

introduction

NATIONAL STUDENT FINANCIAL AID SCHEME

A SYSTEM OF INCLUSIVE STUDENT FINANCIAL AID HAS become a firmly established element of transformation in South African higher education since the establishment of democracy in 1994. The Government's strong commitment to the education clause of the Constitution, which provides for the making of education, beyond basic education, progressively more available and accessible has been a great accomplishment.

In this respect the requirements of the education White Paper on A programme for the Transformation of Higher Education, released by the Department of Education in 1997, have been met. These clearly stated the Government's intentions in fulfilling its constitutional requirements and effecting a modicum of redress: "... The Ministry is aware that there are severe limits to the capacity of many students and their families to pay, particularly first generation students from poor families. To ensure that capable students are not excluded from access to higher education because of poverty, it is essential to have in place a well-functioning, comprehensive student financial aid scheme".

During the financial year R1,216 billion Rand was given out in awards to 106 852 students. This is the first time that the total amount awarded through NSFAS has exceeded one billion Rand and also the first time the number of students assisted has exceeded 100 000. Government continued to provide enormous support with various government departments contributing R921,5 million to student awards, of which R849,6 million came from the Department of Education's Budget Vote. In addition a further R265,9 million, 22% of the total awards amount, was entirely derived from loan repayments by past beneficiaries.

Over the last year the National Student Financial Aid Scheme reached two significant milestones. Firstly, the Scheme made its one-millionth award since it started out life as the Tertiary Education Fund of South Africa (TEFSA) in 1991. Secondly, loan recoveries have continued to grow and NSFAS reached its second milestone by collecting its one-billionth Rand in loan repayments.

Notwithstanding our achievements we are conscious of the need to regularly review our performance and efficiency. During the period under review NSFAS has focused on enhancing a range of its systems from administration of loans to loan recovery to information technology innovations, and human resources management.



A handwritten signature in black ink, which appears to read "Allan Taylor". The signature is fluid and cursive, with a horizontal line underneath it.

Mr Allan Taylor
Chief Executive Officer

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Each year NSFAS now has to process more than 120 000 loans which requires that information is efficiently captured, scanned and stored. This process has been refined to the extent that full loan details, including images of loan agreements and identity documents, can be immediately accessed electronically without having to find and look up any hard copies of the documentation. The improved loan recovery strategy has ensured that loanees who are defaulting on the conditions of their loan are followed up more quickly to ensure that they comply with our requirements. This has resulted in an improvement in loan recoveries exceeding targets in most months. This is clearly reflected in the improvement in the provision for doubtful debt. Nevertheless NSFAS remains committed to ensuring that its loan collection strategy remains fair, and equitably applied to all loanees. In this respect we welcome the introduction of the new National Credit Act and we look forward to working closely with the National Credit Regulator in the conduct of our work.

NSFAS is also implementing improved electronic communication with higher education institutions, initially on a pilot basis at some campuses and then to be rolled out at all other institutions over the next three to four years. This includes the use of electronic loan agreements forms which will be submitted to NSFAS through web-based technology. This will result in faster processing of loans and payments to institutions and will also eliminate a large amount of duplication of information currently being entered into institutional information systems.

The success of NSFAS would not be possible without the support and cooperation of higher education institutions at both the management and operational levels for which we are most grateful. Our regular audits of institutional compliance with NSFAS requirements has shown a significant improvement over the last year. This has ensured that NSFAS awards are granted on a reasonably equitable basis across the full spectrum of public higher education institutions in South Africa. The Board of NSFAS has provided support, guidance and oversight to the management and staff of NSFAS, and we are most appreciative for all the time and effort that the various Board members have contributed, on a voluntary basis, to our work.

Finally I would like to recognise the hard work and commitment of all NSFAS staff members who keep the Scheme running smoothly and professionally. Their attention to detail and provision of a good service to all the institutions, students, donors and others we deal with has ensured that the Scheme continues to grow from strength to strength.