous rigid boundaries between institutions are easing in relation to institutional types, organisational forms of higher education provision, curriculum, programme and qualifications offerings and types of governance and management. The differences between institutions which sustained the categories 'historically advantaged' and 'historically disadvantaged', 'historically white' and 'historically black', 'university' and 'technikon', 'contact' and 'distance' and even 'Afrikaans-medium' and 'English-medium' are also eroding and no longer fully capture the emerging differentiation within the higher education system. The process of the incorporation of colleges into the higher education system, starting with the colleges of education, is underway although the rationalisation and integration process is not unproblematic. Private higher education provision through local and overseas institutions is expanding and a range of partnerships between local private and local public higher education institutions, local private and overseas public institutions and local public and overseas public institutions are emerging.

Change at institutions varies greatly in terms of pace, scope, depth, form and content. Some institutions have begun to consciously, actively and extensively remodel and reorient themselves in relation to the changed global and local conditions and the new higher education legislative and policy framework. Others are in the process of (re)defining their purposes, goals and strategies and/or are in the early phases of institutional restructuring. Yet others appear to have been overwhelmed by the demands of the new context and are only fitfully and with considerable difficulty developing responses.

At some institutions change has been a consequence of deliberate and dynamic engagement with a changing political and socio-economic environment; at other institutions change has been less the outcome of active interaction with this environment as much as the result of its impact. The nature and extent of change at institutions is shaped by a combination of their particular institutional histories, cultures and conditions, and their contemporary structures and processes of governance and authority, leadership and management.

The emerging differentiation within the system and the emerging landscape are in part the result of new policy imperatives and in part unanticipated and perhaps even unintended outcomes of a broader environment. Aspects of the nature of differentiation and the landscape must be cause for concern in relation to the goal of a national, integrated and co-ordinated higher education system.

Of course, the policy vehicles, instruments and mechanisms for ensuring a national, integrated, co-ordinated and differentiated system are still relatively new or in the process of being developed. These include the three-year institutional plans, the national planning framework, the new funding framework, a new management information system, as well as the Higher Education Branch of DoE and the CHE and its HEQC. A confluence of multiple and key higher education policy initiatives remains to be achieved. There are also severe problems related to availability of financial and especially human resources, inadequate high-level higher education policy expertise and a weak knowledge and information base. Indeed, many institutions sorely lack capacity to provide and process often basic data and information and either have no or a very limited culture of reflective institutional research, usually the hallmark of quality institutions.

In this context, a number of actions appear to be vitally necessary, urgent and overriding challenges. Firstly, the *White Paper* provided a comprehensive transformation programme, policy framework and general policy signals. However, this programme was, in part, grounded on certain macro-economic and fiscal policy assumptions that no longer hold and have implications for the programme. There is now a need to identify and vigorously tackle the core priority issues and areas - the size and shape of the higher education system, academic policy, how an integrated yet differentiated system is to be achieved and sustained by funding, etc. - to make decisive choices and decisions and issue specific policy declarations. The resolution of a number of other subsidiary issues depends in large part on these initial choices and decisions.

Secondly, in specific areas and around particular issues there is a need for adequate national and central shaping and steering of the higher education system and appropriate and timely interventions, with a concomitant development of greater effectiveness and efficiency. Finally, the resources must be mobilised to support institutions to develop capacities congruent with the demands of the new conjuncture. Prioritisation and decision-making could contribute to providing greater policy direction, greater focus and depth to the work of central steering bodies and more effective use of the limited human and financial resources available.

The movement towards a vibrant, dynamic and well functioning higher education system, which has social and economic public and private benefits for society and individuals respectively, depends on taking action and meeting the challenges above.

5.2 Participation

The increased enrolments in higher education projected by the NCHE and called for by the *White Paper* have not materialised. Indeed, the overall headcount student enrolment in higher education declined by 7% (41 000) in 1999 compared to 1998. This represents a fall in full-time equivalent student enrolments of 26 000.

The decline may have unfortunate social and economic consequences since labour market trends predict a sustained growth of 5% in the demand for high-level skills. The prevalence

and effects of Aids within the higher education student body and graduate community has also yet to be seriously investigated and factored in. A recent conference on Aids initiated by the Minister of Education has established a working group to look into this issue. No reliable data exists as yet to indicate whether, and to what extent, the decline in the public higher education arena has been offset by enrolments in the private higher education arena. Overall, the decline in enrolments raises the question of the sustainability of the current institutional shape of higher education.

While one reason for the decline in enrolments is the fall in the output of students with matriculation passes, a comprehensive explanation has yet to be developed. In this regard, there is a need for a national study to gain a better understanding of the changes in student enrolments. Such a study should not only analyse statistical trends but also interview students to gain a better understanding of student behaviour. Beyond this, essential to steering around higher education participation targets and growth rates is the need for a much more responsive and modern information system that provides policy relevant 'real time' data on students and staff, both in the public and private higher education arenas.

The participation of students has broadened. Student enrolments in terms of 'race' and gender have become more representative. In 1999, 52% of students in universities and technikons were female, compared to 43% in 1993. In 1999, 59% of all students in universities and technikons were African and only 29% white, compared to 40% for African students and 47% for white students in 1993. The change in the 'race' profile of universities and technikons is partly the consequence of a sharp decline in the enrolment of white students who have left the public higher education arena. Their departure is a matter for concern since this has contributed to the decline in overall enrolments in the public higher education arena, and they were in the main full fee-paying students.

A considerable shift has also been occurring in the pattern of enrolments at different types and historical categories of institutions. The main beneficiaries in terms of increased enrolments have been the contact technikons and the historically white Afrikaans-medium universities. Conversely, those experiencing major losses of students have been the historically black universities and the traditionally distance institutions - Unisa and Technikon SA. The latter have been coming under pressure from traditionally contact institutions which have begun offering distance education.

The increasing enrolments at the technikons, as a proportion of overall enrolments, also signals that a shift towards career-oriented education is occurring - a shift called for by the *White Paper*. Between 1995 and 1999 the proportion of enrolments in the contact technikons increased from 18% to 23%, whereas contact university enrolments only increased by 1%. There have also been shifts at the level of programmes. Between 1995 and 1999, enrolments in business and commerce increased by 62% (56 000). Science and technology enrolments during this period increased by 26% (29 000) although growth in this area may not be sustainable due to the general drop in students with matriculation passes with exemption and the appalling pass rate of matriculants with mathematics at the higher grade. Total student numbers enrolled in humanities have declined by 16% (52 000) since 1995. In terms of achieving equity at programmes level and the deracialisation of the occupational structure, it is a matter of concern that there has been no or little increase in the participation of black and women students in a number of science and technology and business fields.

While the solution is to improve the quality of schooling, in the short to medium-term higher education may need to develop innovative means of increasing the pool of students with acceptable levels of mathematics, science and English abilities and skills. For a start, in 1998, 97 371 of the 117 627 students passed matric mathematics with a standard grade pass and could perhaps benefit from special upgrading and improvement programmes. The same applies to science. There are already some examples of innovative programmes that improve the quality of standard grade matriculants; these and similar efforts should perhaps be supported. There are considerable differences in the cognitive demands between standard and higher grade mathematics and the effort required to bridge these must not be underestimated.

As indicated, the decline in enrolments in the public higher education sector must be a matter for serious concern. The informational, technological and knowledge-based economy requires a larger number of people with high-level skills. However, a major contradiction is that while there is a shortage of skilled personpower the system may be contracting rather than growing. If the trend over the past 25 years is anything to go by, the demand for graduates will grow, even during periods of slow economic growth, because of the dramatic 'upward-skilling' taking place

Contrary to media reports, a higher education qualification does result in a job for those who want to and are able to work. The fact that many humanities and arts students find employment in service-orientated occupations that do not require a degree is regarded by many in South Africa as a huge waste of resources resulting in expensive 'under-employment'. However, in the developed countries the notion of overqualified workers is increasingly viewed as a myth. In the knowledge economy graduates redefine their jobs though raising the level of service, contributing in turn to a general upgrading in levels of service provision, which is especially important in the growing service sector.

