National Student Financial Aid Scheme

ADDRESS BY THE ACTING CHAIRPERSON OF THE NATIONAL STUDENT FINANCIAL AID SCHEME (NSFAS), PROF LOURENS VAN STADEN ON THE OCCASION OF THE NSFAS BRIEFING ON THE REGISTRATION PROCESS, PAYMENT OF ALLOWANCES AND STUDENT ACCOMMODATION PILOT PROJECT

4 March 2024

Programme Director Mr Ishmael Mnisi
Minister of Higher Education, Science and Innovation, Prof Blade Nzimande;
Deputy Minister Buti Manamela;
DHET Director General, Dr Nkosinathi Sishi;
The leadership of our all our institutions, Vice Chancellors and College Principals;
Leadership of our student organisations SAUS and SATVETSA;
(All in absentia)
Fellow Board Members;
Acting NSFAS CEO, Mr Masile Ramorwesi and all NSFAS Executive management present;
Members of the media;
Fellow South Africans
Good morning

The Halyard, 4 Christian Barnard
Cape Town City Center, Cape Town, 8000
Private Bag X1, Plumstead, Cape Town, 7801

T: 0800 067 327
E: info@nsfas.org.za
W: www.nsfas.org.za

Board Members: Mr. Ernest Khosa - Chairperson | Prof. Lourens van Staden – Acting Chairperson | Mr. Masile Ramorwesi – Acting Chief Executive Officer | Mr. Bamanye Matiwane | Ms. Jullie Beya | Mr. Maxwell Nceba Fuzani | Prof. Ntombizozuko Dyan-Mhango | Prof. Pumela Msweli | Ms. Reshma Mathura | Ms. Lisa Seftel | Mr. Lucky Masuku | Mr. Melosi Baloyi | Mr. Sanele Zondi | Mr. Cyril Madiba | Mr. Yonke Twani

National Student Financial Aid Scheme

INTRODUCTION

This is my maiden public statement as the acting Chairperson of the Board of NSFAS. It is therefore prudent that, I remind you of the mandate of this gigantic – government owned student funding organisation – the National Student Financial Aid Scheme (NSFAS).

NSFAS was established under the NSFAS Act (Act No. 1 of 1999) with the mandate of providing financial assistance to deserving beneficiaries who qualify for post school education and training.

As a scheme, we truly represent one of the most progressive efforts by the government to systematically break the legacies of inter-generational social inequality in access to and outcomes of post school education and training.

Since 1991, NSFAS funding has grown from disbursing R21.4 million to almost R50 billon to fund children of the working class and the poor seeking to further their studies in public universities and TVET colleges.

This is a decisive intervention by government to broaden access to those sections of our communities who had no access to post school education and training.

The integration of all public universities and TVET colleges to the student-centred model wherein students apply directly to NSFAS for funding, is one other important intervention that we will always remind South Africans of, because it is through this

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intervention that we will continue to ensure the unmediated and seamless interaction between NSFAS and all its beneficiaries.

As a scheme, we acknowledge that this transition required a significant increase in NSFAS financial resources, effective and efficient Information Communication Technologies (ICT) systems, and a capable personnel to drive this transition.

These unquestionable system changes will propel NSFAS to be agile in handling a large number of student applications, process them timeously and give feedback to all applicants without any delays. This, we are determined to do as the Board, supported by the management.

It is also important to indicate that NSFAS does not exist in a vacuum. For the scheme to achieve its mandate, cooperation with the entire post school education and training sector, led by the Department of Higher Education and Training (DHET) is crucial.

For instance, NSFAS implements policy directives from DHET. Equally important is the fact that the NSFAS allocated funds from the national fiscus, are channelled and allocated through DHET. Therefore this relation is sacrosanct.

Another critical example is the relationship we have with both our public TVET colleges and universities. NSFAS administer students funding meant for beneficiaries in these two post school education and training institutions.

