

MINISTERIAL STATEMENT ON UNIVERSITY FUNDING: 2023/24 TO 2025/26

December 2022

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Section A: The Funding of Universities

1 INTRODUCTION

This annual Ministerial Statement deals with the funding instruments to steer the university sector and is issued in accordance with the requirements of the Higher Education Act, 1997 (Act 101 of 1997, as amended) and the funding framework for universities (Government Gazette, No. 25824 of 9 December 2003). Other guiding policy documents include:

- Education White Paper 3 – A programme for the Transformation of Higher Education (1997);
- The National Plan for Higher Education (2001);
- The National Development Plan (2013); and
- The White Paper for Post-School Education and Training (2013).

Information relating to the budgets for the university sector is confidential until National Treasury releases the 'Estimates of National Expenditure' at the time the Minister of Finance delivers his budget speech in February 2023.

Given the economic forecast for government as a whole and the constraints on the current budget allocations, all government departments have to reprioritise and find efficiencies in the system as additional funding in the following Medium Term Expenditure Framework (MTEF) cycles will become limited. Universities are required on an ongoing basis to practice efficiency measures to ensure that available funding is efficiently and effectively utilised. These measures could include:

- Reducing overheads relative to the core functions of universities;
- Collaboration amongst universities in order to save on expenditure;
- Improving debt collection; and
- Putting in place processes to generate additional third-stream income funding (including sourcing additional donor funding).

2 THE CONTEXT

This Ministerial Statement on University Funding contains:

- Preliminary budget allocations available to distribute to universities for 2023/24 to 2025/26, and the division of funds among various budget subcategories;
- The purpose of each funding category and, where applicable, its relationship with other funding categories;
- Details of the weightings and benchmarks employed in the calculation of grants;
- The sector's total funded teaching input units, total institutional factor units, total teaching output units and total research output units. Policy details are also provided for how a university would be able to calculate its own share of each of these sector totals, which also determines a university's own share of sub-block grant allocations for each of the next two years (2023/24 and 2024/25);
- Budgets per university for certain earmarked grants for 2023/24 and 2024/25;
- Changes to funding policy and reasons for changes; and
- Changes to government funding allocations in 2023/24 and 2024/25.

3 MTEF BUDGET ALLOCATIONS FOR 2023/24 and 2024/25

Table 1 sets out the division of funds for the university sector among various budget subcategories

Table 1: State budgets for the university sector

Budget category	MTEF Estimate			% increase in budget per year					
	2021/22 (R'000)	2022/23 (R'000)	2023/24 (R'000)	2024/25 (R'000)	2025/26 (R'000)	2022/23	2023/24	2024/25	2025/26
1 Block grants for universities	37 833 659	39 697 659	40 058 531	41 855 357	43 739 447	4.9%	0.9%	4.5%	4.5%
1.1 Teaching inputs	23 151 523	24 499 432	24 608 847	25 702 517	26 807 960	5.8%	0.4%	4.4%	4.3%
1.2 Institutional factors	2 189 104	2 390 713	2 413 085	2 560 882	2 730 610	9.2%	0.9%	6.1%	6.6%
1.3 Actual teaching outputs	6 906 843	7 580 559	7 583 409	8 022 426	8 471 831	9.8%	0.0%	5.8%	5.6%
1.4 Actual research outputs	4 986 527	5 226 955	5 453 190	5 569 532	5 729 047	4.8%	4.3%	2.1%	2.9%
1.5 Gap grant phased out	599 662	0	0	0	0	0.0%	0.0%	0.0%	0.0%
2 Earmarked grants for universities	3 536 258	3 512 877	4 413 824	4 477 128	4 668 734	-0.7%	25.6%	1.4%	4.3%
2.1 Interest & redemption on historic loans	3 289	2 412	164	10	0	-26.7%	-93.2%	0.0%	0.0%
2.2 New universities									
- Operational funds (SPU & UMP)	804 119	833 855	837 059	874 643	913 828	3.7%	0.4%	4.5%	4.5%
- Gap grant phased out (SPU & UMP)	3 936	0	0	0	0	0.0%	0.0%	0.0%	0.0%
- Health Sciences Operational (SMU)	200 000	200 000	200 000	200 000	200 000	0.0%	0.0%	0.0%	0.0%
2.3 University Capacity Development	1 050 210	920 000	1 206 541	1 257 940	1 314 295	-12.4%	31.1%	4.3%	4.5%
2.4 Foundation Provision	445 345	425 000	505 495	527 029	550 640	-4.6%	18.9%	4.3%	4.5%
2.5 Sibusiso Bengu Development Programme (8 univs)	106 918	192 110	614 611	640 793	669 501	79.7%	219.9%	4.3%	4.5%
2.6 Clinical Training of Health Professionals	644 662	650 000	723 624	756 115	789 989	0.8%	11.3%	4.5%	4.5%
2.7 Veterinary Sciences	187 779	195 000	227 105	220 597	230 480	3.8%	16.5%	-2.9%	4.5%
2.8 Employment of University Graduate Assistants	90 000	94 500	99 225	0	0	5.0%	5.0%	0.0%	0.0%
3 Capital grants for universities	1 759 880	3 510 476	672 756	4 749 790	3 239 095	99.5%	-80.8%	606.0%	-31.8%
3.1 Infrastructure and Efficiency Grant	1 000 000	2 245 476	0	3 686 138	2 379 606	124.5%	-100.0%	0.0%	0.0%
3.2 New universities (SPU&UMP)	759 880	885 000	672 756	905 484	859 489	16.5%	-24.0%	34.6%	-5.1%
3.3 Budget Facility for Infrastructure (Student Housing)	0	380 000	0	158 168	0	0.0%	-100.0%	0.0%	0.0%
4 Grants to other institutions	31 006 578	38 544 966	38 727 081	41 958 859	43 839 217	24.3%	0.5%	8.3%	4.5%
4.1 NSFAS - Cape Town 1) 2)	30 999 710	38 537 823	38 674 617	41 921 087	43 799 753	24.3%	0.4%	8.4%	4.5%
4.2 African Institute for Mathematical Studies	6 868	7 143	7 464	7 772	8 120	4.0%	4.5%	4.1%	4.5%
4.3 SAIMI (Nelson Mandela University)	0	0	35 000	30 000	31 344	0.0%	100.0%	-14.3%	4.5%
4.4 Next phase of feasibility studies for 2 new HEIs (SMU)			10 000			0.0%	100.0%	0.0%	0.0%
5 Sector oversight	25 250	0	0	0	0	0.0%	0.0%	0.0%	0.0%
4.1 Sector Planning, Monitoring, Evaluation & Support	25 250	0	0	0	0	0.0%	0.0%	0.0%	0.0%
6 Reduction to block grants (after BG calculations)	0	- 15 000	- 47 896	0	0				
6.1 Late and/or incorrect HEMIS data submission 3)		- 15 000	- 45 000						
6.2 Incorrect graduate data in previous HEMIS subm 4)			- 2 896						
TOTAL	74 161 625	85 218 082	83 824 296	93 041 134	95 486 493	14.9%	-1.6%	11.0%	2.6%

1) For 2021/22 and 2022/23, the amounts already include the reprioritisation from university allocations towards NSFAS.

2) Excluding the NSFAS Administration grant.

3) In 2022/23, the funds were reallocated towards Veterinary Sciences but later reprioritised towards the NSFAS shortfall.

In 2023/24 the funds have been reprioritised towards SAIMI and the next phase of feasibility studies for the establishment of two new HEIs.

4) In 2023/24 the funds have been reprioritised towards the Veterinary Sciences Grant

Financial data for 2023/24 to 2025/26 in Table 1 is based on the formal 2023 Medium Term Expenditure Framework (MTEF) baseline allocation letter dated 23 November 2022 that the Department of Higher Education and Training (the Department) received from National Treasury. Each year, National Treasury sets the base-line allocations per annum reflected in Table 1 for the total state subsidies for the university sector, the National Student Financial Aid Scheme (NSFAS), the two new universities, and the clinical training of health professionals, and infrastructure and output efficiencies. Table 1 presents the state budget which the government has allocated to the university sector.

