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THE PRICE OF POTENTIAL: REIMAGINING HOW SOUTH AFRICA FINANCES HIGHER EDUCATION

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When South Africa excludes a young person from higher education because of poverty, it does not only fail that individual; it potentially deprives the entire country of what that person could have contributed.

That young person could have been the engineer who helps build our infrastructure, the doctor who serves an underserved community, or the entrepreneur who creates jobs. We may never know what they could have achieved simply because they could not afford the opportunity.

This is why I believe access to higher education should be seen as more than an individual responsibility. It is an investment in South Africa's future. However, we cannot ignore our country's financial reality. Government has other essential responsibilities, universities have operating costs, and taxpayers are already under pressure. We need a way to make higher education more accessible without expecting government to spend more money every year.

My proposal is the **National Education Reinvestment and Investment Model (NERIM)**. Its guiding principle is simple: the country invests in you when you need it, and when you are able, you help the country invest in someone else.

Statistics South Africa's 2025 Education Series reported that approximately 1.5 million people aged 5–24 were not attending an educational institution in 2024 because they could not afford the fees. Approximately 73% of those excluded for financial reasons had already completed matric (Statistics South Africa, 2025). These are young people who have made it through school but cannot necessarily afford to continue.

Another group facing this challenge is known as the missing middle. These students come from families that earn too much to qualify for conventional NSFAS bursaries but too little to comfortably afford university.

In January 2024, government estimated that 68,446 students fell into this category. Its initial R3.8 billion funding commitment was expected to support approximately 31,884 students, or 47% of the

estimated group (Department of Higher Education and Training, 2024). This left a potential funding-capacity gap of 36,562 students.

Research by Garrod and Wildschut (2021) estimated that approximately 343,000 missing-middle students were enrolled in the post-school education and training system in 2019. Fully funding this population was estimated to cost R19.2 billion at 2019 prices. A sliding-scale funding arrangement could reduce that amount to R11.4 billion, a potential saving of R7.8 billion.

These figures show why we cannot continue funding every student in exactly the same way. Their financial circumstances are different, and our approach should reflect that.

I propose that NERIM begins with an Education Tax allocation, but I want to make one thing clear: this is not another tax that takes more money from people's salaries.

South Africans already contribute through personal income tax, collected through mechanisms such as PAYE. According to SARS (2025), personal income tax accounted for 39.5% of total tax revenue in the 2024/25 financial year.

Rather than introducing an additional deduction, I propose redirecting an agreed portion of existing personal income tax revenue into a dedicated National Education Investment Pot.

Consider someone earning R10,000 a month and taking home R7,000. Under this proposal, they should still take home R7,000. The difference would be how government allocates the tax already collected. A portion would go towards education, with a corresponding adjustment to general government revenue.

For example, if an employee's existing tax liability is R500, an agreed portion of that R500 could be allocated to education rather than general revenue. The actual allocation would require careful modelling by National Treasury and the necessary legislative changes. Existing legally protected contributions, such as UIF, would remain unaffected.

The next part of NERIM recognises something important about South African families: financial responsibility does not always stop with parents.

Grandparents help raise grandchildren. Aunts and uncles contribute towards education. Older siblings support younger ones. Sometimes, one working relative is responsible for supporting an entire household. Our funding system should recognise these realities.

I propose Family Education Contribution Accounts, through which the recorded education contributions of eligible parents, caregivers and immediate family members could be combined to help fund a student's education.

For example, imagine a student whose four-year tuition costs R100,000. Their mother has accumulated R5,000 in education contributions, their father R4,000, and two eligible working relatives have contributed R6,000 each. Together, the family has accumulated R21,000.

That amount could first be allocated towards the student's tuition, leaving R79,000. NSFAS would then assess the family's circumstances and determine how much further support is needed. If the household is financially vulnerable, NSFAS could cover the remaining approved costs. If the family has some financial capacity, it could contribute further or access affordable financing.

This would reduce the amount NSFAS needs to provide for some students, potentially allowing it to support more people.

But what about a student whose parents are unemployed and whose family has nothing accumulated in its education account? They must not be disadvantaged because of circumstances beyond their control. NSFAS would remain their primary source of support, with assistance determined by financial need.

The purpose is not to give wealthier families an advantage. It is to recognise what some families can contribute while protecting those who have nobody else to turn to. Clear eligibility rules, contribution limits and verification systems would be essential to prevent unfair advantages.

I also believe we need to change how we approach the repayment of additional funding.

South Africa cannot build a sustainable system on the assumption that every student's funding can be provided without ever being replenished. At the same time, graduates should not be expected to make fixed repayments when they are unemployed or struggling financially.

I propose a National Education Investment and Replenishment Agreement. Rather than treating support as an ordinary commercial loan, repayments would be linked to a graduate's ability to earn.

