

Fiscal Measures to Improve Educational Equity in South Africa

ENTRY 1120

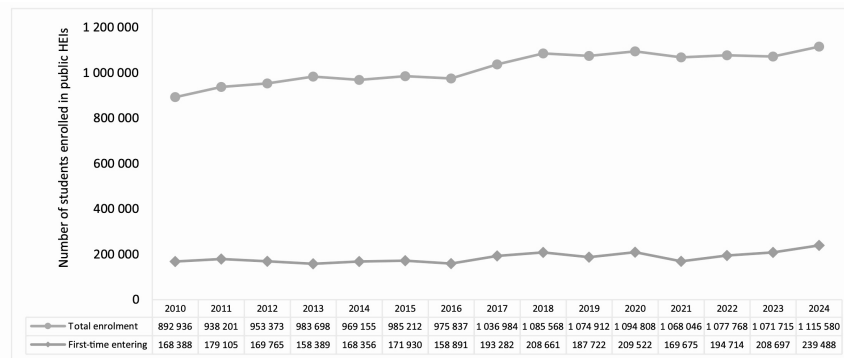
1 Introduction

Since the advent of democracy in 1994, South Africa has made notable progress in expanding access to education, with improvements in early childhood development, primary and secondary school attendance, and the inclusion of learners with disabilities. However, this has not necessarily translated into an equitable education system. Though there exists a constitutional guarantee of equality and the right to education, learners' academic opportunities, and thereupon outcomes, are still dictated by socioeconomic background, race, geographical location and access to educational resources ([UNICEF n.d.](#)). These differences reveal the limitations of the education system in redressing the historical inequalities inherited from apartheid.

In this essay, we will examine this issue by considering how the government can play an instrumental role in rectifying issues that hinder equal access to education. We do this by first narrating how the issue looks, exploring the intricacies of what the data tells us. We will then proceed to present fiscal measures that can be taken to mitigate some of these issues, drawing inspiration from successful international policies. For the purposes of completeness, it is instructive to make mention of the fact that the explored measures will have significant limitations and consequences that could be understood otherwise. We reserve a discussion for that.

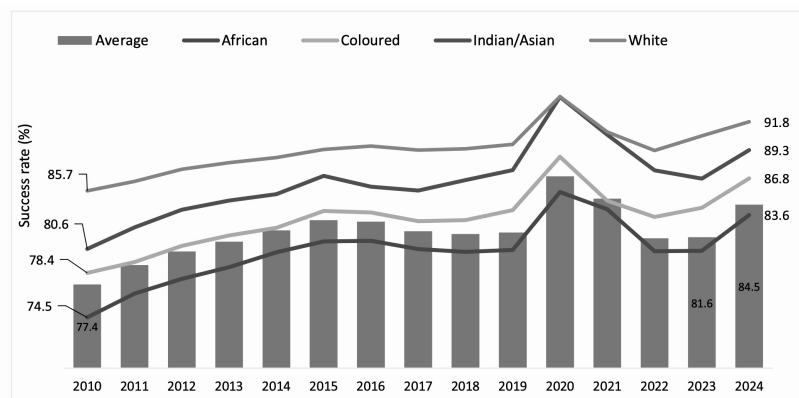
2 The Problem

According to the latest Statistics on Post-School Education and Training in South Africa ([DHET 2025](#)), it is recorded that the average graduation rate in public higher education institutions (PHEI) in undergraduate degrees as of 2024 is 16.4%. This is an alarming statistic if we consider how many post matric students enroll for undergraduate degrees in these institutions (see [Figure 1](#)). The issue becomes even more alarming when we consider the graduation rates grouped by population group (see [Figure 2](#)).



Sources:
 Statistics on Post-School Education and Training in South Africa, 2023.
 2024 HEMIS database, data extracted in October 2025.
 Note: The term "undergraduate students" refers to students who have enrolled in a Bachelor's degree, Diploma (including advanced Diploma), Higher Certificate, Advanced Certificate and Post-Graduate Certificate in Education. It also includes professional Bachelor's degrees such as BSc (Engineering) and MB ChB, which are those that have an approved formal time of three or more years.

Figure 1: Undergraduate enrolment in public higher education institutions (PHEI). Source: [DHET 2025](#).



Source: 2024 HEMIS database, data extracted in October 2025.
 Note: Success rates are determined as follows: a calculation is made of Full-Time Equivalent (FTE) enrolled student totals for each category of courses. A further FTE calculation, using the same credit values, is made for each category of courses for those students who passed the courses. The success rates are then determined as: FTE passes divided by FTE enrolments. The success rates shown are, therefore, weighted averages for contact and distance courses for each population group.