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Therefore, the wellbeing of NSFAS beneficiaries is as good as our relationship with our institutions. This is amongst the reason why we commit ourselves to better the relationships with our institutions through the implementation of our bursary and loan guidelines, including the norms and standards on student accommodation.

All our efforts are meant for the wellbeing of all our beneficiaries. For us to ensure that we deliver to their expectations, we are continuously in consultation with the South African Technical Vocational Education and Training Student Association (SATVETSA) and the South Africa Union of Students (SAUS), who represent the Student Representative Councils in both TVET colleges and universities.

I must emphasise that NSFAS is committed to enhance these relations further through having continuous engagements with these student leadership structures.

For us to succeed in our mandate, we are hellbent to further our discussion with the Department of Basic Education (DBE) because they are a gateway to post school education and training. For us as NSFAS, all of First Time Entering Students, comes from DBE.

Led by the Department of Higher Education and Training, we will continue our engagements with the DBE on the impact of releasing the matriculation results mid-January to NSFAS applications and funding decision processes, which also have an effect to the operational efficiencies of our TVET colleges and universities.

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All of these engagements will take place within the context of our revised Stakeholder Management Strategy and our Board approved Marketing and Communication Strategy.

To ensure that we continue to decentralise our operations, as and when required, we will deploy our servicing administrators to all our institutions to enable local presence of NSFAS to students.

In the past two weeks, these servicing administrators working together with our institutions, actively addressed registration concerns and challenges faced by students.

Through regular visits to campuses and the provision of assistance and support, NSFAS aims to alleviate the tensions and contribute to a harmonious academic environment for all our institutions. As the NSFAS Board, we also visited hotspot areas to ensure that we lead from the front.

To further ensure that NSFAS presence is there in all provinces, we are hard at work to finalise our plans to have operational offices in all the provinces. More details on his will be provided upon conclusion of the plans.

NSFAS SUCCESS

Ladies and gentlemen

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Much as NSFAS has challenges, it is a fact that it has created universal access to post school education and training. This has been a near miracle given the state of disrepair that existed pre-democracy, where the majority of black South Africans had limited or no access at all.

In 2024, government made a pronouncement, that saw the scheme administering a wraparound bursary scheme and a loan scheme.

In order to be equal to the task, as NSFAS we are hard at work to ensure the efficiency and effectiveness of our systems.

We have made significant strides to review our Information Communication Information (ICT) system which is critical for us to have a seamless, integrated ICT system to engage with our institutions.

Through this intervention will implement a stable ICT environment, leveraging modern technologies and capabilities in order to deliver the NSFAS mandate.

We also continue to review all our processes, operating and disbursement model by amongst other, exploring the involvement of the banking sector to ensure that our bursaries and loans are paid on time and to the correct beneficiaries.

We are also reviewing our overall governance and management design to ensure the full execution of our mandate. This includes filling in critical vacant positions at the executive and lower management levels.

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We have also Introduced a new performance management and accountability framework in a bid to establish a high-performance culture within the organization.

We have heard the outcry of South Africans about the ineffectiveness of the NSFAS Call Centre. We will improve our query handling mechanism and ensure our call centre is more responsive to growth in NSFAS beneficiaries.

On behalf of the NSFAS Board, let me take this opportunity to thank all South Africans who applied for both our bursary and our loan schemes for the 2024 academic year.

As I said earlier, we are determined to improve our systems including our applications processes to enable a smooth and seamless application process.

This we will achieve working together with SASSA, Department of Home Affairs and SARS. We further call upon applicants to submit accurate information when applying, as this assist in reducing the timelines to make funding decisions.

Relating to our relations with SARS, let me indicate that as NSFAS we are committed to ensure that we continue working with SARS to verify the financial eligibility criteria of all our applicants.

This includes ensuring that the consent form is submitted by non-SASSA applicants. This form enables NSFAS, to assess the financial eligibility of

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applicants by determining the annual combined household income to qualify either for a bursary or loan, based on parental consent.

Through third party verifications, as NSFAS we processed about 23000 applications per day and have prioritized those who have received firm offers of admission from universities or who were enrolled at TVET colleges.