The following main changes have occurred in comparison to the 2021 Ministerial Statement;

- Withholding of R45 million from 9 universities that submitted their 2021 HEMIS data either late and/or data that was incorrect. This amount has been reallocated towards the operations of SAIMI (R35 million) through the Nelson Mandela University and a further R10 million for the next phase of feasibility studies for the establishment of two new higher education institutions. Universities must

- ensure that their audited HEMIS submissions together with schedules and management reports are submitted on time and that the audited data is correct;
- Withholding of R2.896 million from 5 universities that included incorrect graduates in their 2020 HEMIS submission and were therefore overpaid in the 2022/23 block grant subsidy has been reallocated towards the Veterinary Sciences Grant;
- The zero allocation for capital projects in 2023/24, and subsequently the increased allocation in 2024/25 as per the National Treasury allocation letter of 23 November 2022. Over the MTEF period, infrastructure allocations for universities have been reprioritised towards Community Education and Training Colleges. From 2023, a separate Ministerial Statement will be published for the capital allocations for the post-school education and training sector;
- The reduced allocation for capital projects at the University of Mpumalanga and Sol Plaatje University as funds were reprioritised towards Community Education and Training Colleges;
- Additional allocations towards NSFAS over the MTEF period (2022/23 – 2024/25) as per the February 2022 National Treasury allocation letter; and
- The shifting of NSFAS funds from universities to Technical and Vocational Education and Training Colleges over the MTEF period totalling R2.037 billion (2023/24), R2.478 billion (2024/25) and R2.589 billion (2025/26) as per the National Treasury letter of 23 November 2022.

Establishment of two new campuses in Ulundi and Giyani

The Department has initiated the process of conducting feasibility studies for the establishment of two new campuses in Ulundi and Giyani to determine the costs of developing and/or upgrading of infrastructure and facilities. The feasibility studies are being undertaken and will be completed in 2023.

Establishment of the proposed University College of Science and Innovation, and Crime and Policing Studies Higher Education College - the initial feasibility studies have been conducted for the establishment of the proposed two new higher education institutions. The Department has set aside a further R10 million towards the next phase which will be more fine-grained to consider the different scenarios outlined in the two feasibility reports for the evolution of the new institutions as a higher education college and university college. We hope to conclude this phase within 2023.

4 UNIVERSITIES' STATE BUDGET FOR 2023/24 AND 2024/25

Universities receive state funds in the form of block grants and earmarked grants. Block grants are intended for operational costs, including operational maintenance of assets related to university teaching, learning and research activities. Block grants are council-controlled funds, which can be used at the discretion of council and university management.

Public accountability for these funds remains paramount for institutions and the Ministry. Public accountability requires that institutions receiving public funds be able to report on the effective and efficient spending of the funds, the results they achieve with the resources, and how they would meet national policy goals and priorities. This reporting must be done in terms of the Regulations for Reporting by the Public Higher Education Institutions (Government Gazette No. 37726, Notice 9 June 2014).

For a university to determine its own share of each of the 2023/24 and 2024/25 block grants, Table 2 sets out the funded total units of the sector in each of the block grant sub-categories reflected in Table 1. The values in Table 2 are the funded units of year (n-1), which are audited and used in year (n) to calculate the budget for financial year (n+1). The 2022 data for the 2024/25 financial year has not yet been finalised, and is therefore projected estimated amounts, which may still be adjusted during 2023. The funded teaching input units recorded in Table 2 are sourced from the Ministerial Statement on Enrolment Planning as planned and approved.

For a particular budget year, a university's share of funded units in each of the first 4 categories in Table 2 determines the university's share of funds in each of the first 4 sub-block grant categories shown in Table 1.

Section B of this Ministerial Statement provides the policy details for a university to determine its own funded unit totals and therefore ultimately its own share in each of the first 4 sub-block grant categories in Table 2. Such calculations by universities should be regarded as preliminary until their funding allocations have been confirmed in writing through a Ministerial letter.

A more detailed example of how a university should make calculations in each sub-block grant category in order to determine its own block grant budget allocation for 2023/24 is also available on request.

Table 2A: Actual and estimated funded units of the university sector within the block grant categories

State budget financial years Student enrolled academic years Block grant categories	Funded unit totals for the university sector							
	2021/22 2019	2022/23 2020	2023/24 2021	2024/25 2022	2021/22	2022/23	2023/24	2024/25
Funded teaching inputs	1 473 434	1 590 399	1 616 794	1 637 215	4.9%	7.9%	1.7%	1.3%
Institutional factors	139 792	155 457	158 762	168 000 ¹⁾	10.4%	11.2%	2.1%	5.8%
Actual teaching outputs	201 863	206 926	203 223	214 000 ¹⁾	4.4%	2.5%	-1.8%	5.3%
Actual research outputs	40 333	40 848	42 986	43 900 ¹⁾	10.2%	1.3%	5.2%	2.1%

Table 2B: Actual and estimated funded units of the sector within earmarked grants related to the block grant

Foundation provision	25 105	24 246	24 894	25 900 ¹⁾	-2.1%	-3.4%	2.7%	4.0%
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1) Estimated values.

The annual public report "University state budgets", available on the Department's website, presents the final input data of each university in each of the 4 sub-block grant categories, which were used to determine each university's block grant allocation for each of the years from 2004/05 onwards, as well as the total block grant and earmarked allocations from 2004/05 onwards according to university. Data of all universities for 2023/24 will be available on the Department's website after the Minister of Finance delivers his budget speech in February 2023.

Sections C and D of this Ministerial Statement highlight budgets per institution in some earmarked grant categories reflected in Table 1. Earmarked state grants are grants that must be used for a specific purpose and are not council controlled. Earmarked grants require a range of inputs, such as project proposals from universities and annual progress reports to the Department. Earmarked grants are used to steer the sector towards the targets agreed upon within the enrolment planning exercise and to ensure national priorities are addressed by universities.

5 RELIABILITY OF HIGHER EDUCATION MANAGEMENT INFORMATION SYSTEM (HEMIS) DATA SUBMITTED BY UNIVERSITIES

Both block grant calculations and progress reports of earmarked funds depend heavily on reliable audited Higher Education Management Information System (HEMIS) data submitted annually by universities to the Department.

The Department will continue to monitor the reliability of the data in HEMIS submissions. If verification processes (either by the Department or the university) suggest that a university's data submissions are incorrect, then the university will be required to correct errors and resubmit the amended database with a new audit report. Where necessary, the university may be required to amend the historical databases for the past 3 years. If this is deemed necessary, the university's block grants or earmarked funds for specific years will be re-calculated for the past 3 years according to Section 11 (d) of the Prescription Act, No 68 of 1969. Any over-payments for these 3 years will be deducted from existing budgets to the applicable university before funds are paid to the university and from future budgets to this university. Five universities had incorrect data in their 2020 HEMIS submission and a total amount of R2.896 million has been deducted from these universities 2023/24 budget allocation and reprioritised towards the Veterinary Sciences Grant.

The Department will also, when necessary, make adjustments to any data of the university, which the Department uses for funding purposes, if the data and/or the progress reports submitted to the Department, whether endorsed by external auditors or not, indicate that a university has not complied with the Department's policies/HEMIS directives, or if analyses undertaken by the Department indicate that a university's data submissions for block and earmarked funds are flawed.

It is the responsibility of a university to ensure that it complies at all times to the policies and directives issued by the Department. The Department has noted over the years a steady decline in the quality of HEMIS data submissions, as well as a decline in adherence of all the due dates and in particular 31 July for the third and final HEMIS submission. In future with the submission of 2023 student data, the under and over-enrolment in TIUs will no longer be reduced by only one third but will increase to 40% in the funding year 2025/26 and a further 10% increase per year thereafter will be implemented. 2023 is the first year of the revised enrolment planning cycle for 2020 – 2025.

Over the years there has also been a steady increase in the number of universities from whom the Department has had to request resubmissions of HEMIS data and audit reports after 31 July, due to incorrect data or lack of conformity to the audit reports. These trends adversely impact on the planning processes and new endeavours within the Department, the reporting on the Department's Annual Performance Plans (APP), the reporting on the Minister's Performance Targets (MTSF), and on the running of university subsidy allocations. The adverse impact could result in a negative finding by the Auditor-General of South Africa (AGSA). Should the 2022 data of a university not be **correct, complete and on time** in all respects when submitted by **31 July 2023**, the Department will penalise the university by reducing the block grant budget of the university for 2024/25 by R5 million, or in the case of Sol Plaatje University and the University of Mpumalanga, the amount will be deducted from the operational earmarked grant. The final audited HEMIS data submission with no audit report, tables not signed

by external auditors or no management response (where applicable), will be regarded as an incomplete HEMIS data submission.

