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| MEMORANDUM FROM THE PARLIAMENTARY OFFICE |

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION 651**

**DATE OF PUBLICATION OF INTERNAL QUESTION PAPER: 03/03/2023**

**INTERNAL QUESTION PAPER NO 6 OF 2023**

**Ms N N Chirwa (EFF) to ask the Minister of Higher Education, Science and Innovation:**

Notwithstanding his statement on Thursday, 23 February 2023, on the state of readiness of the postschool education and training sector for the 2023 academic year and outlining the steps taken, what (a) urgent steps has he taken to resolve the financial exclusion crisis faced by thousands of students across the Republic, (b) institutions have the highest numbers of financial exclusion cases in each province and (c) date is it envisaged that the crisis will be resolved?

**NW723E**

**REPLY:**

1. The Department of Higher Education and Training had various consultations with universities, the South African Union of Students as well as NSFAS to discuss the challenges and ongoing agreements with the sector to address the issue of financial exclusions and historic debt of academically deserving students. The Department has also embarked on oversight visits to all 26 universities over this period, to determine amongst others, plans that universities have put in place to assist unfunded students that are doing well academically and concessions that are in place to enable students with debt to be able to register.

Most universities have initiated processes and concessions to assist academically deserving students. These plans and concessions range from SRC-raised funds to academically deserving students by settling their historic debt; merit bursaries to academically performing students; missing middle campaigns; and fundraising initiatives to assist academically deserving students, including fundraising engagements with external sponsors; and the signing of acknowledgement of debt forms in line with universities’ financial concessions.

It should also be noted that the work to find a long-term solution to missing middle student funding needs is ongoing. One of the key recommendations of the Ministerial Task Team in their critical work to conceptualise a new student financial aid model for the South African higher education and training system is that as part of the long-term development of a new, comprehensive student funding policy, government should explore the establishment of a loan scheme to support “missing middle” students in accessing higher education and training. The MTT explored different loan models, including a direct lending model, wholesale lending model and credit guarantees. The MTT recommended that in the immediate short-term government should explore the possibility of a government guarantee for commercial bank loans. This would allow for the funding of missing middle students and test the take-up of such loans while other loan models are explored from 2023 onwards. The Department is currently engaging with the banking sector to explore the options for a credit guarantee model with the commercial banks and other financial service providers before an application for a credit guarantee can be submitted to National Treasury by the Minister. It is envisaged that the final model will be tabled before the Forum of South African Directors-General (DG cluster) before it is submitted to Cabinet within the next month or two.

1. This information will have to be collected directly from institutions, as the Department does not collect this information.
2. Engagements will continue with universities until the matter is resolved with all stakeholders.