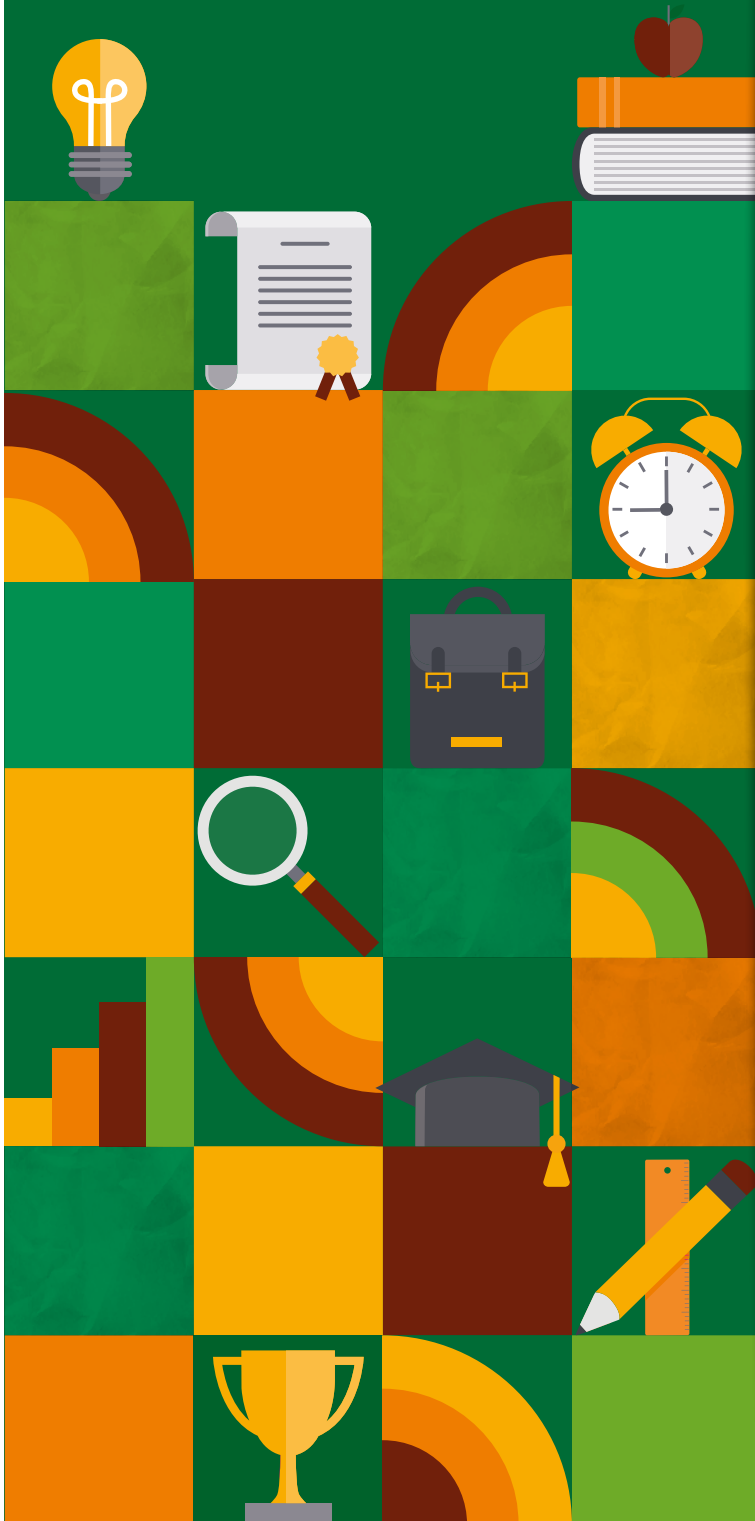


MARCH 2024

FACT SHEET



FUNDING AND EXPENDITURE TRENDS IN POST-SCHOOL EDUCATION AND TRAINING



BACKGROUND

The purpose of this report is to provide a high-level overview and analysis of funding and expenditure trends in the Post-School Education and Training (PSET) system. The report provides an analysis of public budgetary or expenditure trends on PSET for the period 2019/20 to 2021/22. The report further provides Treasury-estimated budgetary projections until 2025/26. The period of review is guided by the latest available data. Consumer Price Index (CPI) inflation is used in this report to convert nominal or current values to real values, where applicable. The January 2023 CPI numbers from Statistics South Africa (Stats SA), and National Treasury's 2023 budget review CPI inflation projections, were used in this regard. The 2015/16 base year has been used to transform nominal or current values to real values.



higher education
& training

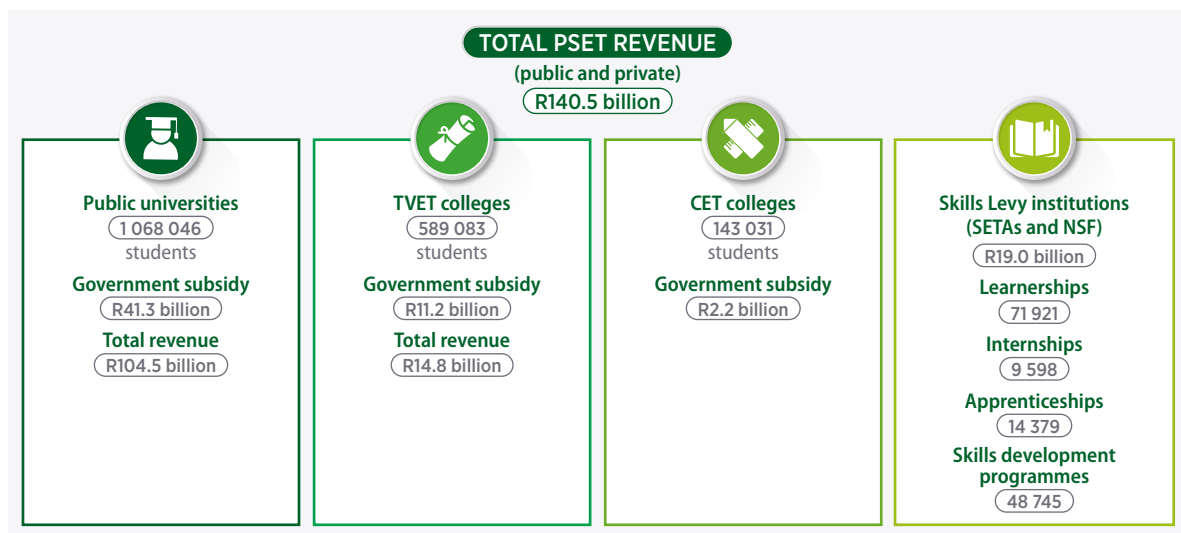
Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



OVERVIEW OF FUNDING AND ENROLMENT IN THE PSET SYSTEM, 2021/22

Figure 1 shows the total revenue (both public and private) available for the PSET system in 2021/22, as well as the number of students who participated in PSET-funded programmes. As indicated, the PSET system had a total revenue of R140.5 billion in 2021/22. More than 74% (R104.5 billion) of this revenue was available for public universities, which served just below 1.1 million students, while R14.6 billion of the R19 billion allocated to Skills Levy institutions (Sector Education and Training Authorities [SETAs] and National Skills Fund [NSF]) served 144 643 workers and unemployed persons in SETA-supported programmes. The R14.8 billion allocated to Technical and Vocational Education and Training (TVET) colleges served 589 083 students and the R2.2 billion allocated to Community Education and Training (CET) colleges, the lowest share of total revenue, served the fewest number of students (143 031).

FIGURE 1: Funding and enrolment in PSET programmes, 2021/22



Sources: DHET Financial Health Reports; TVET colleges' audited Annual Financial Statements; DHET, Statistics on Post-School Education and Training 2021; National Treasury, Estimates of National Expenditure 2023.

Note 1: All values are expressed as nominal values, as reported in the source.

Note 2: The total revenue for public universities is the total income for public universities from the Financial Health Reports, which includes government subsidy, student fees and third-stream income. A portion of the National Student Financial Aid Scheme (NSFAS) revenue that is paid directly to universities for student fees and university-managed accommodation is included in this amount.

Note 3: Government subsidy for public universities is the total amount allocated by National Treasury to the DHET for university subsidies, as reflected in the *Estimates of National Expenditure*.

Note 4: The total revenue for TVET colleges is the total income for TVET colleges, as reported in the TVET colleges audited Annual Financial Statements. This includes government grants and subsidies, revenue from exchange transactions (which also includes tuition and related fees), public contributions and donations, and other income. A portion of the NSFAS revenue that is paid directly to TVET colleges for tuition fees is included in this amount.

Note 5: Government subsidy for TVET colleges is the total amount allocated by National Treasury to the DHET for TVET system planning and institutional support in the *Estimates of National Expenditure*.

Note 6: Government subsidy for CET colleges is the total amount allocated by National Treasury to the DHET for CET colleges in the *Estimates of National Expenditure*.

Note 7: National Treasury transfers Skills Levy funds to the DHET, which in turn transfers funds to Skills Levy institutions, namely SETAs, the NSF, and Quality Council For Trades & Occupations (QCTO), which are obtained from a skills levy paid to Treasury by employers. The Skills Levy Fund is not sourced from public taxpayer funds; instead, this funding is obtained from a skills levy paid to Treasury by employers.

Note 8: Total PSET revenue equals revenue for public universities, plus revenue for TVET colleges, plus revenue for CET colleges, plus revenue for Skills Levy institutions.



PUBLIC SPENDING ON PSET

Figure 2 shows public spending on PSET for the period 2019/20 to 2021/22. Public spending on PSET was R116.4 billion in 2021/22, showing an increase of over R10 billion (or 9.7%) from R106.1 billion in 2020/21. Of public spend on PSET in 2021/22, about 35.6% was spent on the university sector, 10.4% on the TVET college sector and 1.9% on the CET college sector. Over one-third (33.2%) of total public spending on PSET was for NSFAS¹ (for both university and TVET college students).

Expenditure by Skills Levy institutions, namely SETAs and the NSF (which are funded by the Skills Levy and not public funds), was R19 billion (16.3%) in 2021/22. This figure reflects a significant improvement in skills levy collections after a decline to R12.4 billion in 2020/21 attributed to Covid-19.