For the 2023/24 financial year, R45 million has been deducted from 9 universities after the calculations of the block grant budgets of all universities were finalised. The R45 million is the result of penalties for late and incorrect submission of HEMIS data during 2022 in order to finalise block grant calculations of all universities for 2023/24. This amount was reprioritised towards the operations of the South African International Maritime Institute.

In 2007, the Department introduced a code “W” for element 025 (qualification requirement status) to enable universities to report students who had fulfilled the requirements of their qualifications, but their certificates were being withheld due to administrative reasons. Students whose HEMIS records are coded “W” and “F” are included as graduates for Teaching and Research output funding calculations. Graduates must be reported in HEMIS in the year in which they fulfilled the requirements of the qualification, even though their certificates are withheld within that particular year. These graduate students are not allowed to be reported in HEMIS submissions of subsequent years.

For the audited HEMIS submission of academic year (n), no graduates with outstanding debt prior to academic year (n-1) may be included in the HEMIS database for Teaching and Research Output funding as this negatively impacts on allocations to other universities. For example, in the 2021 HEMIS submissions, universities may include 2020 and 2021 graduates who have not completed their qualifications and who returned in the 2020 and 2021 academic years to graduate. The 2020 graduates would be graduates who were identified after the final audited 2020 HEMIS submission to the Department. These 2020 students could be those who may have been doing experiential training, who completed a module at another university or who stepped out. Students with outstanding debt from years prior to 2020 should not be included in the 2021 database. The Department will no longer accept prior year’s graduates (in this instance 2020) due to administrative errors in processing the graduate data.

Graduates prior to 2003 must be reported directly to the National Learner Records’ Database (NLRD) and never be included in the current HEMIS databases. These graduates would have been funded for their courses enrolled and courses passed under the old cost-based funding formula. To include them in a current database would imply double funding for a university.

If the increase in graduate numbers is a result of graduate only registrations, the Department will investigate these records and may adjust the data for funding purposes.

Section B: Block Grant Budget Calculations for Universities

Section B focuses on the policy to calculate a university’s funded units within each of the 4 sub-block grant categories: teaching input, teaching output, research output and institutional factors, for 2023/24 and 2024/25.

For a particular financial year, a university’s own funded unit total in any one of the above 4 sub-block grant categories, can be used, together with the corresponding sector’s funded unit total reflected in Table 2, to determine the university’s own share, or fraction, of the funds in the corresponding block grant sub-category of funding noted in Table 1.

The annual public report “University performance within the block grant”, available on Department’s website, presents statistics on the annual improvements in the performance of each university within each of the sub-block grants from the 2004/05 financial year onwards. This report monitors the effectiveness of the funding instruments used within the block grant to steer the university sector.

1 THE TEACHING INPUT SUB-BLOCK GRANT

This section deals with 1) the calculation of actual teaching input units, 2) approved teaching input units funded by the state, and 3) corrective measures taken concerning unacceptable deviations between actual and funded teaching input units.

1.1 Actual teaching input units

For the calculation of actual teaching input units, the weighting factor for funding purposes of a cell in the grid indicated in Table 3 will first be applied to the corresponding HEMIS unweighted enrolled full-time equivalent (FTE) student total (excluding experiential learning, work-integrated learning, FTE students) in that cell, thus generating weighted teaching input units for the particular cell. The grand total of weighted teaching input units for a university for all funding groups and course levels will then be the sum of the input units of all the grid cells.

Table 3: Funding weightings for teaching inputs: 2023/24 and 2024/25

Funding group	Undergraduate & equivalent		Honours & equivalent		Masters & equivalent		Doctoral & equivalent	
	Contact	Distance	Contact	Distance	Contact	Distance	Contact	Distance
1	1.0	0.5	2.0	1.0	3.0	3.0	4.0	4.0
2	1.5	0.75	3.0	1.5	4.5	4.5	6.0	6.0
3	2.5	1.25	5.0	2.5	7.5	7.5	10.0	10.0
4	3.5	1.75	7.0	3.5	10.5	10.5	14.0	14.0

The basic weightings of funding groups 1, 2, 3 and 4 for contact tuition for the four qualification types in Table 3 are based on HEMIS definitions to record students, whereby one undergraduate student head equals on average 0.8 of a full-time equivalent (FTE) student, one masters student head equals on average roughly a third of an FTE student, and one doctoral student head equals on average roughly a quarter of an FTE student.

The four funding groups in Table 3 consist of HEMIS FTE student aggregations according to the Classification of Educational Subject Matter (CESM) categories, set out in Table 4.

Table 4: Funding groups for 2023/24 and 2024/25

Funding group	CESM categories included in funding group
1	07 education, 12 law, 18 psychology, 19 public administration and services
2	04 business, economics & management studies, 05 communication & journalism, 06 computer & information sciences, 11 languages, linguistics & literature, 17 philosophy, religion and theology, 20 social sciences
3	02 architecture & the built environment, 08 engineering, 10 family ecology & consumer sciences, 15 mathematics & statistics
4	01 agriculture & agricultural operations, 03 visual and performing arts, 09 health professions & related clinical sciences, 13 life sciences, 14 physical sciences

1.2 Approved teaching input units funded by the state

Teaching input funding is based on planned and approved FTE student enrolments, weighted for funding purposes as indicated in Sub-Division 1.1 of **Section B**.

Table 5 sets out the funded totals of teaching input units (TIUs) per university from 2021/22 to 2027/28.

Table 5: Ministerial approved teaching input units

State budget financial years Student enrolled academic years UNIVERSITY	MINISTERIAL APPROVED FUNDED TEACHING INPUT UNITS						
	2021/22 2019	2022/23 2020	2023/24 2021	2024/25 2022	2025/26 2023	2026/27 2024	2027/28 2025
CAPE PENINSULA UT	62 333	61 968	66 796	67 952	69 486	71 608	73 691
CAPE TOWN	71 402	72 353	72 552	73 357	73 627	74 031	74 403
CENTRAL UT	29 502	34 217	35 414	36 654	37 937	39 264	40 638
DURBAN UT	51 087	52 276	53 028	54 607	55 982	57 564	59 759
FORT HARE	31 742	33 855	34 600	35 372	36 172	37 000	37 858
FREE STATE	59 252	68 362	69 126	69 856	70 555	71 284	71 971
JOHANNESBURG	91 848	96 415	97 617	98 443	98 516	99 358	99 913
KWAZULU-NATAL	99 494	97 394	95 776	95 208	96 730	98 315	99 879
LIMPOPO	41 046	48 522	50 741	52 306	53 758	55 043	56 357
MANGOSUTHU UT	21 509	18 399	18 902	19 092	19 322	19 476	19 496
NELSON MANDELA	54 265	54 194	55 594	56 717	57 845	58 995	60 326
NORTH WEST	82 701	93 262	93 529	93 039	94 028	95 818	98 157
PRETORIA	119 818	120 592	122 197	124 291	126 466	128 569	130 703
RHODES	17 985	20 007	20 354	20 604	20 909	21 266	21 809
SEFAKO MAKGATHO	24 060	25 012	25 657	26 267	26 831	27 433	28 166
SOUTH AFRICA	168 112	178 079	178 556	179 034	179 514	179 995	180 478
STELLENBOSCH	78 627	83 090	84 431	85 416	86 227	86 765	87 097
TSHWANE UT	104 937	121 015	123 867	126 764	129 708	132 575	135 735
VAAL UT	32 302	33 925	37 056	35 689	36 514	37 855	38 970
VENDA	33 502	37 666	38 419	39 187	39 971	40 771	41 586
WALTER SISULU	44 372	48 759	47 682	48 858	49 744	50 890	52 331
WESTERN CAPE	46 192	51 959	54 263	56 190	58 185	59 895	61 252
WITWATERSRAND	87 362	106 591	107 015	107 510	110 313	111 127	111 796
ZULULAND	19 983	32 486	33 623	34 800	36 018	37 278	38 583
TOTAL	1 473 434	1 590 399	1 616 794	1 637 215	1 664 356	1 692 172	1 720 953

These TIUs units shown in Table 5 include both contact and distance tuition students. These TIUs are reflected in the “Ministerial Statement on Student Enrolment Planning 2020-2025 for Universities” of November 2019. The Department consults with each university concerning these future student enrolment targets. The enrolment targets are, in effect, a contract between the Department and the council of each university.

