



NSFAS

National Student Financial Aid Scheme

Annual Report 2016/17 Presentation to PCHET

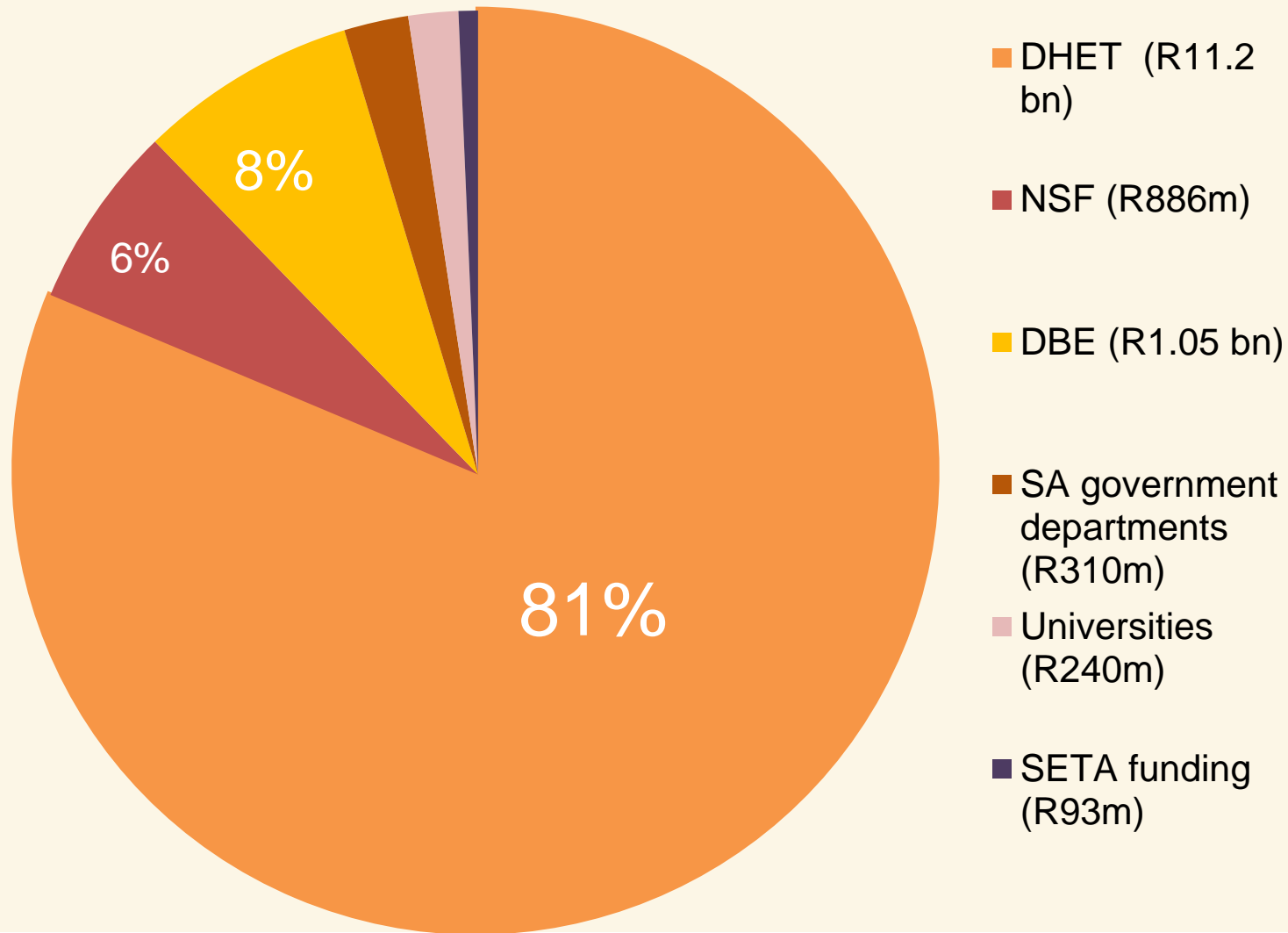




PRESENTATION OVERVIEW

1. Funding allocation
2. Performance highlights
3. Performance report summary
4. Audit outcome
5. Financial overview

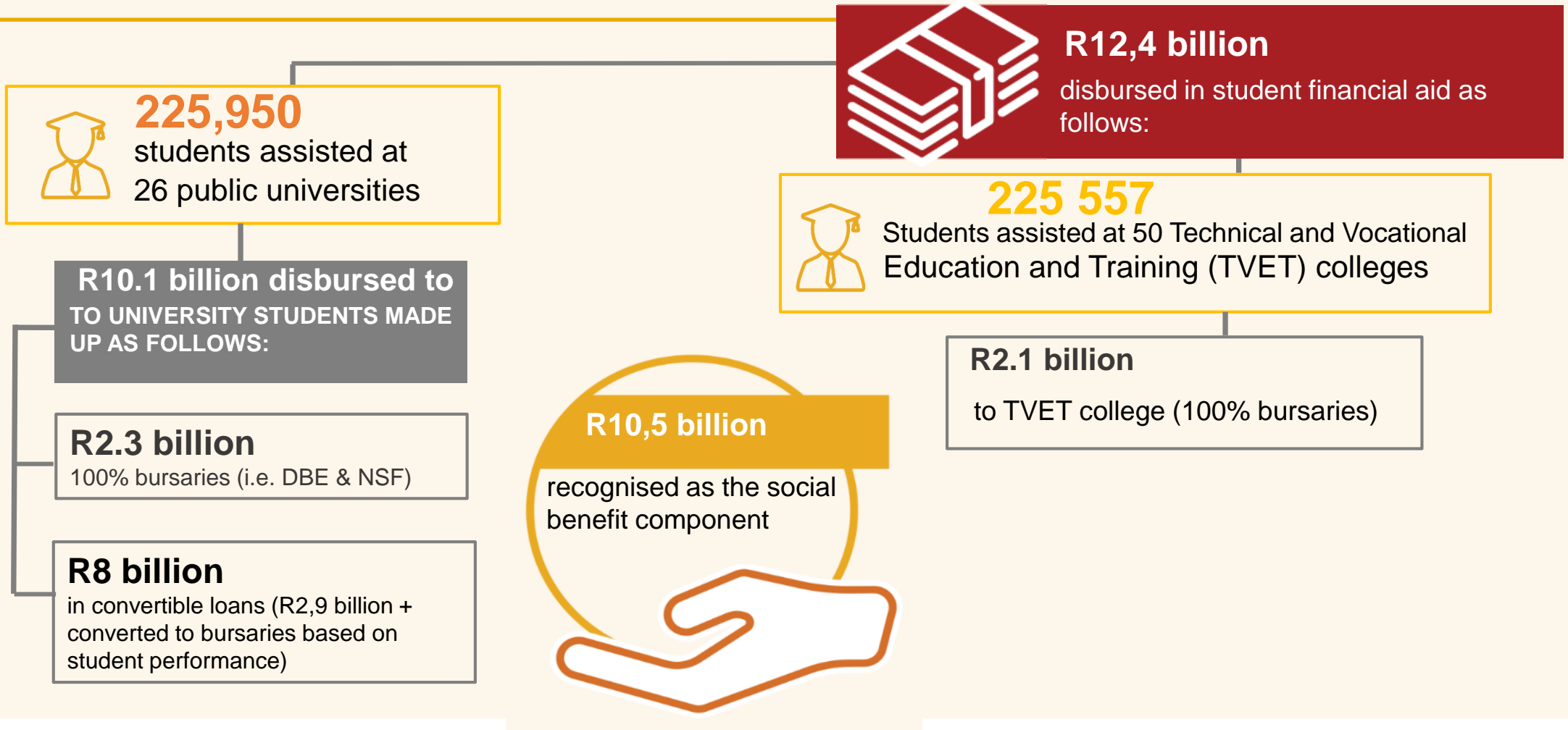
FUNDING ALLOCATION



- Awards revenue increased by 51% to R13.8bn
- The largest contribution was from DHET to the value of R11bn (81%)
- Department of Basic Education also contributed a significant portion of funding of R1b (8%)
- Other SA government departments, institutions and SETAs contributed the remaining 11%



