

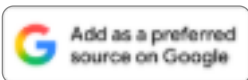


OPINION **PREMIUM**

NTOKOZO MAHLANGU | South Africa must stop rescuing NSFAS and start redesigning it

If South Africa is serious about protecting student access to higher education, it must move beyond managing the symptoms of a broken system. It must redesign the system itself, the writer says

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The centralised NSFAS model attempts to manage the lived realities of more than a million students from a distance, relying heavily on outsourced systems rather than the institutions that directly interact with students every day, the writer says. (TimesLIVE)

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For the third time in less than a decade, the National Student Financial Aid Scheme (NSFAS) has been [placed under statutory administration](#). This time, the trigger is once again familiar: a board collapse that left the entity without a quorum, coupled with a devastating disclaimer audit opinion from the auditor-general, signalling that the financial records of this R54bn institution are no longer reliably auditable.

But to focus on administration is to misunderstand the crisis. Statutory intervention is not a solution; it is a recurring symptom. The more uncomfortable question is no longer how NSFAS is fixed, but whether its current centralised design should exist at all.



reaching students and institutions. [Each layer](#) adds cost, delay and risk while weakening accountability.

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This fragmented architecture is not just inefficient; it is structurally unstable. Every intermediary introduces a new point of failure, a new procurement vulnerability and a new opportunity for delay or manipulation. The consequences became visible again in 2024, when a Werksmans Attorneys investigation revealed irregularities in the appointment of fintech companies responsible for direct student payments. The system did not merely malfunction; it collapsed, leaving thousands of students without basic financial support.

The deeper issue is therefore not operational inefficiency, but institutional design. The centralised NSFAS model attempts to manage the lived realities of more than a million students from a distance, relying heavily on outsourced systems rather than the institutions that directly interact with students every day.



A more viable alternative already exists within the system: decentralised funding through universities and technical and vocational education and training (TVET) colleges via ring-fenced block grants.

Institutions already maintain student registration systems, housing databases, academic progress records and fee structures. They know precisely who is enrolled, who is in accredited accommodation, and where urgent financial distress occurs. In practice, when NSFAS payment systems failed in 2024, it was universities, not NSFAS, that intervened to prevent student hunger and mass disruption by advancing emergency payments. The system survived because institutions stepped into functions, they were not formally designed to perform.

A decentralised model would formalise this reality. It would eliminate the dependency on expensive and often contested external payment intermediaries. It would reduce administrative delays that currently leave students waiting months for allowances. Most importantly, it would align funding flows with the institutions responsible for student success.

Critics argue that universities and colleges lack the capacity to administer national means-testing. This criticism, however, conflates two distinct functions: eligibility determination and payment execution. In an increasingly digitised state, means-testing can remain centrally managed through integrated government databases, including the South African Revenue Service and department of home affairs systems. A streamlined national agency could verify eligibility, while institutions execute payments and manage student-level disbursement.

This is not theoretical. Many international student funding systems separate eligibility verification from institutional-level disbursement precisely to improve responsiveness, accountability and administrative efficiency. The principle is consistent: the state defines access, but institutions deliver support.



The cost of the current model is not abstract. It is borne directly by students facing eviction, food insecurity and academic exclusion when allowances fail to arrive. It is borne by taxpayers through repeated irregular expenditure findings, including the R7.5bn flagged in earlier audits. And it is borne by the economy through lost human capital, as students drop out not due to academic failure, but administrative breakdown.

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Importantly, decentralisation is not a claim that institutions are flawless. They are not. Governance weaknesses exist within some universities and colleges. However, failure at that level is contained, visible and correctable. In contrast, failure in a centralised national payment system is systemic, delayed and catastrophic in scale.

The principles of King V emphasise that governing bodies must ensure effective performance, accountability and sustainability. NSFAS repeatedly falls short of this standard, not for lack of intervention, but because the underlying model is structurally misaligned with its purpose. An entity that requires three statutory administrations within a decade is not experiencing episodic governance failure; it is signalling design failure.

South Africa cannot afford a fourth NSFAS collapse. The repeated cycle of intervention, investigation and partial repair has reached its limits. Each iteration restores temporary stability without addressing the architecture that produces instability in the first place.



redesign the system itself. Otherwise, every new administration will simply become another pause before the next inevitable collapse.

Because at this point, NSFAS is no longer an isolated institutional problem. It is a case study in what happens when delivery architecture is allowed to fail for too long without redesign.

- *Dr Ntokoza Mahlangu is a risk management specialist and a member of the strategic advisory board of the Da Vinci Institute.*

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