



**The Key Note Address by the Minister of Higher Education and Training,
Dr BE Nzimande, at the Student Housing Symposium, Kgorong, Unisa,
Pretoria on Thursday, 21 July 2016**

"STUDENT HOUSING MATTERS"

Good morning to my fellow Cabinet colleagues, to the Ambassador of the European Union, the Gauteng MEC for Infrastructure Development, Mr Jacob Mamabolo, the Vice Chancellor of UNISA, Professor Makhanya, who is graciously hosting us here at UNISA. And to student and organised labour representatives, development finance institutions, the banking sector, the savings and investments sector, property developers, ladies and gentlemen, colleagues, comrades and friends.

Welcome to all of you for what I hope will be a very rewarding and fruitful time today in this, our first Department of Higher Education and Training Student Housing Symposium.

The protocols I have just observed in opening this Symposium bear witness to the fact that this is a historic occasion for the Department of Higher Education and Training. We have been talking for a long time about the shortage of student housing. In particular, we have been discussing the challenge of **funding** student housing. Today we come together with a range of partners, both in government and in the private sector, not only to talk, but also to find lasting solutions.

You may have noticed when you came in today that this UNISA centre is called **KGORONG**. It is a word that has two meanings: it means "**gateway**" and it also means "**place where the community meets to discuss things**". That is precisely what we are going to do today: Come together as a community to **discuss** the **enormous challenge** that we face in housing all of our students - both those who attend our **26** public universities and **50** TVET colleges. We are the community that has a common interest in solving this problem, whether our interests are:

- **as legislators and administrators** wanting a system that provides for the needs of our people; **or**
- **as students** who need a decent, affordable place to live while they study towards a qualification that can change not only their own lives, but also the lives of their families; **or**
- **as business people** who want to use their endeavours for the common good by running profitable, job-creating enterprises.

The **solutions** we devise today have to be **big and bold** - a match for the challenge we face:

- The projects we devise must provide student housing that is **affordable**;
- The plans we make must be **achievable**; and
- The **partnerships** we forge - **starting today** - have to be **collaborative, sustainable, and above all, successful.**

We are here not only to discuss student housing matters, but also to share views on **WHY** student housing matters.

Let me start with a little background detail. Many of you will be familiar with the Ministerial Review of Student Housing at Universities that we conducted in 2011. For the first time, we had a comprehensive, if rather chilling, view of the shortage of student housing at every university, and every campus.

We got our first real sense of the size and severity of the student housing shortage - it was an eye-opener not only for government, but also for our universities, our government oversight structures, and society as a whole. The system provided 107 000 beds, with 6 or more applicants for every place. The estimated bed shortage was 195 817 beds. Of the 583 000 students at the time, only 18% could be housed in university residences. It was shocking to discover that only 5% of first year students were housed in university residences. These are the most vulnerable young people in our system, away from home for the first time and expected to perform in a post-school environment, very different to the schools where most of them matriculated.

This was the state of affairs despite mounting evidence from local and international academic research. This shows that students who live in university residences perform better academically and cope better socially, than their peers who do not live on campus - especially in the crucial first year of study.

The shortage was caused mainly by inadequate budgets for student housing infrastructure, limited budgets for operating costs, and poor or deferred maintenance of residence buildings - again mainly the result of limited resources.

In this scenario, it came as no surprise that the Historically Disadvantaged Universities were the worst off. Predictably, the legacy of apartheid meant that the Universities of Transkei, Venda, Bophuthatswana, Venda and others, had many dilapidated, neglected student residences - inadequate in every sense as homes for students who were by and large the first in their families to attend university.

Some universities, such as the Mangosuthu University of Technology in Umlazi in Durban, and the 100-year-old University of Fort Hare in East London, had campuses with little or no student housing. Students were - and still are - bussed up to 35 kilometres a day each way to live in downtown slums, old hotels and converted office blocks, in the middle of decaying inner city areas. The Review showed us appalling pictures of students living in derelict buildings, unfit for habitation, let alone for students who were expected to study and emerge as young graduates with the skills needed for employment and economic growth.