FIGURE 2: Public spending, including Skills Levy, on PSET (R million), 2019/20 to 2021/22

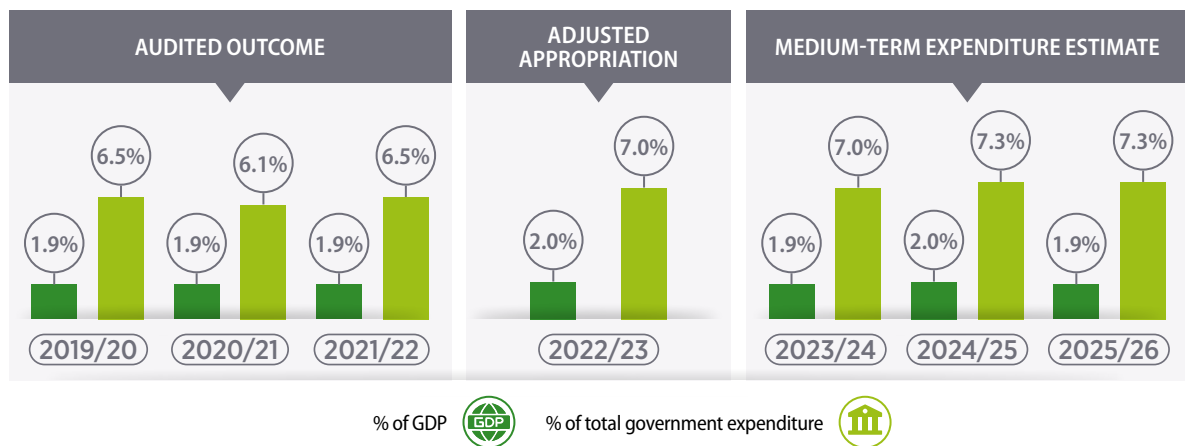


Source: National Treasury, Estimates of National Expenditure 2023.

- Note 1: All values are expressed as nominal values, as reported in the source.
- Note 2: University funding is the total amount allocated by National Treasury to the DHET for university education in the *Estimates of National Expenditure*, and it includes transfers to the Council on Higher Education (CHE) and the National Institute for the Humanities and Social Sciences (NHSS).
- Note 3: TVET funding is the total amount allocated by National Treasury to the DHET for TVET in the *Estimates of National Expenditure*.
- Note 4: 'Other' includes funds allocated to the following programmes: administration, planning, policy and strategy, and skills development.
- Note 5: 'NSFAS' is the total amount allocated by National Treasury to NSFAS and it includes a portion of NSFAS Administration.
- Note 6: Even though SETAs and the NSF receive funding from the Skills Levy, which is from the private sector, they are included as part of government expenditure since the funds flow through National Treasury.

Figure 3 shows government spending on PSET as a percentage of total consolidated non-interest government expenditure and GDP. Spending on PSET as a percentage of GDP was 1.9% in 2021/22 and is expected to increase to 2% in 2022/23. On the other hand, spending on PSET as a percentage of overall consolidated government expenditure was 6.5% in 2021/22 and is projected to increase significantly to 7.3% in 2025/26. See Table 3 in the Appendix for detailed information.

FIGURE 3: Government spending on PSET as percentage of total consolidated non-interest government expenditure and GDP, 2019/20–2025/26



Sources: Own calculations based on GDP Time Series Data from National Budget 2023 (National Treasury, 2023); Expenditure Priorities from Medium-Term Budget Policy Statement (National Treasury: 2020, 2021 and 2022); and Consolidated Spending Plans: Budget Review, 2023 (National Treasury, 2023).

Note 1: All calculations are based on nominal values, as reported in the source.

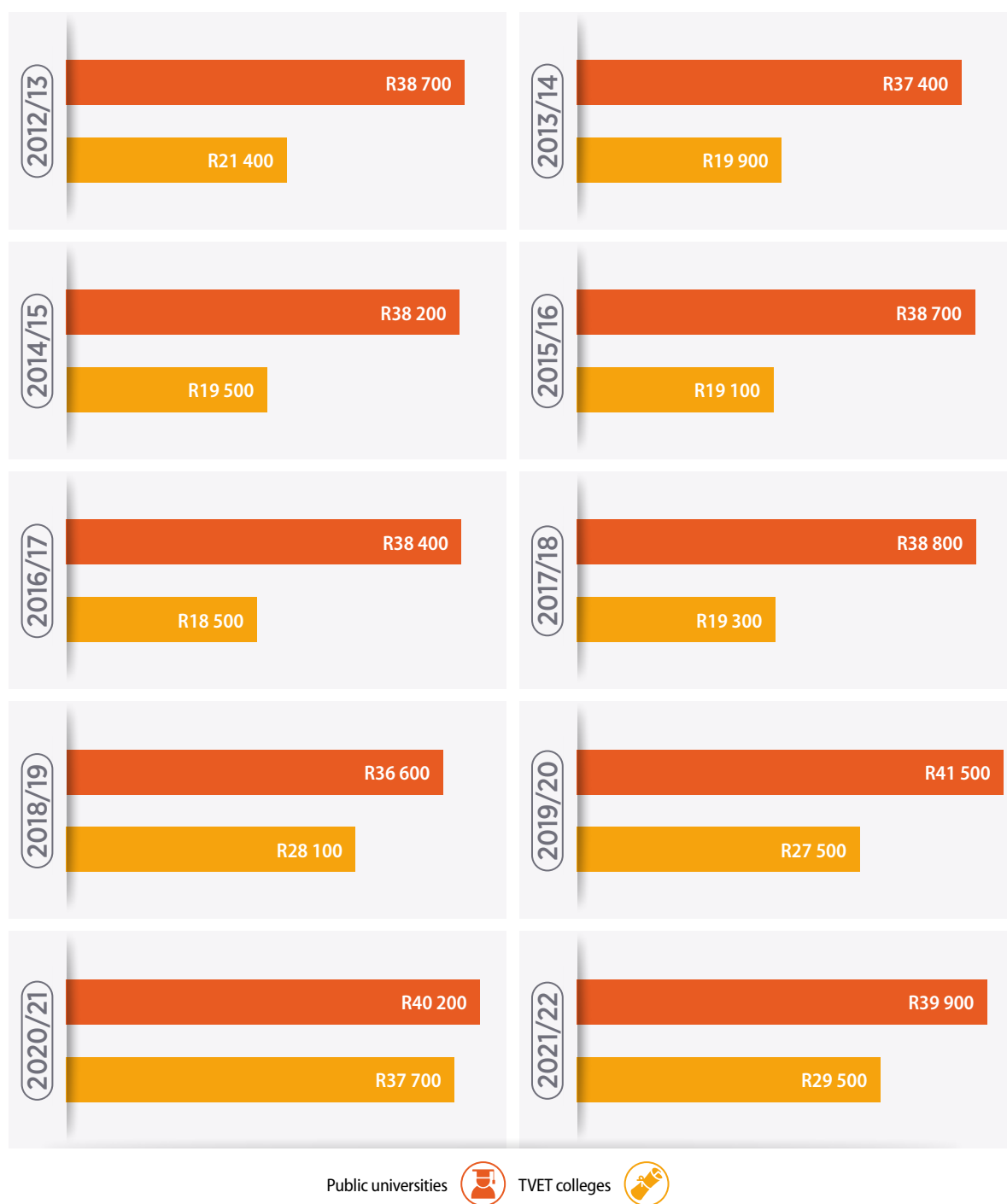
Note 2: Consolidated non-interest government expenditure includes spending by national departments, sub-national spending (including national transfers and sub-national own resources). It excludes debt-service costs.



REAL PER-CAPITA SPENDING ON PSET

Figure 4 provides information about inflation-adjusted per-capita public spending on full-time equivalent (FTE)² students in both public universities and TVET colleges for the period 2012/13 to 2021/22. Real per FTE student public expenditure at universities and TVET colleges is not comparable with the figures published in the previous reports, because it excludes NSFAS due to outstanding audit processes. Although the amount of NSFAS is reported in the *Estimates of National Expenditure*, there is no indication of how much was split between universities and TVET colleges. These figures should therefore be interpreted with caution. The inflation-adjusted public cost for training an FTE university student was R39 900 in 2021/22 and remained stable in the period under review. On the other hand, the inflation-adjusted cost per FTE TVET college student was R29 500 in 2021/22 and it fluctuated in the period under review. This fluctuation was driven by the number of FTE students that also fluctuated in the same period. Although the annual per-capita costs for TVET college students is about R10 000 less than for university students, Figure 4 reveals that per-capita expenditure on TVET colleges has risen noticeably since 2012/13. See Table 7 in the Appendix for detailed information on real per FTE student public expenditure at public universities and TVET colleges.

FIGURE 4: Real per FTE student public expenditure at public universities and TVET colleges 2012/13–2021/22



Sources: Own calculations based on National Treasury, Estimates of National Expenditure 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023; DHET, Statistics on Post-School Education and Training 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021.

Note 1: All values are expressed in real terms (2015/16 Rand).

Note 2: Public universities per FTE student expenditure is calculated by dividing the total amount allocated by National Treasury to the DHET for university subsidies in the *Estimates of National Expenditure* by universities FTE students.

Note 3: Per FTE student expenditure for TVET colleges is calculated by dividing the total amount allocated by National Treasury to the DHET for TVET system planning and institutional support in the *Estimates of National Expenditure* by the number of TVET colleges FTE students.

Note 4: Real per FTE student expenditure in this report is not comparable with the previous reports, because of the exclusion of NSFAS due to outstanding audit processes.



SOURCES OF INCOME FOR PUBLIC UNIVERSITIES AND TVET COLLEGES

Figure 5 shows information on the various sources of income for public universities from 2012/13 to 2021/22. Over the last decade, the largest share of income in public universities has consistently been from government. Government allocation to universities has wavered over a narrow margin between 38% and 42% over the past decade, except in 2020/2021 (the year of Covid-19), when the proportion of university revenue from government was 44%. Over one-third of university income was from student fees. As indicated in Figure 5, the portion of income from third-stream sources has been fairly inconsistent over the past decade, with about one-quarter of university income sourced from third-stream sources in 2021/2022. See Table 8 in the Appendix for detailed information on income for public universities by main source.

FIGURE 5: Income for public universities by main source, 2012/13–2021/22



Source: Own calculations based on DHET Financial Health Reports.

Note 1: All calculations are based on nominal values, as reported in the source.

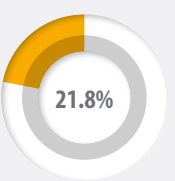
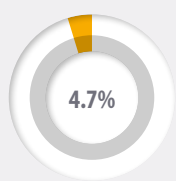
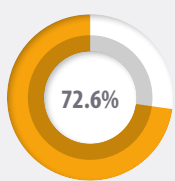
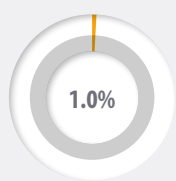

Note 2: Government funding refers to state subsidies (block grant and earmarked grants). This figure excludes funding for NSFAS.

Note 3: Student fees includes university-managed accommodation fees. A portion of NSFAS that is for student fees and university-managed accommodation is included in this amount.

Note 4: Third-stream income refers to all university income derived from sources other than state subsidies or student tuition fees. Sources of third-stream income are diverse and can include donations or endowments; money earned through contract research or entrepreneurial activity; and income from investments.

Table 1 shows income for TVET colleges by main source. Total income for TVET colleges was R14.8 billion in 2021/22. Although income for TVET colleges almost doubled from just below R8 billion in 2015/16, it has been on a downward trend since 2020/2021. Most of the income from TVET colleges was from government grants and subsidies (72.6%), followed by tuition and related fees (21.8%) in 2021/22.

