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**GOVERNMENT NOTICE**

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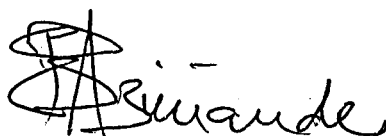
**DEPARTMENT OF EDUCATION**

No. 675

10 June 2009

**MINISTRY OF HIGHER EDUCATION AND TRAINING****MINISTERIAL COMMITTEE FOR THE REVIEW OF THE NATIONAL STUDENT  
FINANCIAL AID SCHEME**

I, Bonginkosi Emmanuel Nzimande MP, Minister of Higher Education and Training, in accordance with Treasury Regulation 20 [issued in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999)], hereby establish the committee set out in the schedule hereto to review the efficacy of the National Student Financial Aid Scheme.



Dr BE Nzimande MP  
Minister of Higher Education and Training

Date 08/06/2009

**Ministry of Higher Education and Training****Terms of Reference for the Review of the National Student Financial Aid Scheme****Background**

Education White Paper 3: A Programme for the Transformation of Higher Education (1997) has provided the policy framework for the transformation of higher education over the past decade. The policies have been informed by the need to ensure:

- Improved access to higher education, particularly for students from poor and previously marginalised communities;
- Responsiveness of higher education to the economic and social development priorities of the country;
- Capacity in the higher education system for high level research and innovation;
- Enhanced quality of academic programme provision and the quality of student life; and
- Redress of historical inequalities.

Government established the National Student Financial Aid Scheme (NSFAS) in 1996 as the primary instrument for providing financial support for poor students and thus enhancing access to higher education for citizens from previously marginalized communities.

Since its inception, the NSFAS has grown considerably in terms of the amount of money available for annual disbursement, the number of awards to qualifying students and the diversification of the Scheme through, among others, the administration of special purpose national and provincial government funds such as Funza Lushaka teacher education bursaries; loan recovery on behalf of individual universities; and the management of private sector and donor funds in terms of specified criteria. Its scope has also been extended to the administration of bursaries in the Further Education and Training (FET) college sector.

Despite the significant increase in government funding allocated to the NSFAS, which is further augmented by loan repayments, the demands on the Scheme continue to exceed available resources. The Scheme is also not able to fund all current awardees at the levels required to fully meet their tuition and living expenses. In the light of this, the NSFAS has not been able to extend its reach to the increasing numbers of students whose family income is above the current NSFAS eligibility threshold but who cannot afford to access higher education without financial aid.

The policy framework informing the functioning of the NSFAS has largely remained the same since its inception despite the changing demands on the Scheme and changes to the overall context within which the Scheme functions. A major review of the Scheme is therefore necessary in order to consider the range of options that could be implemented to realise Government's policy goal of ensuring that a lack of financial means is not a barrier to accessing higher education. The review should be predicated on work undertaken by the Department of Education and National Treasury which focused on reviewing the funding and resourcing requirements of higher education.

*The overall purpose of the review is to assess the strengths and shortcomings of the current Scheme and to advise the Minister of Higher Education and Training on the short, medium and long term needs for student financial aid in order to promote the twin goals of equity of access and providing free undergraduate education to students from working class and poor communities who cannot afford further or higher education. The review will evaluate different models of student financial aid and make recommendations on the policy and operational changes required to ensure the effective and efficient achievement of these goals, which will enable South Africa to produce graduates with the qualifications and skills required to build our developmental state.*

#### **Specific Terms of Reference**

The scope of the review is to:

- Assess the strengths and shortcomings of the current National Student Financial Aid Scheme (NSFAS).
- Conduct a needs analysis of students who will require financial aid in the short, medium and long terms, taking into account the Government's commitment to providing free undergraduate education to students from poor families who would otherwise not be able to pursue further or higher education.
- Undertake a review of the Means Test and provide guidelines to determine the criteria for eligible students.
- Make recommendations on appropriate mechanisms for raising and administering the required funds, including the parameters of the recapitalisation of NSFAS and for the possible establishment of a student loan bank.
- Investigate the feasibility of student financial aid being linked to priority fields of study and levels of academic performance.
- Assess the viability of extending financial aid to students in not-for-profit private higher education institutions.
- Assess the nature and extent of former and current students blacklisted by NSFAS and universities, and recommend appropriate action to be taken to deal with the problem.
- Recommend changes to the policy, regulations and operational framework of the NSFAS, including the distribution formula for the allocation of financial aid to institutions, the Means Test, the respective roles and the responsibilities of the institutional financial aid bureaus and the NSFAS.
- Recommend changes to the governance, management, operational capacity and systems of the NSFAS to meet the needs of the new policy framework.

#### **Review Process and Committee**

In the course of its work, the Committee is expected to consult key stakeholders, including higher education institutions, national student organisations, financial services organisations, the National Student Financial Aid Scheme and the Council on Higher Education.

The Committee should draw on studies undertaken in South Africa and on international best practice and may commission work in consultation with the Department of Higher Education and Training.

The Department will provide Secretariat support for the Ministerial Committee.

The Committee is accountable to the Minister. The Committee will provide the Minister of Higher Education and Training with a report within a period of six months from commencing its work. The Minister will, on receipt of the Committee's report, consult the Council on Higher Education, the Board of the NSFAS and other key constituencies before finalising changes to the policy and operation framework of the NSFAS.

**The Members of the Ministerial Committee are:**

- Prof Marcus Balintulo (Chairperson)
  - Ms Collette Caine
  - Dr Pundy Pillay
  - Prof Siphon Seepe
  - Dr David Monyae
  - Ms Mahlengi Bhengu
  - Dr Loveness Kaunda
  - Mr Steven Smith
  - Mr Itumeleng Malebye
  - Ms Linda Vilakazi-Tselane
  - Dr M Qhobela
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