

Business Day

There is no such thing as free education — someone has to pay for it

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There is no such thing as "free education". Someone has to pay, be it the state, firms, households or donors. This was the crux of the submission by the Financial and Fiscal Commission (FFC), an independent constitutional advisory body, in Pretoria on Thursday.

The FFC delegation, led by its commissioner, Professor Daniel Plaatjies, pointed out that returns on education had both social and private beneficiaries, therefore there has always been a private and a social component.

Ramos Mabugu, FFC's head of research, said the cost for the 2016 "no fee increase" ranged between R2.6bn and R4.2bn, depending on which methodology was used. He said approaches vary depending on whether the focus is on inputs, services or outcomes, and whether the determination is made by the university itself or national departments.

"One fairly objective approach is to begin with the weights from the consumer price index (CPI), where cost of education accounts for 2.95% of consumer spending — basic and secondary education account for 1.72% of the CPI weight, and tertiary education accounts for 1.23% of the weight," he said.

Mabugu said, therefore, that the cost of university fees (excluding contributions made by way of bursaries) would be close to R40bn a year. "Given that the student protests were sparked by a mere 10% increase in 2016, an additional R4bn needs to be covered. Fee-free university education, given current figures, would require the injection of an additional R40bn from the public purse to the tertiary education sector."

He added it was worth noting that the number of students currently enrolled was far fewer than those eligible to enrol, having received entry exemption. "If we assume student numbers double — even though the system cannot currently handle twice as many students — the cost approaches R80bn, and a deficit increasing nearly 2% of GDP each year."

According to FFC, over the 2017 medium-term expenditure framework, the real annual average growth of the Department of Higher Education and Training was 4.1% and that, as at 2017-18, the university education programme consumes the largest share of the department's budget at R41.9bn.

Mabugu said between 2015-16 and 2016-17 the department's allocation to the university education programme grew significantly — by 12.9% in real terms.

The FFC suggested a mixed bag of funding models for access to higher education for the poor, including raising VAT by about 0.6% (from 14% to 14.6%) and personal income tax by between 1% and 5%, levying an annual R167 tax on graduates, and through donations from alumni and corporate donors.

President Jacob Zuma established the commission in January last year following months of countrywide violent protests on university campuses under the Fees Must Fall banner. The

commission is investigating the feasibility of introducing free education at varsities, as demanded by students.

In the interim report, handed to Zuma in November last year, the commission said there was little to be achieved by making access to higher education more readily accessible unless systemic and other deficiencies in the basic education system are simultaneously addressed.

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