

## **OPENING REMARKS BY THE MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION, DR BLADE NZIMANDE ON THE OCCASION OF THE NSFAS BOARD INDUCTION**

**05 January 2021**

Seasonal greetings to the new Board led by the Chairperson, Mr Ernest Khosa;  
DDGs Dr Diane Parker and Aruna Singh;  
Former NSFAS Administrator Dr Randall Carolissen;  
My Advisors Prof Derrick Swartz, Ms Thuli Radebe and Mr Nqaba Nqandela;  
NSFAS Senior Management;  
Departmental Officials  
Ladies and gentlemen

I am grateful to be addressing the induction of the new Board of NSFAS. This marks my first official meeting of the year and I am indeed delighted that I commence the year by officially welcoming you all to this important event setting the tone and agenda for 2021 and beyond.

To the new Board members, thank you very much for accepting the nominations to serve NSFAS and the entire PSET sector.

NSFAS is a source of pride of our government and the nation at large with a mandate to effectively and efficiently administer our fully subsidised bursary for youth from poor and working-class backgrounds. 2021 will mark our government's fourth year of implementing the five-year plan of phasing in the new DHET bursary scheme, through the National Student Financial Aid Scheme (NSFAS).

Right now, the whole world and our country is rightly seized with the struggle to combat the pernicious effects of the COVID-19 pandemic, and our entire PSET sector and National System of Innovation (NSI) are directly affected by its effects and have been in the forefront of the struggle to find a vaccine and other interventions in response to this pandemic. This includes observing the national guidelines and our sector health and safety protocols.

COVID 19 has dominated our minds and hearts for almost the entire year. And 2020 and now by extension 2021 has certainly been an unprecedented challenge for the leadership and management of our PSET and NSI system.

But the COVID-19 crisis is also connected to a wider set of crises; of social inequality, of climate change, of technological disruption, and linked to all of the above: a crisis of the global capitalist system. What is clear to me is that unequal ways in which the COVID-19 pandemic is manifesting itself, together with climate and technological changes, are all deeply connected to the nature of this system. In fact, we cannot speak of a sustainable, let alone equal society, unless and until we fundamentally change the nature of the global economic and social order.

Ladies and gentlemen

As you may be aware, I announced the appointment of a new Board for the National Student Financial Aid Scheme (NSFAS) on 26 November 2020, following a two and half years period of Administration (August 2018 to December 2020) under the leadership of Dr Randall Carolissen.

I also wish to take this opportunity to sincerely thank Dr Randall Carolissen, the former Administrator of NSFAS for having done a great job in turning organisation around over this past two and a half years.

His tenure came to an end by the 31st December 2020. Despite many challenges, NSFAS is a much better entity now than it was when you took over. However, much work further remains to be done.

Your term as a new Board came into office with effect from 1 January 2021.

The Board members are as follows: Mr Ernest Khosa (chairperson);  
Ms Pretty Makukule (DHET representative);  
Mr Maxwell Fuzani;  
Prof Pumela Msweli;  
Mr Cyril Madiba;  
Mr Yonke Twani;  
Ms Jullie Beya;  
Mr Sanele Zondi;  
Mr Richard Msweli;  
Ms Lindiwe Matlali;  
Mr Bamanye Matiwane;  
Ms Reshma Mathura; and

To strengthen the Board and to bring other important skills, I have engaged the Chairperson to co-opt additional members to the Board. To this extend Mr Melosi Baloyi and Ms Lisa Seftel were identified for this purpose.

#### Role of the NSFAS Board

The National Student Financial Aid Scheme is a Schedule 3 (a) public entity as determined by the Public Finance Management Act (PFMA), governed by its own Act (Act 56 of 1999).

As the Minister responsible for higher education and training, I am the Executive Authority of the NSFAS, and the Board is the Accounting Authority.

The Board holds office for a period of four years and Chapter six of the PFMA outlines the specific responsibilities of the accounting authority (the Board) of a public entity.