2024 BURSARY APPLICATIONS

Ladies and gentlemen, NSFAS received **1 936 330** applications as of 16 February 2024 and applications closed on the 15 of February 2024. The stats below are as at 01 March 2024.

Of the 1 936 330 applications received:

- 1 244 854 are provisionally funded.
- 108 345 registration received:
  - 59 723 awaiting evaluations.
  - 94 816 awaiting supporting documents.
- 84 225 have been withdrawn by the student.
- 52 038 are in progress.
- 136 468 applications are on the NOT-STARTED status as applicants only created profiles and did not submit applications.

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NSFAS has rejected 243 113 applications and 15 174 appeals have been lodged to date.

2024 LOAN APPLICATIONS

In relation to the loan scheme, NSFAS received 30728 loan applications as of 16 February 2024. Applications also closed on 15 February 2024.

We have pre-assessed and determined students who pre-qualify for the loan. Communication was sent to the affected students via the student portal, to confirm whether or not they ACCEPT for NSFAS to process their loan application.

This is specifically, for those students who had applied for a bursary, but were above the income threshold for the bursary, but within the loan threshold.

The next step would be for NSFAS to communicate with institutions, to request them to submit admission data for registered students in line with the requirements of the loan of the 70 vs 30 split in stem and social sciences respectively.

At the completion of this process, we envisage that a total of 31800 missing middle students will be provided with student loans.

PAYMENT OF ALLOWANCES

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I would like to restate the contents of the public statement which the Board released last week, just to ensure that there is alignment in facts to both our internal and external stakeholders.

Following delays in the 2024 academic year largely due to registration delays, the Board took a decision to request institutions in the interim to operate as a channel to pay the February and March allowances.

Communication was therefore sent to all universities notifying them of this decision. We also sent another communication to indicate the 2024 academic year allowances type distribution channel.

Financial Aid Managers were asked to confirm the universities allowances payment commitment dates. For TVET Colleges, we will be paying through the direct payment channel.

The 29 institutions that have already submitted registration data will be paid by Friday this week latest. We encourage all other institutions to submit registration data, to enable NSFAS to make a catch up payment.

To support institutions and students, NSFAS made two upfront payment to all institutions. The first upfront payment was disbursed on the 31st January and the second upfront payment was disbursed on the 29th February 2024.

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These upfront payments were made to institutions for them to use the funds to distribute students' allowances.

The majority of institutions committed to paying students from the last week of February 2024. I will revert on the allowances payment commitment dates by these institutions.

The first upfront payment was administered to cover the following:

- **Book Allowance:** Calculated at half of the 2023 academic year cost.
- **Accommodation**: Set to cover one month of accommodation costs.
- **Medical Students**: Provision was made for two months' worth of allowances, to assist select institutions that registered medical students whose academic year starts in Jan.

Institutions were advised to utilise the funds disbursed to them by the specified allowance types mentioned above.

The NSFAS advanced an upfront payment to both the universities and the Technical and Vocation Education and Training (TVET) colleges.

For universities, NSFAS disbursed R2.8 billion in January 2024. This disbursement does not include the calculation of the tranche payments, which NSFAS will disburse at the beginning of April 2024. This upfront payment covers one month of student accommodation and the book allowance.

The book allowance is calculated at half of the total cost whilst the accommodation is calculated as one month of the accommodation cost.

For TVET colleges, a total of R580,150,950.00 was paid to colleges as tuition upfront in January 2024.

An additional R1 billion is earmarked for three (3) months' worth of allowances to be paid based on registration from the January-March period. All these upfront payments are meant to enable institutions to register all NSFAS-approved students for the academic year 2024.

We all know that in February, the university sector commences with its registration. This means that by the time the first payment is made (usually at the beginning of February), the majority of the students have already registered and are already attending classes.

This is the reason why the Board ensured that the upfront payments are inclusive of the registration period commencing in January for medical students in the university sector.