The Department has embarked on the process to review the 2023 to 2025 of the Ministerial enrolment planning targets for the cycle 2020 to 2025. The mid-term review process included the revision of FTEs and the re-calculation of the teaching input units. The mid-term review started in 2021 when the Department sent out letters and preliminary templates to be submitted by institutions by 31 January 2022. This was later extended to 28 February 2022. After the preliminary submission, a one-day workshop was convened in April 2022.

The workshop provided a platform for all stakeholders in higher education to have a structured discussion on the collective higher education enrolment planning process, key systemic movements and guidelines for the review of institutional targets. One-on-one meetings were held between April and May 2022 and institutions were requested to submit their council approved revised plans for 2023 to 2025 by 30 June 2022.

The amendment for 2023 to 2025 of the Ministerial student enrolment planning for 2020 to 2025 for universities will be communicated to universities once approved by the Minister. Table 5 therefore does not include the revised TIUs.

1.3 Corrective measures taken concerning unacceptable deviations between actual and funded teaching input units.

This section deals with the difference between the actual units calculated by a university in Sub-Division 1.1 of **Section B**, and the approved funded units as indicated in Sub-Division 1.2 above for a particular year.

Each university is expected to plan and manage its student admissions and enrolment to ensure that, for a particular year, its actual teaching input unit total calculated in Sub-Division 1.1 converges to its planned and state funded teaching input unit total approved by the Minister and set out in Table 5.

The Department makes adjustments to Ministerial approved and funded TIUs for unacceptable deviations between actual and funded TIUs before a university receives its final block grant budget for a particular year.

Each year, corrective financial measures are implemented on universities who do not stay within a reasonable limit of their Ministerially approved TIUs. Warnings to universities were initially provided in the Ministerial Statement on University Funding of November 2012 and in all subsequent annual Ministerial Statements. The Ministerial Statements on Student Enrolment Planning from 2009/10 onwards also indicated that the Department would make downward adjustments for universities who under-enrol more than 2% of their enrolment target. Under-enrolments adversely affect access to students, especially poor and disadvantaged students. Over-enrolments impact on the quality of teaching

and learning provided to students, negatively impact on the TIU shares amongst universities and the rand-value of TIUs in future enrolment planning, and also adversely impact on the NSFAS to be able to properly cater for poor and missing middle students.

For the 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 financial years, the Minister has approved deviations in under-enrolment of 5%, 4%, 3%, 2% and again 2% from the Ministerial approved funded teaching input units as acceptable for 2013, 2014, 2015, 2016 and 2017 enrolled student data respectively. In all of the above five years, one third of the units exceeding the approved acceptable deviation were removed from the funded units of a university which had under-enrolled beyond the acceptable deviation.

For the 2020/21, 2021/22 and 2022/23 financial years, the Minister approved deviations in over-enrolment in both first-time entering (FTEN) enrolled students and in TIUs of 5%, 4% and 3%, as acceptable for 2018, 2019 and 2020 enrolled student data respectively. For each of these 3 financial years, the acceptable range for under-enrolment in TIUs remained at 2%. In all of the above three years, one third of the units exceeding the approved acceptable deviation were removed from the funded units of a university which had over-enrolled or under-enrolled beyond the acceptable deviation. Removal of one third of the units exceeding the approved acceptable deviation will increase to 40% with the 2023 TIUs (2025/26 financial year), and for each of the subsequent years by a further 10% each year as from the 2026/27 financial year.

The corrective financial measures imposed on all universities are annually reported in detail in the public report: "University state budgets", noted in Sub-Division 4 of **Section A** of this Ministerial Statement.

Corrective measures will in future years become stronger in one or more of the following areas, namely:

- Reducing the acceptable range of deviations for over-enrolments from Ministerial approved funded teaching input units towards 2%, where 2% was signalled as an acceptable variation from agreed upon targets in 2012;
- Removing an ever-increasing share of Ministerial approved funded teaching input units from universities that operate outside of the acceptable deviation range in terms of under-enrolment and over-enrolment; and
- Re-allocating the revised funding towards universities that operate within the acceptable range of deviations from Ministerial approved funded teaching input units.

As stated in previous Ministerial Statements on University Funding, no new students may be enrolled in non-aligned Higher Education Qualifications Sub-Framework (HEQSF) qualifications from 1 January 2020 onwards. For example, universities that have enrolled new students for the BTech (1 year) qualification in 2020 will be penalised financially.

2 THE INSTITUTIONAL FACTOR SUB-BLOCK GRANT

This section contains 2 factors, namely 1) the proportion which a university has of students from disadvantaged backgrounds, and 2) university size in terms of contact and distance FTE student enrolment.

2.1 Grants for universities with large proportions of disadvantaged students

The aim of this grant is to increase the participation, success and graduation rates of disadvantaged students in general. This grant deems disadvantaged students to be African and Coloured students who are South African citizens.

For a contact tuition university, a calculation for the 2023/24 financial year is first made of the proportions it has of disadvantaged students in its 2020 *contact* FTE enrolled student total. A disadvantage-weighting factor is then determined for the university. This factor is 0 for a university whose proportion of disadvantaged students is 40% or less, and increases linearly up to a maximum of 0.10 at a disadvantaged proportion of 80%. The factor remains 0.10 for a university whose proportion of disadvantaged students is between 80% and 100%.

For 2023/24, additional 2021 funded teaching input units are then generated by multiplying its disadvantage factor by the university's approved 2021 funded total of contact plus distance teaching input units set out in Table 5 for the 2023/24 financial year.

For the dedicated distance university, the calculation of the disadvantage factor for the 2023/24 financial year is based on the proportion of disadvantaged students, which it has in its 2021 distance FTE enrolled student total.

The same calculations can be made for 2024/25, using the corresponding 2022 student data.

2.2 Grants related to the size of universities

The size factor takes account of economies of scale as the FTE enrolment size of a university increases. The institutional size factor is used to give additional teaching input units to small universities, depending on the size of their FTE student enrolments. The institutional size factor amounts to 0.15 for universities with up to 4 000 contact plus distance FTE (unweighted) students, after which it decreases linearly to 0 for universities with totals of 25 000 or more contact plus distance FTE students (unweighted).

For 2023/24, additional 2020 funding units are then generated by multiplying its size factor by the university's approved funded total of contact plus distance teaching input units set out in Table 5 for the 2023/24 financial year.

The same calculations can be made for 2024/25, using the corresponding 2022 student data.

3 TEACHING OUTPUT SUB-BLOCK GRANT

The aim of this sub-block grant is to fund and simultaneously incentivise increases in student graduates from under-graduate up to taught masters level. Research masters graduates and all doctoral graduates are excluded, as they are funded in the research output sub-block grant.

Student graduate numbers, instead of annual full-time equivalent (FTE) student success rates, are the focus of teaching outputs, because student graduate data are in essence, the final teaching outcomes at universities.

Funding of a university for the 2023/24 and 2024/25 financial years will respectively be based on a university's actual 2021 and 2022 totals of student graduate numbers reported in HEMIS, and audited by the universities' external auditors.

Teaching output grant allocations are determined on the basis of an actual weighted total of teaching outputs (in terms of funded units) produced by each university. The weightings for funding purposes to be applied to actual student graduate headcount outputs in order to obtain funded units for a university are set out in Table 6. There is no distinction between the teaching outputs of distance and of contact programmes.

Table 6: Funding weightings per student graduate head for contact and distance programmes for 2023/24 and 2024/25

Teaching output programmes	Weightings
UG certificates and diplomas (1 year)	0.5
UG certificates and diplomas (2 years)	0.5
UG certificates and diplomas (3 years)	1.0
UG 1st bachelors degrees (3 years)	1.0
UG 1 st bachelors degrees (4 years or more) NQF7	1.5
UG 1 st bachelor's degrees (4 years or more) NQF8	1.5
UG B Tech (1 year)	1.5
UG Advanced diplomas (1 year) NQF7	0.5
PG certificate in education (1 year) NQF7	0.5
PG diplomas and post-diploma dipl/cert (1 year)	0.5
PG bachelors degrees and advanced bachelors degrees	1.0
Honours degrees/higher diplomas/post-grad dipl (1 year)	0.5
Non-research masters degrees and diplomas	0.5

4 RESEARCH OUTPUT SUB-BLOCK GRANT

The aim of this sub-block grant is to subsidise research activities taking place at the universities and uses the actual research outputs in the form of publications, creative arts and innovations outputs as proxy.