It is important to stress that increased access to and participation in higher education should not only be viewed in narrow economic terms and as purely an economic good. Higher levels of education also adds value to and enriches the intellectual and cultural domains of society and contributes to a robust and vibrant civil society and democracy.

Despite equal opportunity policies and initiatives at a number of institutions, the participation of black and women academic staff has increased little during the past five years. The number of blacks and women in high-level management and universities and technikons also remains severely limited. This is also the case at those institutions with established and well-resourced equal opportunity offices. On current performance, the higher education system is lagging behind government and business and could struggle to meet the provisions of the *Employment Equity Act*. More generally, a serious concern is the problem of attracting and retaining good quality academic and management staff and producing a new generation of academic staff who also make higher education equitable in terms of representation by 'race', gender and disability.

A number of structural constraints obstruct the pursuit of staff equity. With growing competition from the private sector and government, it is becoming increasingly difficult to offer attractive and competitive remuneration packages. Competitiveness in the high-skills job market is likely to be exacerbated by the implementation of the *Employment Equity Act*, as both public and private sector employers vie with each other to fulfil their equity plans and targets. Further, the pool of black and women candidates in the academic and executive management categories is small and not likely to increase rapidly from within the higher education system itself since the output of appropriately qualified and high quality postgraduates is inadequate to meet the demand. This is especially so in academic fields such as science and technology and business and in the ranks of senior academics, areas in which women and blacks are under-represented.

The employment of suitable black and women candidates also depends on the existence of vacant posts. In the current climate of financial constraint, the academic job market is likely to shrink, with few new posts being created. The opening of posts through natural attrition also remains very limited as many institutions have large cohorts of middle-aged senior staff who are still some way from retirement. This creates a tension between the goals of equity and efficiency.

The challenge within a competitive environment is to improve higher education conditions of service as part of national policy, and for the higher education system as a whole to publicise and market the appeal and intrinsic rewards of academic life to attract and retain staff. A range of new, proactive and innovative recruitment and retention strategies with targets will also have to be developed, as will initiatives to enhance staff quality and capacities around research and teaching.

Finally, measures are needed to revitalise academics who, at various institutions, show signs of bewilderment at the pace of institutional change, of fatigue because of the demands of restructuring and, in some cases, even demoralisation. Higher education, more than any other enterprise, crucially depends on the quality, creativity, innovation and commitment of its staff - as role-models, disseminators of knowledge and producers of new generations of high-level personnel and producers of knowledge. Such staff is vital for higher education to contribute, through teaching, research and other activities, to the all-round development of South Africa.

5.3 Responsiveness of higher education

As noted, higher education may not be producing sufficient numbers of high-level graduates with relevant cognitive and social competencies and skills, and it is unclear whether there is a shift towards higher education producing the kinds and quality of knowledge required for South Africa to become globally competitive and address the reconstruction and development challenge.

With respect to the relevance and quality of the knowledge, competencies and skills transmitted throughout the system, it has been suggested that overall curriculum reform is possibly more important than, say, producing more science and technology students trained in outdated science curricula. The point of departure may be to establish the diverse knowledge needs of South Africa, the nature and level of the knowledge and cognitive skills that are relevant for different occupational or professional categories and reform the curriculum and raise quality across the board. Here, initiatives underway around a new academic and qualification framework and policy and quality assurance through the HEQC of the CHE will be of some assistance.

There remain huge imbalances in research production and capacity between higher education institutions and output continues to be concentrated among a small number of universities. While there seems to be a growing awareness that higher education must balance traditional discipline-based research with trans-disciplinary research in which knowledge is produced in the context of application, it is too soon to draw conclusions about movement in this direction. Because of the way in which knowledge production has been traditionally organised, movement towards applications-based research may require vigorous promotion on the part of the DoE and science councils. There is a perception that higher education is not producing the amounts and kinds of knowledge workers required to expand and intensify research and innovation.

5.4 Governance

The 1997 *White Paper* introduced new modes of national and institutional governance based on co-operative governance. At a national level, co-operative governance requires the definition and re-definition of the exact roles, responsibilities and functions of the Higher Education Branch of the DoE, the CHE, key stakeholder bodies and, in relation to quality assurance, the HEQC, SAQA, professional councils and the Sector Education and Training Authorities (SETAs). In some cases, the precise roles, responsibilities and relationship of the CHE and DoE are not yet fully settled and are still evolving. Much the same situation pertains to quality assurance activities and the relations between the HEQC, SETAs, professional councils and SAQA. Principled co-operation without blurring of roles, mandates and identities, and close and continuous interaction and communication will be necessary among all higher education bodies to achieve effective co-ordination and confluence around key areas and issues of higher education transformation.

The notion of co-operative governance has been especially tested at individual higher education institutions where 'agreement in principle' has not always translated into 'unity in

practice'. The mediation of competing and sometimes irreconcilable claims and interests without institutional paralysis and/or loss of direction remains a major challenge at various institutions. Most higher education institutions have restructured their primary governance structures in line with new legislative requirements. A number have already amended their private acts to bring them into line with the requirements of the *Higher Education Act*. Many institutions have accomplished the transformation of governance structures at the level of representation and most councils have representation from all the key stakeholders within the institution.

The restructuring of senates has been uneven, and there has been a lack of clarity about the precise role of different stakeholders in senate. In terms of governance, there may be a need to distinguish between academic freedom, institutional autonomy and *academic rule* - the assertion of the idea that certain important decisions relating to academic activity should be taken only by or on the mandatory advice of academics.

The past few years have seen the emergence, by design or default, of various types of institutional governance and management. These have had differing degrees of effectiveness and success in engaging with the new policy environment and the new socio-economic conditions. Some types of governance and management appear to have contributed to positioning institutions well to cope and even to flourish in the new situation. Other governance and management types, which are the outcomes of particular institutional histories and cultures and debilitating stakeholder conflicts, have meant that some institutions have experienced major problems in (re)orienting themselves. It is of immense concern that at some institutions there exists a potent coexistence of a crisis of leadership and governance, declining student enrolments and institutional debt and or weak financial management. The possibility of such institutions deteriorating further and collapsing must be faced.

It is clear, and has already been recognised by the DoE, that in the new environment education and training initiatives to improve effective governance, including leadership and management capacity development programmes, are a necessity. However, the considerable institutional differentiation means that capacity development needs of institutions are quite varied. They range from more conventional and very specific interventions to augment the already existing skills and capacity to the need for multi-skilled institutional support teams to help the leadership of an institution to stabilise, focus and re-direct the institution. It is also evident that the need for training is not restricted to institutional managers and administrators but also extends to the membership of councils of institutions and to student leaders.

5.5 Funding

Government increased its funding of higher education during the 1995-1999 period. However, on average, public subsidies to higher education only represent about 50% of the total higher education income. Tuition fees represent about 25% of income and the balance is secured via research contracts, private donations and gifts, and income from investments.

A number of institutions have been experiencing often severe financial difficulties. The reasons for this have included high levels of student debts, inadequate financial systems and infrastructure and lack of effective financial management and administration. Historically disadvantaged institutions, especially the historically black universities, argue that the financial difficulties also stem from inadequate public subsidies as a consequence of distribution based on an inappropriate funding formula. While provision has been made for institutional redress funding during the past two years, this has amounted to no more than 0.9% of the overall higher education budget. A key issue, however, that needs to be faced is the priority and balance between institutional redress (a focus on historically disadvantaged *institutions*) and individual social redress (a focus on historically disadvantaged *individuals*). A new funding formula is in the process of being developed and is still some way from being finalised. If the present formula continues to be used for funding of institutions, a number of

institutions that have experienced declining student enrolments and/or institutional debt during recent years - essentially the historically black universities and the two traditional distance institutions - could find themselves under severe financial and other pressures. Indeed, some institutions face the risk of collapse. There is also the prospect of the higher education system as a whole suffering a considerable loss in government funding between 1999 and 2002.

