higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

Minister of Higher Education and Training, Dr BE Nzimande's Statement on Government's 2017 Fee Support to Students from Poor, Working and Middle Class Families

Pretoria, 19 September 2016

Good morning ladies and gentlemen of the media, and thank you very much for making time to be here for this important announcement.

Our public universities are a significant national asset. They empower the next generation with skills and knowledge, and contribute significantly to the ability of our economy to compete globally through innovative and appropriate research.

Our universities currently face serious challenges in terms of funding. At the same time, large numbers of South Africans are currently finding it difficult to access post-school education because of the financial challenges they as individuals or as families face.

Government is aware of these challenges and takes them very seriously. Indeed, government remains firmly committed to progressively realise free post-school education for the poor and working class, as called for by our Constitution, and to assist middle class families who are unable to pay.

This is demonstrated by the creation of the Presidential Commission of inquiry into higher education and training funding, which includes universities, and Technical and Vocational Education and Training (TVET) colleges, as well as the substantial increases in funding to the National Student Financial Aid Scheme since 2010.

The task of the Presidential Commission is to advise on systemic and long-term measures to achieve a far-reaching reconstitution of the entire post-school education and training funding system, thereby enabling South Africans to access higher education even if they come from poor and working class families.

The Heher Commission recommendations will hopefully also contribute significantly to building and strengthening our universities and TVET colleges – and the Commission should be allowed to complete its vitally important task.

In the interim, while we all wait for the recommendations of this Commission, our university system has to continue functioning, producing skills for the economy, and empowering young South Africans and students from countries around the world, in particular the South African Development Community (SADC).

Currently, our universities face an extremely difficult financial situation. The effects of last year’s moratorium on fee adjustments and the extra costs associated with insourcing have both added to these challenges.

Our immediate and pressing task is to ensure that as we continue to improve access to post-school education and strengthen the quality of learning and teaching, we do not erode the financial sustainability of the sector.

Our economy is currently weak and our fiscal position parlous. The tax burden has been rising in recent years, and we must preserve the fiscal space to fund government’s policy agenda in future years. This means that any funding government mobilises to support the pressing challenges in higher education, it would need to reprioritise from other government programmes.

We understand the legitimate student concerns about the affordability of university education. At the same time, we need to ensure that those who can afford to pay must pay.

Equally importantly, the post-school budget has to cover students in technical and vocational education and training, while we also face the challenge of building a community college sector to provide educational alternatives for 18 million South Africans who are unable to study at university.

In other words, our job as government requires a number of very delicate balancing acts.

To achieve our objectives, we must continue arguing for as significant a budget allocation as possible for post-school education. Indeed, a look at this year’s budget shows that this sector received the largest increase in funding of any government department.

Higher Education and Training this year received an additional 18% for 2016/17, with an average annual increase of 9.8% across the Medium Term Expenditure Framework period up until 2018/19.

From R42 billion in the 2015/16 financial year, the Department's budget is set to rise to R55.3 billion in 2018/19.

Government has this year provided R1.9 billion of the R2.3 billion shortfall resulting from the subsidization of the 2016 university fee increase. More than R4.5 billion in the 2016/17 financial year has been reprioritised to the National Student Financial Aid Scheme (NSFAS).

Expanded funding is targeted to support 205 000 students entering universities for the first time or continuing this year, and a further 200 000 students at TVET colleges. This means that a total of 405 000 students would receive government support to access universities and colleges in 2016.

The National Skills Fund (NSF) has allocated R1.393 billion in 2016 towards funding undergraduate and postgraduate bursaries in scarce and critical skills. This funding is directed at meeting the full cost of study for over 13 500 undergraduate and 1 200 postgraduate students enrolled in programmes at our 26 public universities.

In addition, and perhaps most importantly, we must also ensure that we strengthen and empower those sectors, which are charged with training, and skilling people either who choose not to go to university or who do not have the opportunity, but nevertheless must be assisted to become useful contributors to the economy.

To support this aim, the NSF has allocated R626.795 million in 2016 towards supporting TVET college students in occupational programmes with a specific emphasis on occupations in high demand and R1.237 billion towards funding students in workplace-based learning.

Artisan development is also key on our agenda to address the National Development Plan target of 30 000 artisans per annum by 2030. Dependent on the artisan trade, it costs between R350 000 – R400 000 over a period of three years to train an artisan.