TABLE 1: Income for TVET colleges by main source, 2015/16–2021/22

REVENUE FROM EXCHANGE TRANSACTIONS					
YEAR	TOTAL TUITION AND RELATED FEES	OTHER REVENUE FROM EXCHANGE TRANSACTIONS	TOTAL GOVERNMENT GRANTS AND SUBSIDIES	OTHER INCOME	TOTAL INCOME
R MILLION					
2015/16	2 682	513	4 539	232	7 966
2016/17	3 129	763	6 374	305	10 571
2017/18	3 202	733	6 791	347	11 073
2018/19	3 300	752	8 408	260	12 721
2019/20	3 718	921	11 988	103	16 729
2020/21	3 103	609	11 296	282	15 291
2021/22	3 231	692	10 774	149	14 845
SHARE OF INCOME 2021					

Source: TVET colleges audited Annual Financial Statements.

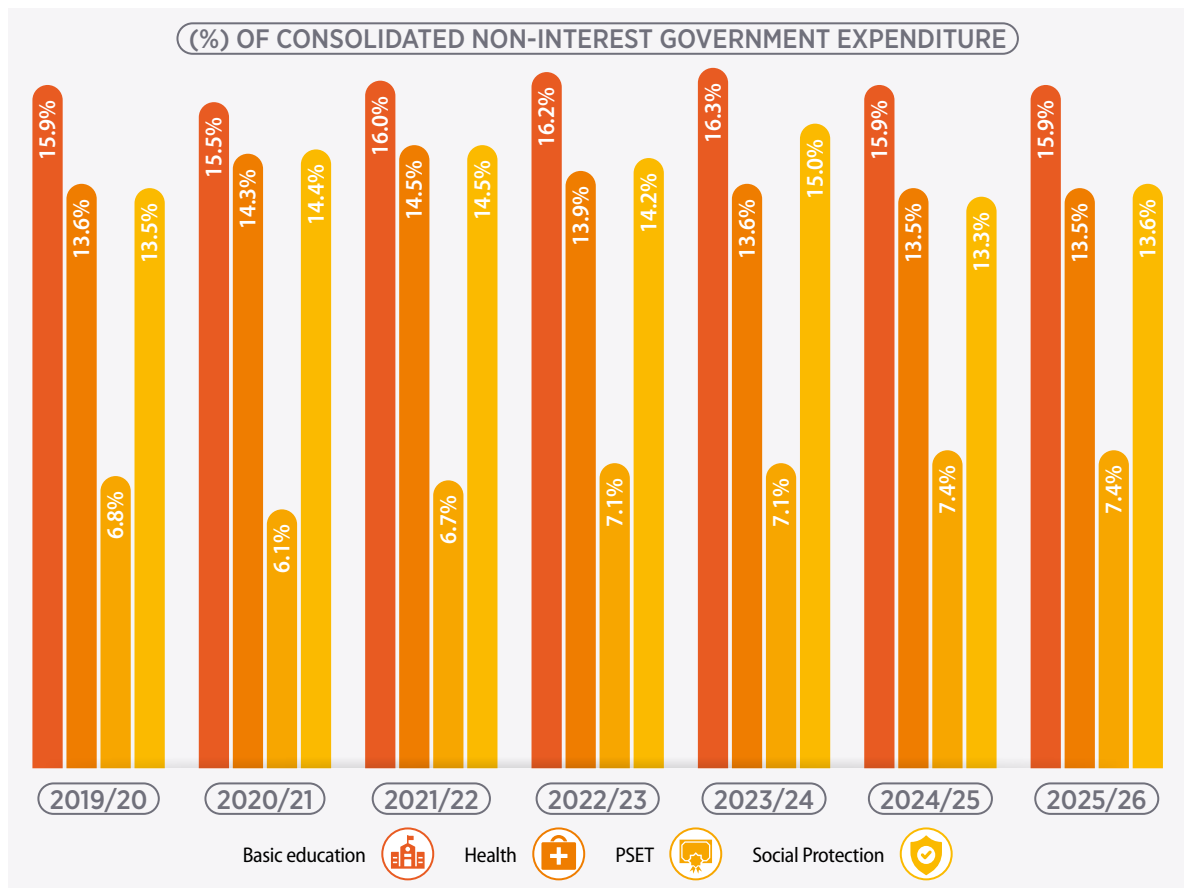
- Note 1: All calculations are based on nominal values, as reported in the source.
- Note 2: 'Total tuition and related fees' include a portion of NSFAS allocated for tuition fees.
- Note 3: 'Other revenue from exchange transactions' includes sale of goods and rendering of services; rental of facilities and equipment; investment income; and other income not specified.
- Note 4: 'Total government grants and subsidies' include transfers from government for programme funding; earmarked capital funding; earmarked recurrent funding; and other grants and subsidies not specified.
- Note 5: 'Other income' includes public contributions and donations, and other income not specified.



CONSOLIDATED GOVERNMENT SPENDING ON A SELECT NUMBER OF FUNCTIONS

Figure 6 shows that the PSET system comprised 6.7% of total consolidated non-interest government expenditure in 2021/22. Although the share of PSET as percentage of consolidated non-interest government expenditure has remained relatively low compared to the other social functions of government from 2019/20 to 2025/26, its share has increased significantly since 2019/20, and it is projected to increase by 0.6 of a percentage point from 6.8% in 2019/20 to 7.4% in 2025/26. Figure 6 also shows that increased government expenditure on PSET has occurred at the cost of Basic Education and Health. See Table 4 in the Appendix for detailed information on real consolidated government allocations for a select number of functions.

FIGURE 6: Percentage distribution of consolidated non-interest government expenditure across a select number of functions, 2019/20–2025/26



Sources: Own calculations based on Expenditure Priorities from Medium-Term Budget Policy Statement (National Treasury: 2020, 2021 and 2022); and Consolidated Spending Plans: Budget Review, 2023 (National Treasury, 2023).

Note 1: All values are based on nominal values, as reported in the source.

Note 2: Expenditure for the years 2019/20 to 21/22 is audited outcome.

Note 3: Expenditure for the year 2022/23 is a revised estimate.

Note 4: Expenditure for the years 2023/24 to 2025/26 are medium-term estimates.

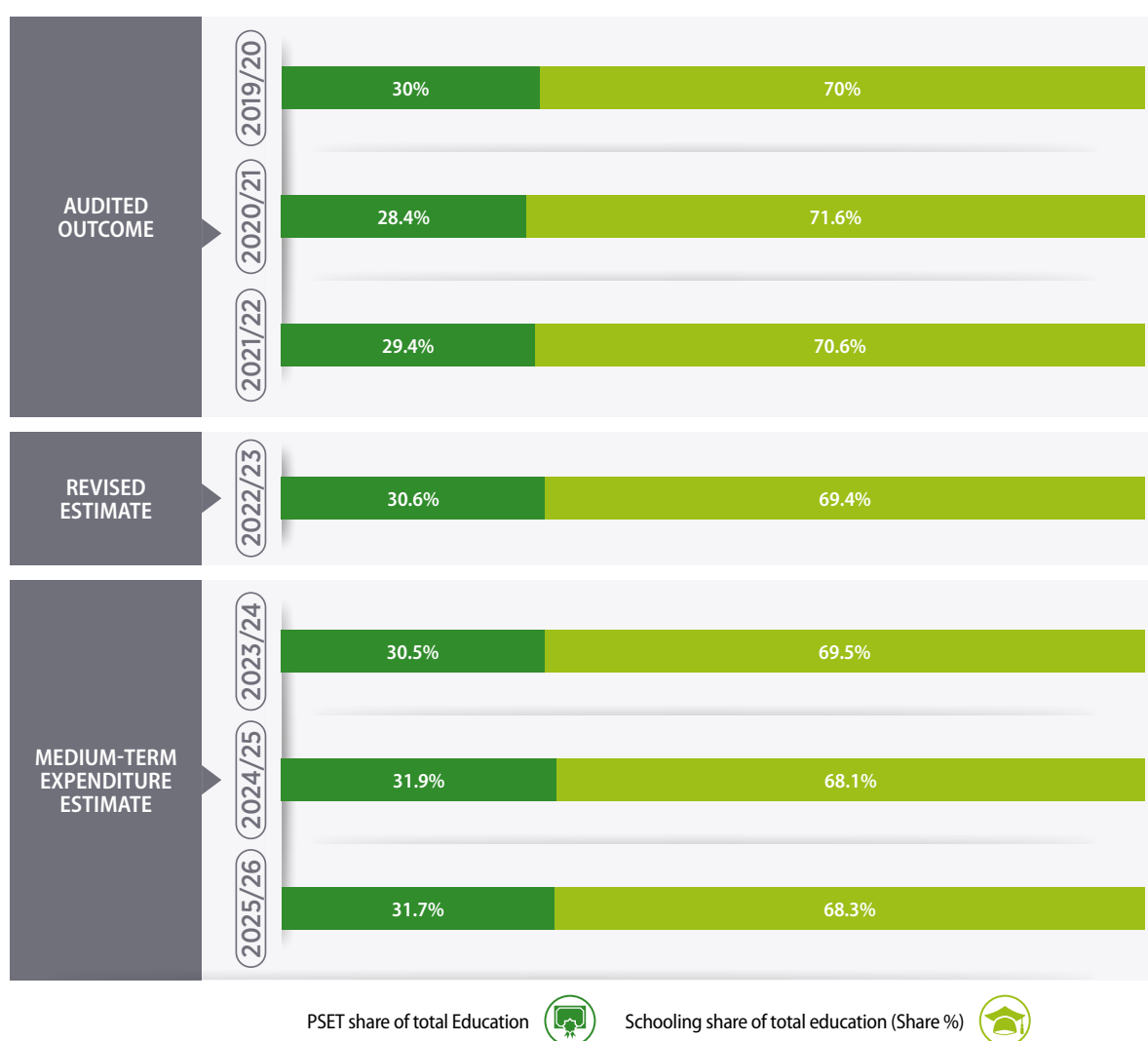
Note 5: Consolidated non-interest government expenditure includes spending by national departments, sub-national spending (including national transfers and sub-national own resources). It excludes debt-service costs but includes contingency reserves and unallocated reserves.



OVERALL GOVERNMENT SPENDING ON SCHOOLING SYSTEM VERSUS POST-SCHOOLING SYSTEM

Figure 7 shows the PSET and schooling expenditure as a share of consolidated government expenditure on education from 2019/20 to 2024/25. PSET expenditure as a share of overall government expenditure on education was 29.4% in 2021/22, while the share of Basic Education was 70.6% in the same period. PSET expenditure as a share of overall government expenditure on education has been on an upward trajectory since 2021/22, and is projected to increase even further by 2.3 percentage points to 31.7% in 2025/26. See Table 5 in the Appendix for detailed information on consolidated government spending on total education.

FIGURE 7: Expenditure on PSET and schooling expressed as a share of consolidated non-interest government expenditure on education, 2019/20–2025/26

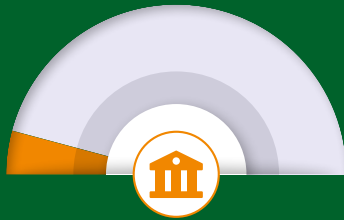


Sources: Own calculations based on *Expenditure Priorities from Medium-Term Budget Policy Statement (National Treasury: 2020, 2021 and 2022)*; and *Consolidated Spending Plans: Budget Review, 2023 (National Treasury, 2023)*.