PERFORMANCE HIGHLIGHTS 2016/17



PERFORMANCE HIGHLIGHTS 2016/17 (CONTINUED)

Disbursements year- on-year	Disbursements (R'm)			Number of students		
	2017	2016	Movement	2017	2016	Movement
University students	10,305	7,195	3,110 (43%)	225,557	178,961	46,989 (26%)
TVET students	2,106	2,095	11 (1%)	225,950	235,988	(10,431) (4%)
Total	12,411	9,290	3,121 (34%)	451,507	414,949	36,558 (9%)

*The average cost of study claimed by institutions increased from 2016 to 2017 (Universities: from R40k to R46k an increase of 14%, TVET colleges from R8.8k to R9.3k, an increase of 5%)
The increase in the average cost claimed for TVETs resulted in a decrease in the number of students funded, given that there was no corresponding increasing in funding.*



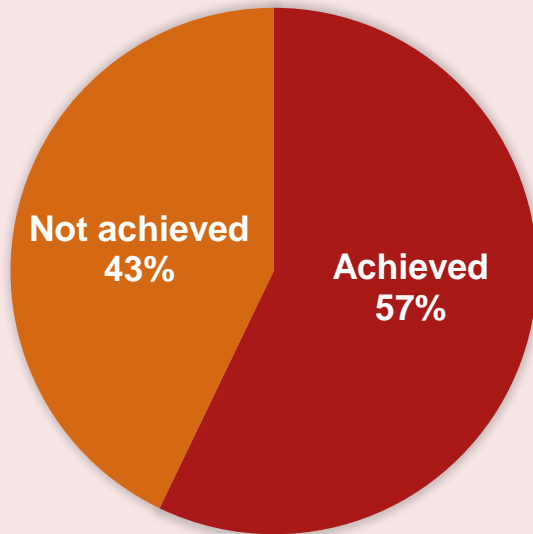
PERFORMANCE HIGHLIGHTS 2016/17 (CONTINUED)

Other financial metrics	2017 R'm	2016 R'm	Movement
Loan repayments	392	226	165 (73%)
Recoveries re-injected	848	517	331 (64%)
Operational expenses	229	176	54 (30%)



PERFORMANCE REPORT SUMMARY

Strategic objectives



Achieved

Amount of money recovered from NSFAS debtors:

Recoveries/collections increased by 73% to R392.4m from R226.7m, exceeding the target of R285m by 38%

Undertake research – produced 4 substantive reports with actionable recommendations

