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Essay Topic: How can South Africa build a fiscally sustainable student-financing model that enhances access to higher education?

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1. Introduction

Education and success have always been interlinked hence the famous saying, “education is the key to success”, came about. The success of it being that you are more likely than not to find employment the more educated you are. It is unfortunate however that the government funding cannot fund all who need it due to limited income generated as there is high unemployment due to huge skills mismatching in the economy limiting government revenue for spending. This results in very low-income thresholds for funding eligibility set by government hence creating the missing middle effect where low-middle-class students are deemed to be able to pay for their studies when they are unable to which then creates a barrier to access higher education.

Therefore, this essay will look at the important to build a fiscally sustainable student-financing model that enhances access to higher education. The discussion will look at theory of sustainability to the model and analyse industrialisation changes and education fit, artificial intelligence and effects of education, and how all these have affected the sustainability of education funding and how addressing these would build a fiscally sustainable student financing model that enhances access to higher education and build more funds to sustain the missing middle.

When speaking on sustainability of a model, we refer to a model being sustainable if it can sustain itself without any assistance in the long run. A sustainable student financing model speaks to a circular diagram where students are financed for their education, they get employed at completion and that allows for them to participate in economic growth and increased output and government revenue through tax to allow for the funding of new students. Therefore, to be sustainable, the funded students in the long run can feed into the model to sustain itself. The theoretical lens of education therefore is important to hold true so that funded student have access to higher education that at its completion gives them jobs in the economy, making them contributors to economic growth, which that growth leads to more money in the economy to continuously build student financing.

2. Industrialisation changes and education fit

The industrial revolution that started in the 18th century was designed to augment innovation of more industrialized machine-based production into the handicraft system for the bettering of society. South Africa in this has always been playing catch up to the global trend of industrialisation. The Department of trade, industry and competition (2026) notes that South Africa has a challenge of deindustrialisation, slow growth, declining industrial capacity, dwindling investments in the economy's production sectors, structural transformation, and backlogs in infrastructure. The Industrial Development Strategy of South Africa is structured to address three reinforcing pathways of decarbonisation of energy-intensive industrial sectors, diversification of product and markets, and digitalisation and technology enabled industrialisation (DTIC, 2026); which speaks to changes in primary and secondary sector of South Africa. These strategies seek to improve the production capacity of the labour force in South Africa and indicates and increase need for skilled labour.

South Africa education system currently does not address this. The National treasury (2025) vote 17 on higher education expenditure indicates that there are more students who are enrolled and funded by NSFAS in university education program than those who are in technical and vocational education and training, skills development, and community education and training programs. This is particularly bad as universities have a focus on academic knowledge, research and professional degree and technical vocational education and training focus on practical occupational skills for specific careers. This is more problematic as South Africa has a huge skills mismatch of over 50% estimated in the workforce which also contributes to high unemployment amongst the youth (Department of Higher Education and Training, 2023).

Recommendation

It is therefore important that to build a sustainable student financing, we channel and fund more learners and students (from previously disadvantaged groups) into programs that align to the Industrial Development Strategy through more technical vocational education and training educational program as they are built to equip with practical occupational skill. This allows for the addressing of the mismatch and so that more people can be employed, contribute positively to a growing economy, which opens avenue for more funding to sustain continuous student funding, increased thresholds to include lower to middle class household learners hence enhancing

access to higher education. This will need constant evaluation and adjustment to industrialisation shifts in South Africa so that the education funding offered is relevant and in context to the demanded skills in industry.

3. Artificial Intelligence and education

The growth in development and learning of artificial intelligence is rapidly becoming a concern of many. The World Economic Forum (2025) states that unease towards artificial intelligence stems from the “black box experience”, fears of job displacement and economic upheaval, the speed of change and feeling of being outpaced. These uncertainties are not eased by how unregulated the industry operates despite top CEO in the AI industry; such as Elon Musk of X, Dario Amodei of Anthropic, Sam Altman of Open AI, Dennis Hassabis of Google DeepMind; call for the industry to be regulated (Robins-Early, 2026). Despite these concerns, artificial intelligence still faces challenges in real world. Some of the key challenges faced by artificial intelligence are data and model limitations, ethical and governance concerns, workforce and skills gaps, infrastructure and cost barriers, and industry specific adoption risks (Negi, 2026). Negi (2026) further explains that although AI has transformed learning, there are still challenges faced such as unequal access to AI powered learning tools, reduced human interaction in education, limited digital infrastructure. These challenges on artificial intelligence, give reasonable conclusions of concerns of job displacement and creation of future unemployment which cripples the sustainability cycle of education and employment if not addressed.

Recommendation

It is important therefore that for a student financing model to be sustainable, we must open funding to higher educational program within universities that do not only provide academic knowledge, but also real-world balance and interpretation of real data and model to be able to identify and correct model limitations. Within technical vocational education and training programs, it is important to create funding geared towards training that augments artificial intelligence advancements with industry specific requirements to promote a reduction in risk of adopting and embracing artificial intelligence. These measures ought to improve the skills gap of the workforce and promote a more efficient and effective domestic production in South Africa, creating adequate growth that will promote the sustainability of the student financing cycle

through opening more employment opportunities in scarcely needed skills in the job market.

4. Conclusion

Education continues to be a viable solution for South African to bettering their lives. It is therefore critical that we ensure that access to education is continuous and is not diminished through changes in economic patterns and technological advances. The sustainability cycle of education needs to be protected and work synonymously with the changes to industry and technological advancement so that the human element does not get displaced in soon with advances in artificial intelligence having a rapid rise in today economy. It is important that as South Africa we amend our student financing to be specific to address the near future industrial development strategy to build skills needed by South African industry. Doing so will allow the sustainable gain in South Africa domestic growth and production.

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