Note 1: All values are expressed as nominal values, as reported in the source.

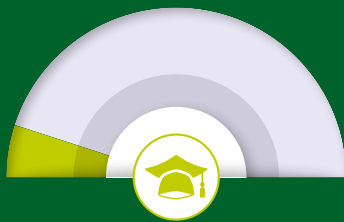
Note 2: Consolidated non-interest government expenditure includes spending by national departments, sub-national spending (including national transfers and sub-national own resources). It excludes debt-service costs but includes contingency reserves and unallocated reserves.

GOVERNMENT EXPENDITURE ON TERTIARY EDUCATION



2.3%

as a percentage of consolidated non-interest government expenditure



10.3%

as a percentage of total spending on education in 2021/22

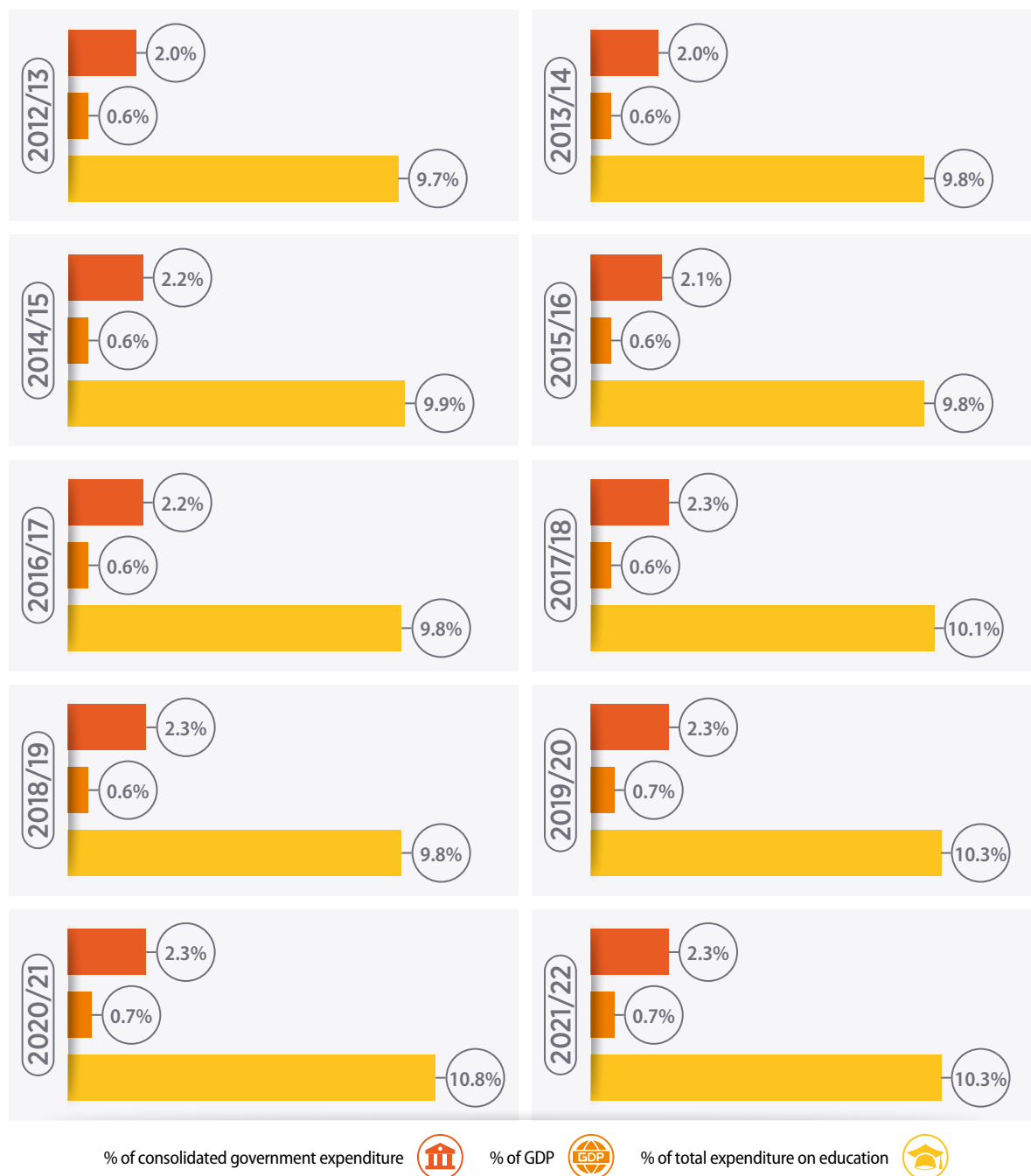


GOVERNMENT SPENDING ON TERTIARY EDUCATION

Government spending on tertiary education in this context refers to all government subsidies to universities irrespective of International Standard Classification of Education (ISCED) level. It is different from the international definition of tertiary education, where only qualifications at ISCED level 5 and above are considered tertiary education. Government spending on tertiary education is not comparable with the figures published in the previous reports, because it excludes NSFAS due to outstanding audit processes. Although the amount of NSFAS is reported in the *Estimates of National Expenditure*, there is no indication of how much was split between universities and TVET colleges. These figures should therefore be interpreted with caution.

Figure 8 shows government expenditure on tertiary education as a percentage of consolidated non-interest government expenditure, GDP and total government expenditure on education. Government spending on tertiary education as a percentage of consolidated non-interest government expenditure was 2.3% in 2021/22 and has remained stable at 2.3% since 2017/18, while government spending on tertiary education as a percentage of GDP remained stable at 0.7% from 2019/20 to 2021/22. Spending on tertiary education as a percentage of total spending on education was 10.3% in 2021/22 and has fluctuated in the period under review.

FIGURE 8: Government expenditure on tertiary education as a percentage of total consolidated non-interest government expenditure, GDP and total government expenditure on education, 2012/13–2021/22

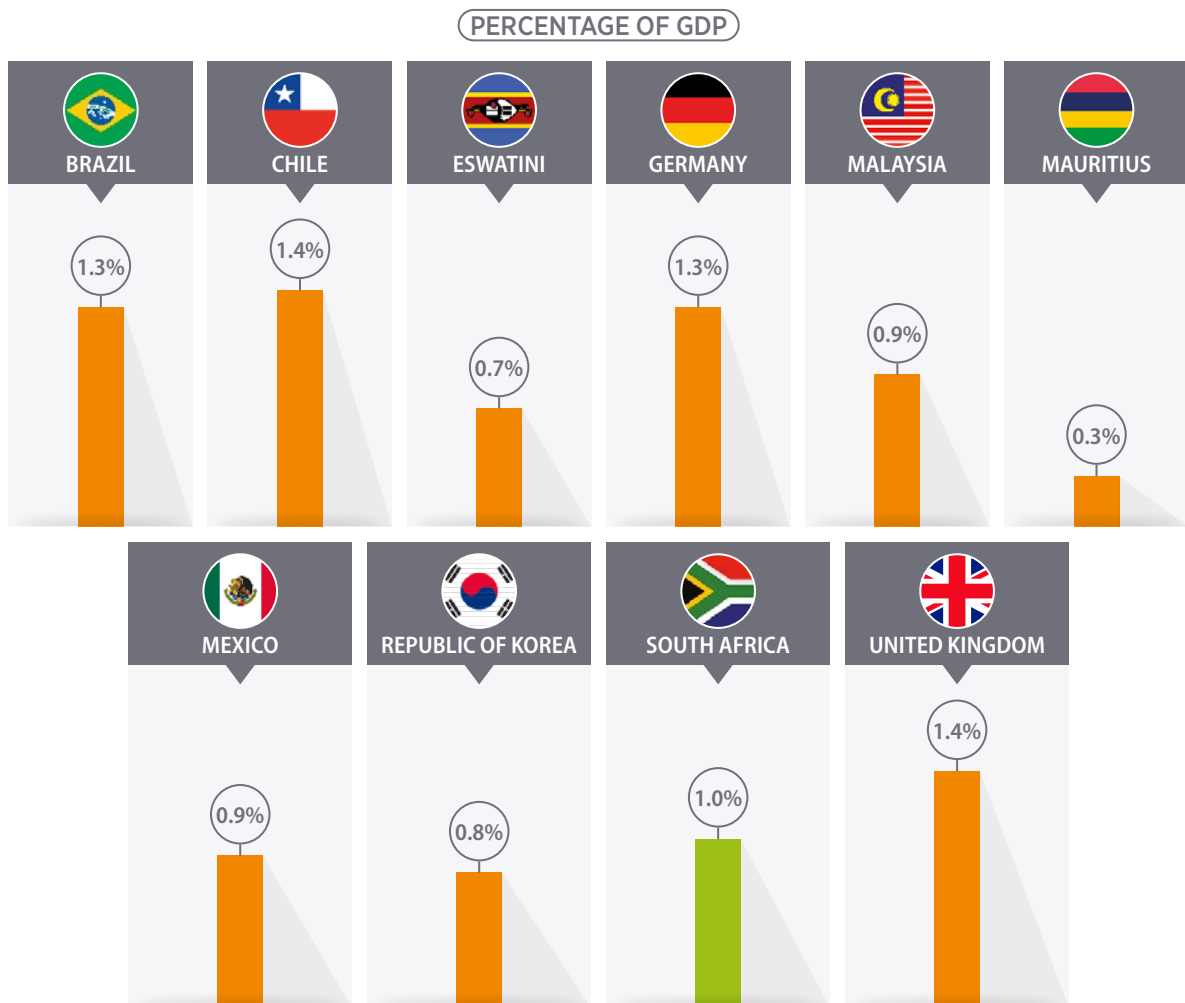


Sources: Own calculations based on National Treasury, Estimates of National Expenditure 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023; Expenditure Priorities from Medium-Term Budget Policy Statement (National Treasury: 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022); Consolidated Spending Plans: Budget Review, 2023 (National Treasury, 2023); GDP Time Series Data, National Budget 2023 (National Treasury, 2023).

- Note 1: All values are expressed as nominal values, as reported in the source.
- Note 2: Expenditure on tertiary and total education is audited outcome.
- Note 3: Expenditure on tertiary education is government subsidy to universities and excludes NSFAS, due to unavailability of 2021 NSFAS data.
- Note 4: Consolidated non-interest government expenditure includes spending by national departments, sub-national spending (including national transfers and sub-national own resources). It excludes debt-service costs but includes contingency reserves and unallocated reserves.

Figure 9 shows that South Africa spent 1.0% of its GDP on tertiary education in 2019 – a figure far below similar-income countries such as Brazil (1.3%) and Chile (1.4%) but more than the Republic of Korea (0.8%), Mexico (0.9%) and Malaysia (0.9%). It is important to note that although South Africa's spend on tertiary education as a percentage of its GDP was lower than other countries, its spend per student relative to GDP per capita surpassed that of other countries, including high-income countries. See Figure 12 below. Unfortunately, due to the unavailability of recent data (2020 onwards) from comparative countries, it is not possible to conclude whether South Africa compares better with comparative countries in recent years.

