

## **Statement of Importance on NSFAS to the National Assembly by Minister Naledi Pandor**

11 September 2018

There has been growing public concern at the inability of the National Student Financial Aid Scheme to efficiently administer the processing of application and disbursement. These concerns do not begin this year, they have existed for several years. The public, higher education institutions and students are right to be concerned given the important role NSFAS plays in ensuring the transformation of the human resource profile of South Africa. Since its inception the scheme has ensured that funds are made available to thousands of young people from poor and working class backgrounds to support their access to and success in higher education. Efficient administration and disbursement of the funds are essential for ensuring that young people benefit from this critical support for the skills development of our country's youth

Honourable members are aware that we have had serious concerns about the scheme for several years. In

2013 the scheme introduced a new "student centred model" for applications and disbursement so. This created a direct link between students and the scheme and bypassed institutions. The model was piloted for two years in 5 universities and 14 colleges and then expanded to all institutions in 2017.

At the beginning of 2017, the scheme had a breakdown of its computer systems and processes. Various processes of the scheme had to be undertaken manually and the absence of data and systems integration worsened the problems. Due to these difficulties many 2017 processes were incomplete by the end of 2017, many applications were not finalized, and funds were not disbursed.

2018 began with this backlog intact, and the scheme confronted with inadequate systems processes and staff also had to administer the new full bursary programme that introduced free higher education for poor and working class first year students.

The DHET began to work closely with NSFAS from early January in an effort to address the changes and deal with

the backlog of 2017. The board also provided extensive hands on support to NSFAS to help address continued inadequacy. In February, I was alerted to the backlogs and the fact that many institutions were owed funds while thousands of applications had still not been processed. It became clear that the problems were very severe.

I had always received full support from the Board, Mr Nxasana. Following various Board attempts to intervene and assist, and even support from DHET the board and ministry agreed that extraordinary measures were warranted. I appointed a support team of DHET and institutional staff for a six week period to support the processing of applications and to ensure disbursement. This team made some progress in resolving some of the backlog. However, it became clear that much more was needed.

Following the board chair informing me of his immediate resignation in August I decided to seriously consider the appointment of an administrator. An emergency board meeting affirmed my intention and indicated the board had intended to propose the appointment of an

administrator. I was also asked to do so by unions represented in NSFAS and by student organisations at TVET colleges and universities.

In late August Dr Randall Carolissen was appointed administrator for twelve months. I have directed that he should urgently ensure eligible students receive funding for 2017 and this year, and that he should develop a viable plan for processing applications for 2019, plus ensure stability and efficiency at NSFAS. We have secured staff secondments from universities and TVET colleges to support the administrator. The administrator will add to this support team as the work progresses.

There has been positive progress in the first two weeks. Links have been re-established with all institutions and institution heads and student leaders have played a critical role in communicating with students. Over fifty NSFAS staff have been deployed to be on site at institutions to ensure resolution of outstanding issues. In the process additional 50 000 students have been identified as falling within the criteria for NSFAS support.

In the first 8 days of the administration R2.2 billion has been disbursed. 43 925 students have signed outstanding SOPs and been confirmed for payment. In terms of outstanding SOPs the largest number of unsigned contracts is that of TVET college students, at over 30 000 TVET college students who are confirmed beneficiaries have not signed and not received their funds. We appeal to them to come forward. UNISA students have also been paid the outstanding book allowances. I am pleased to indicate that in this year of introducing free higher education over R17 billion has been disbursed to universities and TVET colleges.

I wish to assure honourable members that the matter of the chief executive is a NSFAS matter that must be addressed by the administrator and not the minister or DHET.

The immediate work of NSFAS is close out of 2017 and 2018 and opening 2019 applications successfully. The scheme will then focus on systems and processes that will create an effective model for the future. We have opened 2019 applications, and have announced 30

November 2018 as the closing date. We have also requested universities and colleges to encourage students to apply and to support NSFAS in the turnaround.

Once the immediate challenges have been fully addressed the administrator will focus on identifying the root causes of problems at NSFAS and developing solutions and a roadmap to address them. We anticipate a significant business redesign which should be put in place after the 2019 registration period. The steps taken by the administrator thus far have signalled that it will be possible to achieve significant improvements in the administration period.

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