

# MINISTERIAL STATEMENT ON UNIVERSITY FUNDING: 2025/26 TO 2027/28

December 2024

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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);
- The White Paper for Post-School Education and Training (2013); and
- National Plan for Post-School Education and Training 2021 -2030.

Information relating to the budgets for the university sector is confidential until the National Treasury releases the 'Estimates of National Expenditure' at the time the Minister of Finance delivers his budget speech in February 2025.

Given the economic forecast for the 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 2025/26 to 2027/28, and the division of funds among various budget sub-categories;
- 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 (2025/26 and 2026/27);
- Budgets per university for certain earmarked grants for 2025/26 and 2026/27;
- Changes to funding policy and reasons for changes; and
- Changes to government funding allocations in 2025/26 and 2026/27.

## 2025 MTEF CONSUMER PRICE INDEX PROJECTION

National departments and public institutions must apply their discretion when using the costing assumptions, taking into consideration circumstances that may be unique to them. If the outcomes are different from the forecasted estimates, institutions will need to absorb any resultant differences within their budget baselines. Discretion cannot be applied to compensation of employees as it is subject to a separate process.

In budgeting for non-personnel expenditure items within the department's expenditure ceiling, the following Consumer Price (CPI) projections can be utilised to inform the provisions that departments choose to make for general price increases over the 2025 MTEF period.

### Costing assumptions

- 2025/26 financial year: 4.61 per cent
- 2026/27 financial year: 4.55 per cent
- 2027/28 financial year: 4.52 per cent

## 3 MTEF BUDGET ALLOCATIONS FOR 2025/26 to 2027/28

Table 1 sets out the division of funds for the university sector among various budget sub-categories