NSFAS communicated that allowances will be distributed using the direct payment methods. The same communication further confirmed that the direct payment partners assigned to respective institutions last year will be utilised for the 2024 academic year.

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NSFAS requested institutions to pay allowances for both February and March due to challenges experienced at the beginning of the 2024 academic year, which led to delays in receiving registration data from institutions.

Institutions were also requested to allow direct payment service providers to conduct the process of onboarding students whilst they continue with payments.

The direct payments of allowance for the 2024 academic year will commence in April 2024 and institutions will administer the payment of allowances for only two months (February and March) because the 3rd allowance will be made on the direct payment platform. No exceptions or deviations will be allowed.

Furthermore, this upfront payment necessitates a special intervention to ensure that institutions have adequate cash flow to allow students to register without requesting registration fees from students.

Since institutions have now been requested by NSFAS to facilitate the disbursement of all types of allowances a top-up will be crucial, even though the first tranche was made at the end of January.

As indicated above, the second upfront payment, covers two months' worth of accommodation, travel, personal care, living, and book allowances for February 2024. This upfront payment is determined as follows:

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- **Book allowances:** Calculated for the second half of the 2024 academic year based on the 2023 payments made.
- **Accommodation allowances:** Set to cover the accommodation allowances for the second month (March) of the 2024 academic year.
- **Transport allowances:** Calculated to cover February 2024 allowance.
- **Food allowances:** Set to cover February 2024 allowance.
- **Personal Care:** Set to cover February 2024 allowance.
- The total amount required for this upfront is **R2,107,551,411.20** and has been paid by Friday, the 1st of March 2024.

As I indicated earlier, here forth are the universities allowances payment commitment dates:

University Name	Allowance payment commitment date
CAPE PENINSULA UNIVERSITY OF TECHNOLOGY	29-Feb and will continue to make payment this week
CENTRAL UNIVERSITY OF TECHNOLOGY	01-Mar
DURBAN UNIVERSITY OF TECHNOLOGY	Paid, 29 Feb
MANGOSUTHU UNIVERSITY OF TECHNOLOGY	Loading registration data
NELSON MANDELA UNIVERSITY	01-Mar

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NORTH-WEST UNIVERSITY	01-Mar
RHODES UNIVERSITY	Paid, 28 Feb
SEFAKO MAKGATHO UNIVERSITY	04-Mar
SOL PLAATJE UNIVERSITY	Paid on the 26th Feb
TSHWANE UNIVERSITY OF TECHNOLOGY	04-Mar
UNIVERSITY OF CAPE TOWN	17-26/ Feb and 01/3
UNIVERSITY OF FORT HARE	26-Feb
UNIVERSITY OF FREE STATE	Paid. The Institution will continue to pay the outstanding funds
UNIVERSITY OF JOHANNESBURG	07-Mar
UNIVERSITY OF KWAZULU NATAL	08-Mar
UNIVERSITY OF LIMPOPO	26-Feb
UNIVERSITY OF MPUMALANGA	01-Mar
UNIVERSITY OF PRETORIA	04-Mar
UNIVERSITY OF SOUTH AFRICA	04-Mar
UNIVERSITY OF STELLENBOSCH	29/2 and 05/3
UNIVERSITY OF THE WESTERN CAPE	23/2 and 01/3
UNIVERSITY OF THE WITWATERSRAND	01-Mar
UNIVERSITY OF VENDA	26-Feb
UNIVERSITY OF ZULULAND	01-Mar
VAAL UNIVERSITY OF TECHNOLOGY	NSFAS is engaging with the

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	university on the registration data
WALTER SISULU UNIVERSITY	23-Feb

Let me take this opportunity to thank all our universities who heeded to our call and paid the allowances as per the attached table.

PILOT PROJECT ON PRIVATE STUDENT ACCOMMODATION

Ladies and gentlemen

NSFAS identified the issue of student accommodation as a highly debated topic in the higher education sector.

With the growing demand for student accommodation, NSFAS recognises the need to address this challenge effectively. As a result, NSFAS has initiated various measures to respond to the challenge and effectively manage student accommodation.

Placement of students:

The total number of beds that have been registered on the NSFAS portal and accredited for both TVET colleges and universities is sitting at 88,705 and counting.

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To date out of 40 institutions the Student Accommodation Unit has received lists from 28 institutions which were subjected to verification processes in terms of funding status.

The Mangosuthu University of Technology (MUT) and University of Mpumalanga will submit their lists when students are placed in accommodation.

Ten (10) institutions submitted their lists in batches, others requested assistance from NSFAS in order for them to submit their lists, while others are still engaging NSFAS owing to their contractual obligation.

To date out of 40 institutions on Pilot, 30 have placed students in accredited properties. Out of ten (10) institutions, five (5) supported by the NSFAS team will continue with placements whilst three (3) are still in discussion with NSFAS. Two (2) will submit once placements have happened.

Students onboarding:

NSFAS in collaboration with institutions, portal providers, and accommodation providers are onboarding students to the portal system to ensure that the NSFAS-funded students are residing in accredited accommodation.

To date eighteen (18) institutions have onboarded students to the portal and the rest is yet or still onboarding.

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The NSFAS Board wishes to encourage all institutions that have not been onboarded to do so urgently as this might impact the on-time rental payments. Equally, landlords are requested to ensure that leases that are generated through the Portal are signed by all students in their residences.

Unaccredited Accommodation Provider:

The NSFAS Board wishes to state clearly that it does not have any arrangements with unaccredited accommodation providers.

Institutions apply different approaches to manage unaccredited accommodation and it is in the resolve of NSFAS that in the near future, no NSFAS-funded student will be residing in an unaccredited accommodation.

Where accommodation providers have applied to NSFAS for accreditation, they are encouraged to consult the portal to check their statuses.

Students who have been provided with accredited accommodation and are unwilling to utilise those, the NSFAS and the institution will allocate transport allowance to those students.

Allegations of corruption & bribery:

The NSFAS Board has been alerted to alleged corruption and bribery between Accrediting Agents and Landlords. If this is indeed true, we wish to reiterate that

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this will not be tolerated by the scheme and that should anyone be found in the wrong, NSFAS will report these to Law Enforcement Agencies. Any suspected fraud should be raised through our whistleblowing hotline, Vuvuzela: Toll-free number: 0860 247 653. SMS Call-back to 30916. Fax: 086 726 1681.

Students demanding "change":

The NSFAS Board has been informed of students demanding change from the accommodation allowances and that it should be paid to them and not to institutions or landlords. This demand is not in line with NSFAS funding guidelines.

NSFAS cap is R50,000 for Metro institutions and R41,000 cap for Non-Metro institutions. NSFAS can pay anything up to the cap provided that the property is accredited and graded. It must be noted that NSFAS is paying for the value of the property. As a result, students must not expect any "CHANGE", from either the institutions or the landlords.

Student accommodation Capping:

NSFAS in its funding policy for the 2024 academic year as concurred by the Minister of Higher Education, Science and Innovation pronounced the new capping following a research study conducted by the sector.

The capping for the 2024 academic year is confirmed at R50,000 per annum for Metro institutions and R41,000 per annum for Non-Metro institutions.

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NSFAS acknowledges the drop from R45,000 in 2023 to R41,000 in 2024. However, this decision was informed by a research study conducted.

It should be noted that NSFAS has also encouraged institutions and accommodation providers in the Non-Metros to make submissions motivating for the increase in the capping and these will be discussed and decided by the Board.

Transport issues:

The DHET funding guidelines indicate that a student can only qualify for either accommodation allowance or transport and NOT both.

Landlords who are within a 5 km radius and above have a responsibility to provide transport to students to their respective campuses and back.

Issues of transport are complicated, and this is a space that is highly regulated hence we would encourage Landlords to have an open-door policy as they engage Transport Associations. As far as possible NSFAS will assist and provide platforms for engagements.