South Africa cannot tolerate a decline in enrolments in public higher education or a weakened public system. The social and economic consequences would be severe. The challenge, however, is not simply the formulation and technical implementation of a 'goal orientated new funding system' as proposed by the *White Paper*. Rather, a new funding system has to be linked to the substantive achievement of an accessible, robust and new higher education landscape. Such a landscape would comprise a mix of institutions with varying roles and functions that contribute in different yet complementary ways to the diverse economic and social development, knowledge, and personpower needs of South Africa. The issue of institutional redress funding has to be approached within such an overall context.

The possible crisis in higher education funding calls for urgent attention on the part of the DoE, the CHE and the wider higher education community. In essence, the challenge is to persuade government to maintain the present levels of higher education funding with the guarantee that the key higher education actors can and will, within a specified time-frame, reconfigure and revitalise the higher education system and individual institutions for the public good.

PART 2

THE COUNCIL ON HIGHER EDUCATION

The Council on Higher Education (CHE) was established in May 1998. Its mission is to contribute to the development of a higher education system characterised by equity, quality, responsiveness to economic and social development needs, and effective and efficient provision and management.

The CHE seeks to make this contribution:

- ⌚ By providing informed, considered, independent and strategic advice on higher education issues to the Minister of Education;
- ⌚ Through the quality assurance activities of its Higher Education Quality Committee (HEQC);
- ⌚ Through publications - including an annual report to parliament which analyses the state of, and challenges facing, higher education - through broader dissemination of information and through conferences and workshops on developments in higher education.

1.1 Membership

The Minister of Education appointed the members of the CHE following a process calling for nominations from higher education stakeholders and the public. The CHE presently comprises 20 members, 13 (including the Chairperson) appointed by the Minister and seven ex-officio members. A member with expertise around labour concerns and matters has yet to take his or her place on the CHE. Provision is also made for the co-option of three more members.

CHE members are appointed in their own rights as people with special knowledge and expertise on higher education matters. In this regard, and despite the members of the CHE being drawn from various constituencies, the CHE functions as an independent expert statutory body rather than a body of delegates or representatives of organisations, institutions or constituencies.

1.2 The responsibilities of the CHE

The *Higher Education Act* and the *Education White Paper 3 of 1997, A Programme for the Transformation of Higher Education* of 1997, establishes the responsibilities of the CHE:

- ⌚ Advising the Minister on all higher education issues on which the CHE's advice is sought;
- ⌚ Advising the Minister on its own initiative on higher education issues which the CHE regards as important;
- ⌚ Designing and implementing a system for quality assurance in higher education and establishing the HEQC;
- ⌚ Advising the Minister on the appropriate shape and size of the higher education system, including its desired institutional configuration;

- ⌚ Advising the Minister in particular on the new funding arrangements for higher education and on language policy in higher education;
- ⌚ Developing a means for monitoring and evaluating whether, how, to what extent and with what consequences the vision, policy goals and objectives for higher education defined in the White Paper on higher education are being realised;
- ⌚ Promoting students access to higher education;
- ⌚ Providing advice to the Minister on the proposed new Education Management Information System for higher education;
- ⌚ Formulating advice for the Minister on a new academic policy for higher education, including a diploma/degree structure which would advance the policy objectives of the White Paper;
- ⌚ Formulating advice for the Minister on stimulating greater institutional responsiveness to societal needs, especially those linked to stimulating South Africa's economy, such as greater higher education-industry partnerships;
- ⌚ Appointing an independent assessment panel from which the Minister is able to appoint assessors to conduct investigations into particular issues at public higher education institutions;
- ⌚ Establishing healthy interactions with higher education stakeholders on the CHE's work;
- ⌚ Producing an annual report on the state of higher education for submission to parliament;
- ⌚ Convening an annual consultative conference of higher education stakeholders;
- ⌚ Participating in the development of a coherent human resource development framework for South Africa, in concert with other organisations.

1.3 Fulfilling the mandate

These many, varied responsibilities require the CHE to engage in different kinds of activities and it is committed to responding in a strategic, flexible, pragmatic but principled way. The CHE is also committed to establishing effective and efficient procedures, mechanisms and courses of action.

The CHE recognises that its role, activities and advice to the Minister of Education will be shaped by a number of factors. These include:

- ⌚ The new legislative framework for higher education and the policy goals of government;
- ⌚ The goals, aims, aspirations and initiatives of stakeholders, such as government, higher education institutions, the South African University Vice-Chancellor's Association (SAUVCA), the Committee of Technikon Principals (CTP), the Committee of College of Education Rectors of South Africa (CCERSA), student bodies and organisations, academic and administrative staff unions, professional associations, civic organisations, organised labour, the business sector and science and technology institutions;
- ⌚ The activities and initiatives of higher education development and research agencies;
- ⌚ The local and international knowledge and information base on higher education issues, questions and practices;
- ⌚ The financial and human resources capacities of stakeholders;
- ⌚ The financial and human resources capacities of the CHE itself. At the operational level the CHE will strive to;
- ⌚ As far as is possible, draw on and use the specialist knowledge and expertise of local policy research and development agencies, consultants and individual researchers and academics;
- ⌚ Where it is obliged to use the services of overseas agencies and consultants, seek to promote the development and enhancement of the expertise, capacities and competencies of local institutions, organisations and individuals;
- ⌚ Actively provide opportunities for the involvement and development of black and women researchers, academics and personnel as a means of contributing to the

erosion of the current racial and gender configuration of knowledge production in South Africa;

- ⌚ As required by the *White Paper*, pursue a co-operative relationship with the Higher Education Branch of the Department of Education (DoE) through sharing information and joint participation in meetings and on projects as appropriate.

1.4 Organisation

The CHE is structured internally along the following lines
(ORGANOGRAM TO BE DRAWN)

COUNCIL

Full membership meets every two months

EXECUTIVE COMMITTEE

Meets every month

TASK TEAMS

Responsible for directing and co-ordinating CHE activities on particular areas/issues:

- ⌚ Monitoring the achievement of policy goals and objectives;
- ⌚ The shape and size of the higher education system;
- ⌚ A new funding framework for higher education;
- ⌚ Quality assurance in higher education;
- ⌚ A new academic policy for higher education;
- ⌚ Greater institutional responsiveness through enhanced higher education partnerships;
- ⌚ Language policy in higher education;
- ⌚ Private higher education.

SECRETARIAT

Provisional personnel structure of the CHE

1.5 Secretariat/personnel

For more than a year, the CHE's progress was severely compromised by the difficulty of securing an Executive Officer and, related to this, establishing a secretariat. The CHE proposed to appoint an Executive Officer who would be trusted by all stakeholders for his/her objectivity and enthusiasm for higher education, who possessed knowledge, experience and expertise on higher education and who had leadership skills and sufficient drive to direct the activities of the CHE.

The first advertisement for the post of Executive Officer did not generate suitable candidates and the CHE was obliged to re-advertise the post late in 1998. Following interviews in February 1999, a new applicant, Professor Saleem Badat, then Director of the Education Policy Unit at the University of Western Cape, was offered the post. Dr Badat assumed duty full-time on 1 June 1999. A temporary administrator, Ms Charmaine Kakaza, was appointed to support Dr Badat.

Initially, the Development Bank of Southern Africa provided secretariat services to the CHE on a non-profit basis. Between March and May 1999 these services were provided by the Education Policy Unit, again on a non-profit basis. Thereafter, the secretariat was constituted

by Dr Badat and Ms Kakaza, and from June 1999, until Dr Badat's relocation to Pretoria in October 1999, the two-person CHE secretariat was housed in office space leased from the Western Cape Tertiary Institutions Trust in Rondebosch, Western Cape.

The CHE will establish its office in Pretoria to ensure ongoing and effective communication with key higher education stakeholders, in particular the DoE. To support the work and activities required of the CHE, including the HEQC, the CHE seeks to appoint a core of full-time professional staff with knowledge and experience of higher education, supported by able administrators and support staff. Where necessary, the CHE will pursue seconding personnel with special expertise and skills to the CHE. The first posts were advertised in August 1999. The CHE will secure the workspace, furniture and equipment essential for its effective and efficient functioning, within the constraints of its financial resources. Wherever possible, various administrative and personnel support functions will be contracted out, and flexible, cost effective, co-operative arrangements will be pursued.

