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| MEMORANDUM FROM THE PARLIAMENTARY OFFICE |

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION 1676**

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**INTERNAL QUESTION PAPER NO 28 OF 2020**

**Prof B Bozzoli (DA) to ask the Minister of Higher Education, Science and Technology:**

What will be the specific effect on normal university expenditure in each university resulting from (a) the cuts in the university block grant of R2,5 billion and (b) the reallocation of the university block grant of R2,1billion towards the Covid-19 expenditure, with special reference to activities and expenses that will no longer be able to take place?

**NW2066E**

**REPLY:**

The COVID-19 pandemic has already had an impact on normal university expenditure, allowing for substantial savings due to the postponement of a range of activities, especially due to cancelled conferences, and limited travel and accommodation being undertaken. In addition, general savings on services (electricity and water) have also been experienced. Many institutions at the same time, recognising the context, have made decisions not to fill vacant posts unless they were essential positions, thus ensuring that they are better able to manage the highly uncertain fiscal climate.

Immediately after the Presidential announcement declaring a national disaster, the Department embarked on a consultative process and engaged with all universities regarding the system’s needs to ensure the successful completion of the academic year and the need to operate differently. This process involved the development of costed remote multi-modal teaching, learning and assessment plans.

Considering all of these aspects, including the funding required to assist the National Student Financial Aid Scheme (NSFAS) funded students to acquire laptops, the total financial impact is R3.8506 billion. This is funded partially by institutions’ own internal reprioritisation (R749 million), through reprioritising unspent earmarked grants and interest on earmarked grants at institutions (R1.332 billion), as well as funds made available by NSFAS for advances on allowances to fund laptops (approximately R2.5 billion for both university and TVET college students).

In addition, institutions estimated that they would require R1.821 billion for ensuring that their campuses are compliant to health and safety protocols when they reintegrate staff and students in line with their return-to-campus plans. Some plans had unnecessary high cost items and the Department has indicated that it could not support those items. The Department has identified R608.249 million (made up of R398.249 million from 2020/21 ad-hoc earmarked funds, together with the R210 million returned from the R750 million suspension on the 2020/21 infrastructure and efficiency grant), subject to Ministerial approval, to support institutions to implement their return to campus plans.

The suspension of R2.5 billion from the block grant, and the reallocation of R2.117 billion has resulted in a net cut of R382.596 million (1.07%) from the block grant. The transfers of the subsidy will continue as expected to institutions to fund their operations. Institutions will need to ensure that they create efficiencies to deal with the real shortfall of 1.07% on their block grants, ensure prudent expenditure and manage the additional costs related to dealing with the COVID-19 pandemic within their available budgets. While no programmes funded though the earmarked grants have been stopped, the original plans have been slowed down, or redirected, to deal with the challenges brought to the fore by the pandemic.