Funding of a university for the 2023/24 and 2024/25 financial years will be based on a university's 2021 and 2022 totals of actual publications, creative and innovations units respectively, as well as doctoral and research masters graduate numbers reported in HEMIS. Journal publications, indexed published conference proceedings and HEMIS data are audited by the respective universities' external auditors.

Any publication which does not comply with the policies of the Department, will not be state funded. Research units will either be withheld or withdrawn, depending on the circumstances, from a university for funding purposes for publications found to be fraudulent or appearing in predatory journals or publications pending investigation. The Department reserves the right to recover the funds from a university that has claimed for and been paid out subsidies for such articles in error, up to a period of 3 historical years, as stated in Sub-Division 5 of **Section A** (above). Should the Department establish that some of the pending journals or publications are not predatory or fraudulent, then research units will be awarded in the next financial year or the year following the authentication.

The Department communicates lists of accredited journal titles to universities at the start of each academic year. Even if a journal is on any of the lists approved by the Department, if later it is established that the journal is predatory, the Department will not fund articles published in the journal and will withdraw units that had already been previously allocated, as per the Research Outputs Policy.

Each university should place emphasis on research ethics; the importance of quality research outputs, and the need to strengthen the university’s research office to monitor publications in which their researchers are publishing in.

Universities already complied and submitted to the Department creative outputs and innovations produced from 2017 to 2019 in November 2019. This is in line with the *Policy on the Evaluation of Creative Outputs and Innovations produced by South African Public Higher Education Institutions* (Government Gazette, No. 40819 of 28 April 2017). Evaluation of these outputs was finalised in 2020, and taken into account to determine a university’s research output sub-block grant budget for 2021/22.

The Department has been working with universities to bring forward the submission date for creative outputs and innovations produced from 2018 to 2020, thus combining two submission periods. These outputs have been taken into account for the 2021/22 financial year. The submission due date for creative and innovative outputs has now been brought forward to 30 September 2023.

Research output grant allocations are determined on the basis of an actual weighted total of research outputs (in terms of funded units) produced by each university.

For 2023/24 and 2024/25, the weightings for funding purposes to be applied to actual research outputs in order to obtain funded research output units for a university are set out in Table 7.

Table 7: Funding weightings for research output units for 2023/24 and 2024/25

Research output categories	Funding weighting 1)
Doctoral graduates	3
Research masters graduates	1
Journal articles	1
Books and chapters	1
Conference proceedings	1
Innovations	
- Patents	1
- Plant Breeders' Rights	1
Creative outputs	
- Fine Arts and Visual Arts	1
- Music	1
- Theatre, Performance and Dance	1
- Design	1
- Film and Television	1
- Literary Arts	1

1) These funding weightings differ from the set of weightings applied to determine research output units

The deadline within the Department to obtain the final research output unit totals per university for year (n-1) in order to determine in year (n) a budget for a university for year (n+1) is 15 October of year (n). Any changes/adjustments in these research unit totals after the deadline of 15 October of year (n) will be accommodated by 15 October of year (n+1) for funding in year (n+2). There could therefore be a difference between the final approved research output units for a university, and the total units of year (n-1) funded within the research output sub-block grant.

Section C: Earmarked Grants for Universities

Section C focuses on presenting budgets per university in certain earmarked fund categories, in line with the context of this Ministerial Statement, set out in Sub-Division 2 of **Section A**.

Earmarked grants elaborated in this section of the Ministerial Statement are:

- New Universities Earmarked Grant: Capital (NUEG: Capital);
- New Universities Earmarked Grant: Capital (NUEG: Operational);
- University Capacity Development Grant (UCDG);
- Foundation Provision Grant;
- Clinical Training Grant (CTG);
- Sibusiso Bengu Development Grant (SB-DG);
- Veterinary Sciences Grant; and
- Employment of University Graduate Assistants

1 GENERAL POLICY ON PAYMENTS OF EARMARKED GRANTS

Earmarked grants require annual progress reports to be submitted to the Department. Reporting on finances (e.g. expenditure data) within progress reports is required. Financial data in progress reports must be reported to at least 31 March of the year in which a progress report is required. This was implemented to ensure closer alignment with the financial year of the state (1 April – 31 March). However, the allocation of the UCDG is aligned to a university's academic year. Thus, progress reports within the UCDG are aligned to the university's financial year (1 January – 31 December).

All progress reports and audited financial statements for earmarked grants, apart from those linked to the UCDG and the infrastructure grants, must be provided on or before 31 May of each year. This will ensure that the more reliable second submission HEMIS data, which must be submitted to the Department by 30 April of each year, can be used in progress reports. In the case of the UCDG reports and the infrastructure grants, the due date for the submission is the end of February of each year.

An amount of between 20% and 40% of each earmarked grant aligned to the Department's financial year will be released to universities during the first quarter of 2023/24, based on progress reports and audit certificates already approved by the Department during 2022/23 relating to the use of 2021/22 grants. The release of these initial funds during the first quarter of 2023/24 is not linked to the assessment of the reports during 2023/24. The purpose of the upfront payment is to assist universities to implement approved projects/programmes funded through earmarked grants during their academic year. The remaining percentage of the 2023/24 earmarked allocation will be released, based on the Department's assessment of progress reports on the use of 2022/23 grants and the accompanying audit certificate(s). Major under-spending and/or spending of funds for purposes not approved by the Department may result in withholding of funds. If funds are withheld, these may be reallocated with the approval of the Minister.

The annual and monthly reporting requirements as well as the withdrawal of funds where there is major under-spending due to circumstances that are within the control of the university also applies to infrastructure projects funded through the SB-DG.

With the exception of infrastructure grants, an amount of between 20% and 40% of each earmarked grant aligned to the Department's financial year will be released to universities during the first quarter of 2023/24. The release of these initial funds will not be linked to the assessment of the reports during 2023/24. The purpose of the upfront payment is to assist universities to implement approved projects/programmes funded through earmarked grants during their academic year. The remaining percentage of the 2023/24 earmarked allocation will be released, based on the Department's assessment of progress reports on the use of 2022/23 allocations and the accompanying audit certificate(s). Due to the 2022/23 NUEG: Capital allocations having been released later than anticipated, the release of the 2023/24 NUEG Capital allocations will only be based on the assessment of audit reports on the use of funds in 2022/23. Major under-spending and/or spending of funds for purposes not approved by the Department may result in withholding of funds. If funds are withheld, these may be reallocated with the approval of the Minister.

As indicated in the previous Ministerial Statement, National Treasury now requires institutions to spend infrastructure grants in the financial year they are allocated and to comply with this requirement, progress reports on the use of infrastructure grants (IEG; BFI and NUEG: Capital) need to be aligned to the university's financial year with effect from 2023. Some universities have requested that this requirement be postponed to 2024. The Department is currently consulting with National Treasury on this issue. The Department is also currently consulting with National Treasury on the submission of monthly reports on their Infrastructure Reporting Model to ensure that this commences April 2023 for the latest. Feedback on the above-mentioned issues will be provided to universities in due course.

As communicated in the 31 October 2022, the 6th IEG cycle funding allocations letters as well as the 31 October 2022 letters for the approval of SPU and UMP 5-year Infrastructure Development Plans, the Minister has now approved the spending thresholds that will be used for the implementation of measures to withdraw infrastructure funds in cases of major underspending due to circumstances within the control of the universities and the criteria for the reprioritisation of withdrawn funds.

The spending thresholds are as follows:

- **Major under-spending:** Expenditure that is less than 30% of the amount transferred during the year under review or less than 50% of allocations from previous cycle(s).
- **Under-spending:** Expenditure that is less than 50% of the amount transferred during the year under review or less than 70% of all allocations from previous cycle(s).
- **Satisfactory spending:** Expenditure that ranges between 50-70% of the amount transferred during the year under review or expenditure that ranges between 70-90% of allocations from previous cycle(s).
- **Good spending:** Expenditure above 70% of the allocation of the amount transferred during the year under review or above 90% of allocations from previous cycle(s).