1.6 Activities

Between May 1998 and August 1999, the CHE held nine meetings of the full membership. The Executive Committee has met on more than a dozen occasions. In addition, a meeting was held between the CHE and the new Minister of Education and meetings initiated between the Executive Committee and key stakeholders, a process which is yet to be completed. The CHE has been involved in a range of activities. It has:

- ⌚ Considered, commented on and advised on bills and legislation directly related to higher education or with implications for higher education;
- ⌚ Appointed, as required by section 43 of the *Higher Education Act*, an independent assessment panel from which the Minister of Education is able to appoint assessors to conduct investigations at public higher education institutions around particular issues;
- ⌚ Examined and commented on reports produced by independent assessors, and produced a consolidated commentary synthesising issues arising from various reports by the independent assessors;
- ⌚ Considered and commented on the DoE report on the three-year institutional plans of higher education institutions;
- ⌚ Commissioned presentations and held discussions on various issues, including the profile of staff and students in higher education, the three-year institutional plans of higher education institutions, the development of the Education Management Information System, the *Skills Development Act* and Sector Education and Training Authorities, the work of the DoE reference group on funding and private higher education.
- ⌚ Produced a business plan that sets out its mission, mandate, responsibilities, operational principles and intended key projects as well as its envisaged personnel and financial requirements. The business plan is regarded as a dynamic framework of activities that can be developed in accordance with changing conditions and through interaction with higher education stakeholders.

1.7 Task Teams

The CHE has sought to establish Task Teams on areas and issues requiring special attention according to the *Higher Education Act* or *White Paper*, or considered by the CHE to be of particular importance. Each Task Team is convened by a CHE member, comprises different numbers of CHE members and has the option to co-opt people with relevant expertise. Some Task Teams are yet to be established and those already operating have registered varying degrees of progress.

1.71 From Quality Assurance in Higher Education Task Team to the Interim HEQC

The *Higher Education Act* assigned to the CHE statutory responsibility for quality assurance and quality promotion in higher education, to be carried out through a permanent body, the HEQC. The work of the HEQC, in carrying out its mandate of giving effect to the National Qualifications Framework (NQF), is subject to the requirements of the South African Qualifications Authority (SAQA). The HEQC will have to apply to SAQA for accreditation as an Education and Training Quality Assurer (ETQA). The functions of the HEQC, according to the Act, are:

- ⌚ To promote quality assurance in higher education;
- ⌚ To audit the quality assurance mechanisms of higher education institutions;
- ⌚ To accredit programmes of higher education. This has explicitly placed quality assurance centre-stage in the restructuring of higher education, impacting on South Africa's 21 universities, 15 technikons, several colleges and burgeoning, as yet uncharted, private higher education sector.

The CHE established a six-member Task Team in October 1998 to advise it on setting up the HEQC, given the existing quality assurance arrangements in the country and the statutory requirement to forge a national quality assurance system for higher education that would be well co-ordinated and inclusive. On the basis of the preliminary recommendations of this Task Team, in April 1999 the CHE approved the establishment of an interim HEQC and mandated it to undertake a number of tasks. The interim HEQC is composed of CHE members and participants from key constituencies e.g. the CTP, SAUVCA, CCERSA, the DoE, the Department of Labour, SAQA and professional councils. A first meeting in June 1999 established three subcommittees to undertake a range of investigative, evaluative, regulatory and consultative tasks. Key among these are:

- ⌚ Preparing a founding document identifying principles and priorities for the CHE as an ETQA that will seek SAQA registration;
- ⌚ Evaluating the Certification Council for Technikon Education (SERTEC) and the former Quality Promotion Unit (QPU) of SAUVCA to contribute towards identifying best practices for the HEQC;
- ⌚ Establishing appropriate working relationships between the HEQC and a range of other related bodies e.g. the professional councils, the Sector Education and Training Authorities (SETAs), other ETQAs, the National Standards Bodies (NSB's) and Standards Generating Bodies (SGB's) of SAQA, etc.;
- ⌚ Attending to a variety of transitional quality assurance issues until a fully fledged HEQC is established;
- ⌚ On-going consultation with relevant stakeholders. Core funding to establish the HEQC and support its work will come from the CHE budget with additional funding from private foundations.

For private higher education, which also falls under the jurisdiction of the HEQC, SAQA has been acting as an interim ETQA, providing preliminary accreditation to such institutions until the HEQC is fully operational. Members of the interim HEQC have been engaged in extensive and useful discussions, particularly with SAQA and the DoE, to clarify the nature and scope of the HEQC's work in the light of the statutory quality assurance responsibility of the CHE. Other discussions with the Department of Labour, professional councils and other stakeholders are already underway or are at a planning stage. The CHE expects the interim HEQC to have completed its consultative and preparatory work by mid 2000, after which the HEQC will be established.

The task of establishing a nationally co-ordinated quality assurance system for higher education that is responsive to, and aligned with, the transformation imperative in higher education is daunting. The new system will have to find the right balance between the requirements of accountability demanded by the state and society on the one hand and equitable development in response to the uneven legacies of our history on the other. The system will also have to hold together the requirements of internal assessment and

monitoring of quality (self-regulation) and external regulation by peers and stakeholders. Further, the quality assurance system will have to be cost effective, efficient and yield tangible improvements in the quality of teaching and learning in higher education and not simply generate a formal and onerous bureaucracy. The substance of transformation in higher education critically depends on getting the quality assurance system working successfully.

1.72 The shape and size of the higher education system

The ultimate purpose of this Task Team is to enable the CHE to advise the Minister on the higher education institutional configuration that would best achieve various policy objectives. This team was spurred on by the Minister's 27 July 1999 *'Call to Action: Mobilising Citizens to Build a South African Education and Training System for the 21st Century'* where he said:

The size and shape of the higher education system cannot be left to chance if we are to realise the vision of a rational, seamless higher education system, responsive to the needs of students of all ages and the intellectual challenges of the 21st century. The institutional landscape of the higher education system will be reviewed as a matter of urgency in collaboration with the Council on Higher Education.

This Task Team has commissioned reports on the key conditions and issues that need to be taken into account in any consideration of the shape and size of the higher education system and a Concept Paper that looks at these and the principles, criteria and options that ought to inform any shape and size exercise. A full CHE workshop is planned for late 1999. The question of shape and size and the reconfiguration of the higher education system is an immensely complex and challenging task, but the CHE believes it is imperative for the future of South African higher education.

1.7.3 A new funding framework for higher education

This Task Team has as its brief funding and financing issues and monitoring and discussing developments around a new funding formula for higher education, which is the subject of a DoE (Higher Education Branch) Funding Formula Advisory Reference Group.

The present South African Post-Secondary Education (SAPSE)-based subsidy formulae for universities and technikons is set to be replaced by a new funding framework for higher education based on policy positions set out in the *White Paper*. This will include a block grant for institutions based on a drastically revised formula as well as earmarked funding for which institutions can submit applications. According to the new funding formula, institutions' block grants will be determined by the price or cost attached to student places in learning fields at specified levels of learning and the number of these student places awarded to each institution. Institutions can apply for the earmarked funding from three categories: institutional redress funding, individual redress funding and 'other' funding.

The DoE has made some progress in developing a new formula-based approach for allocating block grants. Developing a new funding formula that is equitable and meets reconstruction and development goals is, however, a complex and difficult process. Some of this work is highly technical and requires a fairly developed understanding of statistical modelling techniques.

The CHE is kept fully informed about the work and activities of the Reference Group and the dilemmas and problems it faces. In addition, the CHE is regularly briefed by the DoE on progress in developing the new funding framework. The CHE will comment on this on an ongoing basis and advise the Minister when there is a final proposal. A CHE meeting in June 1999 was given a detailed presentation on the development of the new funding formula and Task Team meetings have been held when required.