Imagine that after family contributions and NSFAS assistance, a student has an outstanding institutional balance of R50,000. They could repay it once employed and earning above a prescribed income threshold. They could also make voluntary additional payments or lump-sum contributions to settle the amount sooner.

If they are unemployed or earning below the threshold, they would not be expected to make compulsory repayments.

Australia's Higher Education Loan Program (HELP) provides a useful example of how graduate repayments can be linked to income instead of requiring identical fixed payments from everyone (Australian Government, 2026). South Africa could learn from this approach while accounting for its own unemployment and inequality challenges.

Once the student's balance is settled, their continuing Education Tax contributions would still support the national pot. Recovered repayments would also return to the fund to help finance future students.

A student receives an opportunity today and, when financially able, helps make that opportunity possible for somebody else. The pot that helped educate you is the pot you help replenish.

However, financing students is only part of the solution. We must also reduce the actual cost of studying.

My first proposal is a National University Bulk Funding and Partnership Agreement. Universities have significant operating expenses. They employ lecturers, maintain infrastructure, conduct research and operate laboratories. They need financial certainty, but there may be opportunities to negotiate better arrangements.

For example, NSFAS could guarantee funding for 20,000 eligible students at a university in exchange for an agreed tuition arrangement, predictable payment schedules and potential volume discounts.

An illustrative agreement could offer an average rate of R90,000 per student for 10,000 students, compared with R87,000 per student for 20,000 students. These are hypothetical figures, but they demonstrate how guaranteed student numbers could create room for negotiation.

Different qualifications would need different rates. Educating a medical student is not financially identical to educating a humanities student, particularly when laboratories, specialist equipment and facilities are involved.

The university would benefit from more predictable revenue, while NSFAS could negotiate better average costs. We should also strengthen arrangements that allow students with confirmed NSFAS funding to register without paying upfront registration fees while waiting for payments to be processed. A student should not lose an academic year because two institutions have not settled their financial arrangements.

My second proposal is a National Student Textbook and Digital Learning Library.

Why should every student have to purchase an expensive textbook that they might only need for one semester? Government could negotiate bulk purchases of prescribed books, allowing students to borrow physical copies and return them at the end of the academic period.

Each book could have a barcode or QR code linked to the student's borrowing record. Its condition and return date would be monitored, and reasonable replacement charges could apply to books that are deliberately damaged or not returned. Students facing genuine financial hardship should have access to exemptions.

I would also like universities to negotiate long-term digital textbook licences. Instead of paying for access to the same material every year, institutions could negotiate ten- or twenty-year licences where publishers offer suitable arrangements.

This could allow thousands of students to access the same learning materials over an extended period without universities having to renew annual subscriptions unnecessarily. Open educational resources, digital journals and academic libraries should also form part of the system.

A 2025 study by University of Johannesburg researchers found that only 19.3% of surveyed students used their NSFAS learning-material allowance to purchase academic textbooks. This raises a question: are we making sure that money allocated for learning materials actually provides students with the resources they need?

A national lending and digital library could reduce duplicated spending and make resources available to several generations of students. One textbook could serve five, ten or even twenty students over its useful lifetime.

For NERIM to work, good intentions will not be enough. It would require reliable administration, accountability and financial oversight.

The National Education Investment Pot should be independently audited, with annual reports showing how much is collected, how much is allocated, how many students benefit and how much funding is repaid. NSFAS would need reliable digital systems to verify family contributions, assess financial circumstances and monitor repayments. University agreements would also need transparent pricing and appropriate quality standards.

I would introduce NERIM gradually through pilot programmes before expanding it nationally. National Treasury would first need to assess the revenue that could realistically be redirected, the impact on other public services, administrative costs and expected repayment rates. Redirecting existing tax revenue does not automatically create additional money. We must make sure that supporting education does not undermine other essential services.

International experience can guide us, but South Africa cannot simply copy another country's model. Our unemployment levels, inequality and household financial pressures require a solution that reflects our own circumstances.

Ultimately, I believe we need to reconsider how we measure the cost of higher education. We often ask how much it will cost government to educate another student. But we should also ask what it costs the country when that student never gets the opportunity.

What is the cost of the entrepreneur whose business never exists? The rural community without a doctor? The young person whose potential is lost because their family could not afford university?

Education's value is not measured only by the money that returns to a fund. It is also measured in businesses created, jobs generated, lives saved and communities transformed.

The student we support today could become the employer who creates jobs tomorrow, the doctor who serves our communities or the engineer who builds our infrastructure. They may one day give back to the very system that believed in them and helped them plant a seed when their circumstances suggested that nothing could grow.

South Africa needs a system where poverty does not decide who gets to fulfil their potential, where families contribute according to their means, and where those who succeed help create opportunities for others.

We cannot afford to promise unlimited funding without a plan. But neither can we afford a future in which only those who can pay are allowed to prosper.

The country invests in you when you need it. When you are able, you help the country invest in someone else.

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