FIGURE 9: Expenditure on tertiary education as a percentage of GDP by country, 2019



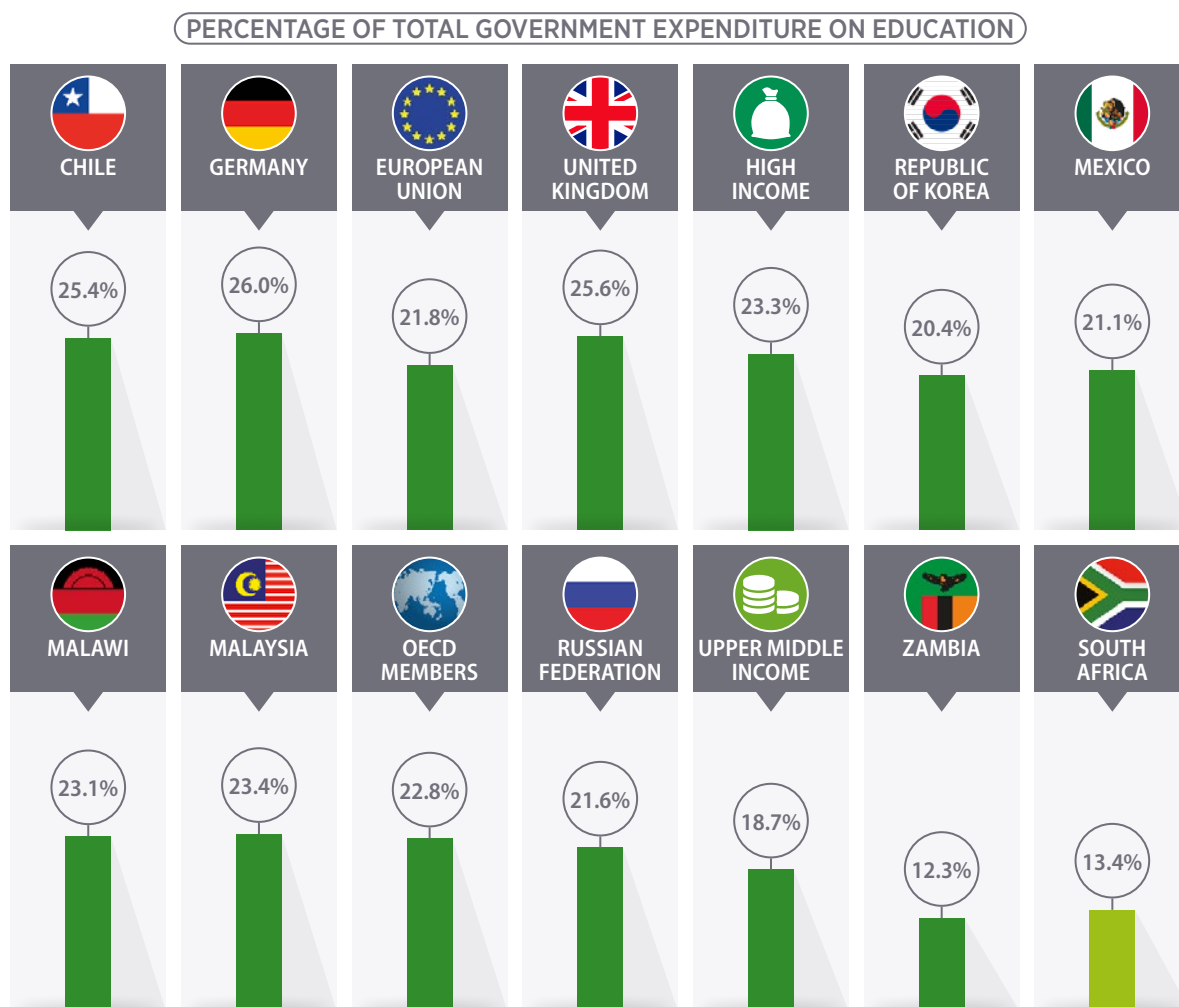
Source: UIS, extracted 26 April 2023

Note 1: The value for South Africa reported by UIS is slightly different to the value calculated using the National Treasury data and DHET data, as reported in Figure 8. The differences might be due to the exclusion of NSFAS, and revisions to the *Estimates of National Expenditure* data and the GDP estimates. The calculations in this report are based on the latest available budget data and exclude NSFAS.

Note 2: The countries included in this figure were selected based on availability of latest data.

Figure 10 shows that, in 2016, South Africa’s public spending on tertiary education as a percentage of total government expenditure on education was also relatively low compared with similar-income countries. In 2016, South Africa spent 13.4% of its total education budget on tertiary education, while most of the comparative countries spent over 20% of their total education budget on tertiary education.

FIGURE 10: Expenditure on tertiary education as a percentage of total government expenditure on education, 2016

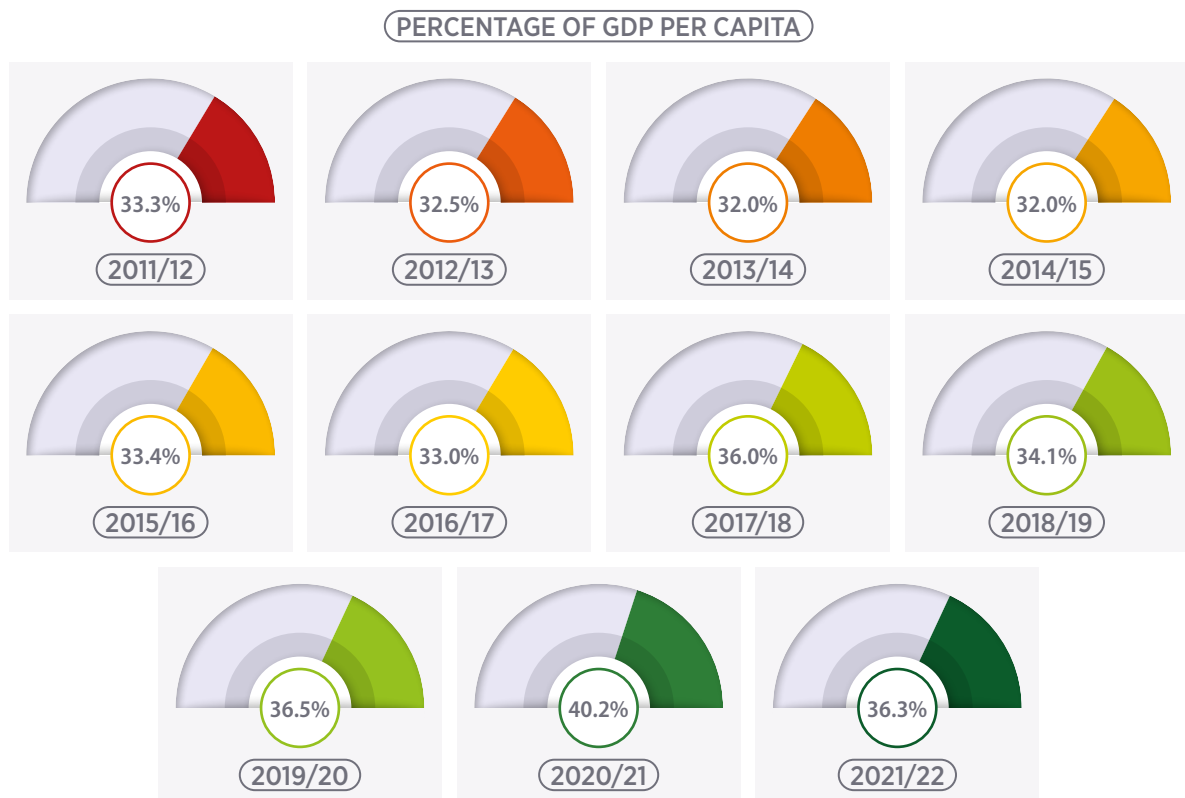


Source: World Bank, extracted 28 April 2023

- Note 1: The countries included in this figure were selected based on availability of latest data.
- Note 2: The value for South Africa is based on own calculations, as there was no value for 2016 in the World Bank database.
- Note 3: The value for South Africa is different from the one reported in Figure 8, because expenditure on tertiary education includes NSFAS.

Figure 11 presents public expenditure on tertiary education per student as a percentage of GDP per capita. This is the amount that government spends on average per student for tertiary education in relation to average income per person. Public expenditure on tertiary education per student as a percentage of GDP per capita was 36.3% in 2021/22. Figure 11 shows a generally upward trend with regards to this indicator value, having reached a peak in 2020/2021 (the year of Covid-19). See Table 6 in the Appendix for detailed information on public expenditure on tertiary education per student as a percentage of GDP per capita.

FIGURE 11: Public expenditure on tertiary education per student as a percentage of GDP per capita, 2011/12–2021/22



Sources: Own calculations based on National Treasury, Estimates of National Expenditure 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023; GDP Time Series Data, National Budget 2023 (National Treasury, 2023); DHET, Statistics on Post-School Education and Training 2021; Stats SA, Mid-Year Population Estimates 2011–2021.

Note 1: All values are expressed as nominal values, as reported in the source.

Note 2: Expenditure on tertiary education equals total amount allocated by National Treasury to the DHET for university subsidies. It excludes NSFAS, due to outstanding audit processes.

Note 3: This indicator is calculated by dividing per-student expenditure by GDP per capita and multiplying by 100.

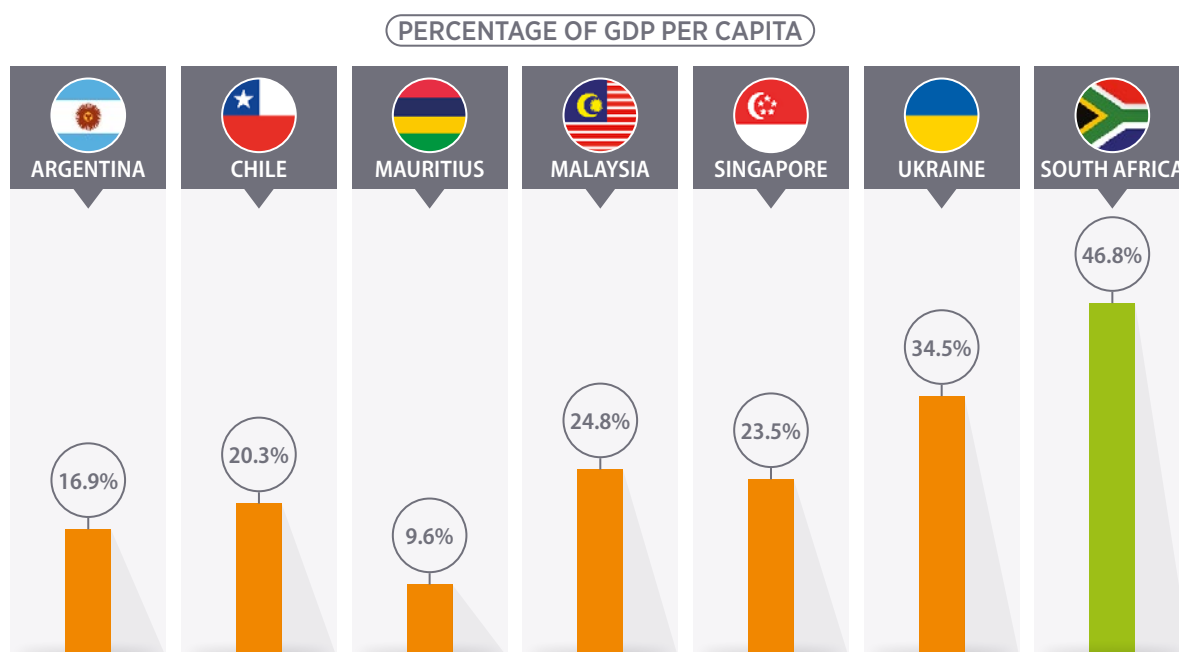
Note 4: Per-student expenditure = public expenditure on tertiary education/number of students.