Not achieved

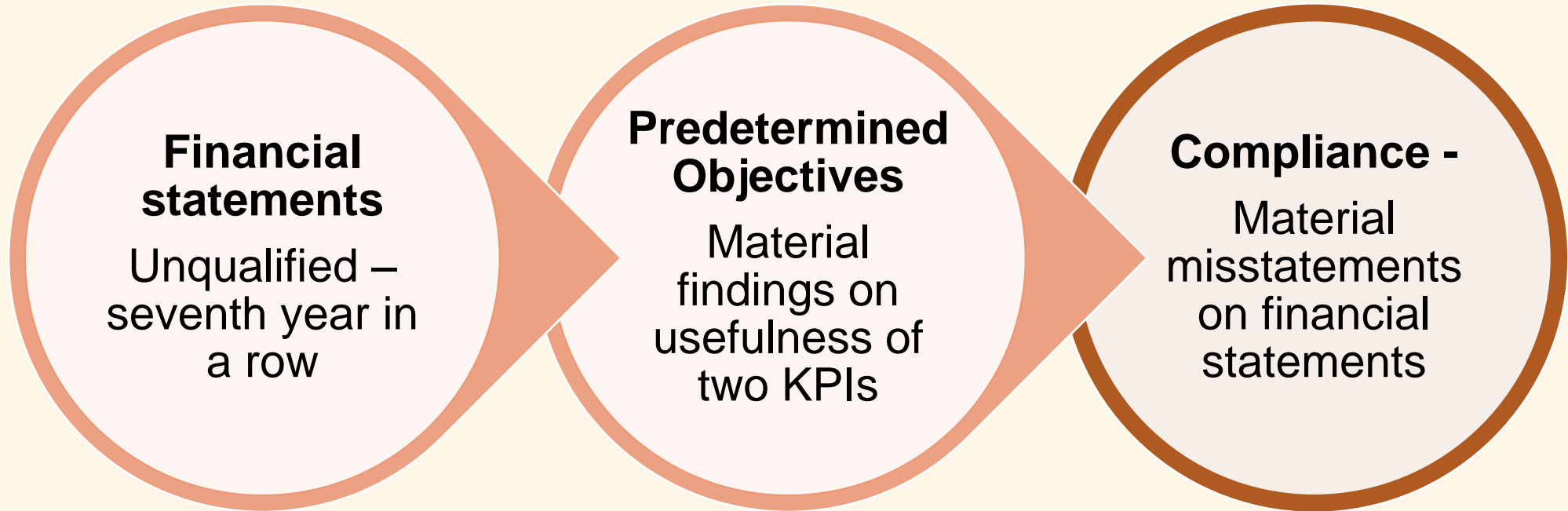
Increase in funding : Even though funds from new funders increased by R104m, funds from current funders decreased by R115m

Payments of tuition, residence fees and allowances

- There was underspending of grants received for student awards due to underutilisation of Historic Debt funding by institutions
- Allowances were not paid within 7 days



AUDIT OUTCOME



No material findings on SCM or irregular expenditure
No material findings on revenue collection (collections target was met)



AUDIT OUTCOME (CONTINUED)

Emphasis of matter issues raised without modifying the audit opinion

Significant uncertainties

- Organisation entered into contractual commitments to fund students for the duration of their qualification
- This resulted in a contingent liability of R25.1bn (2016: R4.97bn)

Material fair value and impairment adjustments

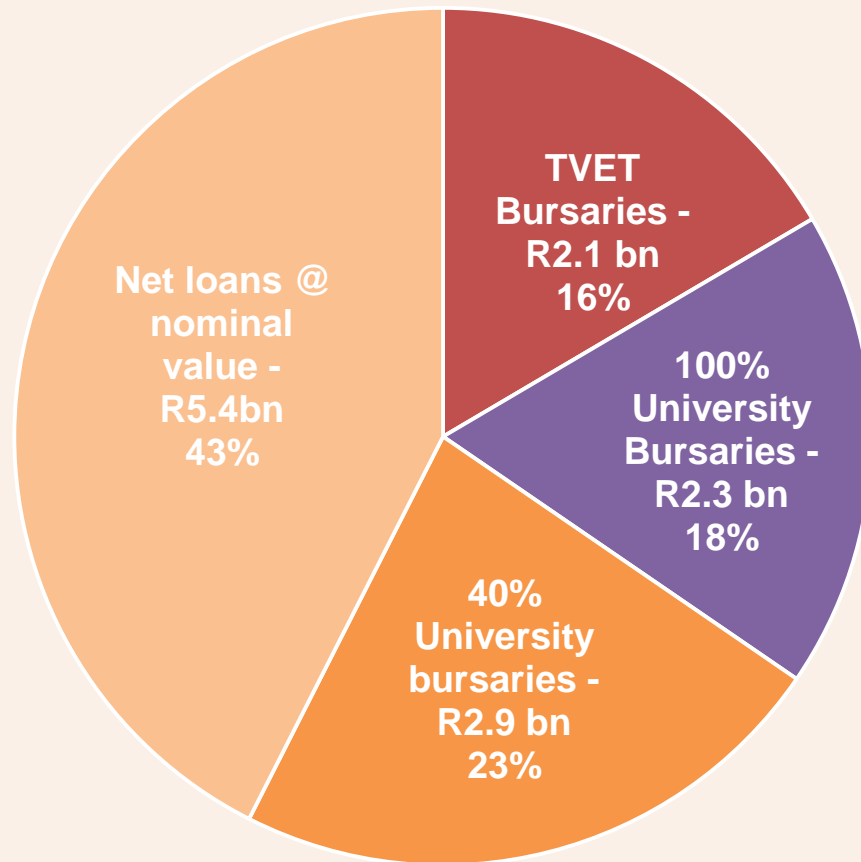
- Nominal value of loans R29.8bn (2016: R24.17bn); with a fair value of R9.36bn (2016: R7.18), after cumulative fair value and impairment adjustments of R20.45bn (2016: R16.99bn)

