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| MEMORANDUM FROM THE PARLIAMENTARY OFFICE |

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION 3051**

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**INTERNAL QUESTION PAPER NO 51 OF 2020**

**Mr S L Ngcobo (IFP) to ask the Minister of Higher Education, Science and Innovation:**

In view of his proposal of a university fee increase of no more than 4,7% for the 2021 academic year, following earlier announcements that fee structures for tuition and accommodation would largely remain even as learning was moved online for many students and that many students will not be occupying their accommodation for extended periods, (a) what rationale did he employ to arrive at such a bold proposal and (b) how does he intend to justify this proposal to students and parents, when his department has not increased its contribution to the university sector in preceding years and in view of the 2021-22 budget being reduced to fund the SA Airways business rescue plans?

 **NW3879E**

**REPLY:**

(a)  It should be noted that fee increases were implemented for the 2020 academic year. The costs of providing tuition did not reduce as a result of the introduction of emergency remote multi-modal teaching and learning. In fact, universities, in many areas incurred increased costs, including the provision of electronic devices and data, improvements to learning management systems, the cost of health and safety and other costs. Given that no additional funding was available for this, the Department worked with universities to re-prioritise existing funding from earmarked funds, which were approved as a COVID Responsiveness Grant to support institutions and limit the effects of in-year subsidy reductions. The national framework for fees gazetted in October 2020 aimed to guide institutions on tuition and accommodation fees remaining at the same level for the academic year despite the extended academic year.

Public universities have three main sources of income: State subsidies, tuition fees and other (third stream) income. The bulk of funding is received through subsidies and tuition fees. Tuition fees are determined by university Councils.

However, since the agreement on a 0% increase on fees for 2016, there has been a sector-wide agreement/compact in place to ensure that fee increases be kept at an affordable rate, while the development of a policy framework is underway. In 2017 and 2018, this was set at a maximum of 8% increase, and in 2019 and 2020, the increases were CPI-linked, with CPI for tuition and CPI+2 for accommodation. This is determined based on the realistic cost increases incurred by institutions for their operations.

It should also be noted that in 2016 when fees were not increased, university expenditure nonetheless increased, and although fees were charged to users/students at the same level as 2015, the cost of the gap between the fee income and required budget was covered by substantial funding from government, which resulted in a baseline increase in the subsidy budget in following years. In addition, through the gap grant (fee adjustment grant) provided from 2017 onwards, students with family incomes up to R600 000 received support from the government to cover the gap between the 2016 and increased fee required.

The proposal is a reasonable one, given that universities have CPI-linked increases in costs and therefore require fee increases, and this increase is designed to balance the income requirements of universities, with keeping fee increases at reasonable levels. The proposals are also discussed extensively within the university system before being finalised.

(b)  Through the compact on tuition fees, the State, working with universities, has kept university fees at affordable levels since 2015, while increasing support to poor and working-class students and providing relief to missing middle families. Universities cannot operate without tuition fee income, and the compact is focused on keeping fees at affordable levels for fee-paying individuals and the National Student Financial Aid Scheme (NSFAS) despite the fact that university subsidies have declined in 2020 due to COVID in particular.