



The Office Of The Principal and Vice - Chancellor

PROF MS MAKHANYA, PRINCIPAL AND VICE CHANCELLOR

UNIVERSITY OF SOUTH AFRICA

WELCOME: CHANCELLOR'S BUSINESS BREAKFAST

IRENE COUNTRY LODGE, NELLMAPIUS DRIVE, IRENE

10 MAY 2019

Thank you Programme Director, Dr Somadoda Fikeni: Director Special Projects and Advisor to the VC, in the Office of the VC

- The Chancellor of the University of South Africa, HE Dr Thabo Mbeki
- Ms Khanyakahle Mahlare, Executive Director : Institutional Advancement
- UNISA Staff and stakeholders
- Members of the business community
- Ladies and gentlemen

A warm welcome to you all, and thank you for honouring our request to attend this very important Chancellor's Business Breakfast.

You know, there is a humorous old saying that goes something like this: "Oh that fellow has short arms and long pockets!" It is used to describe a person who seldom dips into their pocket to spend money. Now that is a great saying when one is admonishing a nation to be savers and accumulators of wealth, but it definitely does not apply in contexts such as ours this morning. So let me just say that I trust that you have all come with very deep, but full, pockets and *very* long arms!

Allow me just a few minutes to share our current context at UNISA, and how it has resulted in our having to change our mindsets and operations to ensure not only our sustainability, but also our ability to produce quality graduates for an uncertain future.

Universities in South Africa are undeniably being impacted and shaped to a significant degree by prevailing political and socio-economic dynamics, and this is likely to continue with no clear end in sight. It is therefore incumbent upon us as university leadership, to prepare for any and all eventualities while simultaneously striving to uphold, and even grow, quality and excellence in our core business of teaching and learning, research and innovation and community engagement. We have to produce students who will be equipped to navigate and

succeed in this so-called 4th Industrial Revolution! And at a university the size and complexity of the University of South Africa, which enrolls one--third of all South African students, this presents an ongoing, deeply complex challenge that require transformative and innovative mindsets.

Former President Jacob Zuma announced on 16 December 2017 that government would be introducing fully subsidised free higher education and training for poor and working class South Africans in 2018, throwing the sector into disarray and leaving university staff and students alike in a state of confusion as to the nature and substance of its implementation. This has resulted in the revision of the DHET Bursary Scheme (NSFAS), which is now gaining some kind of coherence and efficiency, but which, one suspects will be a work-in-progress as the political scenario unfolds and we have greater clarity on which of our students will receive what level (s) of funding.

At the same time we are awaiting the gazetting of the new Funding Framework, estimated to be finalised in 2020, but with little clarity in that regard as yet. This means that as universities we have to “row our own boats”, until such time as the work has been finalised. So, while the new funding framework has yet to be gazetted, we are already experiencing a drop in funding and this is likely to be reduced by as

much as 25% once the new framework is rolled out and so we must consider this in our budget forecasting and modelling.

Furthermore, preliminary enrolment numbers indicate that we will be exceeding our enrolment target as set by DHET. Perhaps one of the reasons for that is an influx of students into the system who would qualify for free higher education and a reluctance of other students to pay in case they qualify for free or subsidised education. We will of course be doing the analyses once we have bedded the numbers down, but it is as yet too early to make any definite findings. But in the meantime we must accommodate financially, the excess enrolments of students who are unlikely to generate subsidy, irrespective of the category into which they fall – as a result of the fact that DHET encourages us to accept all qualifying students!

These two factors - fees and funding - (amongst many others) have serious financial implications for us a university: in terms of income; systems efficiency and related capacities and requirements such as student support and infrastructure development; and in terms of the type of budgeting that we will have to do to navigate this very opaque and unsettled environment. At best I can say that together with the Ministry, we will be finding and implementing the fastest and most pragmatic solutions to our dilemma, but it is important to note that those institutions that have large numbers of students who are eligible

for free education, are being impacted the most. UNISA is foremost amongst them.

So clearly the major risk for UNISA is declining income, and this means that we have to look at longer term integrated planning, which must be supported and informed by sectoral and global trends and research. We will also have to ensure that every cent that is allocated will ensure “bang-for-bucks” for UNISA, in terms of financial spend and outcomes. We must be able to demonstrate value for money. This means ensuring that we have appropriate criteria for financial allocations and we will have to be quite merciless in monitoring and evaluation; holding projects owners to appropriate levels of accountability.

But it also means that we will have to really apply ourselves in generating third stream income. We are not alone in this. It is a sectoral preoccupation that speaks to the common need to ensure far greater levels of income for our institutions, which have traditionally (in terms of their mandated responsibility) not been equipped structurally or in terms of the requisite skills and capacities, to focus on third-stream income at scale. That is changing, and fast! Currently the idea is to set up a new sectoral standing committee on Entrepreneurship, which coincides with a big push at DHET on the

topic, with a strong brief on how to build an entrepreneurial culture at our institutions.

UNISA will be a part of that discussion of course. But in the meantime we have to move forward with our own commitment to fund this generation through entrepreneurship. Over the short-term we have to generate sufficient funding to provide a *cushion* or a *buffer* against unanticipated fee or funding developments and to accumulate funds for our infrastructure development needs. As we do that we will be engaged in setting strong foundations for vibrant and innovative entrepreneurship that will benefit UNISA significantly over the longer term.

We have already established a Company, Unisa Enterprise (Pty) Ltd which, amongst others, aims to generate substantial income by amongst others, leveraging and capitalising on our intellectual capacity and products, and we have approved a new structure that formalises directorates that will actively pursue collaborations, agreements and contracts, with the express purpose of generating income and maximising the capacities and available cooperative avenues in line with a Quadruple Helix Model approach. This is a Model that harnesses the capacities of government, research and scientific institutions, companies and citizens, towards a desired end result. It is a multi-stakeholder approach which we believe will deliver

what we need. We have already enjoyed some very positive success, but it is a collaborative approach that we are pursuing vigorously.

This wonderful breakfast represent another effort by our University to develop a sustainable degree of financial independence that will enable us to pursue our vision even in times of political and financial uncertainty.

Ladies and gentlemen, the current environment has placed an onerous responsibility on the university sector and the University of South Africa in particular - given that we are deemed by so many, to be their only hope for a better future. As business people you too are enjoined to make a contribution to the rebuilding of this broken country and society. I can think of no more direct and productive manner for you to do that than through education. Your contributions to Unisa will be a direct investment in the future: Future generations, future leaders, and the future growth and development of our country.

I thank you.