According to the Act, the Board must appoint the Executive Officer (EO) of NSFAS and other staff necessary to manage the entity. It is also responsible (with the concurrence of the Minister and the Minister of Finance) for the determination of the conditions of service of the EO and other staff of the entity.

The Administrator with my support appointed a new CEO of NSFAS in November 2020 in his capacity as Board at that time. However, formal written concurrence has not yet been obtained from me as the Minister in relation to the appointment and remuneration of the EO, although I have indicated concurrence with the appointment of the CEO.

I also wish Mr Andile Nongogo well in his new responsibility as NSFAS CEO.

It is therefore important that the new Board should formally inform me and the Department of the appointment of the CEO and in particular his remuneration package and conditions of service, so that formal concurrence can be sought from the Minister of Finance.

This is clearly a first and urgent task of the new Board.

According to the Act, the Board must establish an Executive Committee consisting of the Chair, the Departmental representative and three other appointees.

The Act also prescribes that the Board must appoint a Finance Committee, chaired by the Board chairperson, including the Departmental and National Treasury Board representatives, and not more than five financial experts (who may be from the private sector, or other Board members).

The Board is empowered to establish other committees to support its work. It is anticipated that the Board will consider these matters at its first meeting in 2021.

According to the NSFAS Act, the functions of the NSFAS are:

- (a) to allocate funds for loans and bursaries to eligible students;
- (b) to develop criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister;
- (c) to raise funds as contemplated in section 14 (1);
- (d) to recover loans;
- (e) to maintain and analyse a database and undertake research for the better utilisation of financial resources;
- (f) to advise the Minister on matters relating to student financial aid; and;
- (g) to perform other functions assigned to it by this Act or by the Minister.

Administrative responsibility of NSFAS in 2021 and beyond

NSFAS plays a critical role in the higher education and training sector, as it has the primary responsibility for the administration of funding for students from poor and working-class backgrounds studying in approved programmes in public TVET colleges and universities.

This funding is provided in line with government policy. As indicated earlier, there has been a major policy shift since 2018, which was accompanied by substantial additional funding from the fiscus. Despite this as many of you may also know, the numbers of potential recipients have exponentially increased, in the context of pressures of available fiscal resources.

Although the major task of NSFAS is to administer bursary and grant funding provided by the State through the Department of Higher Education and Training, it maintains responsibility for the recovery of loans, which were offered prior to 2018.

NSFAS is also responsible for supporting funding through a range of other government bursary programmes, including funding from some SETAs and the Department of Basic Education's Funza Lushaka programme.

This responsibility for the administration of funding is straightforward, although this task is complex. The entity must ensure that it has the capacity and administrative systems in place to effectively administer student financial aid to qualifying students, and to do so in a way that is in line with government policy and supports student access and success.

It therefore becomes important that the Board focuses its attention on supporting the entity to achieve this responsibility.

A major focus of the Administration period was on ensuring that NSFAS was effectively operating to administer student funding, in particular the DHET bursary and grant schemes for students in public TVET colleges and universities.

While much progress has been made, it will be critical for the Board to develop a clear understanding of the challenges that faced NSFAS prior to administration, the work done to resolve the challenges over the past two years, and the consolidation and further work required to make NSFAS a well-functioning entity into the future.

In 2019, I appointed a Ministerial Committee of Inquiry (MCI) chaired by Professor Yunus Ballim, to investigate the causes of problems at NSFAS that led to the entity being put under administration. The MCI is expected to make recommendations on the future of the NSFAS, and I expect the report to be finalised in the first quarter of this year (2021).

Once presented to me and depending on the nature of its substantive findings and recommendations, it may well require material changes to NSFAS, which, if accepted by Government, will have implications for the role and mandate of the Board.

While the mandate and administrative responsibilities of NSFAS may be clear, on the other-hand, the actual implementation and administration of student financial aid is a complex project.

This is because NSFAS does not operate independently of the post-school education and training system. It is an integral part of the functioning of the system,

and the efficiency of its operations have an effect on TVET colleges and universities as well as the individual students who qualify for funding.