The criteria for the reprioritisation of withdrawn infrastructure funds are that the funds will be reprioritised towards Historically Disadvantaged Institutions complying with the following requirements:

- Satisfactory progress and spending on their own infrastructure programme(s).
- Audit reports that are in order.
- Transformation requirements for the PSET infrastructure programme.

2 INFRASTRUCTURE AND EFFICIENCY GRANT (IEG)

The purpose of the IEG is to ensure:

- Synergy between the availability of infrastructure within the university sector and the range of needs linked to the expansion of the system in terms of the enrolment planning processes;
- Equity in the quality of infrastructure at all universities; and
- Equity in the distribution of state funds amongst universities.

The funding pattern towards the establishment of infrastructure, such as a new building or refurbishments of existing buildings, differs vastly from the daily operational costs of a university.

The IEG has been allocated over five distinct cycles (*2007/08 to 2009/10; 2010/11 to 2011/12; 2012/13 to 2014/15; 2015/16 to 2017/18; and 2018/19 to 2020/21*). More details of the content of these previous cycles are set out in previous Ministerial Statements on University Funding.

The IEG is now in its 6th cycle which runs from 2022/23 to 2023/24 (*2021/22 IEG budget was used to support NSFAS shortfall and 2018/19 to 2020/21 IEG projects were affected by the 2020 IEG budget cuts*). Due to major underspending of the IEG by universities, final 2023/24 allocations (*amounting to R1.409 billion*) were deferred to 2024/25 to provide universities with the opportunity to spend their 2022/23 allocations and funds transferred during the 2018/19 to 2020/21 cycle. The deferment increases the 2024/25 IEG budget from R2.278 billion to R3.686 billion.

Also, due to major underspending of the IEG by universities, National Treasury did not approve any infrastructure funding for Community Education and Training (CET) Colleges and requires the colleges to be funded from allocations already existing in the system. This resulted in the Department reprioritising towards infrastructure development at the CET Colleges, R771.135 million from the 2023/24 IEG budget.

Table 8 presents 2023/24 to 2024/25 IEG allocations per university.

Table 8: IEG allocations for 2023/24 to 2024/25

University	2023/24 (R' 000)	2024/25 (R' 000)
Cape Peninsula UT	0	234 899
Cape Town	0	94 899
Central UT	0	294 899
Durban UT	0	94 899
Fort Hare	0	125 899
Free State	0	94 899
Johannesburg	0	94 899
KwaZulu-Natal	0	279 899
Limpopo	0	94 899
Mangosuthu UT	0	154 899
Nelson Mandela	0	94 899
North-West	0	94 899
Pretoria	0	94 899
Rhodes	0	94 899
Sefako Makgatho	0	94 899
South Africa	0	126 399
Stellenbosch	0	94 899
Tshwane UT	0	468 899
Vaal UT	0	144 989
Venda	0	94 899
Walter Sisulu	0	353 576
Western Cape	0	94 899
Witwatersrand	0	94 899
Zululand	0	173 199
TOTAL	0	3 686 138

BFI FUNDING FOR THE SHIP

National Treasury's BFI is a reform to the budget process that supports the execution of national priority projects by establishing specialised structures, procedures and criteria for committing fiscal resources to public infrastructure spending. The original BFI budget for 2023/24 of R158.168 million has been moved to 2024/25 with a zero allocation in 2023/24. Due to the challenges faced by the institutions, the subdivision of this amount is currently being reviewed to ensure compliance with allocation conditions.

3 NEW UNIVERSITIES

The Minister established the University of Mpumalanga (UMP) and Sol Plaatje University (SPU) as juristic persons in August 2013, in terms of Section 20 of the Higher Education Act, 1997. The institutions were established as comprehensive universities offering a range of formative and vocationally focused undergraduate programmes. Over time the institutions will develop postgraduate and research programmes in niche areas.

SPU and UMP will, when they reach their full planned capacity, provide spaces for 7 500 and 18 000 students respectively. Growth in student numbers will match the planned developments in infrastructure over time. The range of programmes offered by each of the universities will also extend in accordance with a planned and evolving Programme and Qualification Mix as capacity to deliver is developed.

The purpose of the two new universities' earmarked grants is to provide funding to SPU and UMP for development until such time that they become self-sustainable in terms of all income streams. These universities are not yet funded as part of the existing funding formula for the other 24 universities, and receive earmarked funding for operational expenses and infrastructure development.

In line with National Treasury's requirement for the Department to fund infrastructure development at CET Colleges from allocations already existing in the system, the Department reprioritised funding towards infrastructure development at CET Colleges, i.e. R280.928 million from the 2023/24 NUEG: Capital budget.

Table 9 reflects National Treasury's earmarked state allocations for operational costs and capital funding to SPU and UMP from 2023/24 to 2025/26.

Table 9: Operational and capital funds for the 2 new universities from 2023/24 to 2025/26

Year	2023/24	2024/25	2025/26
University	(R'000)	(R'000)	(R'000)
Operational funds			
Sol Plaatje	372 440	384 843	406 598
Mpumalanga	464 619	489 800	507 230
Subtotal	837 059	874 643	913 828
Capital funds			
Sol Plaatje	250 949	402 194	343 796
Mpumalanga	421 807	503 290	515 693
Subtotal	672 756	905 484	859 489
TOTAL	1 509 815	1 780 127	1 773 317

Sefako Makgatho Health Sciences University (SMU), the third new university that was established in 2015 through the unbundling of the former MEDUNSA campus from the University of Limpopo receives a block grant for operational expenses. However, in order to support the university to develop and become a sustainable comprehensive health sciences university, it requires a special grant. Its current programme qualification mix does not enable it to cross-subsidise from less expensive programmes, since all its programmes are in the more expensive health sciences. This grant was introduced in 2018/19. The continuation of the grant in 2023/24 to 2027/28, after five years (2018/19 to 2022/23), has been approved with conditions communicated to SMU.

Therefore, an additional earmarked grant has been allocated to SMU, amounting to R200 million for each of the 2023/24 and 2024/25 financial years as indicated in Table 1.

4 UNIVERSITY CAPACITY DEVELOPMENT GRANT

The University Capacity Development Grant (UCDG) was introduced in 2018 as a resource to enable the implementation of the University Capacity Development Programme (UCDP). The UCDP is implemented in 3-year cycles, aligned to the academic year of universities. 2021 is the first year of the second three-year cycle.

During 2020, the Department worked with universities to review and develop a new Ministerial Statement for the second cycle, as well as develop new three-year plans.

The *Ministerial Statement on the Implementation of the University Capacity Development Programme 2021-2023* was approved and signed by the Minister of Higher Education, Science and Innovation on 26 November 2020. The UCDP Statement describes the nature of the UCDP and how it must be implemented over the next three years. The UCDP statement should be read in conjunction with this component of the *Ministerial Statement on University Funding 2021/22 and 2022/23*.

The UCDP is implemented through three sub-programmes:

- The *Institutional Grants Sub-Programme* allocates grants to universities to support the implementation of university UCDP Plans that have been approved by the Director-General - 60% of the total UCDG is allocated to this sub-programme, and the amounts that each university receives is based on a distribution model that takes transformation issues into account;
- *Nationally-led Sub-Programme*, including the *Staffing South Africa's Universities Framework* – 33.5% of the total UCDG is allocated to this sub-programme; and
- *University-led Collaborative Grant Sub-Programme* – 5% of the total UDCG is allocated to this sub-programme.

The remaining 1.5% of the annual UCDG amount available is deployed to enable effective *implementation management support* for the UCDP.

In the second cycle, and different from the 1st cycle:

- Sol Plaatje University and the University of Mpumalanga are allocated an institutional grant allocation;
- The SSAUF sub-programmes are catered for through the allocation of funds as part of the distribution model; and
- A specific allocation for UCDP implementation management support is made to universities that receive less than R15 million as their annual institutional grant allocation.

Tables 10A and 10B reflect the UCDG state budget for 2023/24 and 2024/25 that will be allocated to the three UCDP sub-programmes as well as for the implementation management support.

Table 10A: Earmarked UCDG state budgets for 2022/23 and 2023/24

University	INSTITUTIONAL GRANT SUB-PROGRAMME				
	2023/24 Financial Year		2024/25 Financial Year		
	2023 academic year		2024 academic year		Jan - March 2025 (R'000)
	Jan - March 2023 (R'000)	Apr - Dec 2023 (R'000)	Jan - March 2024 (R'000)	Apr - Dec 2024 (R'000)	
CAPE PENINSULA UT	7 891	24 491	8 164	25 534	8 512
CAPE TOWN	3 150	9 776	3 259	10 192	3 398
CENTRAL UT	4 267	13 243	4 414	13 807	4 602
DURBAN UT	6 603	20 494	6 831	21 367	7 122
FORT HARE	3 816	11 845	3 948	12 350	4 116
FREE STATE	9 290	28 832	9 611	30 060	10 020
JOHANNESBURG	13 939	43 261	14 420	45 104	15 033
KWAZULU-NATAL	9 743	30 239	10 080	31 527	10 509
LIMPOPO	7 189	22 313	7 438	23 264	7 755
MANGOSUTHU UT	3 452	10 715	3 572	11 171	3 724
NELSON MANDELA	5 625	17 457	5 819	18 201	6 067
NORTH WEST	11 517	35 745	11 915	37 268	12 423
PRETORIA	6 101	18 936	6 312	19 743	6 581
RHODES	1 564	4 855	1 618	5 062	1 687
SEFAKO MAKGATHO	3 484	10 813	3 604	11 274	3 758
SOUTH AFRICA	18 975	58 891	19 630	61 400	20 465
STELLENBOSCH	3 745	11 624	3 875	12 119	4 040
TSHWANE UT	15 675	48 651	16 217	50 724	16 907
VAAL UT	4 741	14 714	4 905	15 341	5 114
VENDA	4 734	14 693	4 898	15 319	5 107
WALTER SISULU	10 552	32 749	10 916	34 144	11 381
WESTERN CAPE	5 507	17 091	5 697	17 819	5 940
WITWATERSRAND	6 242	19 373	6 458	20 198	6 733
ZULULAND	5 241	16 265	5 422	16 958	5 653
SOL PLAATJE	909	2 820	940	2 940	980
MPUMALANGA	985	3 059	1 020	3 189	1 063
TOTAL ALLOCATION TO UNIVERSITIES	174 937	542 945	180 983	566 074	188 690
OVERALL TOTAL FOR ACADEMIC YEAR	717 882		747 057		–
OVERALL TOTAL FOR FINANCIAL YEAR	–	723 928		754 764	

It is important to note that Tables 10A highlights allocations for UCD plans that will be disbursed to universities aligned to the academic year, to enable implementation of UCDP activities over an academic year. However, National Treasury will publish one UCD grant amount per university for the financial year 1 April -31 March, which will be the sum of the two amounts per university for 1 April-31 Dec and 1 Jan- 31 March.

Table 10B: Earmarked UCDG state budgets for 2022/23 and 2023/24

University	2023/24 FINANCIAL YEAR			2024/25 FINANCIAL YEAR		
	Collaborative projects sub-programmes		Institutional Implemen- tation Manage- ment Support 3) (R'000)	Collaborative projects sub-programmes		Institutional Implemen- tation Manage- ment Support 3) (R'000)
	Nationally- led 1) (R'000)	Univer- sity-led 2) (R'000)		Nationally- led 1) (R'000)	Univer- sity-led 2) (R'000)	
CAPE PENINSULA UT						
CAPE TOWN			1 500			1 500
CENTRAL UT						
DURBAN UT						
FORT HARE						
FREE STATE						
JOHANNESBURG						
KWAZULU-NATAL						
LIMPOPO		68 111			71 470	
MANGOSUTHU UT			1 500			1 500
NELSON MANDELA	303 143			316 058		
NORTH WEST						
PRETORIA	40 419			42 142		
RHODES	40 419		1 500	42 142		1 500
SEFAKO MAKGATHO			3 000			3 000
SOUTH AFRICA						
STELLENBOSCH						
TSHWANE UT						
VAAL UT						
VENDA						
WALTER SISULU						
WESTERN CAPE						
WITWATERSRAND	20 021			20 863		
ZULULAND						
SOL PLAATJE			1 500			1 500
MPUMALANGA			1 500			1 500
TOTAL	404 002	68 111	10 500	421 205	71 470	10 500
OVERALL TOTAL FOR FINANCIAL YEAR	482 613			503 175		

1) These universities are the Department's implementation support partners for the Nurturing Emerging Scholar's Programme (RU), New Generation of Academics Programme (nGAP) (NMU), University Staff Doctoral Programme (UP) and the Entrepreneurship Development in Higher Education and Higher Education Leadership and Management Programme (WITS) approved project transfers.

2) University-led Collaborative Projects Sub-Programme transfers and implementation support. University of Limpopo is the Department's implementation support partner for the Collaborative Projects Sub-Programme.

3) These universities receive less than R15m for their UCDG institutional grant in 2023 and 2024 and thus have been allocated a top-up grant to assist with management of the UCDP at the university. SMU receives additional for previous years.

5 FOUNDATION PROVISION GRANT

The main purpose of foundation provision is to improve the academic performance of those first-time entering undergraduate students, who already comply with the minimum requirements to enrol for a particular university qualification, and who have already enrolled for that qualification, but who are at risk of failing or dropping out. Such students are placed on formal Departmental approved extended curriculum programmes, which are in most cases one year longer than the regular qualification.

Earmarked foundation provision funds complement the teaching output sub-block grant in which graduates are funded. Any improvement in the student success rate of a university that will eventually result in more students graduating because of students being placed on extended/foundation programmes funded by earmarked foundation funds is to the benefit of a university, as additional graduates are funded within the teaching output sub-block grant.

Weighted full-time equivalent (FTE) foundation students are annually funded in 2 ways simultaneously:

- By generating teaching input subsidy within the teaching input sub-block grant; and
- Through the distribution of earmarked (ring-fenced) state funds for foundation purposes.

For earmarked foundation funding, FTE enrolled foundation students are weighted according to the groups of CESMs in the teaching input funding grid set out in Tables 3 and 4.

The total FTE foundation student enrolments, reported in HEMIS for year (n-1), weighted for funding purposes, determine in year (n) a university's earmarked state budget for foundation provision for year (n+1).

Table 11 reflects the foundation provision grants per university for 2023/24, based on final audited HEMIS foundation student data for 2021.

The preliminary state budget for foundation provision of a university for 2024/25 can be determined by multiplying the university's weighted FTE enrolled students in courses in extended curriculum programmes in year 2022 by the estimated rand value for a weighted FTE enrolled student in courses in extended curriculum programmes for year 2024/25. The latter is determined by dividing the projected sector funded units of foundation students for 2022 reflected in Table 2 into the total earmarked foundation grant for the sector for 2024/25 reflected in Table 1. The total funded units of foundation students in 2022 in Table 2 is a projected value, which may change as final audited student data becomes available for 2022 at a later stage.

Table 11: Earmarked foundation provision grants for 2022/23 and 2023/24

UNIVERSITY	2022/23 Adjusted (R'000)	2023/24 (R'000)
CAPE PENINSULA UT	43 177	58 369
CAPE TOWN	10 196	14 679
CENTRAL UT	12 773	12 904
DURBAN UT	3 207	4 779
FORT HARE	20 315	21 197
FREE STATE	58 978	54 485
JOHANNESBURG	61 564	73 055
KWAZULU-NATAL	26 818	28 367
LIMPOPO	41 853	44 217
MANGOSUTHU UT	9 542	9 253
NELSON MANDELA	14 502	19 666
NORTH WEST	32 402	35 130
PRETORIA	23 142	28 985
RHODES	1 828	1 822
SEFAKO MAKGATHO	5 024	6 377
STELLENBOSCH	8 242	6 939
TSHWANE UT	13 585	20 181
VENDA	8 007	16 168
WALTER SISULU	7 002	13 528
WESTERN CAPE	19 339	23 898
WITWATERSRAND	261	444
ZULULAND	3 244	11 051
TOTAL	425 001	505 495

6 SIBUSISO BENGU DEVELOPMENT PROGRAMME (SB-DP)

The eight identified universities that benefit from this programme are the Historically Disadvantaged Institutions, namely the University of Fort Hare, University of Limpopo, University of Venda, Walter Sisulu University, University of the Western Cape, University of Zululand, Mangosuthu University of Technology and Sefako Makgatho Health Sciences University. The SB-DG is allocated for a 5-year period from 2022/23 to 2026/27. The distribution of the new budget total for the SB-DG of R614 million for 2023/24 will be released against the strategic long-term development plans of these universities. Projects were recommended for approval by the Minister for these universities. The recommendations are done based on the five-year development plans submitted by these universities in line with the development framework, as approved by the Minister, linked to the universities medium to long term strategic plans approved by their councils.

The amounts in Table 12 below are preliminary amounts for the 2023/24 financial year for the projects to be approved to enable the universities to start implementing key projects for the new funding cycle.

The Programme Management Office has been moved to the Sefako Makgatho Health Sciences University with effect from the 2022/23 financial year.

Table 12: Sibusiso Bengu Development Programme budgets for 2023/24

University	2023/24 (R'000)
Fort Hare	0
Limpopo	60 045
Mangosuthu	92 741
Sefako Makgatho	64 602
Venda	108 402
Walter Sisulu	96 090
Western Cape	88 368
Zululand	104 363
TOTAL	614 611

7 CLINICAL TRAINING GRANT (CTG)

The distribution of CTG funds for 2023/24 and 2024/25 are based on the CTG funding model. Budgets per university for the clinical training grant for the years 2023/24 and 2024/25 have been calculated using some of the elements of the Programme Model as proposed in the 2017 National Review of the CTG. The allocations generated for 2023/24 and 2024/25 as per the model are reflected in Table 13.

Table 13: Clinical Training Grants for 2023/24 and 2024/25

YEAR UNIVERSITY	2023/24 (R'000)	2024/25 (R'000)
CAPE PENINSULA UT	13 361	16 320
CAPE TOWN	61 270	63 868
CENTRAL UT	7 430	7 453
DURBAN UT	21 424	16 680
FORT HARE	7 213	7 971
FREE STATE	45 474	41 426
JOHANNESBURG	13 411	14 274
KWAZULU-NATAL	79 524	97 375
LIMPOPO	18 080	21 895
MANGOSUTHU UT	2 254	1 219
NELSON MANDELA	18 172	17 415
NORTH WEST	22 911	23 571
PRETORIA	73 955	78 584
RHODES	4 492	5 625
SEFAKO MAKGATHO	57 498	65 881
STELLENBOSCH	69 245	71 346
TSHWANE UT	13 316	13 339
VAAL UT	7 382	5 169
VENDA	5 442	4 794
WALTER SISULU	30 189	29 755
WESTERN CAPE	41 068	34 017
WITWATERSRAND	103 393	112 695
ZULULAND	7 120	5 443
TOTAL	723 624	756 115

Universities that qualify for the CTG are required to submit CTG budget proposals every two years. From 2014 onwards, universities were required to submit their audited student enrolments by 31 July every year. The submission of student enrolments

annually is to enable the Department to calculate clinical training grants per university two years ahead, in order to enable better planning at universities. The annual audited student enrolments to be submitted in year (n) are those of year (n-1).

8 VETERINARY SCIENCES GRANT

Most of the earmarked funds for veterinary sciences are allocated to the University of Pretoria, which is responsible for the animal hospital and training of all veterinarians and veterinary nurses in South Africa. Unlike hospitals for humans, which are funded by the Department of Health, the animal hospital is not funded by any other government department. The veterinary sciences grant is also allocated to North West University, Tshwane University of Technology and the University of South Africa, which are responsible for the training of animal health technicians and veterinary health technicians.

Table 14 presents the allocations per university for Veterinary Science Programmes for 2023/24 and 2024/25.

Table 14: Earmarked budgets for Veterinary Science Programmes

Year	2023/24	2024/25
University	(R'000)	(R'000)
North-West	14 810	10 037
Pretoria	190 213	198 315
South Africa	5 599	3 641
Tshwane UT	16 483	8 604
Total	227 105	220 597

A once-off additional R15.521 million for 2023/24 has been reprioritised towards specific projects for veterinary sciences. This R15.521 million is divided as follows: North West University (R5.183 million), University of South Africa (R2.107 million) and Tshwane University of Technology (R8.231 million).

9 Employment of University Graduate Assistants

In the 2021 Adjusted Estimates funds, an amount of R90 million was allocated for the Presidential Youth Employment Intervention: University Graduate Assistants. The aim of the programme at universities is to provide recently qualified university graduates with temporary employment to obtain workplace experience.

A further R94.500 million for 2022/23 and R99.225 million in 2023/24 have been allocated for this programme. Allocations for 2022/23 and 2023/24 will be done upon receipt of requests from universities indicating the number of graduates each university will contract in the 2022/23 and 2023/4 financial years respectively.

Table 15: Employment of University Graduate Assistants

YEAR	2021/22
UNIVERSITY	(R'000)
CAPE PENINSULA UT	2 100
CAPE TOWN	4 500
CENTRAL UT	3 450
DURBAN UT	1 800
FORT HARE	4 050
FREE STATE	2 400
JOHANNESBURG	5 400
KWAZULU-NATAL	6 000
LIMPOPO	1 500
MANGOSUTHU UT	3 450
NELSON MANDELA	3 450
NORTH WEST	6 450
PRETORIA	4 050
RHODES	1 890
SEFAKO MAKGATHO	1 890
STELLENBOSCH	3 450
TSHWANE UT	3 450
VAAL UT	4 740
VENDA	4 050
WALTER SISULU	3 570
WESTERN CAPE	5 400
WITWATERSRAND	6 000
ZULULAND	3 750
SOL PLAATJE	1 050
MPUMALANGA	2 160
TOTAL	90 000

Section D: Grants to Institutions

Earmarked grants elaborated in this section of the Ministerial Statement are:

- National Student Financial Aid Scheme (NSFAS) Grant; and
- The African Institute for Mathematical Sciences (AIMS).

1 NATIONAL STUDENT FINANCIAL AID SCHEME GRANT

The National Student Financial Aid Scheme (NSFAS) is an independent juristic organisation set up to manage student financial aid governed by the NSFAS Act (Act No. 56 of 1999). NSFAS is responsible for administering loans and bursaries and allocating these to eligible students; developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education, Science and Innovation; raising funds, recovering loans, maintaining and analysing a database for loans and bursary administration; undertaking research for the better utilisation of financial resources and advising the Minister on matters relating to student financial aid.

The Department introduced the new DHET Bursary Scheme from 2018, providing fully subsidised funding for poor and working-class students from families with gross combined annual incomes of up to R350 000 in 2018, and phased in year by year to first time entering university students, over a five-year period. Students on the bursary scheme are covered for actual tuition and learning support materials, as well as subsidised accommodation and subsistence, or transport costs if living at home. The 2022 academic year is the fifth year of the phase-in of the new DHET bursary scheme. University students who entered their studies prior to 2018 qualify for a grant according to the previous threshold of R122 000 family income per annum. The grants for these students from 2018 onwards are subject to a funding cap, as in prior years.

For 2023/24, R318.548 million has been allocated for the operations of NSFAS. The 2023/24 allocation as per the December 2022 allocation letter from National Treasury amounts to R38 674.671 million.

The earmarked NSFAS budgets for the university sector reflected in Table 1 exclude:

- The Department of Basic Education's Funza Lushaka Bursary Scheme for funding initial teachers training managed by NSFAS;
- Funds for scarce skills and disabilities, including the National Skills Fund, Sector Education and Training Authorities (SETAs) and provincial governments;
- State fund allocations by other government departments, provincial governments and public entities including SETAs towards NSFAS;
- Funds recovered from previous beneficiaries of this student aid system;
- Council-controlled funds of universities invested into NSFAS;
- Funds towards the administration of the Scheme, which is shared by the TVET sector; and
- Private donors and non-governmental organisations.

2 THE AFRICAN INSTITUTE FOR MATHEMATICAL SCIENCES (AIMS)

The Department provides a grant to the African Institute for Mathematical Sciences (AIMS) to offer a masters degree in mathematical sciences on behalf of three universities, namely Stellenbosch University, University of the Western Cape and University of Cape Town. Students at AIMS have been registered at one of these universities. As required for any other earmarked grant, funding is allocated with certain conditions and AIMS needs to submit annual progress and audit reports. These students are not recorded in HEMIS, and therefore no block grant subsidy is allocated to the three universities for these students.

The programme builds core mathematical skills common to all modern science and focuses on growing human capital in science, technology and research innovations in order to contribute to the development of Africa. Some of our core areas of focus include big data, machine learning, disease modelling and mathematics of finance. For South Africa, this is also an important New Partnership for Africa's Development (NEPAD) initiative.