



STATEMENT BY THE MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION, PROFESSOR BLADE NZIMANDE ON HIS DECISION TO DISSOLVE THE NSFAS BOARD AND PLACE NSFAS UNDER ADMINISTRATION

14 April 2024

Programme Director, Mr Veli Mbele;

Director-General of the Department of Higher Education and Training, Dr Nkosinathi Sishi;

My Special Advisors; Mr Nqaba Nqandela;

DDGs Present;

Newly appointed Administrator of NSFAS, Mr Sithembiso Freeman Nomvalo;

Members of the media;

Fellow South Africans:

I called this special briefing media to publicly communicate the reasons for my decision to dissolve the NSFAS Board with immediate effect, and to place the institution (NSFAS) under administration.

I also wish to use this media briefing to outline the implications of this decision and further outline the measures we will be putting in place to ensure the continued functioning of the National Student Financial Aid Scheme.

Our decision to communicate in this manner is informed by a number of considerations. As Minister, I have a deep appreciation for the progressive and transformative role that NSFAS has played over the 33 years of its existence, as one of the democratic government's most decisive instruments in the fight against intergenerational poverty.

In its history, NSFAS has supported more than 5 million beneficiaries, thus producing hundreds of thousands of skilled, professionals and the middle classes, especially from within the poor and working-class sections of society.

This is definitely one of the most important achievements of this government over the past 30 years of our democracy and this must be celebrated as such.

Flowing from this, I am also sensitive to the public expectation on NSFAS, as it relates to its role in enabling poor and working-class families to give their sons and daughters the gift of education.

Legal obligation

The National Student Financial Aid Scheme Act, no 56 of 1999, empowers me as Minister, to among others, assign whatever legitimate functions to the National Student Financial Aid Scheme and to appoint the Board of NSFAS.

The mandate of the dissolved Board

Through various formal engagements, as Minister, I have consistently raised my concerns and unhappiness with the outgone NSFAS Board, about the inability of NSFAS to carry out and implement some of the most basic responsibilities allocated to it by myself as Minister and the Act.

This inability relates to the following-

1. The inability to fully implement the recommendations of the Werksmans Report, key among which is the termination of the contracts of the direct payment service providers, who had been appointed irregularly;
2. The consistent inability to oversee the payment of student allowances timeously by management, which has resulted in unnecessary stress for students and their parents, and also continues to threaten the very stability of some of our TVET Colleges and Universities;

3. The inability to resubmit a corrected Annual Report to Parliament;
4. The inability to manage and finalise the close out report;
5. The inability to address very serious and glaring capacity deficiencies within the organisation, including the call centre, which is still not functional;
6. The consistent inability to respond to student queries in a timeous and efficient manner; and
7. The inability to consult on the guidelines for the Missing Middle Funding and the related inability to implement the Missing Middle solution.

In an attempt to resolve these challenges or mitigate their impact, as Minister, I engaged the Board on several occasions on various solutions, including a turnaround strategy, which has not been achieved within agreed timelines.

Despite several engagements with myself, NSFAS continues to face serious challenges in its business processes, IT systems, capacity, and policies and controls.

All of this has not just impacted the well-being of students negatively but has also brought serious reputational damage to NSFAS itself, the Department of Higher Education and Training and government.

The Mandate of the newly appointed Administrator

In view of all this and in terms of Section 1 A, 1 (b) of the NSFAS Act, on Thursday, 11 April 2024, I convened a meeting with the NSFAS Board and informed them of my decision to dissolve the Board and that I will be placing NSFAS under administration, with immediate effect.

In the same meeting, I also thanked the outgoing Board members for their service to the organisation. Then on Friday, 12 April 2024, I announced the appointment of Mr Sithembiso Freeman Nomvalo, as the new Administrator for NSFAS.

Mr Nomvalo is here with us today. As some of you may be aware, Mr Nomvalo has over 25 years working experience, 17 of which were at senior level both in the public and private sector.

Mr. Nomvalo also holds the distinction of being the first African and longest serving Accountant-General of a democratic South Africa. He also possesses extensive knowledge and an impeccable track record in public finance and government processes.