NSFAS equally relies on strong relationships, timely provision of reliable information and data from the institutions, and support from institutions. Equally important all our institutions must work closely with NSFAS in all aspects of student funding.

It is therefore critical for Board members to understand this inter-operability with institutions, which involves clear policy communication, data exchange, support for the management of payments, and detailed administrative processes and communication on a regular basis between NSFAS and institutions. It requires all the critical role players and entities to function as a single, integrated and dynamic seamless system at the service of a social contract to give sustainable effect to Government's commitment to poor and working-class students.

Universities have financial aid offices which serve as the key link between NSFAS and universities, but student funding is also linked to university administration in many areas, including in the area of student housing and accommodation, faculty and academic administration and others. One of the challenges for NSFAS is to strengthen its work in the TVET Sector as there are systematic challenges within this sector. If needs be, we will have to source additional funding for this important task.

A lack of understanding of these relationships has previously led to challenges in the effective administration of student funding. It is imperative that we manage down risks and exploit new strategic opportunities in the context of these relationships for the benefit of a more sustainable system.

One important aspect of this is the provision of affordable and optimal student accommodation for NSFAS students. For this reason, I have recently established a Ministerial Advisory Committee (MAC) to, amongst other things, advise me on how we can creatively provide a comprehensive model of student accommodation through a mix of public and private sector funding solutions to more sustainable PSET accommodation for the future.

Engagement with and support to and from the Department of Higher Education and Training is also an important area of inter-operability that the NSFAS Board and management team must understand.

The Department plays an oversight role with respect to NSFAS, as required by key legislation and reporting requirements.

NSFAS is also an implementing agent of government policy in respect of student funding and financial aid, and while it has responsibility in the Act to develop criteria for the administration of financial aid, this has to be done in concurrence with me as the Minister of Higher Education, Science and Innovation.

This requires close cooperation and engagement between the Minister, the Department and NSFAS on a regular basis.

In addition, the Department relies on the integrity of data and information held at NSFAS to advise me as the Minister on critical policy decisions, as well as the National Treasury and the DG on financial decisions, as well as for its own reporting in key areas.

It is therefore important for the new Board to work very closely with the Department to ensure that there is a common data management system in place on the basis of which to administer policy and funding decisions.

The main line of oversight of NSFAS is through the University Education Branch, the TVET Colleges branch and the DHET CFO's office.

The Department, through the DDGs for university education and TVET colleges, will be making a presentation to the new Board on some of the key policy and system issues during the third day of the induction session, Thursday, the 7th January.

Other aspects to be covered on that day will be the handover from the Administrator and presentations by management. The Board is encouraged to set aside sufficient time for this engagement so that key and critical information could be shared with the Board.

It is critical that the Board understands the interdependencies of NSFAS with the Department and all our PSET institutions.

It is therefore important that I emphasise that NSFAS is accountable through the Minister to Government and the public at large. The Board and NSFAS must at all material times ensure that the first lines of communication are with the Minister and the Department before making critical decisions that could have an impact on the system.

Whilst NSFAS, like all government entities submit, inter alia, their Strategic Plans, APPs and annual reports to Parliament, and may also be requested to appear before the Portfolio Committee on Higher Education, Science and Technology, its point of direct accountability is to the Minister and the DHET. It is therefore important that whilst NSFAS must cooperate with Parliament, but it must maintain a healthy distance from Parliament in so far as its day to day running and administration are concerned.

In other words, other than through a legitimate process of oversight, Parliament has no role to play in the day to day running of NSFAS or in any appointments made by the institution. This is the sole preserve of the management of NSFAS, with oversight by its board, and through the necessary approvals through the Minister and the DHET.

The Board has also a responsibility to ensure that ethical practices are ingrained in the governance system both of the board itself and management through the policies it adopts and fiduciary oversight it exercises. The Board must at all material times act as a collective regardless of the views that individual members of the Board might have on certain issues.

