

## **SPEECH BY THE MINISTER OF HIGHER EDUCATION AND TRAINING, DR BE NZIMANDE, TO PARLIAMENT, 27 OCTOBER 2015**

Today, is the birthday of our late giant, ANC President OR Tambo, as well as that of the late Jabulani Mzala Nxumalo, ANC cadre and communist till the end. On this day also in 1992 the then Deputy Chair of the ANC Midlands Region was killed in an ambush. I give this Ministerial statement today in their honour and memory.

My department welcomes the announcement by President Zuma that there will be no increase in university fees in the 2016 academic year. This has helped to bring to a close discussions and negotiations I had opened with all the stakeholders at the beginning of last week and earlier. This decision will bring the much-needed monetary relief, especially to poor, working class and lower middle class families with university students.

I also welcome the show of unity and common purpose from the academic community—students, academics, and support and management staff—to demonstrate a commitment to making higher education more accessible. Unless key stakeholders take up the struggle for transformation, government alone will not succeed in these efforts.

The meeting between the President and university stakeholders also agreed to take forward discussions on **all** other matters raised by the protesting students and workers. Perhaps the two most urgent are the issue of free university education and bringing support staff at our universities back onto university payrolls. Resolving these will build upon the many agreements struck at the Higher Education Summit that my department convened on 15 to 17 October 2015 at eThekweni. We as government are already working full steam on implementing our side of the President's agreement, and we believe the Vice-Chancellors are too. We call on students to stick to their side of the agreement, and resume the academic programmes in all of our institutions. Disrupting end of the year examinations will have a devastating effect not only on our system but also in the lives of thousands of individual students and their families.

What is the nub of the matter we are dealing with? One way of putting it is that we are victims of our own successes as the ANC government over the last 21 years.

The funding allocation to universities from the fiscus has increased by 30% between 2004/5 and 2015/16, from R9,879 billion in 2004/5 to R30 338 billion. But between 1994 and 2014 we doubled the number of students in higher education. This huge increase saw larger numbers of poor students entering the university system. Today we are sitting with about a million university students, of which about 72% are black African, 6% coloured, and 5% Indian, and 58% women. The increase in financial contributions has not matched the increase in student numbers. This is what has increased the reliance of our universities on student fees. But in this context we have to closely examine whether universities are spending their monies, including those with reserves, prudently and prioritise transformative programmes.

We could not cap fees, because we are not legally entitled to do so. However, and as part of investigating and dealing with the totality of cost-drivers in the university sector, government will have to set up a regulatory mechanism for fee increases.

As the ANC government we know the challenges facing our students and communities and we are dealing with them. Precisely because we knew of the expensive nature of higher education, we set up the National Students Financial Aid Scheme (NSFAS) to support students who are academically capable but coming from poor families.

NSFAS provides loans upfront to poor students, interest free for the duration of their studies and converts a large portion of the loan to a bursary for students who successfully complete in the expected time. Successful graduates are expected to start paying back their loans once they are employed and earning a salary above a certain amount (currently R30 000 per annum). The scheme provides funding for tuition as well as accommodation and other basic costs.

Since its inception in 1991 in the form of the Tertiary Education Fund for South Africa NSFAS has awarded R50.5 billion to approximately 1.5 million poor students in universities and more recently TVET colleges.

Funding from the department was R2.6 billion in the 2011/12 financial year, and will increase to R4.3 billion in the 2016/17 financial year.

Allocations have increased from R578.2 million to R4.095 billion from 2004/5 to 2015/6—a 602% increase. Since 2009, we have increased the total number of students supported by 44.2%. From the 2012 academic year to the 2015 academic year, the average full cost of study increased by 32.4%. The average NSFAS award increased by 48.7% in the period.

We have also attempted to reverse others shortfalls in terms of infrastructure. For example, we have recently released about R1.7 billion into the system as a whole for student accommodation, the bulk targeted at historically black campuses.