1.7.4 Monitoring the achievement of policy goals and objectives

The *White Paper* outlined a number of policy objectives that are to be achieved through new approaches and initiatives in higher education. These policy objectives are best summarised in the *White Paper's* comprehensive vision statement that covers four distinct broad areas:

- ⌚ Realising the potential of higher education learners in an equitable learning environment in which quality is promoted;
- ⌚ Meeting the requirements of society - especially those related to stimulating economic growth;
- ⌚ Supporting the development of responsibly critical and enlightened citizens in our society;
- ⌚ Contributing to the advancement of all forms of knowledge and scholarship by upholding rigorous standards of academic quality.

The Task Team is responsible for monitoring and evaluating the extent to which initiatives in higher education actually promote the new policy objectives and for advising the Minister of Education in this regard. This could include the development of a set of indicators that would enable the CHE to monitor the achievement of policy objectives. Some of the issues are:

- ⌚ How can we know whether we are achieving policy objectives - what impact measures are required for each of the four systemic policy objectives of the *White Paper's* vision statement for higher education?
- ⌚ What needs to be in place to make sure that these priorities and any related targets can be achieved - what are the necessary preconditions on a systemic and institutional level to ensure achievement of the vision for higher education?
- ⌚ What are the implications of these broad systemic objectives for the way the higher education system is configured?
- ⌚ How should financial incentives be designed to ensure that the higher education system delivers on these objectives?

This Task Team has achieved limited progress but it is aware that there are a number of higher education research and development agencies that are engaged in work related to its focus. The Task Team has been keeping in touch with developments in these projects, which are to be completed soon, is awaiting their results and seeks to explore the possibility of steering, co-ordinating and facilitating further work by these agencies that is of direct pertinence to the CHE.

1.7.5 A new academic policy for higher education

The role of this Task Team is to ensure that a new academic policy for higher education is developed that includes guidelines for a diploma and degree structure that reflect the policy aims of the *White Paper*.

The existing academic policy for universities and technikons, including the requirements for the various categories of qualifications, are contained in the SAPSE 02-116 policy document for universities and SAPSE 02 -150 for technikons. For colleges of education, COTEP recently published a new set of norms and standards for teacher education programmes.

In general, these policy documents do not reflect the *White Paper's* aims for a new academic policy framework which includes issues such as a qualification structure for higher education, articulation between institutions and incorporating multiple entry and exit points in qualification structures. In addition, at least for universities and technikons, these policies are based on a strict binary system in which universities and technikons are each governed by their own academic policies.

In interpreting the policy aims of the *White Paper* on higher education, many higher education institutions are engaged in vigorous academic planning exercises that involve developing new

qualifications to replace existing and outmoded ones. Some of these new qualifications have, in fact, already been submitted to the CHE for recommendation to the Minister.

Since the *White Paper's* policy goals and aims are far too broad and insufficiently detailed to serve as criteria to evaluate applications for the introduction of new qualifications, the CHE has had no option but to rely on the existing policies mentioned earlier in formulating its advice to the Minister on new academic programmes. This not only confuses the more innovative institutions but, in fact, also discourages them from pursuing transformation of their academic programmes. Policy governing academic programmes is therefore a necessity. Issues include the following:

- ⌚ Commonalties and differences in academic programmes at different types of institutions;
- ⌚ The linkages between policy on academic programmes and quality assurance and SAQA's function;
- ⌚ Multiple entry and exit points in higher education qualifications;
- ⌚ Qualifications as a means of promoting articulation;
- ⌚ Institutional co-operation in developing new qualifications;
- ⌚ Laddered diploma and degree structures;
- ⌚ Reducing unnecessary duplication in offering academic programmes at institutions.

To address such challenges, the CHE recently decided:

- ⌚ Firstly, that its committee processing applications for the approval of programmes and qualifications should be expanded to include a nominee of each of the CTP, the SAUVCA, the CCERSA and the DoE; and that applications for the approval of new learning programmes and qualifications be processed in terms of existing policy documents but be approached with flexibility and in the spirit of the thrust of the new policy goals;
- ⌚ Secondly, that an urgent start is made on developing a new policy document relating to academic policy for higher education based on the policy goals set out in the *White Paper* on higher education. Such a document would need to take cognisance of the new set of norms and standards for teacher education programmes published recently by COTEP. A Working Group under the supervision of the CHE Task Team has been established to develop a draft academic policy document by late 1999.

1.7.6 Greater institutional responsiveness through enhanced higher education partnerships

In general, institutions have been characterised by high degrees of institutional insularity and are said, by the business sector in particular, to be insufficiently responsive to society's needs. It is alleged that there is wasteful duplication of programmes and a mismatch between higher education products - graduates and diplomates - and society's needs, especially those of a growing economy.

These views need to be tested and ways of building synergy between higher education and other institutions and partnerships which promote economic and social development need to be investigated. Research issues include:

- ⌚ A situation analysis of the system with regard to responsiveness and partnerships;
- ⌚ An international comparative analysis on the nature and outcomes of partnerships in other countries;
- ⌚ A description and analysis of conditions conducive and inimical to partnerships, including changes in knowledge and the effects of these changes on responsiveness.

A Task Team to initiate work in this area has yet to be established.

1.7.7 Language policy in higher education

Through the activities of this Task Team, the CHE seeks to be in a position to advise the Minister on options for approaching language policy in higher education that would reflect the language provisions of the Constitution and Bill of Rights, advance equality of access and opportunity in higher education and promote the development needs of South Africa.

No language policy has been developed for higher education since the adoption of the Constitution which acknowledged multilingualism as a resource - Section 6 of the Constitution makes provision for 11 official languages. The Bill of Rights in the Constitution also recognises language as a basic human right (section 9[3] and 30). Section 29(2) provides for the following: "Everyone has the right to receive education in the official language or languages of their choice where that education is reasonably practical."

Section 6(5) further provides for the Pan South African Language Board (PANSALB) to be established by national legislation to promote multilingualism. PANSALB is an important stakeholder in the language field. The *Pan South African Language Board Act* (Act No. 59 of 1995, as amended), provides that the Board shall make recommendations on any proposed or existing legislation, practice and policy dealing directly or indirectly with language matters at any level of government (section 8[1][a]). The Board may also request any organ of state to supply it with information on any legislative, executive or administrative measures adopted by it relating to language policy and language practice and may advise any organ of state on the implementation of any proposed or existing legislation, policy and practice dealing directly or indirectly with language matters (section 8[1][b] and [c]).

Language-in-education policy falls under the DoE and involves matters such as language(s) of learning and teaching in public schools, school curricula, language-related duties of provincial departments of education, school governing bodies, etc. In 1997, the DoE introduced a nation-wide Language-in-Education Policy. While the underlying principle is to retain the home language for learning and teaching, the policy encourages learners to acquire additional languages.

The Language Plan Task Group (LANGTAG) Report (1996) recommended that the use of languages other than English and Afrikaans be promoted in higher status functions, for example at universities and technikons.

The Task Team was established in mid-1999 and a larger working group has been active, reporting regularly to the CHE. A report 'Guidelines for developing a language policy for higher education' was recently tabled.

1.7.8 Private Higher Education

This Task Team was established after a number of issues related to private higher education in South Africa began to come onto the CHE agenda. The Task Team has initiated a joint research project with the DoE around:

- ⌚ The constitutional, legal and local and global economic, social and educational factors that have created the conditions for the emergence of a substantial private higher education sector in South Africa;
- ⌚ The size and shape of the private higher education sector;
- ⌚ The adequacy of the regulatory framework - legal, financial and quality - governing private higher education institutions;
- ⌚ The impact - actual and potential - of the private higher education sector on the public sector and on human resource development more generally.

The research project is intended to lay the basis for providing advice to the Minister, while some aspects of the research will inform the work of the CHE in the areas of accreditation of private institutions and quality assurance.