**Table 1: State budgets for the university sector**

Budget category	MTEF Estimate					% increase in budget per year			
	2023/24 (R'000)	2024/25 (R'000)	2025/26 (R'000)	2026/27 (R'000)	2027/28 (R'000)	2024/25	2025/26	2026/27	2027/28
<b>1 Block grants for universities</b>	<b>40 058 531</b>	<b>40 274 441</b>	<b>42 660 926</b>	<b>44 539 474</b>	<b>46 560 574</b>	<b>0.5%</b>	<b>5.9%</b>	<b>4.4%</b>	<b>4.5%</b>
1.1 Teaching inputs	24 608 847	24 732 664	26 165 635	27 286 878	28 514 358	0.5%	5.8%	4.3%	4.5%
1.2 Institutional factors	2 413 085	2 464 004	2 654 626	2 783 675	2 911 724	2.1%	7.7%	4.9%	4.6%
1.3 Actual teaching outputs	7 583 409	7 418 937	8 040 124	8 434 233	8 822 208	-2.2%	8.4%	4.9%	4.6%
1.4 Actual research outputs	5 453 190	5 658 836	5 800 541	6 034 688	6 312 283	3.8%	2.5%	4.0%	4.6%
<b>2 Earmarked grants for universities</b>	<b>4 054 083</b>	<b>4 202 130</b>	<b>4 566 539</b>	<b>4 453 978</b>	<b>4 648 375</b>	<b>3.7%</b>	<b>8.7%</b>	<b>-2.5%</b>	<b>4.4%</b>
2.1 Interest & redemption on historic loans	164	12	0	0	0	0.0%	0.0%	0.0%	0.0%
2.2 New universities									
- Operational funds (SPU & UMP)	833 920	874 643	913 828	955 694	998 911	4.9%	4.5%	4.6%	4.5%
- Health Sciences Operational (SMU)	200 000	200 000	200 000	200 000	200 000	0.0%	0.0%	0.0%	0.0%
- TUT Giyani Campus Operational Funding	0	0	247 806	0	0	0.0%	0.0%	0.0%	0.0%
2.3 University Capacity Development	1 055 181	1 157 940	1 194 295	1 234 753	1 291 552	9.7%	3.1%	3.4%	4.6%
2.4 Foundation Provision	505 495	527 029	550 640	575 969	602 464	4.3%	4.5%	4.6%	4.6%
2.5 Sibusiso Bengu Development Programme (8 univs)	531 352	570 793	581 501	598 298	625 820	7.4%	1.9%	2.9%	4.6%
2.6 Clinical Training of Health Professionals	700 866	676 115	681 989	694 182	725 573	-3.5%	0.9%	1.8%	4.5%
2.7 Veterinary Sciences	227 105	195 598	196 480	195 082	204 056	-13.9%	0.5%	-0.7%	4.6%
<b>3 Capital grants for universities</b>	<b>672 756</b>	<b>2 976 278</b>	<b>1 387 896</b>	<b>1 646 085</b>	<b>1 720 522</b>	<b>342.4%</b>	<b>-53.4%</b>	<b>18.6%</b>	<b>4.5%</b>
3.1 Infrastructure and Efficiency Grant	0	1 976 626	1 087 896	1 246 244	1 302 600	0.0%	-45.0%	14.6%	4.5%
3.2 New universities (SPU&UMP)	672 756	841 484	300 000	399 841	417 922	25.1%	-64.3%	33.3%	0.0%
3.4 Budget Facility for Infrastructure (Student Housing)	0	158 168	0	0	0	0.0%	0.0%	0.0%	0.0%
<b>4 Grants to other institutions</b>	<b>38 712 081</b>	<b>37 938 722</b>	<b>39 321 738</b>	<b>41 274 799</b>	<b>43 028 332</b>	<b>-2.0%</b>	<b>3.6%</b>	<b>5.0%</b>	<b>4.2%</b>
4.1 NSFAS - Universities 1)	38 674 617	37 915 950	39 298 616	41 251 303	43 003 755	-2.0%	3.6%	5.0%	4.2%
4.2 African Institute for Mathematical Studies	7 464	7 772	8 120	8 494	8 884	4.1%	4.5%	4.6%	4.6%
4.3 SAIMI (Nelson Mandela University)	20 000	15 000	15 002	15 002	15 692	-25.0%	0.0%	0.0%	4.6%
4.4 Next phase of feasibility studies for 2 new HEIs (SMU)	10 000	0	0	0	0	-100.0%	0.0%	0.0%	0.0%
<b>5 Reduction to block grants (after BG calculations)</b>	<b>- 190 872</b>	<b>0</b>	<b>- 247 806</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
5.1 Late and/or incorrect HEMIS data submission	- 45 000	0	0	0	0	0.0%	0.0%	0.0%	0.0%
5.2 Incorrect graduate data in previous HEMIS subm	- 2 896	0	0	0	0	0.0%	0.0%	0.0%	0.0%
5.3 In-year budget reduction	- 142 976	0	0	0	0	0.0%	0.0%	0.0%	0.0%
5.4 Over/under enrolment penalties not reallocated to universities	0	0	- 247 806	0	0	0.0%	0.0%	0.0%	0.0%
<b>TOTAL</b>	<b>83 306 579</b>	<b>85 391 571</b>	<b>87 669 293</b>	<b>91 914 337</b>	<b>95 957 802</b>	<b>3%</b>	<b>2.7%</b>	<b>4.8%</b>	<b>4.4%</b>

1) Excluding the NSFAS Administration grant.

2) 2023/24 and 2024/25 figures have been adjusted with the in-year budget reductions in the Adjusted Estimates of Expenditure.

3) Detailed breakdown of earmarked grants are reflected in each section of this statement.

Financial data for 2025/26 to 2027/28 in Table 1 is based on the formal 2025 Medium Term Expenditure Framework (MTEF) baseline allocation letter the Department of Higher Education and Training (the Department) received from National Treasury in December 2024. Each year, the National Treasury sets the baseline 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 (SPU and UMP), 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.

#### **4 UNIVERSITIES' STATE BUDGET FOR 2025/26 AND 2026/27**

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 2025/26 and 2026/27 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 the financial year (n+1). The 2024 data for the 2026/27 financial year has not yet been finalised, and is, therefore projected estimated amounts, which may still be adjusted during 2025. 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 2025/26 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							
	2023/24 2021	2024/25 2022	2025/26 2023	2026/27 2024	2023/24	2024/25	2025/26	2026/27
Funded teaching inputs	1 616 794	1 637 215	1 583 632	1 619 343	1,7%	1,3%	-3,3%	2,3%
Institutional factors	158 862	163 158	160 481	162 262 <sup>1)</sup>	2,2%	2,7%	-1,6%	1,1%
Actual teaching outputs	203 223	196 329	191 794	186 999 <sup>1)</sup>	-1,8%	-3,4%	-2,3%	-2,5%
Actual research outputs	42 986	44 379	43 437	44 349 <sup>1)</sup>	5,2%	3,2%	-2,1%	2,1%

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

Foundation provision	24 894	26 350	26 078	26 730 <sup>1)</sup>	2,7%	5,8%	-1,0%	2,5%
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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 from all universities for 2025/26 will be available on the Department’s website after the Minister of Finance delivers his budget speech in February 2025.

