

The NSFAS 2026 Circular—A Blueprint for Institutionalised Extortion?

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The National Financial Aid Scheme (NSFAS) recently released its transitional provisions for the 2026 academic year. While the document, signed by Acting CEO Waseem Carrim, uses the language of "fair allocation" and "zero tolerance for corruption," the structural changes it introduces are a gift to the syndicates currently strangling the student accommodation sector.

As the CEO of SASAPA, I am sounding the alarm: this circular doesn't protect students; it formalises a "gatekeeper" economy that rewards the corrupt and punishes the principled.

The SRC: From Advocacy to Allocation Brokers

The circular explicitly states that an "accommodation team" will be established, including **representatives of Student Representative Councils (SRCs)**, to "oversee the implementation of the placement process."

By strategically bringing the SRC into the placement and verification engine, NSFAS has ensured that the loudest voices for student rights are now incentivised to keep quiet. In **Butterworth**, we are already seeing the devastating results of this "collaboration." Reports are surfacing of students being "sold" to landlords for **R1,000 per head**. When you give student leaders power over who gets a bed, you aren't empowering students—you are creating a marketplace for human trafficking in the education sector.

The "10% Tax" and the WSU Crisis

The circular mentions that "Institution allocated officials" and "NSFAS deployed officials" will determine allocations. In theory, this sounds orderly. In practice, particularly in Butterworth, it has birthed a "Middleman Tax."

Private providers are being told that to receive their fair share of students, they must sacrifice **10% of their monthly invoice** to the officials managing the gates. Those who refuse to pay find their buildings "under review" or bypassed in favour of "preferred" providers—often facilities owned by the very residence employees tasked with oversight.

A Populist Stunt with No Teeth

NSFAS claims to have a "zero-tolerance approach" to fraud, even threatening to blacklist providers who "grab" students. This is a classic populist stunt. It places the blame on the providers while ignoring the fact that the *system* NSFAS has designed forces providers into the hands of extortionists.

If the "final decision on placement lies with NSFAS and the institution," as the circular states, why is a human "accommodation team" needed at all? In 2026, allocations should be handled by an impartial, automated algorithm based on grading and proximity—not a committee of officials and student leaders who have a documented history of extortion.

The Conflict of Interest Loophole

The circular mandates that "Institution owned residences should receive the first order of preference." This would be acceptable if those managing the institutions didn't also have private interests. We are seeing a rise in residence employees who own private accommodation on the side. Under this circular, they now have the power to sabotage competitors and funnel "overflow" students directly into their own pockets.

Conclusion

NSFAS is clearly prioritizing public optics over administrative integrity, but you cannot fix a broken system by providing "consultative inputs" to the very individuals who benefit from the chaos. By placing the SRC and local officials in the driver's seat of student placements, NSFAS has effectively handed the keys to the treasury to the extortionists.

SASAPA calls for the immediate dissolution of these "human placement teams" in favour of the objective, digital-first system already at the scheme's disposal. The **NSFAS Accommodation Platform** was designed specifically to handle automated student allocations; it must be utilized for its intended function to remove human bias and "gatekeeping" from the equation.

Transparency is the only antidote to the rot. If we do not return to a digitized, automated process now, the "10% tax" will be institutionalized as the permanent cost of doing business in South African higher education.