The Review report made a number of recommendations, including that student housing should provide for 50% to 80% of students. It projected that by this year the bed shortage would be 216 000. Moreover, by 2030, to meet the enrolment targets set out in the Post-School Education and Training policy and the National Development Plan, an extra 400 000 beds would be needed. That, in essence, is the size and nature of the challenge for universities. The question is how are we going to pay for it?

At the same time, we have an equally daunting challenge in housing students at our TVET colleges. My Department carried out a survey of the 50 public TVET colleges last year which showed that for the 710 000 college students, there were only 10 120 beds. Colleges can provide accommodation for only 1.4% of students – that is 1 in 70 students. Many of those students travel hundreds of kilometres from their homes in rural areas to the nearest college. We estimate that we need at least 100 000 student beds at TVET colleges to meet the immediate demand.

When I released the Ministerial Review report in 2012, I acknowledged that government would not be able to eradicate the 200 000 university beds shortage through its higher education budget. That situation has not changed.

In addition, recognising the enormity of the challenge, I accepted the Review recommendations and did two things:

- Firstly, I appealed to the National Treasury and to Parliament to substantially increase the DHET budget allocation for student housing infrastructure;
- Secondly, I invited the private sector - many of the companies and investors represented here today - to enter into Public Private Partnerships (PPPs) with universities, supported by the DHET, to provide some of the 200 000 beds needed to eradicate the backlog, to say nothing of meeting future needs.

The results on both fronts have been disappointing. While we have made some progress in securing an increased budget allocation for student residences, it is nowhere near enough to meet the need. As my Department reported to Parliament last year, in the past three years, the Department's grants to universities of R1.6 billion for student housing infrastructure projects were supplemented by university funds of R700 million to give a total spend of

R2.3 billion. This provided 9 000 new student beds - 9 000 is a very small drop in a very big ocean of need.

The response to my call to the private sector to enter into Public Private Partnerships for student housing has been dismal. We recently surveyed all universities, and the records show that only two projects that could be called PPPs have been concluded since 2012, supplementing the three reported in the Review. Between them, they provide only 4 000 beds. However, in reality only 1 100 of these beds are actually new, or help to alleviate the dire shortage. The other 3 000 already existed in university-owned residences on a rural campus, and are simply being refurbished. We will hear more about PPPs in discussions during the day and must ensure that deficiencies are eliminated in future PPP agreements.

So if the private sector did not heed my appeal to partner with universities to provide student housing infrastructure, what did it do? There has certainly been a lot of activity and some investment by private businesses. The Review estimated that 27 000 students lived in accommodation run by businesses; that figure now stands at over 100 000, with tens of thousands more students renting accommodation in informal settlements, backyard rooms, RDP houses converted to student rooms, private homes, and so on.

These new housing developments are mainly in Johannesburg and Pretoria, around four Gauteng universities - UJ, Wits, TUT and UP. I see many of the developers here today, and we thank you for your contribution to helping solve the bed shortage.

However, with all of this development, the question arises - if this student housing is not on campus, and it is not through PPPs with universities, where is it and what form does it take?

Most of it is off-campus, in brownfields developments, where old commercial buildings have been converted into student rooms, in inner city areas such as Braamfontein and Hillbrow in Johannesburg, and in downtown areas of Durban, Port Elizabeth and other cities.

And where has the money come from to establish these businesses? A few banks and financial institutions, as well as Development Finance Institutions, have funded the establishment of these businesses. The rentals come mainly from financial aid provided by the state and administered by the National Student Financial Aid Scheme. It is NSFAS loans and bursaries that enable students to pay the rents that have built the assets of the majority private, off-campus businesses.