1.8 Conferences and workshops

CHE members have also addressed and attended a limited number of local and international conferences and workshops, particularly in the area of quality assurance. Through attendance of conferences, seminars and workshops, the CHE seeks to be alert to significant developments and trends in higher education, analyse their implications for its work and share them with stakeholders.

1.9 Relations with stakeholders

The CHE is required to establish healthy relations with higher education stakeholders around its work, and is committed to doing so. To this effect, meetings have been held between the CHE and key stakeholders, a process that has yet to be completed and will continue.

The CHE is also required by the *White Paper* to pursue co-operative relations with the Higher Education Branch of the DoE in undertaking the respective functions of the two bodies. This is the case, with an open flow of communication and information between the two bodies and, where appropriate, joint initiatives. For example, the CHE participates in the DoE's Task Team on Research Outputs.

The CHE is of the view that participation in particular initiatives of the DoE is conducive to CHE advice being timeously incorporated and also to the eventual formulation of advice to the Minister. CHE members have attended a number of workshops hosted by the DoE which have been important in conveying conditions and developments at higher education institutions and within the system in general - for example, workshops on Institutional Planning in March 1999 and on Access in June 1999. There remain, however, areas and issues where the precise roles, responsibilities and functions of the CHE and DoE are not quite clear or settled. The CHE views its relations with the DoE as dynamic and evolving, seeks continuous communication and interaction and is confident that this will ensure the development of our higher education system and institutions.

The CHE recognises that SAQA and the NQF will shape the work of the HEQC, and supports the intentions behind the NQF. However, there are still specific issues related to higher education that remain to be settled and there is an ongoing interchange of views between the CHE, the interim HEQC and SAQA. The CHE registers its appreciation of SAQA for its support and work around the accreditation of private higher education institutions in the absence of a functioning HEQC.

The CHE is also grateful to the Fiscal and Financial Commission, the Development Bank of Southern Africa, the University of Western Cape Education Policy Unit, the National Research Foundation, SAQA and various DoE officials for the services and support that have been provided for establishing the CHE office and for the day-to-day operations and meetings of the CHE.

The CHE will strive to ensure that the annual consultative conference of higher education stakeholders that it is required to convene becomes an important and meaningful forum for the exchange of ideas and views on the state of higher education, the key tasks and challenges, and the initiatives and interventions required to ensure the healthy and sound development of higher education.

1.10 Conclusion

In certain areas the CHE has made good progress and discharged its responsibilities relatively effectively. Overall, there remains much to be done. In some instances, the CHE's precise role and function in practice is not quite clear and remains to be settled, although it is also accepted that this will be shaped by conditions within higher education, relations with stakeholders and available personnel and financial resources. Many areas and issues still

need to be addressed rigorously and comprehensively and concluded. Indeed, the most difficult, complex and contentious issues in higher education remain to be addressed and resolved.

The absence of a secretariat and office has been a major constraint. The success of a body such as the CHE is heavily dependent on the existence of quality, effective and efficient support staff with the necessary knowledge, expertise and competencies, as well as adequate funding. With an Executive Officer now in place and additional personnel being employed, the CHE is now better positioned to begin to execute its many responsibilities in a more concerted and comprehensive manner. Once more personnel are in place, the CHE will be well placed to carry out its mandate efficiently and effectively.

At the same time, the CHE will continuously reflect on how and in what ways it can play a value-adding role in the higher education field.

Council on Higher Education

INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 1999

Introduction

The maintaining of accounting and other records, as well as an effective system of internal control, is the responsibility of the CHE's Accounting Officer. In the opinion of the CHE Board, this requirement has been complied with.

Preparing the financial statements that fairly presents the affairs of the CHE as at the half-year is the responsibility of the CHE Board. The CHE's Interim Financial Statements are prepared on the policies set out therein.

Post-balance sheet events

The interim annual financial statements are set out on pages X to Y. These financial statements fairly reflect the financial position of the CHE as at the end of the period under review. No material facts or circumstances have arisen between the balance sheet date and the approval of these financial statements.

Dr. S. Badat
Chief Executive Officer and Accounting Officer

Council on Higher Education

INTERIM FINANCIAL STATEMENTS

For the period ended 30 September 1999

Financial statements compiled by: Centre for Higher Education Financial Management in association with Barends Knight Chartered Accountants (S.A.)

Approved:

Dr. S. Badat
Chief Executive Officer and Accounting Officer

Council on Higher Education

A Financial Overview

For the six months ended 30 September 1999

Governance

During the period under review, the Council, which is the governance structure of the CHE, was established by the Minister of Education. To meet the challenging demands of the CHE within this rapidly changing environment, the Council will establish other committees to assist the CHE in the performance of its functions.

Infrastructure

The CHE in the period under review moved into temporary office accommodation at the Department of Education in Pretoria and the newly appointed Chief Executive Officer (CEO) took office as from 01 July 1999. The organisational structure was approved by the Council and recruitment and selection of staff to fill the approved vacant positions will be finalised before the end of November, 1999.

Surplus for the first six months

The Income Statement for the first six months of the year reflects a surplus of R1,8 million. This money represents the funds earmarked to establish the Council's infrastructure and to initiate certain key research activities. A significant part of this surplus will be used in the last quarter of the financial period.

Funding

In terms of the Higher Education Act, the CHE's funds consist of various sources:

- ⌚ Government grants to fund the operational infrastructure;
- ⌚ Donor funding or specific earmarked projects;
- ⌚ Monies the CHE may charge for any services rendered and any donations received.

Future activities

An interim Higher Education Quality Assurance Committee (HEQC) has been formed to initiate certain key quality promotion and assurance activities and work towards establishing a permanent HEQC. Certain other Task Groups were formed to start doing research on priority themes that focus on broader national higher education issues.

Dr. S. Badat

Chief Executive Officer and Accounting Officer

Council on Higher Education		
INCOME STATEMENT		
for the six months 01 April 1999 to 30 September 1999		
	Notes	R
Revenue for the year	2	2,230,696
Less: Opening expenses for the period	3	<u>409,193</u>
Surplus at the end of the period		<u>1,821,503</u>

Council on Higher Education

BALANCE SHEET		
as at 30 September 1999		
	Notes	R
CAPITAL EMPLOYED		
RETAINED SURPLUS		1,821,503
Surplus for the period		<u>1,821,503</u>
		<u>1,821,503</u>
EMPLOYMENT OF CAPITAL		
NET CURRENT ASSETS		1,821,503
Current Assets		1,941,503
Short-term investments		1,723,040
Bank and cash		218,463
Current liabilities		120,000
Accounts payable		120,000
		<u>1,821,503</u>

Council on Higher Education		
CASH FLOW STATEMENT		
for the six month ended 30 September 1999		
	Notes	R
Cash flow from activities		
Government grants received		2,167,900
Cash payments	4	<u>-289,193</u>
Net cash from activities		1,878,707
Interest received		<u>62,796</u>
Net cash inflow from operating activities		<u>1,941,503</u>
Cash and cash equivalents at beginning of period		-
Short-term investments		-
Bank balance		-
Cash and cash equivalents at the end of the period		<u>1,941,503</u>

Made up as follows:		
Short-term investments		1,723,040
Bank balance		<u>218,463</u>
		<u>1,941,503</u>
Note There are no significant commitments which existed against cash in bank at the end of the reporting period.		

Council on Higher Education		
CASH FLOW STATEMENT		
for the six month ended 30 September 1999		
	Notes	R
Cash flow from activities		
Government grants received		2,167,900
Cash payments	4	-289,193
Net cash from activities		1,878,707
Interest received		62,796
Net cash inflow from operating activities		1,941,503
Cash and cash equivalents at beginning of period		
Short-term investments		
Bank balance		-
Cash and cash equivalents at the end of the period...		1,941,503
Made up as follows:		

Short-term investments		1,723,040
Bank balance		218,463
		1,941,503
Note There are no significant commitments which existed against cash in bank at the end of the reporting period.		

