

# Additional R5bn to fund higher education

Finance Minister Pravin Gordhan says a provision of R5bn has been set aside to fund the higher education and training sector in 2019/20.



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The Minister said this when he tabled the 2017 Budget Speech in the National Assembly on Wednesday.

“...In addition to the increases of R32bn we made in the higher education allocations in last year’s Budget and the 2016 Medium Term Budget Policy Statement, we have added a further R5bn in the outer year of the (three-year period),” he said.

The Minister said funds have been provided to ensure that students from households that earn up to R600,000 do not pay university fee increases for 2017.

“Government has provided funds to ensure that no student, whose combined family income is below R600,000 per annum, will face fee increases at universities and TVET colleges for 2017,” he said.

The Minister said all poor students who applied and qualified for National Student Financial Aid Scheme (NSFAS) awards, and who have been accepted by a university or a TVET college, will be supported.

## **Spending in higher education set to increase**

According to the National Treasury's Budget Review document, spending in the function is expected to reach R89.8bn by 2019/20, growing at an average annual rate of 9.2% over the next three years.

Of this amount, 42.7% will be spent on university subsidies, 21.9% on NSFAS and 9.7% for TVET.

Over the MTEF period, R21.1 billion has been added to the spending envelope for the sector.

"It also includes R7.3bn to compensate universities and TVET colleges for the shortfall caused by the 0% fee increase for students from households earning up to R600,000 per year in the 2017 academic year.

"A total of 615,000 university students will receive NSFAS loans and bursaries over the next three years. The scheme receives additional allocations of R7.7 billion over this period to help unfunded NSFAS university students from the 2016 academic year to continue their studies," National Treasury said.

Transfers to NSFAS are expected to rise from R11.4bn in 2016/17 to R13.9bn in 2019/20.

University enrolments are expected to increase from one million in 2016/17 to 1.1 million in 2019/20.

Enrolments in TVET colleges will remain stable at 710,535 per year, as government works to resolve institutional challenges.

Enrolments at community education and training colleges, which target youth and adults who did not attend or complete school, will increase from 310,000 in 2016/17 to 340,000 in 2019/20.

Government has allocated a total of R4.2 billion for operational and capital expenditure at the recently opened University of Mpumalanga and the Sol Plaatje University over the next three years. New facilities and student accommodation will allow them to enrol a combined total of 3,875 students for the 2017 academic year.

## **Treasury looking at ways of funding higher education**

The Minister said the Inter-Ministerial Committee on Higher Education, led by Minister in the Presidency responsible for Planning, Monitoring and Evaluation Jeff Radebe, was engaging all stakeholders to discuss issues in the sector.

"Civil society initiatives involving business, churches and other organisations have created space for a diversity of options to be considered.

"The President has invited stakeholders to participate in processes that are underway so that all views are heard," Minister Gordhan said.

The Minister said given the magnitude of student funding requirements, there was a need for government to develop a clear roadmap towards a better higher education and training system.

"It must clearly indicate how society will achieve access, opportunity, financing and support for students in the university and further education sectors."

Highlighting several broad principles that may assist in finding a way forward, the Minister said government is determined to address the challenges identified in post-school education and training in a phased manner. Resources will be taken into account in determining the pace with which these can be addressed.

Government stands ready to engage with education stakeholders and adapt financing arrangements, as may be required in future years, within the scope of available resources.

Universities, students and education stakeholders share responsibility for improving access and quality and the diversity of higher education and training provided, within a framework of consultation rather than confrontation, the Minister said.

A growing contribution is needed from employers and industry through funding of bursaries, internship opportunities and research programmes, recognising that this is the foundation of future productivity and technology advances.

“Together, we will find a way forward that meets student funding needs fairly and sustainably, so that the rising numbers of graduates can contribute positively to inclusive growth and transformation of the economy,” said the Minister.

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