This year the target is to register 30 750 new artisan learners, which will amount to approximately R4.6 billion in artisan learner grant funding through the Sector Education and Training Authorities (SETAs).

It is indeed a fine balancing act and we must all participate, whether at the national level, in university administrations, or as student leaders – because it is the nature of balancing acts that if one falls, all fall.

Last month I received recommendations from the Council on Higher Education (CHE) on university fees for 2017. I have studied these recommendations, consulted with university vice-chancellors and council chairs, various student organisations, organised labour, faith communities, political organisations and government.

Ladies and gentleman, the issues at stake are complex, and there are differing opinions and arguments across the system.

The CHE argued for a consumer price index (CPI) based fee adjustment for 2017, while many university leaders have made a strong case that an 8% agreement (CPI+2%) is essential.

On the other hand, some students have called for a moratorium on all fee adjustments until the outcome of the Presidential Commission is announced, whilst others are supporting government's measures to assist students from poor, working and middle class families, which includes the "missing middle".

Currently, the authority for determining fee adjustments resides with University Councils. The CHE has suggested to their leadership that the system will be best served by a national approach. However, at the same time we do recognise the differentiated nature of the system and that a one-size fits all approach may not lead to sustainability in the system over the long run.

Government is alive to the legitimate cries of students regarding fees and to those of the universities who must continue to pay for specialist books and equipment in foreign currency and ensure that academic, support and service staff are adequately paid for their work.

As we wrestle with how to respond comprehensively, the equally critical building and transforming of our post-apartheid universities has to be supported. Starving our universities of funding is not the way to go, which is effectively what another across-the-board fee rise moratorium against the current fiscal backdrop would mean at this point.

While the Presidential Commission does its important work in developing proposals for a long-term funding model, universities will not be able to operate with less funds than what they already have. Everything is more expensive today than it was this time last year.

That is the reality of inflation.

We have looked at the challenges at hand from all sides and have concluded that the best approach would be to allow universities individually to determine the level of increase that their institutions will require to ensure that they continue to operate effectively and at least maintain existing quality – with the caution that this has to also take into account affordability to students, and therefore has to be transparent, reasonable and related to inflation-linked adjustments. Our recommendation is that fee adjustments should not go above 8%.

To ensure that such inflation-linked fee adjustments on the 2015 fee baseline are affordable to financially needy students, government is committed to finding the resources to support children of all poor, working and middle class families – those with a household income of up to R600 000 per annum – with subsidy funding to cover the gap between the 2015 fee and the adjusted 2017 fee at their institution. This will be done for fee increments up to 8%.

This will in effect mean that all NSFAS qualifying students, as well as the so-called "missing middle" – that is, students whose families earn above the NSFAS threshold but who are unable to support their children to access higher education, will experience no fee increase in 2017. Government will pay for the fee adjustment. This will bring huge relief to nurses, teachers, police, social workers, and other parents who work in occupations that do not earn huge salaries, and who have children at university. This will apply to students at universities and TVET colleges.

Administrative mechanisms will be developed and students informed on how to apply for the gap-funding grant before the end of this academic year.

There are many students from upper middle class and well-off families, as well as students on full company bursaries in our institutions who can afford to pay the adjusted 2017 fees, and we expect them to do so.

It is very unclear to government why families who can afford private schools should, under the current circumstances, be receiving further state subsidies for their children at universities.

To subsidise these students would require taking funding from the poor to support cheaper higher education for the wealthy, which is not justifiable in a context of inequality in our country. We cannot subsidise the child of a cleaner or unemployed person in the same way as we subsidise the child of an advocate, doctor or investment banker.

While NSFAS will continue to provide loans and bursaries to poor students, the Department of Higher Education and Training and universities will continue to mobilise institutional and private sector financial support to enable affordable financial aid options for the "missing middle" students.

I have constituted the Ministerial Task Team on funding support for the poor and "missing middle" students, which is developing a model that will be tested in 2017 to provide affordable support to these students. We will continue to look for other ways of supporting financially needy students not covered by NSFAS, whilst a long-term solution is being developed to raise sufficient funding from the public sector, private sector and other sources to fund "missing middle" students at universities and TVET colleges.

Universities must urgently, effectively and comprehensively advance our shared transformation as articulated in the 2015 Durban Statement on Transformation, and provide annual reports on their progress. Moreover, universities are expected to pay all of their staff, both permanent and contracted, a fair living wage.

I thank you.

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