It is also important to say that board members must not interfere in the day to day running of NSFAS other than through its oversight and accountability processes as stipulated in the law. I am raising this because one of the things bedevilling many of our institutions are board members that interfere in the daily running and management of institutions, including involvement or seeking to influence supply chain management processes.

Given the sensitivity and importance of student funding matters, confidentiality in Board operations and discussions is also of paramount importance.

I have already raised my concern with the Board Chairperson and the CEO about the leaking of confidential information from inside the institution. The board needs to ensure that management puts in place mechanisms to combat this undesirable behaviour.

I also wish to emphasise the importance of building co-operative and sound labour relations systems and environment, but at the same time the Board must ensure that management develops and implements a strong performance management system so that every employee knows and accounts for what he or she is employed for and what is expected from her/him.

## CURRENT PROJECTS

### The Laptop Project

It is critical that I officially address you on the Laptop Project, which is one of immediate tasks that as the new Board you must see to its successful and expeditious implementation.

Following the previous tender that had to be cancelled due to all bidders not meeting the requirements, the new laptop tender was advertised on 4 September 2020 with the closing date being 21 September 2020.

By the closing date of the tender, 21 September 2020, a total of 140 bid proposals were received.

All 140 bid proposals were evaluated by the NSFAS bid evaluation and adjudication committees, between 22 September 2020 and 13 October 2020.

During my media briefing on the 26th November 2020, I announced that the NSFAS Administrator subsequently approved the tender award on 2 November 2020 to 5 bidders, that will work with NSFAS and our institutions in the delivery of laptops to our students.

NSFAS has communicated the award to the successful service providers on 2 November 2020.

At the time, NSFAS was in the process of completing the contractual arrangements with all successful service providers, following which the details of the final mutually agreed guidelines will be communicated with all institutions. This process was then

to lead to all our institutions commencing with the procurement of laptops required by the NSFAS funded students.

I would want to believe that this task was completed without any glitches. If there are any contrary reports to the completion of this task, this matter must be brought to my attention immediately.

As we promised the public, given that the procurement process has been concluded much later than originally planned, the laptops will now be distributed during this academic year. This will also assist us to deal with severe financial challenges faced by NSFAS.

As I said publicly, the delay in providing these laptops is regrettable. This I must say it was not an intentional delay but it was very important to ensure that the procurement processes were followed strictly.

#### The N+2 Rule Appeals

One of the projects that I would like the Board to immediately work on is the finalization of the N+2 Rule Appeals, of which a Total of 9 541 N+2 review appeals were received with 8 761 review appeals approved and 780 rejected for various legitimate reasons. The decision by the Appeals Committee must be communicated to all institutions and students with a sense of urgency.

NSFAS must also ensure continuous follow up with all our institutions to ensure that students are always notified on the outcome of their appeals.

#### The 2021 NSFAS Application Cycle

I will be awaiting the final report on the 2021 NSFAS application Cycle. This report will be accompanying my planned media briefing following the next meeting of the NCCC. Our briefing will give guidance to the PSET on measures to be taken in response to the resurgence of covid-19 and with the country reverting back to Alert Level 3.

I therefore, would expect a preliminary report on our application processes following what I already reported on during our November the 26th public statement.

These are amongst other many critical projects that the Board must immediately work on.

In conclusion, congratulations once-more on your appointment as NSFAS Board members. I have an open-door policy to engage with Board Members through the Chairperson on any matters that might affect NSFAS.

As indicated, NSFAS is an important entity for government and the people of South Africa, so let us do everything within our might to change the lives of our communities and by investing in the education of our young people.

All I want is an NSFAS that is effective and efficient, staffed with highly skilled individuals, harnessing the latest and best Information and Communication Technologies (ICTs), competing with the best among financial service institutions, to provide a critical service within our PSET system, for the benefit of students from poor and working-class backgrounds.

I have all the hope and trust in your ability to do so and I wish you all the best in your responsibilities.

I would like to take this opportunity to thank you all for taking your time from family and other commitments to attend this induction as the majority of you might still be on holiday. I wish you well in your three-day induction and I am looking forward to the outcomes of this session.

Thank you