Council on Higher Education	
NOTES TO THE FINANCIAL STATEMENTS	
for the period ended 30 September 1999	
1. Accounting Policy	
Revenue Revenue is recognised in the income statement when payments are received. The government grant is paid over to the Council on a quarterly basis. Revenue is recognised in the income statement when payments are received. The government grant is paid over to the Council on a quarterly basis.	
Depreciation Depreciation is written off according the straight line method over the estimated useful life of the asset.	
2. Revenue for the period	
	R
Government grants	
1996/1999	1,458,900
1999/2000	709,000
Total of government grants	2,167,900
Interest received	62,796
	2,230,696
3. Operating expenses for the year	
Personnel costs	136,289
Operational costs	272,904

Total operating expenses	409,193
4. Cash payments to suppliers and employers	
Operating expenses	-409,193
Increases in current liabilities	120,000
Total cash payment to suppliers and employees	-289,193
5. Period of financial statements	
No comparative figures are reflected in the financial statements as transactions in respect of the activities of the Council of Higher Education started from April 1998.	

APPENDIX A

SUMMARY PROFILES OF HIGHER EDUCATION INSTITUTIONS

TABLE 1: HISTORICALLY BLACK UNIVERSITIES

	Student	Change:	%	Student majors: 1999			%	%	%
	head count total: 1999	1999 compared to 1995	distance students: 1999	Science/ Tech	Bus/ Comm	Hum	black students: 1999	female students: 1999	postgrads: 1999
Fort Hare	3318	-1890 (-36%)	0%	22%	10%	68%	100%	53%	10%
Medunsa	3034	-606 (-17%)	0%	99%	0	1%	97%	44%	14%
North	7990	-5878 (-42%)	0%	28%	24%	48%	100%	48%	20%
North West	6220	+1410 (29%)	0%	n/a	n/a	n/a	100%	60%	17%
UDW	7946	-2553 (-24%)	0%	29%	5%	66%	98%	57%	31%
UNITRA	4486	-2265 (-34%)	0%	21%	18%	61%	100%	n/a	n/a
UWC	9228	-5662 (-38%)	0%	16%	4%	80%	98%	57%	20%
Venda	5001	-2456 (-33%)	0%	17%	13%	70%	100%	51%	9%
Vista	25751	-9860 (-28%)	41%	3%	20%	77%	100%	63%	7%
Zululand	6167	-1875 (-23%)	0%	19%	6%	75%	99%	63%	17%
TOTAL	79132	-31644 (-29%)	13%	19%	16%	65%	99%	58%	15%

TABLE 2: HISTORICALLY WHITE (AFRIKAANS) UNIVERSITIES

	Student	Change:	%	Student majors: 1999			%	%	%
	head count total: 1999	1999 compared to 1995	distance students: 1999	Science/ Tech	Bus/ Comm	Hum	black students: 1999	female students: 1999	postgrads: 1999
OFS	10373	+480 (5%)	0%	37%	18%	45%	47%	54%	34%
Potchef- stroom	14526	+4063 (39%)	11%	27%	16%	57%	48%	60%	31%
Pretoria Univ	52179	+20995 (67%)	49%	18%	13%	69%	62%	56%	14%
RAU	18575	-1693 (-8%)	30%	15%	16%	69%	47%	59%	24%
Stellen- bosch	18586	+3866 (26%)	10%	38%	14%	48%	25%	50%	34%
UPE	13593	+7878 (138%)	53%	17%	19%	64%	79%	63%	8%
TOTAL		+35587 (39%)	48%	23%	13%	64%	54%	57%	23%

TABLE 3: HISTORICALLY WHITE (ENGLISH) UNIVERSITIES

	Student	Change:	%	Student majors: 1999			%	%	%
	head count total: 1999	1999 compared to 1995	distance students: 1999	Science/ Tech	Bus/ Comm	Hum	black students	female students	postgrads: 1999
Cape Town	16343	+1432 (10%)	0%	41%	26%	33%	48%	47%	31%
Natal	18300	+2469 (16%)	13%	30%	24%	46%	76%	52%	27%
Rhodes	5419	+763 (16%)	0%	22%	15%	63%	50%	57%	19%
Wits	16767	-1039 (-6%)	0%	52%	15%	33%	54%	46%	33%
TOTAL	56829	+3625 (7%)	4%	39%	21%	40%	59%	49%	29%

TABLE 4: HISTORICALLY BLACK TECHNIKONS

	Student	Change:	%	Student majors: 1999			%	%
	total: 1999	1999 compared to 1995	distance students: 1999	Science/ Tech	Bus/ Comm	Hum	black students: 1999	female students: 1999
Border	4475	+3090 (223%)	0%	35%	35%	30%	98%	61%
Eastern Cape	3464	+1192 (52%)	0%	34%	66%	0%	100%	62%
ML Sultan	8650	+2107 (32%)	1%	51%	33%	16%	100%	50%
Mangosuthu	5690	+699 (14%)	0%	36%	53%	11%	100%	50%
N. Gauteng	9360	+1807 (24%)	0%	33%	29%	38%	100%	44%
NW Tech	4040	+1884 (87%)	0%	20%	66%	14%	100%	67%
Peninsula	8418	+1238 (17%)	0%	47%	27%	26%	98%	54%
TOTAL	43903	+12017 (38%)	0%	39%	37%	24%	99%	53%

TABLE 5: HISTORICALLY WHITE TECHNIKONS

	Student	Change:	%	Student majors: 1999			%	%
	total: 1999	1999 compared to 1995	distance students: 1999	Science/ Tech	Bus/ Comm	Hum	black students: 1999	female students: 1999
Cape Tech	10087	+126 (1%)	0%	42%	45%	13%	51%	42%
Free State Tech	5809	-227 (-4%)	0%	37%	39%	24%	65%	49%
PE Tech	8396	-382 (-4%)	0%	40%	35%	25%	69%	43%
Natal Tech	8141	+2370 (35%)	0%	55%	38%	7%	76%	53%
Pretoria Tech	23147	+7323 (46%)	11%	40%	26%	34%	67%	47%
Vaal Triangle	14574	+5458 (60%)	0%	39%	56%	5%	83%	48%
Wits Tech	11112	-15 (-0.1%)	0%	55%	37%	8%	77%	42%
TOTAL	82266	+14653 (22%)	3%	43%	39%	18%	71%	46%