What conclusions can we draw? If we conducted another Ministerial review, we would conclude that left to the market, we will never provide the number of beds we need. Moreover, we can safely say that student financial aid provided by the state is what oils the student housing machine that accommodates the majority of students.

The minority of affluent students, those whose families can pay R5 000 a month for a student room are well catered for; the challenge is to find decent, affordable housing for students who rely on loans and bursaries to pay their rent for three, four and five years.

We now have a wealth of knowledge and experience to draw on. One clear lesson is that the challenge is big enough for all interested parties to participate in resolving it. I hope that our engagements today show that there is a place for everyone interested in finding the best all-round solutions - best for students and institutions, best for investors and developers, and best for the stability and sustainability of the system as a whole.

To achieve these outcomes, we need a framework and agreements to tackle the problem on the scale the solution requires - we need projects with thousands of beds, and we need an infrastructure development programme that can be sustained for a decade and longer. We have assembled all of the role players that we hope will make the goal a reality:

1. The European Union **Infrastructure Investment Fund for South Africa**, known as IIPSA, which kindly granted the Department R30 million to kick-start the student housing programme. We are using this grant to conduct feasibility studies for the first six housing projects. I would like to take this opportunity to thank the IIPSA fund and its member EU DFIs most sincerely for the confidence you have shown in this initiative. We would not have been able to get it off the ground without your generosity and support.
2. Our own DFI, the **Development Bank for Southern Africa** has given wholehearted support to the Department in launching this housing programme, some details of which we will hear during the panel discussions.
3. The **Public Investment Corporation** has pledged substantial funding. The CEO, Dr Dan Matjila is with us today to signal this commitment.
4. The **Department of Public Works** is also committed to supporting the programme and is participating in a Joint Task Team with the Department to identify land and government properties that can be transferred to universities and colleges for student housing and other uses.
5. The **Gauteng Provincial Government** will today sign a Declaration of Intent to hand over land and buildings to the 7 public universities and 8 TVET colleges in the province. We will be working with the other 8 provinces to follow Gauteng's lead, and to adopt the model for funding student housing through the **Gauteng Partnership Fund**, about which you will hear details later.
6. Last but not least, we have brought the **private sector** - financial institutions and developers - into the programme.

Against the backdrop of this funding support, we will introduce you to some of the projects that are ready to move off the drawing boards and onto the building sites - together with the universities and colleges participating in the first phase of the Department's Student Housing Infrastructure Programme. We will outline the first phase of projects at six institutions that will provide about 7 000 new beds, starting this year. We will also give brief details of the next phase projects, where feasibility studies will be completed by November this year, for another 7 000 beds. This year, working together with many of the powerful partners in this room today - we can implement projects with 15 000 new beds at the first 11 universities and TVET colleges, from the University of Venda in the far North, to the University of the Western Cape on the southernmost tip of Africa. In the next six months, we will start projects with more beds than were built by the sector in the past three years.

Moreover, we are committed to maintaining the momentum. We will need improved ways of procuring projects worth billions of rands - we will not tolerate corruption, collusion or maladministration tainting this programme. We are committed to working with our public and private partners to put in place the structures, governance and implementation resources to make this initiative work. My appeal to you today is to join us in making it work.

In closing, I have been saying recently that students must tell us what must rise, not only what must fall. #FeesMustFall gave us the impetus to address the challenge of rising tuition fees in a context of falling subsidies, and we now have a national dialogue on finding a lasting solution. We must not wait for student housing to be a crisis. Students, universities, TVET colleges, banks, investors, we need to come up with smarter solutions to solve this problem than the ones we have found working apart.

In addition to what government is already doing, there must be a national consensus - young, old, rich, poor, black, white - that one of the things that must definitely rise is a sustained Student Housing Infrastructure Programme, supported by both the public and private sectors. Student housing must rise, quite literally, from the time we leave here today, for the next ten years. Student housing matters - ***Asikhulume! Masakhane! Let us talk, Let us build!***

I thank you.