

MEDIA STATEMENT

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TO: All Media

ATTENTION: News Editors/ Reporters

For Immediate use:

JOINT MEDIA STATEMENT BY THE MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION AND THE BOARD OF THE NATIONAL STUDENT FINANCIAL AID SCHEME (NSFAS) ON THE 2023 FUNDING DECISION AND THE PAYMENT OF ALLOWANCES

The Minister of Higher Education, Science and Innovation, Dr Blade Nzimande met with the Board of the National Student Financial Aid Scheme (NSFAS) on Tuesday, 08 August 2023 in Durban – KwaZulu Natal.

Minister Nzimande reminded the meeting that the provision of financial aid in the post school education and training sector is crucial in ensuring student access and success, particularly for the children of the working class and poor to complete their studies and attain their qualifications.

Minister Nzimande unequivocally condemned recent reported incidents of violent protests that have been taking place in some universities.

The Minister said violence will never justify or cannot be associated with any legitimate forms of protest and should be condemned by all, including by student leaders.

On the Student-Centred Model

Minister Nzimande re-emphasised his support for the implementation of the Student-Centred Model by NSFAS. This model is centred around an approach that places the needs of students at the heart of the scheme's operations but also streamlining all processes that affect the disbursement of funds for tuition, transport, food and accommodation.

The Student Centred Model reduces too many role players in the payment of allowances to students.

The Board confirmed that for the August month alone, a total of R 608,601,526.00 was paid to NSFAS beneficiaries at public universities while a total of R 383,671,046 was paid to Technical and Vocational Education and Training (TVET) Colleges.

Out of the payments made to institutions, 86 % (355 270) paid students, have been able to successfully authenticate themselves and receive their allowances.

NSFAS is reviewing and assessing the remaining students that were paid but unable to access their funds because they had not fully authenticated themselves.

However, NSFAS notes that some students have been unable to authenticate themselves due to connectivity issues. As a result, NSFAS has sent teams to campuses to assist students with their authentication and verification process.

Minister Nzimande call upon all students who have not verified themselves to work with these NSFAS teams who have been deployed to various campus to finalise the authentication process so that they can access their allowances.

On Direct Payment solutions

Minister Nzimande welcomed the report by the NSFAS Board that Direct Payment Solution will reduce instances of unauthorised access to beneficiaries allowances, payment of ghost students, inconsistencies and delayed payments of allowances.

The Minister was briefed about the process of the appointment of the four (4) Direct Payments Program partners. The partners were appointed through a fair and compliant procurement process with a Bid (no. SCM 022/2021) advertised on the 25th January 2022. The bid closed on 25 February 2022. A total of 18 bids were received on the closing date.

The appointed partners are sponsored by banks that possess commercial banking licenses. They additionally have both Payment Association of South Africa (PASA) licenses and Affiliate Banking Licenses in order for them to have a sponsored banking license and to operate and process payments.

The above is done through an outsourcing agreement approved by the South African Reserve Bank (SARB) whereby specific critical activities are outsourced on behalf of the Bank, as outlined and with reference to Guidance Note 5 issued on the 8th of July 2014 by SARB.

The Board assured the Minister that the partners are compliant Financial Service Providers (FSP) by virtue of their alliance partnership.

In procuring this solution, NSFAS sought partners that were either registered banks or were sponsored by a bank.

On Bank charges

The Minister was briefed by the Board on matters relating to Bank Charges. Bank charges are inevitable, however NSFAS negotiated for a R12 monthly bank charge, which excludes money transfer costs to other banks.

In addition, NSFAS beneficiaries can use their banks cards anywhere within South Africa at any retailers and ATMs.

The NSFAS Board also debunked as misleading and untrue reports that NSFAS disbursed incorrect amounts to beneficiaries.

Collaboration with other government agencies and the identification of unqualifying students

The meeting agreed that NSFAS must continue to work with other government entities such as the South African Social Security Agency (SASSA) South African Revenue Services (SARS) and the Department of Home affairs to verify information submitted and to ensure the correct processing of students applications.

Both the Minister and the NSFAS Board are grateful for this collaboration with these government agencies as they assisted in dealing with falsified or fraudulent documents submitted by some students.

A total of 45 927 students were disqualified as a result of submitting falsified or fraudulent documents. For example, students would provide correct parental relationships in their first application attempt, and when they get rejected due to the financial status of those parents; and when they reapply, they submit different parental relationships. In this regard, when NSFAS did re-evaluation, of the students applications, system picks up the original information previously submitted.

The Board confirmed that after re-evaluation of funding, 14 703 applications were reinstated and 31 224 remained disqualified. The major reason for disqualification was that most first-time entering students had a household income of more than 350k with returning students either not meeting the required academic progression, which is 50% of all registered modules or exceeding the N+ rule.

The Board confirmed that all those who are disqualified are given an opportunity to appeal and submit supporting documents.

On the introduction of the 45k accommodation cap

The Board confirmed that NSFAS requested institutions negatively affected by the newly introduced 45k accommodation cap to make their submissions and negotiations with private accommodation providers to adjust their rental rates to accommodate the cap.

There is a task team led by the Department of Higher Education and Training that is reviewing the 45K Cap. In addition, NSFAS has embarked on a new study with the International Federation of Accountants (IFAC) that seeks to review the approach for next year and CAP for accommodation.

The findings on this study will be incorporated in the proposed funding conditions and criteria that will be used to administer the scheme for 2024 academic year.

NSFAS is constantly looking at ways to amend its funding policies to accommodate the dynamic conditions of the students' life cycle and banks the success of these policy implementations on collaborative efforts with sector stakeholders.

Minister Nzimande is expecting the NSFAS Board to provide him with a detailed report following this meeting.

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Issued by the Ministry of Higher Education, Science and Innovation and the National Student Financial Aid Scheme

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