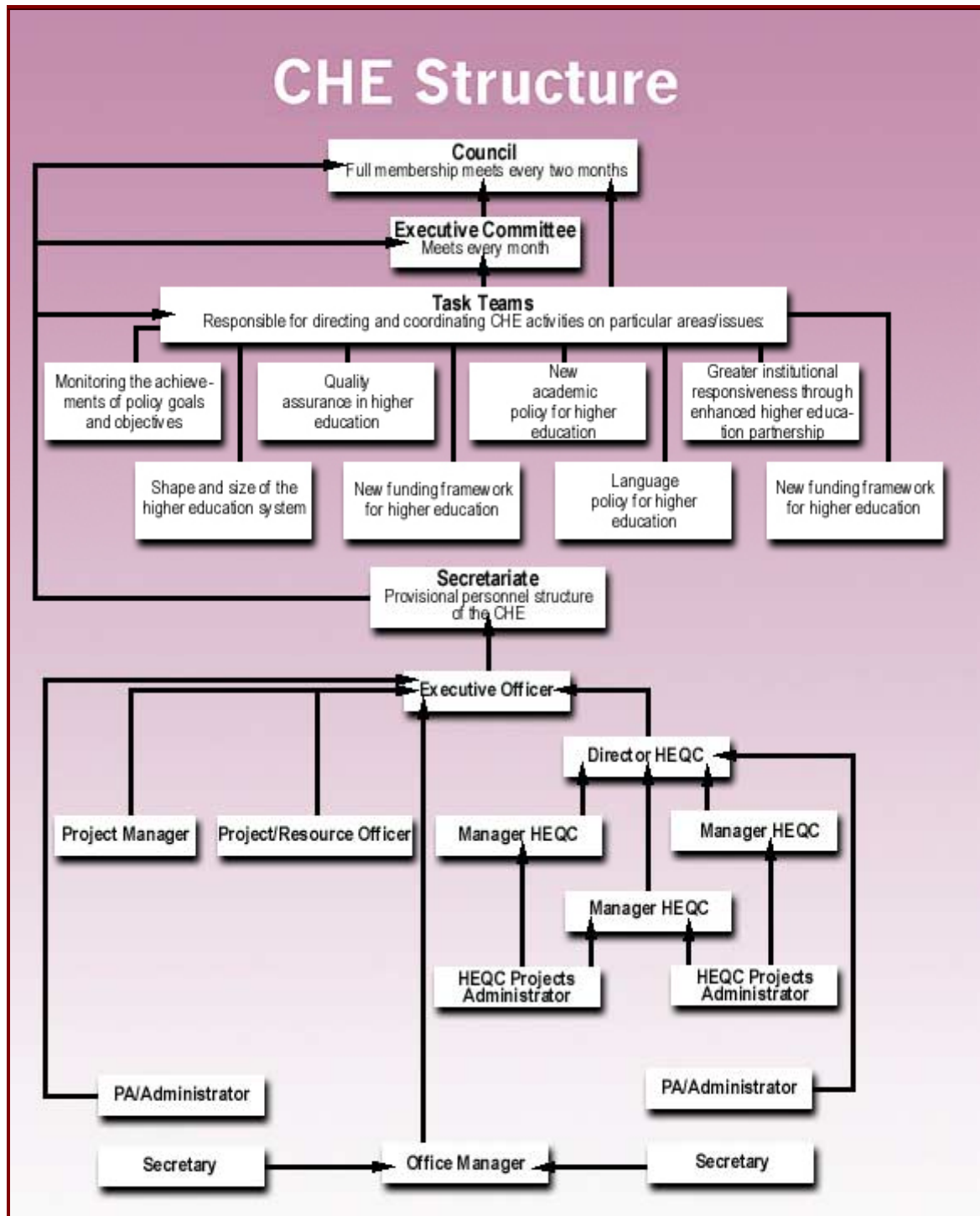
TABLE 6: DISTANCE INSTITUTIONS

	Student	Change:	%	Student majors: 1999			%	%	%
	total: 1999	1999 compared to 1995	distance students: 1999	Science/ Tech	Bus/ Comm	Hum	black students: 1999	female students: 1999	postgrad students: 1999
Unisa	107849	-20349 (-16%)	100%	10%	28%	62%	60%	55%	15%
Tech SA	65420	-20218 (-24%)	100%	16%	38%	46%	80%	39%	n/a

NOTES

1. Student totals are head count enrolments. For 1999, the totals are those reported by institutions in June 1999. Those for 1995 are the June census day figures. This total includes distance and contact students.
2. Distance students are those reported by institutions as studying primarily in the distance mode.
3. Science/Tech = students following majors in fields such as life and physical sciences, health sciences, engineering, architecture, computer science & mathematics.
4. Bus/Comm = students following majors in the fields of business and commerce, including accountancy and economics.
5. Hum = students following majors in all fields of humanities not included in business/commerce.
6. Black students = African + Coloured + Indian students.
7. Where black students constitute less than 0.5% of total head count enrolment, an institution has been deemed 100% black.
8. Postgraduate proportions include postgraduate diplomas, postgraduate bachelor degrees, honours, masters and doctorate degrees.
9. Postgraduate proportions have not been included for technikons because of inconsistent reporting. Some have included BTechs in their 1999 postgraduate totals and others have not.

APPENDIX B



COUNCIL ON HIGHER EDUCATION MEMBERS

Prof Wiseman Nkuhlu Chairperson Development Bank of Southern Africa PO Box 1234, Halfway House 1685 Email: nkuhluw@meeg.co.za Tel: 011 - 325 0560 Fax: 011 - 325 0562	Dr Saleem Badat Executive Officer Council on Higher Education 14 Greenwich Grove, Station Road, Rondebosch 7700 Email: sbadat@grove.uct.ac.za Tel: 021 - 686 5070 Fax: 021 - 689 7465	Prof HP Africa Vice-Chancellor Vista University Private Bag X634, Pretoria 0001 Email: evc@vista.ac.za Tel: 012- 337 6000 Fax: 012 - 320 3521
Mr Kenneth Diseko South African Youth Council PO Box 31573 Braamfontein 2001 Email: master@nedla.org.za Tel: 011 - 935 5144 Fax: 011 - 403 7314	Prof Brian Figaji Vice Chancellor & Rector Peninsula Technikon PO Box 1906, Bellville 7535 Email: figajib@infoserv.pentech.ac.za Tel: 021 - 959 6201 Fax: 021 - 951 5422	Adv MA Fouché Head of Law Department Port Elizabeth Technikon Private Bag X6011, Port Elizabeth 6000 Email: mafouche@ml.petech.ac.za Tel: 041 - 504 3800 Fax: 041 - 504 3743
Ms. JA Glennie Director SAIDE PO Box 31822 Braamfontein 2017 Email: jennyg@saide.org.za Tel: 011 - 403 2813 Fax: 011 - 403 2814	Dr Namane Magau Executive Vice President Human Resources, CSIR PO Box 395, Pretoria 0001 Email: nmagau@csir.co.za Tel: 012 - 841 3920 Fax: 012 - 841 3789	Prof WM Makgoba President Medical Research Council PO Box 19070, Tygerberg 7505 Email: malegapuru.makgoba@mrc.ac.za Tel: 021 - 938 0211 Fax: 021 - 938 0201
Mr Murphy Morobe Chairperson & Chief Executive Fiscal & Financial Commission Private Bag X69, Halfway House 1685 Email: murphym@ffc.co.za Tel: 011 - 315 7100 Fax: 011 - 315 7122	Dr MA Ramphele Vice Chancellor & Rector University of Cape Town Private Bag, Rondebosch 7701 Email: aesmar@bremner.uct.ac.za Tel: 021 - 650 2105 Fax: 021 - 689 2440	Prof NS Segal Director Graduate School of Business UCT Breakwater Campus Private Bag, Rondebosch 7701 Email: nsegal@gsb2.uct.ac.za Tel: 021 - 406 1419 / 1922 Fax: 021 - 406 1412
Dr R Singh Executive Director National Research Foundation PO Box 2600, Pretoria 0001 Email: msingh@nrf.ac.za Tel: 012 - 481 4022 / 4124 Fax: 012 - 481 4186		Prof RH Stumpf Vice Rector: Operations University of Stellenbosch Private Bag X1, Matieland 7602 Email: sf2@maties.sun.ac.za Tel: 021 - 808 4909 Fax: 021 - 808 3714

Non-voting members		
Ms. Nasima Badsha Deputy Director General Higher Education Department of Education Private Bag X895, Pretoria 0001 Email: badsha.n@educ.pwv.gov.za Tel: 012 - 312 5411 Fax: 012 - 323 1413	Dr RM Adam Deputy Director General: Science & Technology Dept. of Arts, Culture, Science & Technology Private Bag X894, Pretoria 0001 Email: wb16@dacst5.pwv.gov.za Tel: 012 - 337 8144 Fax: 012 - 326 7277	Ms. A Bird Chief Director Dept. of Labour Private Bag X117, Pretoria 0001 Email: adrienne@labourhq.pwv.gov.za Tel: 012 - 309 4458 Fax: 012 - 309 4048
Mr SBA Isaacs Executive Officer: SAQA Private Bag X06, Waterkloof 0145 Email: Samuel Isaacs@saqa.co.za Tel: 012 - 346 9153 Fax: 012 - 349 1179 / 5809	Dr Khotso Mokhele Interim President National Research Foundation PO Box 2600, Pretoria 0001 Email: khotso@nrf.ac.za Tel: 012 - 481 4018 Fax: 012 - 349 1179 / 481 4006	Mr IK Nkoane Acting Head Dept. of Educ., Arts & Culture Northern Cape Province Private Bag X5020, Hadison Park 8306 Email: iknkoane@netactive.co.za Tel: 053 - 830 1602 Fax: 053 - 830 1618

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