As the new Administrator of NSFAS, Mr Nomvalo's mandate will include the following-

1. To take over the governance, management, and administration of NSFAS for a period of 12 months (but subjected to renewal for another 12 months, depending on progress) from the date of the publishing of the Gazette, which is 12 April, 2024;
2. To ensure the effectiveness in terms of the finalisation of funding guidelines of the loan scheme for the Missing Middle;
3. To resolve the data integration challenges as a matter of urgency;
4. To finalise all the necessary funding decisions and outstanding payments, including those relating to student accommodation
5. To ensure the reconciliation of funding data between Universities and TVET colleges and NSFAS;
6. To ensure that all the necessary agreements are in place and that students are accurately funded and recorded, and making sure that all NSFAS qualifying students receive funding;
7. To oversee the opening of the 2025 online applications process (both bursary and loan);
8. To ensure that all the necessary partnerships for managing the applications process are in place and can be effectively monitored, and develop and manage a communications plan for the application period;
9. To develop, in consultation with the Department, Universities and TVET colleges, an effective and realistic plan for the 2025 funding cycle and ensure that all parties understand all their roles and responsibilities, and any necessary implementation support is made available as needed;

10. To ensure that NSFAS pays adequate attention to both TVET Colleges and Universities, in all aspects of its core business processes;
11. . To put in place the necessary management and governance controls to ensure that all risks of the 2025 student funding cycle are appropriately managed, with the support of the Department and institutions as necessary;
12. . To ensure that adequate plans are in place to make funding decisions at the earliest possible time of the year as close to the period of registration as possible;
13. . To manage the day -to -day work of NSFAS and steer the organisation to address its operational challenges fully. This will include the strengthening of structures, systems and policies that will ensure good governance and effective management of the core operational mandate of NSFAS; and
14. . To oversee all necessary forensic and other investigations necessary for the effective operation and management of the entity.
15. To ensure that NSFAS communicates speedily and timeously to all the stakeholders, including through timely media statements and engagements to keep the nation abreast of its activities and decisions.

As Administrator, Mr Nomvalo will report to the Minister of Higher Education and Training or to his delegated officials. Besides other forms of communication and interaction with the Ministry and Department, the Administrator must submit a written report every three months on the progress regarding the above issues.

As Administrator, Mr Nomvalo may appoint technical experts, where necessary, to assist in the different areas of operation at NSFAS. Furthermore, together with the Administrator, as Minister, I will lead a process to further communicate this decision to the employees of NSFAS.

We will also make further announcements relating to the mechanisms for the implementation of this decision, and measures to ensure the stability and continued functioning of NSFAS.

The dissolution of the Board will not affect the normal functioning of NSFAS, including all payments that have to be made. The Administrator will convene a media briefing to give more details on this.

In conclusion, as Minister, I wish to take this opportunity to once again thank the outgoing Board members for their service and wish each one of them well in their future endeavours.

The decision to dissolve the NSFAS Board was not a light one and I wish to assure the public that, in taking this decision, I have considered all possible implications, including the impact that it might have on NSFAS employees and the students.

As stated in my media statement on Thursday, 11 April 2024, this decision forms part of a set of on-going interventions by myself as Minister, which are primarily aimed at improving the organisational efficiency of NSFAS.

Most importantly, my decision also aims to ensure that, deserving students receive the necessary financial support and that NSFAS remains focused on its mandate, which is to provide financial assistance to students from poor and working-class backgrounds.

I note with appreciation the statements by student, political, labour and civil society organisations and ordinary citizens that have welcomed this decision and wish to assure them that, as a Department, we remain committed to working with all key stakeholders in the post school education and training sector.

NSFAS is essentially about the cherished dreams of millions of families, who wish to give their daughters and sons the gift of education but may not have the financial means. As a society and government, we have a historical and moral obligation to ensure that the dreams of these thousands of families, are realised.

For this reason, it can't be business as usual at NSFAS or within my Department, when students are unable to register, buy themselves food or are threatened with eviction, by private accommodation providers, because their allowances have not been paid.

I also call upon all workers and staff at NSFAS to redouble their efforts in ensuring that this entity realises its objectives. It can't be! It would be both cruel and unconscionable for me as Minister to allow such a situation to persist.

It is therefore my sincere hope that you will support me and my Department, as we continue with the work of ensuring that NSFAS simply does what it was meant to do- which is to provide deserving students with financial support and do so on time, period!

Word Count: 1742