Figure 2: Average graduation rates in public higher education institutions by population group for contact education programs. Notice that despite black people being the majority of the population, they have the lowest average graduation rate. Source: [DHET 2025](#).

It becomes apparent that black people are still subjected to a barrier to enter higher education. The Public Servants Association ([PSA 2016](#)) attributes this issue more so to a slacking basic education system rather than a financial one.

According to Statista ([Statista 2023](#)), as of 2022, around 5.5% of black Africans aged 18 to 29 were enrolled at a higher education institution (HEI) in South Africa. This is a very low enrolment considering the fact that black Africans constitute the majority of the young adult population in numbers. According to analytics done by 71point4 ([Massyn 2026](#)), black South Africans dominate degrees in Management Studies and Education. As we will come to see, this also creates problems for this particular demographic and consequently the entire economy.

Supplementing this with the 2025 National Senior Certificate (NSC) Examination Report, which records that only 5.7% of the black South African cohort achieved 60% and above in mathematics in the NSC examination ([DBE n.d.](#)), we see that such enrolment is a forced technicality. This reveals a failure in the basic education system in producing a black demographic that will populate demanded skills in South Africa. Inadequate school infrastructure further perpetuates inequalities within the South African education system. UNESCO (2024) highlights the need for continued infrastructure development to ensure that learners have access to well-maintained and adequately resourced classrooms. The report specifically identifies overcrowding as a factor that detracts from learning outcomes. This suggests that learners attending schools with inadequate infrastructure may experience less favourable learning conditions than those attending better-resourced institutions. Such disparities undermine the principle of equal educational opportunity and may contribute to learners becoming disengaged from the education system, increasing their vulnerability to educational exclusion. Of course, this observation applies directly to black people since such schools are dominantly occupied by them, as recognised by Dr Rob Gruijters in a breakdown of the findings in an unpublished study by the Human Sciences Research Council (HSRC) on segregation patterns, using data from the Department of Basic Education's 2021 Annual School Survey and data from the 2019 Trends in International Mathematics and Science Study (TIMSS) ([O'Regan 2022](#)).

The DHET also reports that the overall graduation rate in the Education, Training and Development field of study was a low 16.1% compared to 19.4% in 2020 ([DHET 2025](#)). This shows a decline in the number of students with the capacity to pursue mastery in education, further setting South Africa up for a decline in literacy in coming years.

Pivoting our attention to technical and vocational education and training (TVET) colleges, we come across another problem. The DHET reports a steady decline in enrolment in TVET colleges from 2016 to 2024 ([DHET 2025](#)). A sharp decline in 2020 was mainly attributed to the coronavirus disease 2019. However, even after stabilisation, the report captures that the decline persists. The PSA attributes this decline to societal perceptions of vocational work, labelling it as "sub-standard". Additionally, and perhaps more importantly, the technical training sector remains underdeveloped in South Africa ([OUPSA 2025](#)). So even those who do opt to go the TVET route are met with further

obstacles. Such obstacles include lack of funding, lack of orientation with skills that the market requires due to outdated content, insufficient practical components and limited responsiveness to industry needs ([Akoobhai & Panday 2025](#)).

We cannot conclude our list of issues without mentioning funding problems. With university accommodation prices hiking up, it becomes rather problematic for the poor and working class to mitigate funding caps ([Majozi 2026](#)). This negatively affects people with limited funding, namely beneficiaries of the National Student Financial Aid Scheme (NSFAS). It is important to note that a majority of NSFAS beneficiaries are black people, with 95.1% of the successful applicants being black ([NSFAS 2019](#)). This exacerbates the inequality from a different direction. However, this problem is a difficult one to resolve, as we will come to see later on.

3 Solutions

Having exposed the issues that underpin the educational inefficiencies of South Africa, we now proceed to look at plausible solutions. Mainly, we will focus on what the government can do to try and mitigate the issues we have raised.

Firstly, the government can invest in stimulating infrastructural growth in underdeveloped schools. Such growth should include, but not exclusively, experienced and qualified teachers, good sanitation, nutrition and extracurricular opportunities. Molaudzi and Adeyemo ([2022](#)) reach a similar conclusion in “Resource provisioning and implications on learner performance in schools in Limpopo Province, South Africa”, when they analyse the relationship between resources and academic performance and report significant associations between performance and resource allocation ($p = 0.017$) and utilisation ($p = 0.044$). Finland, which has one of the best education systems ([OECD 2025a](#)), uses a similar system to fund primary and secondary schools. Municipalities cover about 75% of the costs, financed from local tax revenue, while the remaining 25% is covered by transfers from central government. Phrased differently, parents, and therefore students, do not pay anything directly towards primary and secondary education ([OECD 2025a](#)).

Secondly, the government can set up initiatives that promote preliminary education with regard to subject choice. Branson et al. ([2015](#)) identified the lack of school-to-post-school guidance as a key obstacle in the paper “Post-school education: Broadening alternative pathways from school to work”, noting that learners choose matric subjects in Grade 9 with minimal career guidance and have difficulty forming realistic expectations about their futures. Switzerland, where only 4% of tertiary-educated young adults are unemployed compared with 4.9% on average across the OECD ([OECD 2025b](#)), practises similar initiatives. According to the Federal Council of Switzerland ([Presence Switzerland](#)

2024), children choose, at the end of compulsory schooling at around the age of 15, whether to pursue an apprenticeship or upper secondary level school. This creates an early decision gate that allows children to iteratively choose what works for them earlier before pursuing tertiary education.

Thirdly, the government could reserve funds for reviving the TVET college environment in South Africa. This can be done in two steps. They begin by investing in updating the curriculum to match the skills demanded by the economy. From the DHET (2014) National Scarce Skills List, we can approximate 26% of these skills to be artisan or technician roles (47 of the 178 unique occupations). They can then introduce protocols, similar to the ones covered above with regard to Switzerland, to dismantle the misleading stigmas around TVET education (Papier et al. 2023, 8). This will broaden what students can choose, mitigating the issue of choosing traditional roles.

Fourthly, the government can introduce incentives for teachers by means of salary increases. Varga (2017) found that higher statutory starting salaries for teachers across European countries were associated with better student performance in maths and science. This suggests that teacher pay may influence learner outcomes, which indirectly feeds into measures to support basic education reforms. However, because this evidence comes from European countries, its transferability to the South African context is uncertain.

Finally, the government could consider a more ambitious measure: the acquisition of all university-owned residences as state property. This would immediately remove the monopolistic pricing, so that NSFAS and other low-income bursary recipients are no longer bottlenecked by accommodation prices that exceed funding caps. In France, university residences are managed by the regional student services bodies known as CROUS and are publicly owned and subsidised by the French government (Campus France South Africa n.d.). The rentals for these houses range from EUR 300 to EUR 400, about half the price of private accommodation in Paris (EUR 800).

4 Limitations

It should be easy to identify that the above solutions require serious fiscal shuffling. It is not in the favour of South Africa that it currently runs a budget deficit (4.5% of GDP in 2025/26) (National Treasury 2026), since the resulting public debt is costly to service. It is a structural reality that a significant portion of this debt is used to finance consumption rather than long term investments: over the past two decades, roughly nine-tenths of average GDP growth has come from consumption and government spending, with only about one-tenth attributable to investment (Lawlor 2016). Should they opt to implement these strategies, they will either have to borrow more or cut down on other expenses. Additional borrowing may raise the cost of debt, while cuts elsewhere may reduce aggregate demand. Such consolidation lowers the deficit and can

be effective in the medium term, but it can be counterproductive in the short run, particularly if it relies on higher taxes, since [Blanchard and Perotti \(2002\)](#) find that tax increases reduce output while spending increases raise it.

However, the counter-argument is stronger. Spending on education is an investment in human capital rather than consumption. The distinction matters for how the debt is assessed: borrowing that finances consumption services debt out of existing income, whereas borrowing that finances investment expands the income base from which the debt is serviced. If the measures above are partitioned and hedged — implemented alongside the deficit path already set out in the Budget Review ([National Treasury 2026](#)) instead of aggressive all-in injections — then the long-run effects, operating through higher productivity and a broader tax base, raise the denominator against which the debt is measured. The risk is not fictitious; the question is whether the returns arrive before the servicing costs compound.

5 Conclusion

Since 1994, South Africa has widened access to education, yet the evidence presented shows that access has not become equity: graduation rates remain low, black learners are still held back by a basic education system that does not prepare them for in-demand skills, TVET colleges are shrinking and underdeveloped, and funding barriers such as accommodation costs weigh most heavily on NSFAS beneficiaries. Because borrowing is only a problem when it finances consumption rather than investment, the case for directing fiscal resources towards education is strong. The measures proposed, namely investing in school infrastructure and resources, earlier subject and career guidance, a revived TVET sector, better teacher incentives and publicly owned university residences, draw on the experiences of Finland, Switzerland and France, and together address the problem from the classroom to the campus. These measures demand serious fiscal shuffling and carry short-run risk, but a phased and carefully hedged implementation can turn borrowing into an investment whose long-run returns outweigh its costs.

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