Note 5: GDP per capita = GDP/population.

Note 6: The calculation of expenditure on tertiary education is different from previous years, due to the unavailability of NSFAS data.

Figure 12 shows South Africa's expenditure on tertiary education per student as a percentage of GDP per capita compared with other countries. South Africa spent more on average per student for tertiary education in relation to GDP per capita than many similar-income countries. In 2017, South Africa's public expenditure on tertiary education as a percentage of GDP per capita was 46.8%, followed by Ukraine (34.5%) and Malaysia (24.8%).

FIGURE 12: Public expenditure on tertiary education per student as a percentage of GDP per capita by country, 2017



Source: World Bank, extracted 28 April 2023

Note: The countries included in this figure were selected based on availability of latest data.



GOVERNMENT SPENDING ON TOTAL EDUCATION (BOTH SCHOOLING AND POST-SCHOOLING)

The United Nations Educational, Scientific and Cultural Organization (UNESCO) *Education 2030: Incheon Declaration and Framework for Action*³ for the implementation of the global Sustainable Development Goal 4 endorses the following two key benchmarks for public spending on education:

- Allocating at least 4–6% of GDP to education.
- Allocating at least 15–20% of public spending to education.

Figure 13 shows that government expenditure on education in South Africa continues to exceed the benchmarks set by UNESCO, both on spending in education as a share of GDP, as well as on the share of consolidated non-interest government expenditure. In 2021/22, South Africa spent 6.4% of its GDP on education and 22.6% of total government expenditure on education.

FIGURE 13: Consolidated government spending on education as percentage of consolidated non-interest government expenditure and GDP, 2019/20–2025/26



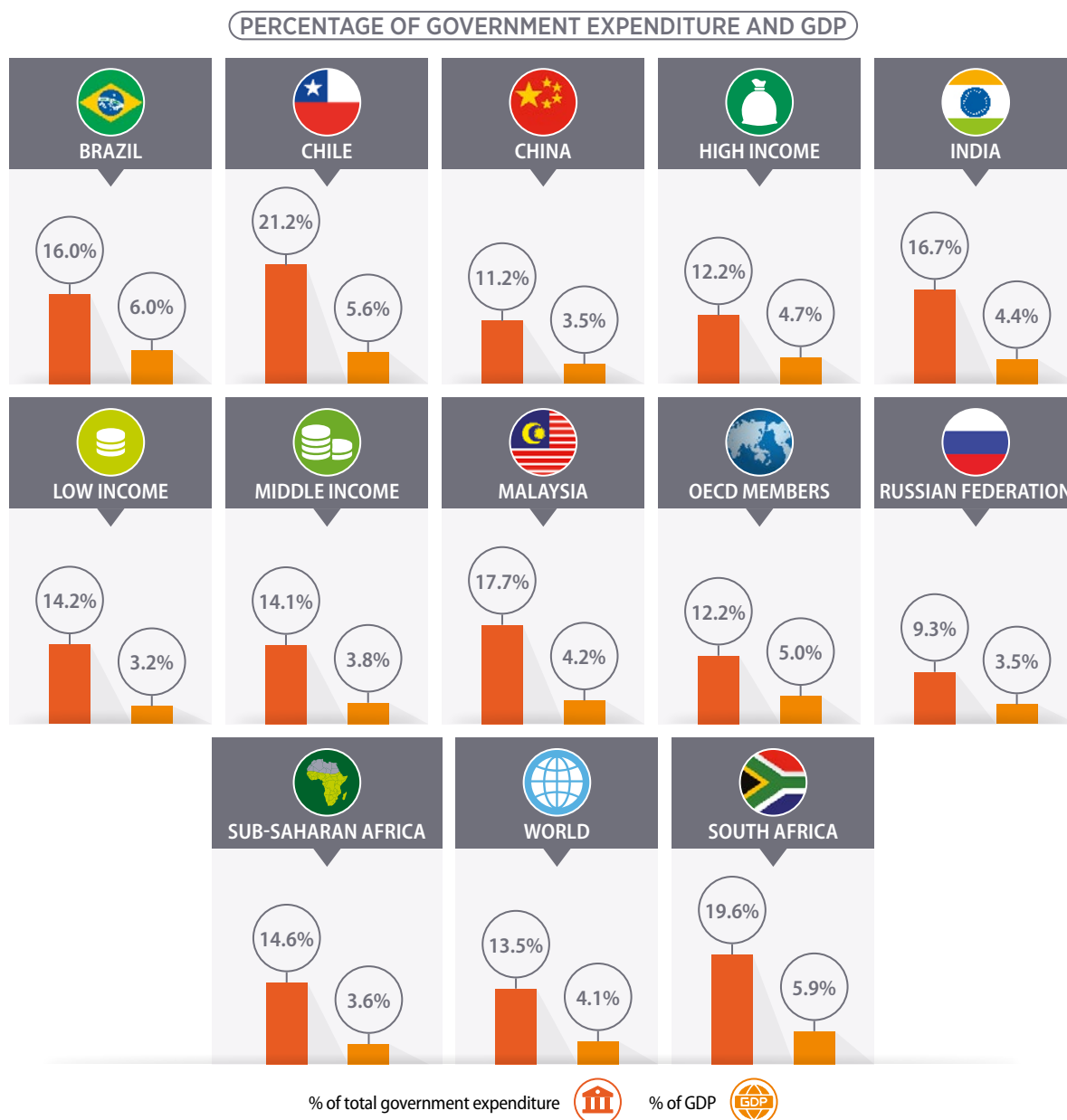
Sources: Own calculations based on Expenditure Priorities from Medium-Term Budget Policy Statement (National Treasury: 2020, 2021 and 2022); Consolidated Spending Plans: Budget Review, 2023 (National Treasury, 2023); GDP Time Series Data, National Budget 2023 (National Treasury, 2023).

Note 1: All values are expressed as nominal values, as reported in the source.

Note 2: Consolidated non-interest government expenditure includes spending by national departments, sub-national spending (including national transfers and sub-national own resources). It excludes debt-service costs.

Figure 14 shows education as a percentage of total government expenditure for several countries in 2019. Government expenditure on education as a percentage of total government expenditure was relatively high in South Africa compared with other BRICS countries like Brazil and China, and even exceeded the OECD countries' average and average for high-income countries; it was, however, slightly lower than Chile (21.2%). When looking at expenditure on education as a percentage of GDP, South African expenditure (5.9%) exceeded all the comparative countries except Brazil (6.0%). Chile followed closely with 5.6%.

FIGURE 14: Expenditure on education (both schooling and post-schooling) as a percentage of total government expenditure and GDP by country, 2019



Source: World Bank, extracted 3 May 2023.

Note 1: The values for South Africa reported by the World Bank are slightly different to our own calculated values, which are based on National Treasury data as reported in Figure 13. The differences could be due to revisions to the mid-term budget policy statements, consolidated budget spending plans and GDP data.

Note 2: The countries included in this figure were selected based on availability of latest data.



DISTRIBUTION OF THE SKILLS DEVELOPMENT LEVY

Table 2 shows the distribution of the Skills Development Levy from 2014/15 to 2021/22. The total amount disbursed by the Skills Levy Fund was R19.0 billion in 2021/22, of which 80% was transferred to SETAs and 20% to the NSF. The skills levy collected in 2021/22 increased by R6.6 billion from the R12.4 billion collected in 2020/21. The skills levy collected by government from employers was significantly lower in 2020 compared with previous years, owing to the negative impact of the Covid-19 lockdown. The government provided relief to employers for four months, during which there was a 'payment holiday' for skills development levies from May to August 2020.

TABLE 2: Distribution of the Skills Development Levy, 2014/15–2021/22

Year	Total amount disbursed by the Skills Levy Fund	DISTRIBUTION OF LEVY FUND					Portion of SETA admin fee transferred to QCTO
		NSF	Amount disbursed to SETAs	SETAs			
				Administration Costs	Mandatory Grant	Discretionary Grant	
Icon	Icon	Icon	Icon	Icon	Icon	Icon	Icon
	RAND	RAND	RAND	RAND	RAND	RAND	RAND
2014/15	14 036 309	2 818 082	11 218 227	1 472 392	2 804 557	6 941 278	28 500
2015/16	15 225 043	3 044 212	12 180 831	1 598 734	3 045 208	7 536 889	40 000
2016/17	15 298 454	3 046 235	12 252 219	1 608 103	3 063 055	7 581 061	60 670
2017/18	16 234 599	3 246 920	12 987 679	1 704 633	3 246 920	8 036 126	68 431
2018/19	17 479 895	3 495 979	13 983 916	1 835 389	3 495 979	8 652 548	86 691
2019/20	18 283 843	3 656 768	14 627 075	1 919 803	3 656 769	9 050 503	90 347
2020/21	12 363 798	2 473 409	9 890 389	1 298 114	2 472 597	6 119 678	96 147
2021/22	19 011 609	3 802 322	15 209 287	1 996 219	3 802 322	9 410 746	67 743

Category	Average Annual Growth (2014/15–2019/20)
Total amount disbursed by the Skills Levy Fund	13.2
NSF	4.4
Amount disbursed to SETAs	4.4
Administration Costs	4.4
Mandatory Grant	4.4
Discretionary Grant	4.4

Source: DHET, Statistics on Post-School Education and Training in South Africa 2022a



CONCLUSION

Government expenditure on PSET in South Africa has been steadily increasing over the past few years. This reflects government's commitment to investing in the development of a skilled and capable workforce, and promoting access to education for all. The increased expenditure demonstrates the recognition of the importance of lifelong learning, and the need to equip individuals with the necessary skills and knowledge to thrive in a rapidly changing world. However, it is important to ensure that these funds are effectively utilised, and that there is a focus on quality education to maximise the impact of this investment.