Security issues:

The NSFAS accommodation project was premised on the understanding that the provision of accessible, decent, safe, and academically conducive student

accommodation in South Africa is of great importance to the quality of the higher education and training system and the success of our students, especially those from rural and poor backgrounds.

NSFAS will not take likely any security compromise from the landlords and we will always hold the property owners accountable for the safety of our students.

Lastly, to fully optimise the Student Accommodation Project, NSFAS will consolidate lessons learnt from the pilot phase before initiating the full roll-out.

By analysing the initial implementation, identifying areas of improvement, and implementing necessary adjustments, the accommodation project will refine its approach and achieve optimal outcomes.

UPDATE ON THE WERKMAN'S REPORT RECOMMENDATIONS

NSFAS has taken significant steps towards implementing the recommendations of the Werkmans Attorneys report. This report, which was commissioned by NSFAS, aimed to provide a comprehensive analysis of the scheme and identify areas for improvement, particularly relations to procurement systems and management deficiencies.

NSFAS recognises the crucial importance of addressing the concerns outlined in Werkman's report and is committed to ensuring accountability for those who have

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engaged in any wrongdoing. By implementing the recommendations, NSFAS will indeed enhance the efficiency and effectiveness of the scheme.

The NSFAS Board remains committed to hold accountable those who have engaged in wrongdoing as contained in the Werksmans Attorneys report.

NSFAS has initiated a thorough investigation process to identify any individuals who were involved in incorrect procurement of the fintech companies.

We will ensure that we subject these individuals to appropriate disciplinary action, including legal action, if necessary, to restore public trust and confidence in the scheme.

CLOSE OUT PROJECT

Lastly, I would like to touch on the issue of the Close Out Project.

NSFAS is currently working on completing the updated close out project for academic years 2017 to 2022.

This entails updating the student level reconciliation between NSFAS and all institutions, which includes 26 universities and 50 TVET colleges. It is imperative that this is completed soon and the Board is monitoring these processes to ensure that this is done.

NSFAS has previously concluded the close out process reconciliation and included the results in the Annual Financial Statements for the 2021/22 financial year, but the Auditor General of South Africa (AGSA) had highlighted some shortcomings in this process.

The shortcomings included some inaccuracies in the reconciliations for various reason. To correct these shortcomings, NSFAS is heavily reliant on data from institutions. Further to the reliance on data, it is imperative that this data is valid and accurate.

NSFAS engaged all institutions to revise the reconciliations and correct the shortcomings.

Institutions have been requested to provide NSFAS with updated information for the updated full cost of study. While most institutions provided this information, there remains certain institutions that have not yet heeded this call.

NSFAS has been severely impacted by the non-submission of data and in instances, incorrect data being submitted by the institutions.

Non and inaccurate submissions of institutional data has contributed to NSFAS receiving negative audit outcomes and also the late submission of Annual Financial Statements. As NSFAS we will continue to engage these institutions which did not submit the information as required.

The Halyard, 4 Christian Barnard
Cape Town City Center, Cape Town, 8000
Private Bag X1, Plumstead, Cape Town, 7801

T: 0800 067 327
E: info@nsfas.org.za
W: www.nsfas.org.za

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National Student Financial Aid Scheme

The current projected date to complete this project is within the upcoming month in order to include these results in its Annual Financial Statements submission planned for 30 April 2024.

Programme Director, in conclusion, let the take this opportunity to thank the Minister of Higher Education, Science and Innovation, Prof Blade Nzimande for the direction, guidance and support that he always provides to the Board.

My gratitude also goes to the Deputy Minister Buti Manamela, Department of Higher Education and Training Director-General, Dr Nkosinathi Sishi, Deputy Director General for universities, Dr Marcia Socikwa and other DDGs.

To the NSFAS Board colleagues, thank you so much for your commitment to ensure that NSFAS fulfils its mandate. To the NSFAS Management and Staff, we could not have gone this far without your dedication and hard work. You know that this Board experts nothing from you than to provide a professional, efficient and cost effective scheme where corruption and maladministration does not prevail.

This brings me to the end of our statement.

Thank you

END

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