To implement the 2007 Polokwane resolution on fee-free education for the poor, I convened a Ministerial Working Group, which reported in 2013. This is the famous report which has been much mentioned in the past week as having been suppressed by me and my department. In fact the main contents of the report was circulated to stakeholders and tabled in various decision making Structures, both in government and the ANC NEC. It has not been suppressed. Two key issues explored were raising the threshold of eligibility for NSFAS support and providing full support for cost of attendance for poor students. Detailed modeling of various options were developed. The report suggests that an additional amount of R37 billion (in 2011 Rand value) is required in the baseline over the 2016/17 to 2018/19 Medium Term Expenditure Framework to cover the full cost of study loans for poor and working class students.

In the absence of that amount of money being available in the fiscus, we have made various interventions, such as a possible loan scheme for the students identified as the 'missing middle' that would not require sureties from parents. In 2013 and 2014, a large cohort of students eligible for NSFAS loans were enrolled at various universities with the understanding that additional funds would be secured from various sources to settle their debts, and we have coordinated a process of quantifying the NSFAS funding shortfalls for the 2013 and 2014 academic years across all universities.

We have also instituted various measures to improve administration, find additional funds, improve recoveries so that more students can be supported, and improve on policies governing the allocations of funds, as well as root out possible fraud and corruption. We changed the interest accumulation—which used to kick in from the inception of the loan—to initiating it one year after graduation.

Let me briefly inform the house of my actions over the past few weeks, as, contrary to what my detractors say, I have not been absent. I have been engaging the Vice-Chancellors and other stakeholders on the issue of fees for some time. The week before last I set aside three days to meet with representatives of the university community on a wide number of issues at the Durban Summit, and held an additional meeting with student representatives on the sidelines of the Summit. When it became apparent that students nationally were embarking on protest actions, I immediately called a meeting of VCs, worker leaders, and national student leadership, last Tuesday and have continued to engage with all stakeholders.

To resolve the immediate shortfall of an estimated R2.6 billion required to cover the 0% fee increase, we are working out exactly what different sectors will contribute. The details will be announced on Thursday afternoon after a meeting in the Presidency. From our side we have identified sources of funds that can be reprioritized, obviously at a cost to our other planned programmes. The wealthier universities have committed to make a contribution.

In the long-term, we estimate that an appropriately funded higher education sector, based on our current funding formula, in terms of international comparable benchmark funding levels, would require an additional R19.7 billion per annum in the baseline for university subsidies excluding NSFAS with an annual increment for inflation and enrolment growth to meet the NDP targets. In the last week many different funding models have been touted, including greater contributions from the private sector, a wealth tax, a graduate tax, an increase in the skills levy, prescribed assets, and others. Some of these we have explored in the past, others are somewhat new. We are open to exploring all possibilities that have a transformational impact.

However we need to be careful about raiding the skills levy money all the time as that could amount to robbing the poor to pay the poor. The skills levy money is desperately needed to train workers and provide skills training to millions of youth and adults that is either unemployed or in a variety of vocational or short skills programmes and various adult education programmes. What we want to avoid is tax money from the poorest of the poor funding the wealthy.

On the 60<sup>th</sup> anniversary of the Freedom Charter, we must ensure that the doors of learning and culture are open to all, and we commit ourselves to going even beyond the call in the Charter that higher education and technical training are opened to all by means of state allowances and scholarships awarded on the basis of merit. Our country has enough money to support free higher education for the poor. But the problem is that more resources are in the private sector than in the government fiscus. My own considered view is that government must have the political will to tax the rich and wealthy to fund higher education. None of us must develop cold feet about the necessity of taxing the rich to fund higher education.

We need to always bear in mind that the struggle for access to quality higher education is simultaneously a struggle against poverty and inequality. Our late leader Nelson Mandela's words must remain our guide in this regard:

"Overcoming poverty is not a task of charity, it is an act of justice. Like slavery and apartheid, poverty is not natural. It is man made and it can be overcome and eradicated by the actions of human beings. Sometimes it falls on a generation to be great. You can be that great generation. Let your greatness blossom"