Furthermore, the data in this report shows that despite the increase in public expenditure on PSET, it has remained inadequate to meet the National Development Plan (NDP) targets for enrolment in the TVET and CET sub-sectors. It is also inadequate to address the funding of students in the 'missing middle' income bracket and postgraduate students who cannot source funding from the National Research Foundation (NRF). It is encouraging that, in January 2024, the Minister of Higher Education, Science and Technology announced the implementation of phase 1 of the comprehensive student funding model. This will ensure that the missing-middle students (i.e., those who come from families with a total income of more than R350 000 but not more than R600 000 per annum) will be able to access financial support from government in the form of a loan to pursue their studies. It was announced that government has committed R3.8 billion to support the loan scheme, which is expected to fund 47% of the total estimated missing-middle students.

This report draws attention to two interesting findings. Firstly, although public spending in the university sector is over three times more than the TVET college sector, the difference in expenditure reduces considerably when examining per-capita expenditure of FTE students. More specifically, the real cost for training an FTE public university student was only R10 400 more than the cost of training a TVET college student in 2021/22.

INCREASE IN GOVERNMENT EXPENDITURE ON PSET IN SOUTH AFRICA REFLECTS:



Government's commitment to investing in the development of a skilled and capable workforce



Government's commitment to promoting access to education for all



Recognition of the importance of lifelong learning



The need to equip individuals with the necessary skills and knowledge to thrive in a rapidly changing world

IN EFFECT, THIS REPORT REVEALS THAT WHEN INTERROGATING THE DISTRIBUTION OF PUBLIC FUNDING BETWEEN TVET COLLEGES AND UNIVERSITIES, IT IS IMPERATIVE TO CONSIDER PER-CAPITA EXPENDITURE FOR FTE STUDENTS IN SUCH ANALYSIS.

Real per FTE student public expenditure at universities and TVET colleges is not comparable with the figures published in the previous reports, because it excludes NSFAS due to outstanding audit processes. Although the amount of NSFAS is reported in the *Estimates of National Expenditure*, there is no indication of how much was split between universities and TVET colleges. These figures should therefore be interpreted with caution. This difference in real per FTE student expenditure is expected, considering the different kinds of programmes offered by the two institutions. In effect, this report reveals that when interrogating the distribution of public funding between TVET colleges and universities, it is imperative to consider per-capita expenditure for FTE students in such analysis.

The second observation of interest in this report relates to the indicators on tertiary education. The report shows that South Africa's expenditure on tertiary education is relatively low compared with similar-income countries. However, expenditure on tertiary education in terms of GDP per capita is extraordinarily higher relative to similar-income countries.

South Africa has continued to prioritise education, together with other social functions. Spending on education as a percentage of total government expenditure and GDP far exceeds the benchmarks set by UNESCO, which recommends allocating 15–20% of total government expenditure to education and 4–6% of GDP to education. When compared with other countries, South Africa's total government expenditure on education as a percentage of government expenditure far exceeds other BRICS countries like Brazil and China, and even exceeds OECD countries' average, as well as all comparative countries in terms of its spend on education as a percentage of GDP (except for Brazil).



APPENDIX

TABLE 3: Government spending on PSET (R million), 2019/20–2025/26

	R MILLION	AUDITED OUTCOME			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATE		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
University		69 308	75 650	80 131	88 840	92 645	98 559	102 974
TVET		11 404	12 080	12 062	12 725	12 755	13 324	13 919
CET		2 054	2 000	2 180	2 578	2 668	2 788	2 911
SETAs and NSF		18 284	12 413	19 012	21 238	23 027	24 816	26 846
Other		6 017	3 967	3 042	5 595	2 714	6 986	5 438
TOTAL		107 067	106 110	116 427	130 976	133 809	146 473	152 087
% of GDP		1.9%	1.9%	1.9%	2.0%	1.9%	2.0%	1.9%
% of total government expenditure		6.5%	6.1%	6.5%	7.0%	7.0%	7.3%	7.3%
% of total education expenditure		28.7%	28.3%	28.9%	30.1%	30.1%	31.5%	31.3%

Sources: Own calculations based on National Treasury, Estimates of National Expenditure 2023; GDP Time Series Data, National Budget 2023 (National Treasury, 2023); Expenditure Priorities from Medium-Term Budget Policy Statement (National Treasury: 2020, 2021 and 2022); and Consolidated Spending Plans: Budget Review, 2023 (National Treasury, 2023).

Note 1: All calculations are based on nominal values, as reported in the source.

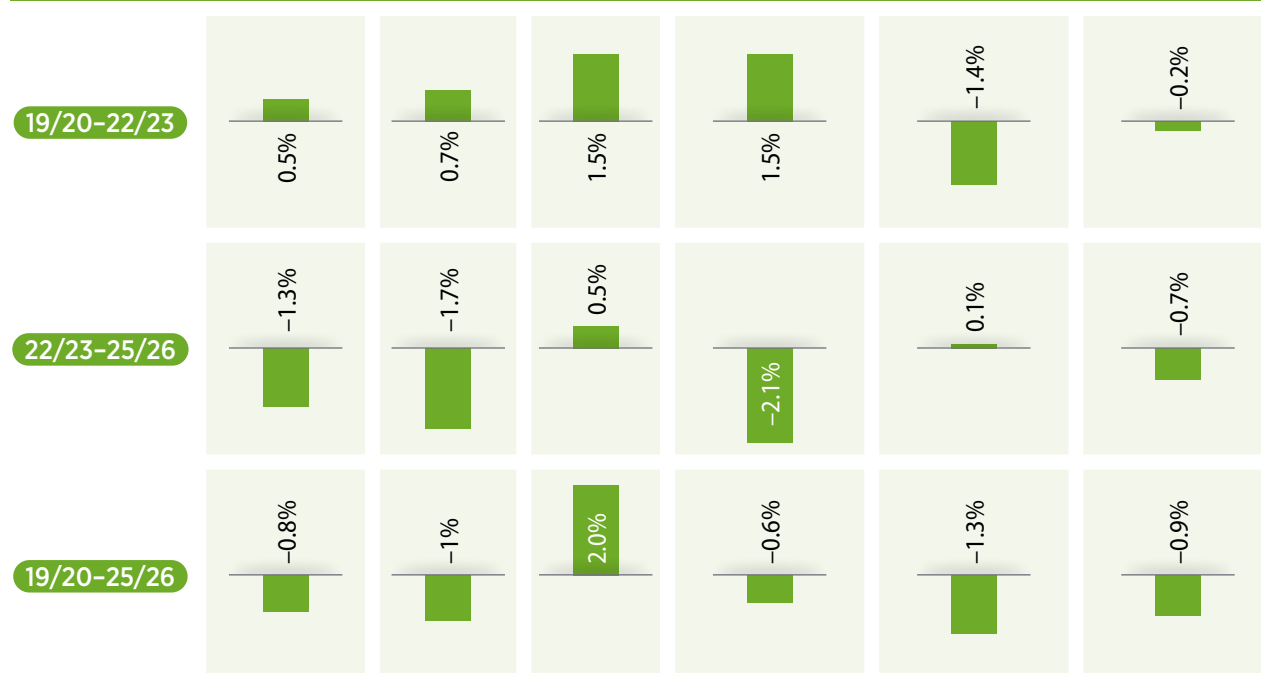
Note 2: Consolidated non-interest government expenditure includes spending by national departments, sub-national spending (including national transfers and sub-national own resources). It excludes debt-service costs.

Note 3: The value for university includes transfers to departmental agencies like NSFAS and the CHE.

TABLE 4: Real (2015/16 R million) consolidated government⁴ allocations for a select number of functions, 2019/20 to 2025/26

YEAR	BASIC EDUCATION	HEALTH	PSET	SOCIAL PROTECTION	OTHER FUNCTIONS	ALL NON-INTEREST GOVERNMENT EXPENDITURE
2019/20	215 194	183 944	92 119	182 704	680 796	1 354 757
2020/21	215 221	198 736	85 328	200 922	692 225	1 392 432
2021/22	216 309	195 808	90 105	195 824	655 427	1 353 474
2022/23	218 517	187 744	96 314	191 303	653 276	1 347 155
2023/24	214 239	179 442	93 878	198 115	631 152	1 316 827
2024/25	209 890	178 277	98 332	176 374	661 013	1 323 886
2025/26	210 264	178 545	97 683	179 630	654 269	1 320 391

AVERAGE ANNUAL GROWTH RATE (%)



Sources: Own calculations based on Expenditure Priorities from Medium-Term Budget Policy Statement (National Treasury: 2020, 2021 and 2022); and Consolidated Spending Plans: Budget Review, 2023 (National Treasury, 2023).

Note 1: All values are expressed in real terms (2015/16 R million).









Note 2: Expenditure on education for 2019/20–2021/22 is audited outcome.

Note 3: Expenditure on education for 2022/23 is a revised estimate.

Note 4: Expenditure on education for 2023/24–2025/26 are medium-term estimates.

Note 5: Consolidated non-interest government expenditure includes spending by national departments, sub-national spending (including national transfers and sub-national own resources). It excludes debt-service costs but includes contingency reserves and unallocated reserves.

TABLE 5: Consolidated government⁵ spending on total education (R million), 2019/20–2025/26

	AUDITED OUTCOME			REVISED ESTIMATE	MEDIUM-TERM EXPENDITURE ESTIMATE		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
 PSET	111 785	106 577	118 431	133 098	135 605	148 321	153 904
 Schooling	261 135	268 818	284 308	301 970	309 464	316 591	331 279
 TOTAL EDUCATION	372 920	375 395	402 739	435 068	445 069	464 912	485 182
 All non-interest consolidated government expenditure	1 643 980	1 739 191	1 778 954	1 861 642	1 902 129	1 996 909	2 080 324
 PSET share of total education	30.0%	28.4%	29.4%	30.6%	30.5%	31.9%	31.7%
 Schooling share of total education	70.0%	71.6%	70.6%	69.4%	69.5%	68.1%	68.3%
 Education as % of total government expenditure	22.7%	21.6%	22.6%	23.4%	23.4%	23.3%	23.3%
 Education as % of GDP	6.5%	6.7%	6.4%	6.5%	6.4%	6.2%	6.1%

Sources: Own calculations based on Expenditure Priorities from Medium-Term Budget Policy Statement (National Treasury: 2020, 2021 and 2022); and Consolidated Spending Plans: Budget Review, 2023 (National Treasury, 2023); GDP Time Series Data, National Budget 2023 (National Treasury, 2023).

Note 1: All values are expressed as nominal values, as reported in the source.

Note 2: Consolidated non-interest government expenditure includes spending by national departments, sub-national spending (including national transfers and sub-national own resources). It excludes debt-service costs but includes contingency reserves and unallocated reserves.