Material underspending

- As noted in the Statement of Comparison of Budget and Actual Amounts – Cash Flow Statement, the organisation materially underspent on grants for student awards to the amount of R2.57bn – Detail on slide 11



FINANCIAL OVERVIEW – BURSARIES



- R7.3bn disbursed as bursaries (R5.2bn in bursaries to University students and R2.1bn in bursaries to TVET students)
- Bursaries 58% of amounts disbursed



FINANCIAL OVERVIEW - DISBURSEMENTS

- Universities underutilised Historic Debt funding despite extensions given by DHET & NSFAS.
- Historic Debt funding was reallocated to the funding of FTEs towards the end of the 2016 academic year.
- However, even the FTE funding was not utilised to the extent expected.
- The unspent 2016 funds will be utilised as indicated on the next slide.

	Received 2017 R'm	Disbursed 2017 R'm	Underspending R'm	Utilisation %
DHET – Historic Debt	4 581	3 160	1 421	69%
FTE	2 142	1 309	833	61%
Historic Debt	1 294	894	400	69%
Kgodiso	1 145	957	188	84%
DHET General & Other	4 656	4 542	114	97%
TVETs	2 434	2 109	325	87%
Other funders	2 449	1,732	717	71%
Total	14,120	12,411	2 577	87%



FINANCIAL OVERVIEW – BALANCE SHEET



R25.1bn

(405% increase)

Contingent liability as

a result of the **student-centred model** being implemented at all institutions

R3.53bn recognised as the **social benefit component** after the bursary conversion

Assets	2017 R'm	2016 R'm	Movement
Student loans (total)	9 362	7 176	30%
Cash and cash equivalents	3 897	912	327%

Liabilities and net assets	2017 R'm	2016 R'm	Movement
Deferred income	3 431	826	315%



FINANCIAL OVERVIEW – SOCIAL BENEFIT



“The total social benefit enjoyed by NSFAS students during the year under review was R10.5 billion. Without the social benefits measures outlined above, access to higher education for potentially deserving students would be much lower than is currently the case.”

Mr Sizwe Nxasana
Board Chairman



FINANCIAL OVERVIEW - SOCIAL BENEFIT

The social benefit includes:

- The conversion of 40% of NSFAS loans to grants if funded students pass their 1st and 2nd years of study;
- The conversion of the total amount of the loan if the final year of study to a grant if funded university students pass their final year of study;
- No repayment of student debt during the course of study is required;
- Interest charges is deferred during the course of study, including 12 months after exit from a public university;
- Interest charged on outstanding amounts is heavily subsidised at only 80% of the repo rate; and
- Funding to TVET colleges is a full bursary, with no expectation for a repayment.





Questions?