**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 extensively 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.

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 always ensure that it complies with all policies and directives issued by the Department. The Department has noted that there is an improvement in the quality of HEMIS data submissions, as well as adherence of all the due dates and in particular, 31 July for the third and final HEMIS submission. In the submission of 2023 student data, the under and over-enrolment in TIUs will no longer be adjusted 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.

Recently, there has also been an 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 impacted 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 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 2024 data of a university not **be correct, complete, and on time** in all respects when submitted by **31 July 2025**, the Department will penalise the university by reducing the block grant budget of the university for 2026/27 by R5 million, or in the case of universities that do not receive block grant, 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.

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 allocations to other universities. For example, in the 2023 HEMIS submissions, universities may include 2022 and 2023 graduates who did not complete their qualifications and who returned in the 2022 and 2023 academic years to graduate. The 2022 graduates would be graduates who were identified after the final audited 2021 HEMIS submission to the Department. These 2022 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 2022 should not be included in the 2023 database. **The Department will no longer accept prior year's graduates (in this instance 2022) 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 not 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.

## **6 PENALTIES ON THE BLOCK GRANT SUBSIDY FOR LATE SUBMISSION OF ANNUAL REPORTS OR AUDITED FINANCIAL STATEMENTS AND FOR A DISCLAIMER/ ADVERSE AUDIT OPINION**

The Department has observed concerning trends that necessitate the implementation of penalties on the Block Grant Subsidy from 2026/27 (for the 2024 academic year) onwards for non-compliance and poor audit outcomes as follows:

- The failure to **submit annual reports** and **audited financial statements on 30 June each year** has impeded the Department from effectively accounting for public funds. From 2026/27 (2024 academic year), a penalty of R20 million will be imposed for the first offence and R40 million for repeated failures.
- A university that received a **Disclaimer or Adverse audit opinion** indicates serious financial management issues within universities, raising concerns about the proper use of public funds. The penalty amount will be R20 million.

By imposing penalties for non-compliance and poor audit outcomes, the Department seeks to foster a culture of responsibility among universities, protect stakeholder interests, and promote the overall integrity and sustainability of the higher education sector. This proactive approach not only aims to mitigate risks associated with financial mismanagement but also encourages universities to maintain high standards of transparency and quality in their operations. It should be noted that the Department is obliged to share the list of institutions who have not submitted annual reports and audited financial statements with the Auditor General and relevant committees of Parliament.

## **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 2025/26 and 2026/27.

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 the 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**

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**

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	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	2019	2020	2021	2022	2023	2024	2025
CAPE PENINSULA UT	62 333	61 968	66 796	67 952	58 262	60 009	61 810
CAPE TOWN	71 402	72 353	72 552	73 357	72 603	73 802	74 659
CENTRAL UT	29 502	34 217	35 414	36 654	30 006	30 802	31 741
DURBAN UT	51 087	52 276	53 028	54 607	54 620	58 354	60 332
FORT HARE	31 742	33 855	34 600	35 372	29 103	29 703	30 334
FREE STATE	59 252	68 362	69 126	69 856	73 987	75 286	77 488
JOHANNESBURG	91 848	96 415	97 617	98 443	97 794	100 898	102 031
KWAZULU-NATAL	99 494	97 394	95 776	95 208	93 358	94 597	96 000
LIMPOPO	41 046	48 522	50 741	52 306	46 789	48 192	49 638
MANGOSUTHU UT	21 509	18 399	18 902	19 092	21 016	21 629	22 292
NELSON MANDELA	54 265	54 194	55 594	56 717	51 705	52 394	53 040
NORTH WEST	82 701	93 262	93 529	93 039	92 540	93 963	94 131
PRETORIA	119 818	120 592	122 197	124 291	127 925	130 870	134 060
RHODES	17 985	20 007	20 354	20 604	19 175	19 555	19 940
SEFAKO MAKGATHO	24 060	25 012	25 657	26 267	25 553	27 342	29 256
SOUTH AFRICA	168 112	178 079	178 556	179 034	187 751	190 580	193 311
STELLENBOSCH	78 627	83 090	84 431	85 416	87 246	88 424	88 992
TSHWANE UT	104 937	121 015	123 867	126 764	101 778	105 211	108 515
VAAL UT	32 302	33 925	37 056	35 689	36 380	37 654	38 972
VENDA	33 502	37 666	38 419	39 187	33 121	33 521	33 967
WALTER SISULU	44 372	48 759	47 682	48 858	48 404	49 746	51 244
WESTERN CAPE	46 192	51 959	54 263	56 190	50 924	52 452	54 025
WITWATERSRAND	87 362	106 591	107 015	107 510	108 112	107 636	108 092
ZULULAND	19 983	32 486	33 623	34 800	35 482	36 724	38 010
<b>TOTAL</b>	<b>1 473 434</b>	<b>1 590 399</b>	<b>1 616 794</b>	<b>1 637 215</b>	<b>1 583 632</b>	<b>1 619 343</b>	<b>1 651 880</b>

2023 -25 Adjusted as per the mid-term review approved by the Minister early in 2023

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 amendment for 2023 to 2025 of the Ministerial student enrolment planning for 2020 to 2025 for universities was approved by the Minister early 2023. Table 5, therefore includes the revised TIUs for 2023 to 2025.

### **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 that do not stay within a reasonable limit of their Ministerially approved TIUs. Fore-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 impacts on the TIU shares amongst universities and the rand-value of TIUs in future enrolment planning, and also adversely impacts the NSFAS to be able to properly cater for poor and missing middle students.

From the 2019/20 financial year, the Minister approved deviations in under-enrolment of 2% from the Ministerial approved funded teaching input units as acceptable for 2017 enrolled student data respectively. 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.

From the 2022/23 financial year, the Minister approved deviations in over-enrolment in both first-time entering (FTEN) enrolled students and in TIUs of 3%, as acceptable for 2020 enrolled student data respectively. Over the past few

years, only 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.

As indicated in the 2023 Ministerial Statement, the removal of one third of the units exceeding the approved acceptable deviation has increased 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. For the 2024 TIUs (2026/27 financial year) removal of 40% of the units exceeding the acceptable deviation will increase to 50%.

For 2023, the sector under-enrolled by 5.9% with 18 universities that under-enrolled more than 2% and 1 university that over-enrolled more than 3% on its TIUs. The total rand value amounts to R495.612 million. Due to the tight fiscus that does not allow any additional funding for the Department, only R247.806 million (50%) will be reallocated back to all 24 universities. The other 50% will be reprioritised once-off towards funding the operational needs for the establishment of the TUT Giyani campus.

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.

In future years, these measures are expected to become more stringent in one or more of the following ways:

- Narrowing the acceptable range of deviations for over-enrolments from the Ministerial-approved funded teaching input units to 2%, as initially established as a benchmark in 2012;
- Gradually withdrawing an increasing portion of Ministerial-approved funded teaching input units from universities that fall outside the acceptable deviation range due to under-enrolment or over-enrolment; and
- Redirecting the adjusted funding to universities that remain 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 2025/26 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 2025/26, additional 2023 funded teaching input units are then generated by multiplying its disadvantage factor by the university's approved 2023 funded total of contact plus distance teaching input units set out in Table 5 for the 2025/26 financial year.

For the dedicated distance university, the calculation of the disadvantage factor for the 2025/26 financial year is based on the proportion of disadvantaged students, which it has in its 2023 distance FTE enrolled student total.

The same calculations can be made for 2026/27, using the corresponding 2024 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 2025/26, additional 2023 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 2025/26 financial year.

The same calculations can be made for 2026/27, using the corresponding 2024 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 2025/26 and 2026/27 financial years will respectively be based on a university's actual 2023 and 2024 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 contact programmes.

**Table 6: Funding weightings per student graduate head for contact and distance programmes**

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 based on the two policies Research Outputs 2013 and the Policy on the Evaluation of Creative Outputs and Innovations Produced by Higher Education Institutions (2017) is to subsidise research activities taking place at universities and uses actual research outputs in the form of publications, creative research works and innovation outputs as a proxy.

Funding for the 2025/26 and 2026/27 financial years will be based on a university's 2023 and 2024 totals of actual publications (these are in the form of book chapter, book publications, journals and published conference proceedings).

Creative research outputs and innovations are in the form of the recognised respective subfields (film and television, design, literary arts, theatre performance and dance, music, fine arts) and innovations are in the form of patents and plant breeders' rights.

Furthermore, doctoral and research masters' graduate numbers reported in HEMIS.

Journal publications indexed or listed in the DHET list of accredited international and local journals are audited by the respective universities' external auditors.

The processing of the research outputs is based on the two policies is based on the outcomes of the evaluations by the relevant field-specific sub-panels appointed by the Department. The sub-panels use pre-determined evaluation criteria in line with the policy and the Implementation Guidelines. The sub-panel members are drawn from the university sector and are expert practitioners in their respective research subfields.

Any publication which does not comply with the policies of the Department, will not be state funded. For funding purposes, publications found to be fraudulent or appearing in predatory journals or publications pending investigation, research units will either be withheld or withdrawn, depending on the circumstances of the university. The Department reserves the right to recover the funds from the 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.

Each academic year, the Department communicates lists of accredited journal titles to universities which are internally verified, should there be a discrepancy where a journal is on any of the approved lists by the Department, and at a later stage, should it be established that the journal is predatory, the Department will not fund articles published in the journal and will withdraw units that had been previously allocated, as per the Research Outputs Policy.

Institutional internal committees must scrutinise the overall quality of applications before submission to the Department thus ensuring compliance with the overall policies.

The Department notes the need to strengthen university's research offices and Office of Tech Transfer. This will allow the monitoring of where their researchers are publishing, thus enhancing the importance of quality research outputs. Greater support needs to be provided to researchers for innovation to occur in universities. Matters of research ethics must also be emphasised and internal communication strengthened.

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

For 2025/26 and 2026/27, 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 2025/26 and 2026/27**

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:

- SPU & UMP Capital Grant;
- Infrastructure and Efficiency Grant (IEG);
- SPU & UMP Operational Grant;
- University Capacity Development Grant (UCDG);
- Foundation Provision Grant;
- Clinical Training Grant (CTG);
- Sibusiso Bengu Development Grant (SB-DG); and
- Veterinary Sciences Grant.

### **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 and infrastructure grants is aligned to a university's academic year. Thus, annual progress reports for the UCDG and infrastructure grants are aligned to the university's financial year (1 January – 31 December) and must be submitted by

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 of progress reports and audited financial statements is the end of February of each year.

Except for infrastructure grants, an amount of 40% of each earmarked grant aligned to the Department's financial year will be released to universities during the first quarter of 2025/26, based on progress reports and audit certificates already approved by the Department during 2024/25 relating to the use of 2023/24 grants. The release of these initial funds during the first quarter of 2025/26 is not linked to the assessment of the reports during 2025/26. The purpose of the upfront payment is to assist universities in implementing approved projects/programmes funded through earmarked grants during their academic year. The remaining percentage of the 2025/26 earmarked allocation will be released based on the Department's assessment of progress reports on the use of 2024/25 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.

## 2 INFRASTRUCTURE GRANTS

### SPU and UMP Capital and Operational Grants

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.

Due to the above-mentioned reprioritisation of the SPU and UMP Capital Grant baselines, infrastructure development for these 2 universities will be funded through the IEG from 2025/26 onwards. Table 8 below presents the 2025/26-2026/27 infrastructure allocations under the SPU and UMP Capital Grant.

**Table 8: 2025/26-2026/27 SPU and UMP Capital and Operational Grant Allocations**

<b>Institution</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027 /28</b>
	<b>(R' 000)</b>	<b>(R' 000)</b>	<b>(R' 000)</b>
<b>Operational funds</b>			
Sol Plaatje	406 598	430 062	449 510
Mpumalanga	507 230	525 632	549 401
<b>Subtotal</b>	<b>913 828</b>	<b>955 694</b>	<b>998 911</b>
<b>Capital funds</b>			
Sol Plaatje	150 000	199 921	208 961
Mpumalanga	150 000	199 920	208 961
<b>Subtotal</b>	<b>300 000</b>	<b>399 841</b>	<b>417 922</b>
<b>TOTAL</b>	<b>1 213 828</b>	<b>1 355 535</b>	<b>1 416 833</b>

### 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.

## **TUT Giyani Campus**

The establishment of the TUT Giyani Campus remains a high priority. This project aims to address a significant gap in higher education access within the Mopani District, one of the few districts in the country without a university campus. The campus will offer much-needed academic programmes and serve as a hub for community development. Recognising the significant capital and operational costs associated with this project, the Department has identified a portion of block grant over/under-enrolment penalties of R247.806 million that will be reallocated once-off to support this crucial project. This strategic reallocation will ensure the timely completion and opening of the campus, facilitating educational opportunities in the region.

Universities should not expect consistent or increasing funding given the country's fiscal constraints, and allocations will be made strategically, prioritising projects that demonstrate the greatest need and potential for impact. In terms of the capital grant, future allocations will depend mainly on TUT's performance in the expenditure of infrastructure funds already allocated.

## **North West University (Mining Campus)**

North West University has submitted a proposal for a mining campus, which is aligned with the Minister's vision for expanding educational opportunities in this vital sector. Funding will be allocated from a different source for a comprehensive feasibility study to assess the feasibility of this project. This study will evaluate the project's financial requirements and potential impact on the university's long-term sustainability. Based on the study's findings, further decisions regarding the project's funding and implementation will be made.

Table 9 below presents the preliminary 2025/26 to 2026/27 IEG allocations per university.

**Table 9: Preliminary IEG allocations for 2025/26 to 2026/27**

Institution	2025/26	2026/27
	R'000	R'000
CPUT	45 329	51 927
CUT	45 329	51 927
DUT	45 329	51 927
MUT	45 329	51 927
NMU	45 329	51 927
NWU	45 329	51 927
RU	45 329	51 927
SMU	45 329	51 927
SUN	45 329	51 927
TUT	45 329	51 927
UCT	45 329	51 927
UFH	45 329	51 927
UFS	45 329	51 927
UJ	45 329	51 927
UKZN	45 329	51 927
UL	45 329	51 927
UNISA	45 329	51 927
UNIVEN	45 329	51 927
UNIZULU	45 329	51 927
UP	45 329	51 927
UWC	45 329	51 927
VUT	45 329	51 927
WITS	45 329	51 927
WSU	45 329	51 927
<b>TOTAL</b>	<b>1 087 896</b>	<b>1 246 244</b>

The figures above are a preliminary allocation based on a straight-line approach where the total budget was divided by the number of the universities. Final figures will be available once the allocations have been approved by the Minister, taking into consideration the Ministerial and National Priority Projects that can be funded during the period indicated.

### 3 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.

2024 is the start of a new three-year cycle. The *Ministerial Statement on the Implementation of the University Capacity Development Programme 2024/25 onwards will be sent to universities once it's approved.*

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* – 34% of the total UCDG is allocated to this sub-programme; and

- *University-led Collaborative Grant Sub-Programme* – 5.4% (2024/25) and 5.5% (2025/26) of the total UDCG is allocated to this sub-programme.

The remaining 0.6% (2024/25) and 0.5% (2025/26) of the annual UCDG amount available is deployed to enable effective *implementation management support* for the UCDP.

Tables 10A and 10B reflect the UCDG state budget for 2025/26 and 2026/27 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 2025/26 and 2026/27**

University	INSTITUTIONAL GRANT SUB-PROGRAMME				
	2025/26 Financial Year		2026/27 Financial Year		
	2025 academic year		2026 academic year		Jan - March 2027 (R'000)
	Jan - March 2025 (R'000)	Apr - Dec 2025 (R'000)	Jan - March 2026 (R'000)	Apr - Dec 2026 (R'000)	
CAPE PENINSULA UT	8 164	24 159	8 164	24 977	8 441
CAPE TOWN	3 259	10 638 <sup>1</sup>	3 259	10 999 <sup>1</sup>	3 369
CENTRAL UT	4 414	13 064	4 414	13 506	4 564
DURBAN UT	6 831	20 216	6 831	20 901	7 062
FORT HARE	3 948	11 685	3 948	12 081	4 082
FREE STATE	9 611	28 441	9 611	29 405	9 937
JOHANNESBURG	14 420	42 677	14 420	44 123	14 909
KWAZULU-NATAL	10 080	29 829	10 080	30 840	10 422
LIMPOPO	7 438	22 011	7 438	22 757	7 690
MANGOSUTHU UT	3 572	11 565 <sup>1</sup>	3 572	11 957 <sup>1</sup>	3 693
NELSON MANDELA	5 819	17 221	5 819	17 804	6 016
NORTH WEST	11 915	35 262	11 915	36 456	12 319
PRETORIA	6 312	18 680	6 312	19 313	6 526
RHODES	1 618	5 784 <sup>1</sup>	1 618	5 981 <sup>1</sup>	1 673
SEFAKO MAKGATHO	3 604	11 662 <sup>1</sup>	3 604	12 057 <sup>1</sup>	3 726
SOUTH AFRICA	19 630	58 094	19 630	60 062	20 295
STELLENBOSCH	3 875	11 467	3 875	11 855	4 006
TSHWANE UT	16 217	47 993	16 217	49 614	16 766
VAAL UT	4 905	14 514	4 905	15 006	5 071
VENDA	4 898	14 494	4 898	14 985	5 064
WALTER SISULU	10 916	32 305	10 916	33 400	11 286
WESTERN CAPE	5 697	16 859	5 697	17 430	5 890
WITWATERSRAND	6 458	19 110	6 458	19 757	6 677
ZULULAND	5 422	16 045	5 422	16 588	5 606
SOL PLAATJE	940	3 777 <sup>1</sup>	940	3 905 <sup>1</sup>	972
MPUMALANGA	1 020	4 012 <sup>1</sup>	1 020	4 148 <sup>1</sup>	1 055
<b>TOTAL ALLOCATION TO UNIVERSITIES</b>	<b>180 983</b>	<b>541 564</b>	<b>180 983</b>	<b>559 909</b>	<b>187 115</b>
<b>OVERALL TOTAL FOR ACADEMIC YEAR</b>	<b>722 547</b>		<b>740 892</b>		–
<b>OVERALL TOTAL FOR FINANCIAL YEAR</b>	–	<b>722 547</b>		<b>747 024</b>	

1) An additional R995 000 for 2025/26 and R1 029 000 for 2026/27 has been allocated to these universities. The additional allocation is to cover costs for their management of the UCDP at the university as they receive less than R15 000 000 UCDG institutional grants in 2025 and 2026 and thus have been allocated a top-up grant. Universities must include a project to this effect in their plans.

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, the 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 2025/26 and 2026/27**

University	2025/26 FINANCIAL YEAR		2026/27 FINANCIAL YEAR	
	Collaborative sub-		Collaborative sub-	
	Nationally-led 1)  (R'000)	Univer-sity-led 2)  (R'000)	Nationally-led 1)  (R'000)	Univer-sity-led 2)  (R'000)
LIMPOPO		65 686		67 911
NELSON MANDELA	284 242		293 872	
PRETORIA	30 455		31 487	
RHODES	40 606		41 982	
JOHANNESBURG	30 455			
STELLENBOSCH			31 487	
WITWATERSRAND	20 303		20 991	
<b>TOTAL</b>	<b>406 061</b>	<b>65 686</b>	<b>419 818</b>	<b>67 911</b>
<b>OVERALL TOTAL FOR FINANCIAL YEAR</b>	<b>471 747</b>		<b>487 730</b>	

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), the Entrepreneurship Development in Higher Education and Higher Education Leadership and Management Programme (WITS) and the Future Professors Programme (UJ and SUN interchanging annually) 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.

## 4 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 2025/26, based on final audited HEMIS foundation student data for 2023.

The preliminary state budget for foundation provision of a university for 2026/27 can be determined by multiplying the university's weighted FTE enrolled students in courses in extended curriculum programmes in year 2024 by the estimated rand value for a weighted FTE enrolled student in courses in extended curriculum programmes for year 2026/27. The latter is determined by dividing the projected sector funded units of foundation students for 2024 reflected in Table 2 into the total earmarked foundation grant for the sector for 2026/27 reflected in Table 1. The total funded units of foundation students in 2024 in Table 2 is a projected value, which may change as final audited student data becomes available for 2024 at a later stage.

### 4.1 Changes in 2024/25 Earmarked Foundation Provision Grant Allocations

The allocation for the foundation provision grant for 2024/25 has been reduced from R527.029 million to R461.596 million. R80.432 million of unspent funds from the 2023/24 foundation provision grant has been withheld from the second tranche transfer and reprioritised to address urgent funding needs of universities. Of the unspent amount of R80.432 million, R15 million was reprioritised to address urgent needs within the foundation provision. The National Treasury approved reprioritising these funds, as the amounts will differ from the Appropriation Bill.

**Table 11: Earmarked Foundation provision grants for 2024/25 and 2025/26**

<b>UNIVERSITY</b>	<b>2024/25 (R'000)</b>	<b>2025/26 (R'000)</b>
CAPE PENINSULA UT	69 564	72 534
CAPE TOWN	17 050	15 322
CENTRAL UT	4 969	13 032
DURBAN UT	4 435	4 156
FORT HARE	12 792	21 530
FREE STATE	28 432	43 463
JOHANNESBURG	39 073	82 937
KWAZULU-NATAL	31 768	30 861
LIMPOPO	39 721	39 427
MANGOSUTHU UT	9 114	9 778
NELSON MANDELA	26 256	31 001
NORTH WEST	36 206	43 326
PRETORIA	23 970	22 062
RHODES	2 083	2 092
SEFAKO MAKGATHO	7 385	5 923
STELLENBOSCH	7 801	7 826
TSHWANE UT	37 644	40 593
VAAL UT	15 000	12 267
VENDA	5 374	7 205
WALTER SISULU	14 123	12 956
WESTERN CAPE	23 057	23 168
WITWATERSRAND	338	597
ZULULAND	5 442	8 584
<b>TOTAL</b>	<b>461 596</b>	<b>550 640</b>

## 5 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, the University of Limpopo, the University of Venda, Walter Sisulu University, the University of the Western Cape, the 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, accompanied by a yearly allocation. The distribution of the new budget total for the SB-DG of R581.501 million for 2025/26 will be released against the strategic long-term development plans of these universities.

The amounts in Table 12 below are preliminary amounts for the 2025/26 financial year for the projects approved by the Minister to enable the universities to implement key projects.

**Table 12: Sibusiso Bengu Development Programme budgets for 2025/26**

<b>University</b>	<b>2025/26 (R'000)</b>
Mangosuthu University of Technology	137 944
SMU	118 115
University of Fort Hare	29 867
University of Limpopo	31 000
University of Venda	59 554
University of Zululand	96 249
University of the Western Cape	25 328
Walter Sisulu University	83 444
<b>TOTAL</b>	<b>581 501</b>

## 6 CLINICAL TRAINING GRANT (CTG)

The distribution of CTG funds for 2025/26 and 2026/27 are based on the CTG funding model. Budgets per university for the clinical training grant for the years 2025/26 and 2026/27 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 2025/26 and 2026/27 as per the model are reflected in Table 13.

**Table 13: Clinical Training Grants for 2025/26 and 2026/27**

UNIVERSITY	2025/26 (R'000)	2026/27 (R'000)
CAPE PENINSULA UT	19 591	19 580
CAPE TOWN	57 825	53 268
CENTRAL UT	6 634	6 708
DURBAN UT	14 523	14 110
FORT HARE	7 087	7 295
FREE STATE	37 861	38 552
JOHANNESBURG	13 544	16 777
KWAZULU-NATAL	85 287	82 752
LIMPOPO	21 471	24 690
MANGOSUTHU UT	1 649	1 527
NELSON MANDELA	14 065	12 889
NORTH WEST	21 070	19 329
PRETORIA	71 410	75 830
RHODES	4 519	3 684
SEFAKO MAKGATHO	59 251	68 299
STELLENBOSCH	63 890	68 139
TSHWANE UT	11 614	12 771
VAAL UT	3 746	3 894
VENDA	4 329	4 250
WALTER SISULU	23 800	20 635
WESTERN CAPE	34 987	34 085
WITWATERSRAND	100 175	101 965
ZULULAND	3 661	3 153
<b>TOTAL</b>	<b>681 989</b>	<b>694 182</b>

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).

## 7 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, animal hospitals are 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 2025/26 and 2026/27.

**Table 14: Earmarked budgets for Veterinary Science Programmes**

<b>University</b>	<b>2025/26</b>	<b>2026/27</b>
North-West	9 173	9 108
Pretoria	175 908	174 656
South Africa	3 339	3 315
Tshwane	8 060	8 003
<b>Total</b>	<b>196 480</b>	<b>195 082</b>

## **Section D: Grants to Institutions**

### **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.

For 2025/26, R347.469 million has been allocated for the operations of NSFAS. The 2025/26 allocation for universities as per the December 2024 allocation letter from National Treasury amounts to R39.298 616 billion.

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.