TABLE 6: Public expenditure on tertiary education per student as a percentage of GDP per capita, 2012/13–2021/22

Year	University subsidy	Enrolment in public universities	Expenditure per student	GDP	Population	GDP per capita	Public expenditure on tertiary education per student as a percentage of GDP per capita
	RAND	THOUSAND	RAND	RAND	THOUSAND	RAND	%
2012/13	19 354 159	893	21 675	3 391 162 000	52 129	65 053	33.3%
2013/14	20 923 779	938	22 302	3 633 648 000	52 930	68 650	32.5%
2014/15	22 392 767	953	23 488	3 945 370 000	53 751	73 401	32.0%
2015/16	24 195 293	984	24 596	4 200 741 000	54 574	76 973	32.0%
2016/17	26 297 074	969	27 134	4 498 913 000	55 407	81 198	33.4%
2017/18	27 964 560	985	28 384	4 831 201 000	56 252	85 884	33.0%
2018/19	31 606 625	976	32 389	5 136 829 000	57 098	89 965	36.0%
2019/20	33 104 843	1 037	31 924	5 418 317 000	57 939	93 517	34.1%
2020/21	38 327 482	1 086	35 306	5 686 660 000	58 775	96 753	36.5%
2021/22	40 363 287	1 075	37 550	5 566 177 000	59 622	93 357	40.2%

Sources: Own calculations based on National Treasury, Estimates of National Expenditure 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023; GDP Time Series Data, National Budget 2023 (National Treasury, 2023); DHET, Statistics on Post-School Education and Training 2021; Stats SA, Mid-Year Population Estimates 2011–2021.

Note 1: All values are expressed as nominal values, as reported in the source.

Note 2: For the purposes of this report, tertiary education equals university education.

Note 3: Expenditure on tertiary education equals total amount allocated by National Treasury to the DHET for university subsidies. It excludes NSFAS, due to outstanding audit processes.

Note 4: This indicator is calculated by dividing per-student expenditure by GDP per capita and multiplying by 100.

Note 5: Per-student expenditure = public expenditure on tertiary/number of students.

Note 6: GDP per capita = GDP/population.

Note 7: The calculation of expenditure on tertiary education is different from previous years, due to the unavailability of NSFAS data.

TABLE 7: Real per FTE student expenditure at public universities and TVET colleges, 2015/16–2021/22

Year	Public universities FTE students	University subsidy	Per FTE university student expenditure	TVET colleges FTE students	TVET colleges subsidy	Per FTE TVET college student expenditure
	NUMBER	RAND		NUMBER	RAND	
2015/16	678 845	26 297 074	38.7	319 857	6 112 818	19.1
2016/17	685 297	27 964 560	38.4	333 439	6 549 613	18.5
2017/18	731 602	31 606 625	38.8	313 750	6 746 837	19.3
2018/19	775 807	33 104 843	36.6	305 659	9 993 719	28.1
2019/20	760 362	38 327 482	41.5	311 832	10 412 828	27.5
2020/21	803 029	40 363 287	40.2	241 484	11 372 830	37.7
2021/22	787 228	41 287 565	39.9	287 837	11 176 778	29.5

Sources: Own calculations based on National Treasury, Estimates of National Expenditure 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023; DHET, Statistics on Post-School Education and Training 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021.

Note 1: All values are expressed in real terms (2015/16 Rand).










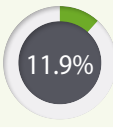

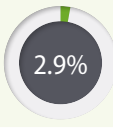



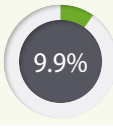

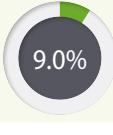
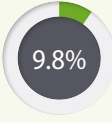
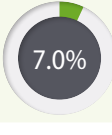
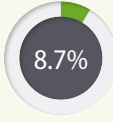
Note 2: FTE refers to a student in the post-school sector who is enrolled for an academic year and is registered for all courses/subjects prescribed for that programme.

Note 3: Public universities per FTE student expenditure is calculated by dividing the total amount allocated by National Treasury to the DHET for university subsidies in the *Estimates of National Expenditure* by universities FTE students.

Note 4: Per FTE student expenditure for TVET colleges is calculated by dividing the total amount allocated by National Treasury to the DHET for TVET system planning and institutional support in the *Estimates of National Expenditure* by the number of TVET colleges FTE students.

Note 5: Real per FTE student expenditure in this report is not comparable with the previous reports, because of the exclusion of NSFAS due to outstanding audit processes.

TABLE 8: Income for public universities by main source, 2012–2021

 YEAR	 GOVERNMENT	 STUDENT FEES	 THIRD STREAM	 TOTAL
R MILLION				
2012	19 795	15 429	14 112	49 336
2013	21 102	17 832	14 231	53 165
2014	22 702	19 428	16 914	59 044
2015	23 878	22 224	17 873	63 975
2016	27 309	22 853	19 382	69 544
2017	29 664	25 785	20 746	76 195
2018	33 461	28 754	19 476	81 691
2019	39 043	30 738	22 631	92 412
2020	41 183	31 033	21 072	93 288
2021	42 976	35 656	25 880	104 512
AVERAGE ANNUAL GROWTH RATE				
2012–2015	 6.5%	 12.9%	 8.2%	 9.0%
2015–2018	 11.9%	 9.0%	 2.9%	 8.5%
2018–2021	 8.7%	 7.4%	 9.9%	 8.6%
2012–2021	 9.0%	 9.8%	 7.0%	 8.7%

Source: DHET Financial Health Reports

Note 1: All values are expressed as nominal values, as extracted from the DHET Financial Health Reports.

Note 2: Government funding refers to state subsidies (block grant and earmarked grants).

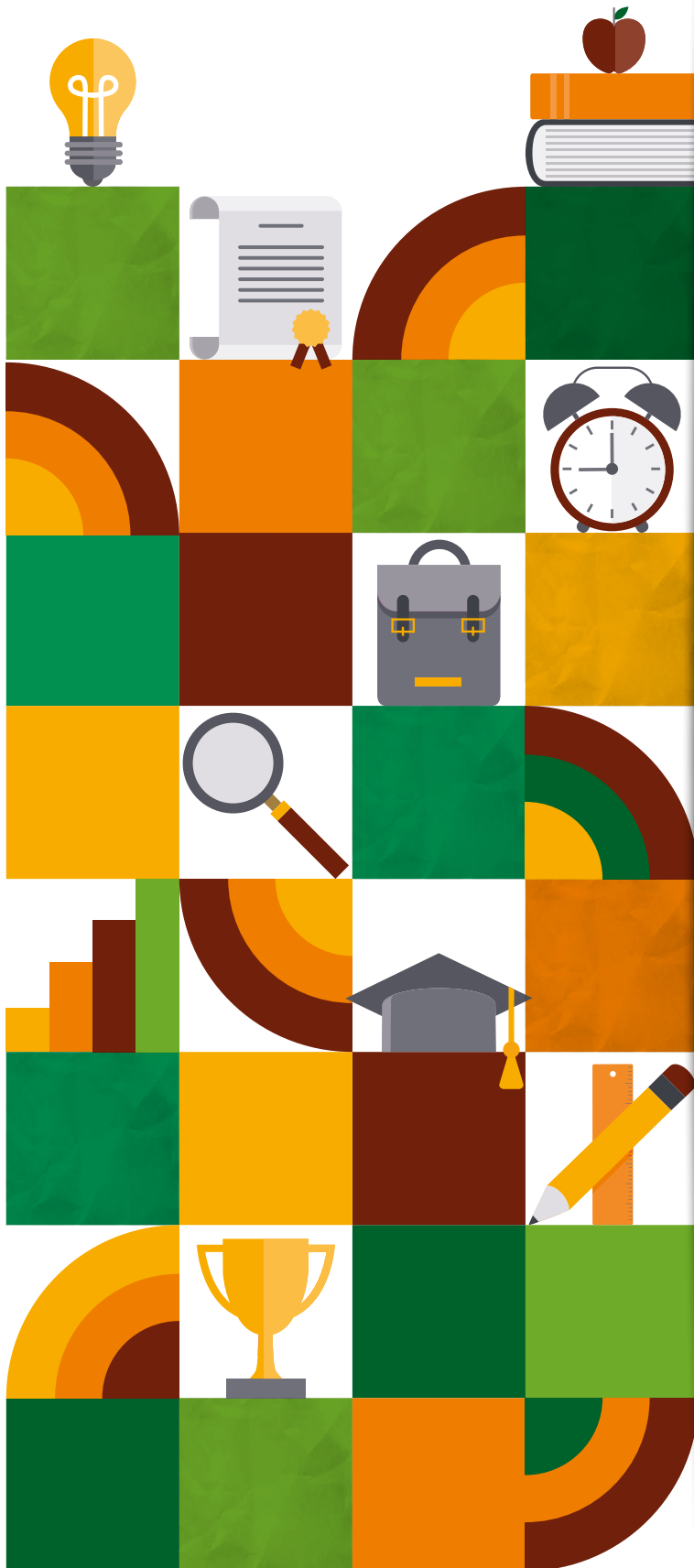
Note 3: Tuition fees include university-managed accommodation fees.

Note 4: Third-stream income refers to all university income derived from sources other than state subsidies or student tuition fees. Sources of third-stream income are diverse and can include donations or endowments; money earned through contract research or entrepreneurial activity; and income from investments.



ENDNOTES

1. The amount allocated to NSFAS cannot be split between universities and TVET colleges, due to outstanding audit processes.
2. 'FTE' refers to students in the post-school sector who are enrolled for an academic year and are registered for all courses/subjects prescribed for that programme.
3. UNESCO. 2015. *Education 2030: Incheon Declaration and Framework for Action*: http://uis.unesco.org/sites/default/files/documents/education-2030-incheon-framework-for-action-implementation-of-sdg4-2016-en_2.pdf
4. Consolidated government expenditure includes spending by national departments, sub-national spending (including national transfers and sub-national own resources), which explains the larger amounts budgeted for PSET compared with what is appropriated on the vote of the DHET. It excludes debt-service costs but includes contingency reserves and unallocated reserves.
5. Consolidated government expenditure on education includes spending by national departments, sub-national spending (including national transfers and sub-national own resources), which explains the larger amounts budgeted for PSET compared with what is appropriated on the vote of the DHET.



AUTHOR:

Mamphokhu Khuluvhe and
Edzani Netshifhefhe

© Published in 2024 by:

Department of Higher Education and Training
123 Francis Baard Street
Pretoria
South Africa

Private Bag X174
Pretoria
0001

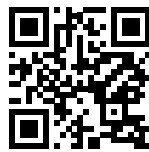
Tel: 0800 87 22 22
www.dhet.gov.za

© Department of Higher Education and Training

The ideas, opinions, conclusions and policy recommendations expressed in this Fact Sheet are strictly those of the authors and do not necessarily represent those of the Department of Higher Education and Training (DHET). The DHET will not be liable for any incorrect data and for errors in conclusions, opinions and interpretations emanating from the information.

Department of Higher Education and Training (DHET) (2024). *Funding and expenditure trends in Post-School Education and Training*, Department of Higher Education and Training, Pretoria.

This report is available on the Department of Higher Education and Training's website:



www.dhet.gov.za

ENQUIRIES:

Tel.: 012 312 5465/5673

Fax: 086 457 0289

Email: khuluvhe.m@dhet.gov.za and
netshifhefhe.e@dhet.gov.za



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA