



The Cost of Equality: Analyzing the Unforeseen Financial Strains of Fee-Free Higher Education in South Africa

Sakhiseni Joseph Yende¹  and Zama Mabel Mthombeni² 

¹ Department of African Language Studies, University of the Western Cape, Cape Town, South Africa.

² Equitable Education & Economies, Human Sciences Research Council, Durban, South Africa.

ABSTRACT

In the past, many South African students found it difficult to pursue higher education due to the high expense of tuition, which also restricted their prospects for development on both a personal and professional level. Fee-free education has helped to level the playing field and provide equal access to education, regardless of an individual's financial background. Evidently, financially disadvantaged students now have better access to higher education, and this is attributed to fee-free education in South Africa. However, budgetary restrictions exist in South Africa, and the government's finances are put under strain by the country's policy of free public education for all pupils. The purpose of this article was to discuss unforeseen financial constraints in South African higher education due to fee-free education. In this article, a qualitative content analysis was employed which was grounded on analysing the existing scholarly literary writings. This paper established that enrolment rates in universities and colleges all around South Africa have increased significantly because of fee-free education. This research adds to the continuing discourse concerning the expenses tied to achieving equality and the unanticipated financial pressures stemming from tuition-free higher education in South Africa.

Correspondence

Sakhiseni Joseph Yende

Email:

sakhiseniyende@gmail.com

Publication History

Received 28th August, 2023

Accepted 24th October, 2023

Published online:

17th November, 2023

Keywords: *Fee-Free Higher Education, Government Finances, Access To Higher Education, Funding*

INTRODUCTION

South Africa has historically grappled with the challenge of providing affordable and accessible higher education to its citizens. The exorbitant costs of tuition have hindered countless students from pursuing their academic aspirations and achieving their full potential on both personal and professional levels. From 2013 the #fees must fall campaign began and intensified in 2015, the country witnessed student protests flame up leading to the damage of university infrastructure of approximately R460 million.¹ This movement, driven by passionate students and activists, called for an end to exorbitant tuition fees and pushed for policies that would provide equal educational opportunities for all, especially for those with difficult financial backgrounds.² Undoubtedly, the fee-free education agenda carries positive intentions regarding changes in access in South Africa's higher education system. Financially disadvantaged students who were once excluded from pursuing further studies will have improved access to universities and colleges. However, while the intentions behind fee-free education are noble, it is crucial to critically assess its impact on the financial landscape of South African higher education.

¹ Ashley Fataar, "Why the Fees Must Fall," *The Socialist Worker*. Accessed April 9 (2015): 2020, <https://socialistworker.org/2015/10/27/why-the-fees-must-fall>; Shireen Motala, "Introduction-Part III Achieving 'free Education' for the Poor-a Realisable Goal in 2018?," *Journal of Education (University of KwaZulu-Natal)*, no. 68 (2017): 15–29; News101, "Estimated R460 Million Cost of Damage during #FeesMustFall Protest," *News101*, 2016.

² Samukelisiwe Mngomezulu, Rubby Dhunpath, and Nicholas Munro, "Does Financial Assistance Undermine Academic Success? Experiences of 'at Risk' students in a South African University," *Journal of Education (University of KwaZulu-Natal)*, no. 68 (2017): 131–48.

The implementation of fee-free education in South Africa has sparked concerns regarding its perceived cost implications on the financial performance of universities. While the policy aims to provide equal access to education for all students, there are apprehensions about the potential negative consequences, such as cost cutting, budget reductions, and the need for careful financial planning.³ These measures may have unintended repercussions that could hinder the effective functioning of institutions. Consequently, the management of universities may face the daunting task of reducing staff budgets and streamlining study offerings to adapt to the current financial environment. Understanding the cost implications of this new dispensation on university management is crucial to navigating the challenges ahead and ensuring the sustainability of higher education institutions.⁴ University fees play a vital role in the economy of public higher education, particularly in South Africa. These fees serve as a significant source of revenue for nearly all public institutions, ranking second only to state subsidies in terms of financial support.⁵ The funding and sustainability of a robust higher education sector are contingent upon effectively addressing core policy issues surrounding the structure and function of the system, as well as determining the sources responsible for financing various facilities and operational expenses needed to achieve desired objectives.⁶

Advocates of fee-free education sometimes oversimplify the issue by claiming that education, being an investment, should not be classified as a cost. However, this perspective overlooks basic accounting principles. All investments, including education, require financial resources, which must be obtained from somewhere. The fact that parents are not directly paying for education does not mean that the cost disappears. Instead, it is transferred to the government, meaning that taxpayers ultimately bear the burden. To shed light on this issue, this article aims to discuss the unforeseen financial constraints that would arise in actioning fee-free higher education. Through a qualitative content analysis grounded in the examination of existing scholarly literature, this paper seeks to explore the implications of fee-free education on the sustainability and financial viability of higher education institutions in South Africa. The following questions underlie the research;

- a) What is the progression of higher education financing in South Africa?
- b) What is the expense of free -education and its impact on South African taxpayers?
- c) What are the effects of fee-free education on the financial stability of universities and colleges?
- d) How has the policy affected the overall job market and employability of graduates in South Africa?

LITERATURE REVIEW

Even though this study is literature-based in its methodology, it is essential to provide a brief overview of the outcomes of similar studies in various countries, shedding light on the funding opportunities and challenges faced by higher education institutions globally. They serve to contextualise the study's findings and discussions within the broader international landscape of higher education funding.

International Perspectives on Free Higher Education

Numerous global studies have scrutinised the effects of implementing free higher education policies, revealing valuable insights.⁷ Scandinavian nations, including Sweden, Norway, and Denmark, have emerged as exemplars of this approach. Their policies have yielded higher enrollment rates and greater accessibility, chiefly attributable to the reduction of financial barriers for students. This transformative shift has engendered positive socioeconomic outcomes, marked by reduced student loan debt and heightened social mobility.⁸

In these Nordic countries, the government assumes a pivotal role in higher education funding. A substantial portion of the national budget is earmarked to sustain universities, ensuring that students are not burdened with

³ Pedro Nuno Teixeira and Jung Cheol Shin, *The International Encyclopedia of Higher Education Systems and Institutions* (Springer, 2020); Siyasanga Zinile Dutywa, "Cost Implications of Fee-Free Education on Financial Performance of Selected Universities in Western Cape" (Cape Peninsula University of Technology, 2022).

⁴ National Planning Commission, *National Development Plan 2030 – Executive Summary*, 2011, http://www.gov.za/sites/www.gov.za/files/Executive_SummaryNDP_2030_-_Our_future_-_make_it_work.pdf.

⁵ IIEP Policy Brief, "Finding Solutions for Sustainable Financing of Tertiary Education in Small States. Tertiary Education in Small States No. 2 International Institute for Education and Planning," *Nations Educational Scientific and Cultural Organisation*, 2010, <https://www.iiep.unesco.org/sites/default/files/policybrief2.pdf>.

⁶ IIEP Policy Brief, "Finding Solutions for Sustainable Financing of Tertiary Education in Small States. Tertiary Education in Small States No. 2 International Institute for Education and Planning."

⁷ Stephen Wilkins, Farshid Shams, and Jeroen Huisman, "The Decision-Making and Changing Behavioural Dynamics of Potential Higher Education Students: The Impacts of Increasing Tuition Fees in England," *Educational Studies* 39, no. 2 (2013): 125–41; Ghulam Shabir, Ghulam Safdar, and Muhammad Imran, "Higher Education and Its Importance for Citizen: A Comparative Analysis of UK and USA.," *Higher Education* 4, no. 25 (2014).

⁸ Rómulo Pinheiro et al., "Nordic Higher Education in Flux: System Evolution and Reform Trajectories," *Reforms, Organizational Change and Performance in Higher Education: A Comparative Account from the Nordic Countries*, 2019, 69–108.

the full financial load.⁹ This model, though promising, demands a steadfast commitment to sustained public investment. Economic downturns may pose challenges to its continuity, necessitating careful economic planning and resource allocation. Nevertheless, the Scandinavian experience underscores the potential benefits of prioritizing education as a public good and sets an encouraging precedent for global higher education policy discussions.

The Diverse Landscape of Higher Education Funding Models

Comparative studies across countries illuminate the diverse funding models prevalent in higher education. In the United States, federal and state funding programs run parallel to tuition fees.¹⁰ This arrangement has led to a substantial dependence on student loans, resulting in high levels of student debt. This predicament has ignited extensive debates regarding the accessibility and affordability of higher education. The funding landscape in the U.S. is intricate. Although various forms of financial aid, including grants, scholarships, and loans, are available, the system has garnered criticism for its heavy reliance on tuition fees. This financial burden can pose a significant obstacle for many prospective students. Striking a balance between making education affordable and ensuring its quality stands as an ongoing challenge.

The intricate relationship between government financing, private contributions made through tuition, and financial assistance programs is reflected in the way that higher education is funded in the United States. Even while there are dedicated efforts to solve these issues, such as the promotion of tuition changes and need-based scholarships, the system is nevertheless the focus of much discussion and scrutiny. As a result, efforts to provide higher education that is both accessible and egalitarian in the United States are still ongoing and constantly changing.

THEORETICAL FRAMEWORK

This article is framed within supply and demand theory. Scholars state that the theory of supply and demand was introduced by Adam Smith in his influential work "The Wealth of Nations," published in 1776, and became a cornerstone of economic theory.¹¹ The Supply and Demand Theory is a fundamental economic concept that examines how the availability of a product or service (supply) and the desire for that product or service (demand) interact to determine its price and quantity exchanged in the market.¹² In the context of higher education, the supply of educational services provided by colleges and universities and the student demand for education must both be considered when applying this theory to the phenomenon of fee-free education in South Africa. The removal of tuition fees influences the demand for education as more students are incentivized to pursue higher education due to reduced financial barriers.¹³ Simultaneously, institutions face changes in the supply of education services as they accommodate the increased demand. The law of supply and demand offers valuable insights into how the equilibrium between the availability of education (supply) and the desire to attain education (demand) can be disrupted by policy changes. As the demand for fee-free education rises, institutions might experience challenges related to resource allocation, capacity management, and financial stability. By applying the principles of this theory, the article aims to shed light on the potential consequences and complexities of fee-free education policies on higher education institutions in South Africa.

RESEARCH METHODOLOGY

The researchers used a qualitative research methodology whereby content analysis was employed as a fundamental design for this article. Scholars allude that, a qualitative content analysis involves systematically analysing textual, visual, or audio materials to identify patterns, themes, and meanings.¹⁴ The justification for using a qualitative content analysis is that this method is a structured and effective approach to discussing the

⁹ Wilkins, Shams, and Huisman, "The Decision-Making and Changing Behavioural Dynamics of Potential Higher Education Students: The Impacts of Increasing Tuition Fees in England."

¹⁰ Birutė Pranevičienė et al., "Comparative Analysis of Financing Models of Higher Education," in *SOCIETY. INTEGRATION. EDUCATION. Proceedings of the International Scientific Conference*, vol. 4, 2017, 330–41; Pinheiro et al., "Nordic Higher Education in Flux: System Evolution and Reform Trajectories."

¹¹ Ming Li and Kristóf Madarász, "When Mandatory Disclosure Hurts: Expert Advice and Conflicting Interests," *Journal of Economic Theory* 139, no. 1 (2008): 47–74; Filiz Gölpek, "Price of Higher Education and Individual Demand," *Procedia-Social and Behavioral Sciences* 41 (2012): 349–56.

¹² Stephen C Farber, Robert Costanza, and Matthew A Wilson, "Economic and Ecological Concepts for Valuing Ecosystem Services," *Ecological Economics* 41, no. 3 (2002): 375–92.

¹³ Richard Shukia, "Fee-Free Basic Education Policy Implementation in Tanzania: A 'Phenomenon' Worth Rethinking," *Huria: Journal of the Open University of Tanzania* 27, no. 1 (2020).

¹⁴ Jane Forman and Laura Damschroder, "Qualitative Content Analysis," in *Empirical Methods for Bioethics: A Primer* (Emerald Group Publishing Limited, 2007), 39–62.

cost of equality: analysing the unforeseen financial strains of fee-free education in higher education in South Africa. Also, a qualitative content analysis allowed the researchers to explore and understand the complexities of the issue in-depth by analysing qualitative data such as existing journal articles, government documents, and other textual materials that were relevant to this topic.¹⁵

After reading through the collected materials, key themes, concepts, and statements related to unforeseen financial constraints were developed. This helped the researcher to create a coding framework that captures different aspects of the issue, such as changes in funding sources, shifts in institutional priorities, budget challenges, and effects on student experiences. In this section, the researchers contextualised the identified themes within the broader landscape of South African higher education and the implementation of fee-free education. Consider the historical, social, economic, and political factors that might influence these financial constraints. The researchers interpreted the themes accordingly to understand their implications and consequences. Explore how unforeseen financial constraints impact different stakeholders, including students, universities, government agencies, and society at large. The researcher further discussed potential causes, effects, and interconnections between themes. Based on the insights gained from the qualitative content analysis, the researchers offered recommendations for policymakers, educational institutions, and other stakeholders.

CONTEXTUALISING THE FINDINGS OF THIS ARTICLE

Perhaps, it is essential to foreground this section by stating that even though the introduction of fee-free education policies is imperative, there exist unanticipated financial pressures within South African higher education. These pressures stem from diverse factors and carry ramifications for institutions, students, and the broader education system. One of the cornerstones of fee-free education policies is their reliance on government funding to sustain and support the elimination of tuition fees. While these policies hold the potential to provide greater access to higher education, they also exhibit a degree of vulnerability tied to the availability of government resources. Unforeseen changes in the national budget or economic challenges have the potential to create a ripple effect that reverberates through the higher education sector, exacerbating financial strains and raising questions about the long-term sustainability of fee-free education. The following themes were developed based on the four research questions highlighted earlier.

The Progression of Higher Education Financing in South Africa

After the end of apartheid in 1994, significant changes have occurred in South Africa's higher education system. The government has faced a complex challenge: balancing the goal of providing historically disadvantaged individuals with better educational access while also aligning the system with international educational standards. In this context, pursuing higher education is associated with notable economic advantages. Various scholars believe that the financial returns from education increase with the level of schooling, with potential annual increments of up to 50% at the tertiary level.¹⁶ These insights, combined with low enrolment rates, suggest potential obstacles to entering higher education. One possible constraint stems from the "shared cost" principle implemented by the South African higher education system, where individuals are expected to contribute partially to the financing of their tertiary education due to the lucrative private returns it offers. Given the financial landscape in South Africa, the National Student Financial Aid Scheme (NSFAS) represents the primary opportunity for financially disadvantaged students to finance their higher education. By implementing this program, the government strived to alleviate liquidity constraints and enable greater access to education for marginalized individuals.

In South Africa, the challenge of making higher education affordable remains unresolved because of a decrease in state funding when adjusted for inflation, which decreased by 1.1% between 2000 and 2012.¹⁷ Additionally, the allocation of GDP to higher education remains relatively low, accounting for approximately 0.9%.¹⁸ It is estimated that for higher education institutions to fulfil their role effectively, the percentage of GDP

¹⁵ Paul Mihás, "Qualitative Data Analysis," in *Oxford Research Encyclopedia of Education*, 2019.

¹⁶ Nicola Branson, Murray Leibbrandt, and Tina L Zuze, "What Are the Returns of Tertiary Education and Who Benefits," *Responding to the Educational Needs of Post-School Youth*, N. Cloete (Ed.), *Centre for Higher Education Transformation*, 2009; Malcolm Keswell and Laura Poswell, "Returns to Education in South Africa: A Retrospective Sensitivity Analysis of the Available Evidence," *South African Journal of Economics* 72, no. 4 (2004): 834–60.

¹⁷ Anneke Maré Moolman and Lerike Jacobs, "The Financial Effect Of# Feesmustfall On Individual Taxpayers," *International Journal Of Economics And Finance Studies* 11, no. 1 (2019): 17–32.

¹⁸ Patricio Langa et al., "Africa: South Africa and the Illusion of Free Higher Education: University World News, 26 February 2016, Issue 402," *Understanding Global Higher Education: Insights from Key Global Publications*, 2017, 61–66; South African Institute of Race Relations, "South Africa Survey 2016: Education," South African Institute of Race Relations, 2016, <http://irr.org.za/reports-and-publications/south-africa-survey/south-africa-survey-2016>.

allocated to higher education should at least double.¹⁹ Consequently, for sustainable implementation of free higher education, the GDP would need to expand by a substantial R2.88 trillion. When the concept of fee-free higher education was introduced, the South African economy was facing substantial difficulties, including a period of negative growth in the first quarter of 2016.²⁰ In fact, there was a quarter-on-quarter decrease of 1.2 percent in the country's economy, considering seasonal adjustments and annualization.

The Expense of Free Education: Impact on South African Taxpayers

The economic landscape is marked by immense pressure and necessitates attention and intervention. Currently, StatsSA observed through their survey of education fees which takes place annually in March that in the year 2023, there was an overall increase of 5.7% in fees, surpassing the 4.4% growth observed in 2022.²¹ Notably, fee hikes were recorded across different educational levels: primary and pre-primary schools experienced a 6.3% increase, secondary schools saw a rise of 5.8%, and tertiary institutions observed a 5.3% uptick in fees.²² In addition to tuition fees, various other education-related products and services also underwent price increases. These include crèches, which saw a 4.6% rise, university boarding fees with a 6.7% increase, textbooks with a significant 11.3% surge, and school bags with a notable 10.6% increase.²³ It is worth noting that the 11.3% increase in textbook prices represents the largest annual rise since October 2009, when it reached 12.0%. “Dawie Roodt, an independent economist, is of the opinion that the economic uncertainty increasingly worries investors”:

“I think it is important first of all to realise that there is no such thing as free education. Even if free education would be implemented, it is not going to be free because some will have to pay for that. The reality is that the taxpayers in South Africa are already overburdened, they are not able to pay more tax. Even if so-called free education is being implemented it will come at a huge cost to the South African economy.”²⁴

Seeking to acquire more funding from the current taxpayer base would prove unfeasible and precarious, exacerbating the strain on an already overburdened economy and undermining potential avenues for economic advancement. Likewise, shifting funds from other sectors could result in unfavourable outcomes. While the notion of tuition-free higher education might be attractive, it has been demonstrated to sustain and reinforce disparities. Moreover, in financially challenged political economies, it is not feasible in the long run, as expanding enrolment necessitates increased resources to maintain quality education.²⁵ Evidently, free higher education is not a viable and enduring solution for South Africa.

According to the National Treasury South Africa's tax revenue is derived from various sources, including personal income tax, value-added tax, corporate income tax, customs and excise duties, fuel levies, and other sources.²⁶ Approximately 80% of the tax revenue is generated from the enlisted tax sources with personal income tax being the largest contributor, accounting for 38% of the total tax revenue.²⁷

The progressive income tax system for personal income tax in South Africa is acknowledged as the finest tax system globally.²⁸ Following the rise of the #FeesMustFall movement in 2013, the marginal tax rate for individual taxpayers has escalated from 40% during the 2014 assessment year to 45% in the 2018 assessment year.²⁹ Notably, only a small portion, approximately 13%, of the country's 56 million population contributes to

¹⁹ J A Heher, G Ally, and L T Khumalo, “Interim Report of the Commission into the Feasibility of Fee-Free Higher Education and Training.” *Commission of Inquiry into Higher Education and Training*. Pretoria, 2016.

²⁰ Moolman and Jacobs, “The Financial Effect Of# Feesmustfall On Individual Taxpayers.”

²¹ Statistics South Africa, “Inflation Rises for a Second Consecutive Month as Food Prices Bite,” StatsSA, 2023, <https://www.statssa.gov.za/?p=16254>.

²² Statistics South Africa, “Inflation Rises for a Second Consecutive Month as Food Prices Bite.”

²³ Statistics South Africa, “Inflation Rises for a Second Consecutive Month as Food Prices Bite.”

²⁴ Dawie Roodt, “South Africans Should Be Worried.,” *Daily Investor*, March 4, 2023, <https://dailyinvestor.com/south-africa/10361/south-africans-should-be-worried/>.

²⁵ Langa et al., “Africa: South Africa and the Illusion of Free Higher Education: *University World News*, 26 February 2016, Issue 402.”

²⁶ National Treasury, *2018 Budget Highlights* (National Treasury, 2018), <https://www.treasury.gov.za/documents/national-budget/2018/sars/budget-2018-highlights.pdf>.

²⁷ National Treasury and South African Revenue Service, *Tax Stats 2017* (National Treasury & SARS, 2017), <https://www.sars.gov.za/wp-content/uploads/Docs/TaxStats/2017/Tax-Stats-2017-Publication.pdf>; National Treasury, *2018 Budget Review*. *National Treasury* (National Treasury, 2018), <https://www.treasury.gov.za/documents/national-budget/2018/review/fullbr.pdf>.

²⁸ Marie-Louise Van Zanten, “Tax Collecting Practices: A Comparison between Antiquity and the Modern Age” (University of Pretoria, 2016).

²⁹ National Treasury, *2018 Budget Review*. *National Treasury*.

personal income tax (PIT).³⁰ Among these taxpayers, only 480,000 individuals earn more than R750,000 per year, contributing around 50% of the total PIT revenue.³¹

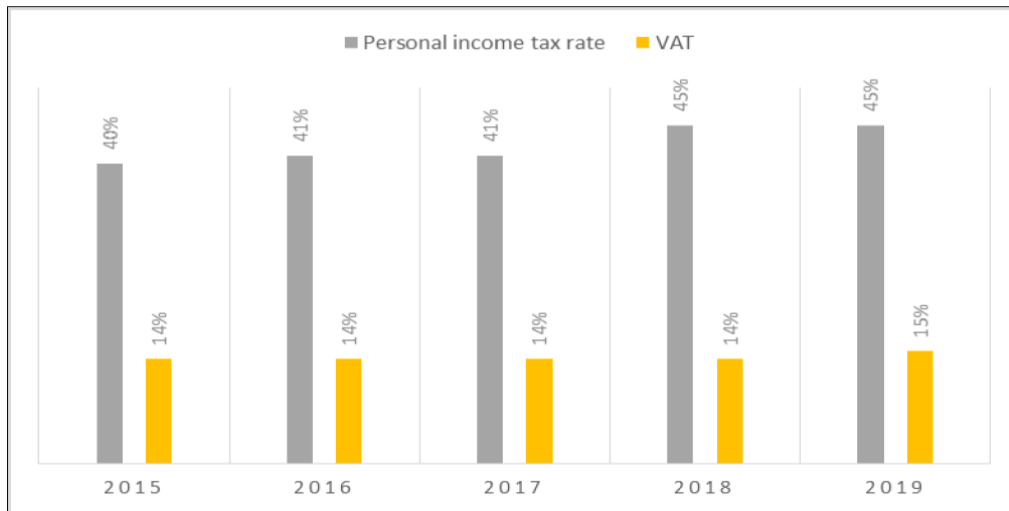


Figure 1: Personal Income Tax (PIT) and Value-Added Tax (VAT) during the assessment years of 2015 to 2019.
Source (Moolman and Jacobs, "The Financial Effect Of# Feesmustfall On Individual Taxpayers.")

Despite the upward adjustments in personal income tax, the South African government projected a significant revenue deficit of R48.2 billion for the 2018 assessment year.³² This reality underscores the intricate nature of maintaining fiscal stability in the face of policy commitments. Evidently, it takes a complex approach to manage the delicate balance between increasing revenue, promoting economic expansion, and making sure that important government programs are effectively funded. The changing fiscal landscape highlights the difficulties in managing public finances, distributing resources, and addressing the various requirements of a country. Resolving unforeseen financial difficulties necessitates a holistic understanding of revenue generation, expenditure, and the larger socio-economic backdrop as the government struggles to pay for education and other societal goals.

Effects of fee-free education on the financial stability of universities and colleges

Scholars have pointed out that implementing fee-free education policies has a range of effects on the financial stability of universities and colleges.³³ While these policies aim to make education more accessible and affordable for students, they have also presented challenges for institutions, especially in terms of funding and resource allocation.³⁴ Currently, South African institutions are grappling with severe financial strain due to reduced tuition revenue.³⁵ This has forced universities to rely more heavily on government funding, which is unpredictable and subject to budget cuts during economic downturns.³⁶

³⁰ Jayston Coomer, "This Is Who Is Paying South Africa's Tax.," Business Tech, 2017, <https://businesstech.co.za/news/finance/207631/this-is-who-is-paying-south-africas-tax/>.

³¹ Ferdie Schneider, "The Burden of the South African Taxpayer and Tax Freedom Day," 2017, <https://www.bdo.co.za/en-za/insights/2017/tax/the-burden-of-the-south-african-taxpayer-and-tax-freedom-day>.

³² National Treasury, *2018 Budget Highlights*.

³³ Dutywa, "Cost Implications of Fee-Free Education on Financial Performance of Selected Universities in Western Cape"; Gerald Wangenge-Ouma and Vincent Carpentier, "Subsidy, Tuition Fees and the Challenge of Financing Higher Education in South Africa," *Higher Education Pathways* 27 (2018); Sakhiseni J Yende, "Funding Opportunities and Challenges: A Case of South African Institutions of Higher Learning," *Journal of Public Administration* 56, no. 1 (2021): 70–79.

³⁴ Shukia, "Fee-Free Basic Education Policy Implementation in Tanzania: A 'Phenomenon' Worth Rethinking."

³⁵ E De Jager and E Bitzer, "The Views of Commerce Students Regarding 'Free' Higher Education in South Africa," *South African Journal of Higher Education* 32, no. 4 (2018): 12–36; D Bruce Johnstone, "Higher Education Finance and Accessibility: Tuition Fees and Student Loans in Sub-Saharan Africa.," in *Financing Higher Education* (Brill, 2006), 201–26.

³⁶ William R Doyle, Amberly B Dziesinski, and Jennifer A Delaney, "Modeling Volatility in Public Funding for Higher Education: An Analysis Using Propensity Forests," *Journal of Education Finance* 46, no. 4 (2021): 563–91; Temwa Moyo and Sioux McKenna, "Constraints on Improving Higher Education Teaching and Learning through Funding," *South African Journal of Science* 117, no. 1–2 (2021): 1–7; François van Schalkwyk, "Reflections on the Public University Sector and the Covid-19 Pandemic in South Africa," *Studies in Higher Education* 46, no. 1 (2021): 44–58.

The reduction of tuition fees has undoubtedly expanded access to education for a broader spectrum of students, addressing historical inequities.³⁷ However, the financial burden of subsidising education has shifted from students to institutions, which now face the complexities of managing their budgets under greater uncertainty.³⁸ The fluctuations in South African government funding can disrupt long-term planning and potentially hinder the maintenance of educational quality and infrastructure. The need for additional resources to accommodate increased enrolment, hire qualified faculty, and maintain facilities has become paramount.³⁹ Evidently, South African universities are pressed to optimise their existing resources, often resulting in difficult decisions about programme offerings, faculty compensation, and student support services. This has inadvertently impacted the overall quality of education and the institution's ability to foster an optimal learning environment.

The policy affected the overall job market and employability of graduates in South Africa

In the South African context, where issues of unemployment and skills development are significant challenges, fee-free education policies could potentially play a role in addressing these challenges.⁴⁰ However, fee-free education policies have exacerbated unemployment due to various factors such as market saturation, mismatched skills, and quality of education. Studies conducted by scholars point out that there has been a sudden increase in the number of graduates since the implementation of fee-free education, which has led to a saturated job market in certain fields, potentially resulting in higher competition for entry-level positions.⁴¹

Scholars point out that the sudden influx of graduates into the job market has resulted in market saturation, particularly in fields where demand for entry-level positions is limited.⁴² This oversupply of qualified candidates has led to increased competition for available jobs, making it challenging for graduates to secure employment commensurate with their qualifications. As a result, even candidates with advanced degrees might find themselves vying for positions that traditionally require lower levels of education.⁴³ Another significant challenge arising from fee-free education policies is the mismatch between the skills graduates possess and the skills demanded by employers.⁴⁴ Since the education system does not adequately align with the evolving needs of industries, graduates might lack the practical skills and experiences required by employers. This has led to graduates being perceived as inadequately prepared for the job market, impacting their employability, and potentially exacerbating the unemployment issue.⁴⁵ The study underscores the need for a multi-faceted approach to address the challenges arising from these policies and to better align education with the demands of the job market.

DISCUSSIONS

This article sought to discuss unforeseen financial constraints in South African higher education due to the fee-free education. This article has argued that the higher education system in South Africa has experienced significant changes since the end of apartheid in 1994. This is attributed to the demise of apartheid which marked

³⁷ Moyo and McKenna, "Constraints on Improving Higher Education Teaching and Learning through Funding."

³⁸ P T Ayuk and S B Koma, "Funding, Access and Quality Conundrum in South African Higher Education," *African Journal of Public Affairs* 11, no. 1 (2019): 176–95.

³⁹ Dutywa, "Cost Implications of Fee-Free Education on Financial Performance of Selected Universities in Western Cape"; Yende, "Funding Opportunities and Challenges: A Case of South African Institutions of Higher Learning."

⁴⁰ Saleem Badat, "Deciphering the Meanings, and Explaining the South African Higher Education Student Protests of 2015–16," *Pax Academica* 1, no. 1 (2016): 71–106; Mr Montfort Mlachila and Thalefang Moeletsi, "Struggling to Make the Grade: A Review of the Causes and Consequences of the Weak Outcomes of South Africa's Education System," 2019; Salim Vally, "The Education Crisis and the Struggle to Achieve Quality Public Education in South Africa," *Education as Change* 19, no. 2 (2015): 151–68.

⁴¹ Nico Cloete, "The Ideology of Free Higher Education in South Africa: The Poor, the Rich and the Missing Middle," *Kagisano 10: Student Funding*, 2016, 115–24; N E Yende and S J Yende, "Critical Analysis of the Impacts of Institutional Massification in Higher Education Using George Ritzer's Theory of McDonaldisation," in *SAAPAM Conference May*, 2019.

⁴² Belgin Okay-Somerville and Dora Scholarios, "Shades of Grey: Understanding Job Quality in Emerging Graduate Occupations," *Human Relations* 66, no. 4 (2013): 555–85; Fátima Suleman, "The Employability Skills of Higher Education Graduates: Insights into Conceptual Frameworks and Methodological Options," *Higher Education* 76 (2018): 263–78.

⁴³ Alexis Habiyaremye, Thomas Habanabakize, and Chijioke Nwosu, "Bridging the Labour Market Skills Gap to Tackle Youth Unemployment in South Africa," *The Economic and Labour Relations Review* 33, no. 4 (2022): 786–805; Suleman, "The Employability Skills of Higher Education Graduates: Insights into Conceptual Frameworks and Methodological Options."

⁴⁴ Nur Amalina Holidi and Noor Aslinda Abu Seman, "A Study of Employability Skills: From the Employers and Youth Perspectives," *Journal of International Business, Economics and Entrepreneurship* 8, no. 1 (2023): 64.

⁴⁵ Kim Baldry, "Graduate Unemployment in South Africa: Social Inequality Reproduced," *Journal of Education and Work* 29, no. 7 (2016): 788–812; Jiří Braňka, "Understanding the Potential Impact of Skills Recognition Systems on Labour Markets," *International Labour Organization (ILO)*, 2016; Nduvazi O Mabunda and Liezel Frick, "Factors That Influence the Employability of National Certificate (Vocational) Graduates: The Case of a Rural TVET College in the Eastern Cape Province, South Africa," *Journal of Vocational, Adult and Continuing Education and Training* 3, no. 1 (2020): 89–108.

a crucial turning point in the country's history, leading to efforts to address historical inequalities and disparities in education. It has also been highlighted that for historically marginalised people, especially Black South Africans, expanding access to higher education was one of the key objectives of the post-apartheid government. The reviewed studies in this article show that education was segregated along racial lines during the Apartheid era, and non-white communities had limited access. Consistent with earlier scholarly literature the findings of the article reveal policies that support inclusivity and equal access to education were created to address this.⁴⁶ Affirmative action and different scholarship programs were put in place to give people who had previously been marginalised opportunities.

The findings of this article show that there has been a trade-off between expanding access and maintaining educational quality aligned with international standards. The rapid expansion of higher education access led to challenges such as overcrowded classrooms, under-resourced institutions, and concerns about the overall quality of education. As the number of students increased, maintaining educational excellence became a complex task. The findings of this article highlight the concerns about the trend of rising education-related costs in South Africa. It was highlighted that these cost increases have a significant impact on families, students, and the overall accessibility of education, especially for those from disadvantaged backgrounds. The observations from StatsSA's survey in 2023 indicate that education fees have been increasing across various levels of education, surpassing the growth rates of previous years. This finding aligns with the supply and demand theory which argues that the interplay between the cost of education, demand for education, access, and the quality of education have a significant implication for individuals, households, and society. Effective policies and strategies are needed to ensure that education remains accessible and of high quality, while also addressing the economic pressures faced by households.

In line with supply and demand theory, the findings of this article point out that the removal of tuition fees has created an imbalance between the supply of education services and the demand from students.⁴⁷ This imbalance has led to financial difficulties for educational institutions, impacting their ability to provide quality education and maintain their operations effectively. Furthermore, the findings of this article reveal that the loss of revenue can strain institutions' budgets and financial stability. This can lead to challenges in paying faculty and staff, maintaining facilities, and providing support services. Again, the findings of the current article show policies in South Africa, particularly those related to higher education and the job market, have influenced the dynamics of the job market and the employability of graduates, aligning with the principles of supply and demand theory.

RECOMMENDATIONS

Based on the above findings, the following recommendations were made: Firstly, there is a need for the South African government to extensively focus on enhancing all aspects of the higher education system to address the trade-off between access and quality. This entails making investments in new facilities, faculty growth, increased research capability, and curriculum improvements, especially in developing universities. Additionally, more efforts must be made to foster collaboration between South African universities and international institutions, allowing for the exchange of knowledge and expertise. Secondly, addressing the issue of rising education costs requires a comprehensive and collaborative effort from various stakeholders, including the government, educational institutions, parents, and the private sector. This will be crucial to ensure that education remains accessible and of high quality for all segments of society. Thirdly, it is recommended that institutions and governments need to consider alternative funding mechanisms, efficient resource allocation, and strategies to ensure financial sustainability while still providing accessible education to students. It is important to find a balance between affordability and maintaining the quality of education. Lastly, it is recommended that to address the issue of oversupply of graduates, policymakers, educational institutions, and industries need to work together to ensure that higher education programmes are aligned with market demand and that graduates are equipped with the skills needed in the job market. This can involve curriculum adjustments, fostering skills that are in demand, and promoting entrepreneurship to create more job opportunities. A balanced approach to education, workforce planning, and economic growth is crucial to mitigate the negative effects of an oversupply of graduates.

⁴⁶ Branson, Leibbrandt, and Zuze, "What Are the Returns of Tertiary Education and Who Benefits?"; Keswell and Laura Poswell, "Returns to Education in South Africa: A Retrospective Sensitivity Analysis of the Available Evidence."

⁴⁷ Li and Madarász, "When Mandatory Disclosure Hurts: Expert Advice and Conflicting Interests."

CONCLUSION

The study demonstrates that while the adoption of fee-free education policies can revolutionize educational access, it's essential to prudently navigate the connected financial consequences. This ensures that educational institutions can sustain the delivery of high-quality education, thereby aiding the growth of a capable workforce and a prosperous society. The article underscores that fee-free education policies are often implemented with the aim of promoting equality and providing access to education for historically disadvantaged individuals. However, as the study suggests, achieving this equality comes with financial costs that need to be carefully considered. The article acknowledges the transformative potential of fee-free education policies. By eliminating financial barriers, more individuals, particularly those from disadvantaged backgrounds, can access higher education. This has the potential to contribute to a more inclusive and equitable society. The final analysis emphasizes the significance of striking a harmonious equilibrium between the transformative possibilities presented by fee-free education and the financial stability of educational institutions. It is imperative to develop effective policies and strategies that can effectively tackle challenges while optimizing the advantages.

Based on the study results and the analysis thereof, it can be concluded that the complexity of implementing fee-free education policies needs to be attended to. While these policies have the potential to bring about positive societal change and increased access to education, they must be implemented thoughtfully to avoid unintended negative consequences, such as financial strains on institutions. Finding this balance requires careful planning, collaboration between stakeholders, and a comprehensive understanding of the broader economic and educational landscape.

BIBLIOGRAPHY

- Ayuk, P T, and S B Koma. "Funding, Access and Quality Conundrum in South African Higher Education." *African Journal of Public Affairs* 11, no. 1 (2019): 176–95.
- Badat, Saleem. "Deciphering the Meanings, and Explaining the South African Higher Education Student Protests of 2015–16." *Pax Academica* 1, no. 1 (2016): 71–106.
- Baldry, Kim. "Graduate Unemployment in South Africa: Social Inequality Reproduced." *Journal of Education and Work* 29, no. 7 (2016): 788–812.
- Braňka, Jiří. "Understanding the Potential Impact of Skills Recognition Systems on Labour Markets." *International Labour Organization (ILO)*, 2016.
- Branson, Nicola, Murray Leibbrandt, and Tina L Zuze. "What Are the Returns of Tertiary Education and Who Benefits." *Responding to the Educational Needs of Post-School Youth, N. Cloete (Ed.), Centre for Higher Education Transformation*, 2009.
- Cloete, Nico. "The Ideology of Free Higher Education in South Africa: The Poor, the Rich and the Missing Middle." *Kagisano 10: Student Funding*, 2016, 115–24.
- Coomer, Jayston. "This Is Who Is Paying South Africa's Tax." *Business Tech*, 2017. <https://businesstech.co.za/news/finance/207631/this-is-who-is-paying-south-africas-tax/>.
- Doyle, William R, Amberly B Dziesinski, and Jennifer A Delaney. "Modeling Volatility in Public Funding for Higher Education: An Analysis Using Propensity Forests." *Journal of Education Finance* 46, no. 4 (2021): 563–91.
- Dutywa, Siyasanga Zinile. "Cost Implications of Fee-Free Education on Financial Performance of Selected Universities in Western Cape." *Cape Peninsula University of Technology*, 2022.
- Farber, Stephen C, Robert Costanza, and Matthew A Wilson. "Economic and Ecological Concepts for Valuing Ecosystem Services." *Ecological Economics* 41, no. 3 (2002): 375–92.
- Fataar, A. "Why the Fees Must Fall." *The Socialist Worker*. Accessed April 9 (2015): 2020. <https://socialistworker.org/2015/10/27/why-the-fees-must-fall>.
- Forman, Jane, and Laura Damschroder. "Qualitative Content Analysis." In *Empirical Methods for Bioethics: A Primer*, 39–62. Emerald Group Publishing Limited, 2007.
- Gölpek, Filiz. "Price of Higher Education and Individual Demand." *Procedia-Social and Behavioral Sciences* 41 (2012): 349–56.
- Habiyaremye, Alexis, Thomas Habanabakize, and Chijioke Nwosu. "Bridging the Labour Market Skills Gap to Tackle Youth Unemployment in South Africa." *The Economic and Labour Relations Review* 33, no. 4 (2022): 786–805.
- Heher, J A, G Ally, and L T Khumalo. "Interim Report of the Commission into the Feasibility of Fee-Free Higher Education and Training." *Commission of Inquiry into Higher Education and Training*. Pretoria, 2016.
- Holidi, Nur Amalina, and Noor Aslinda Abu Seman. "A Study of Employability Skills: From the Employers and Youth Perspectives." *Journal of International Business, Economics and Entrepreneurship* 8, no. 1

(2023): 64.

- IIEP Policy Brief. "Finding Solutions for Sustainable Financing of Tertiary Education in Small States. Tertiary Education in Small States No. 2 International Institute for Education and Planning." *Nations Educational Scientific and Cultural Organisation*, 2010.
<https://www.iiep.unesco.org/sites/default/files/policybrief2.pdf>.
- Jager, E De, and E Bitzer. "The Views of Commerce Students Regarding 'Free' Higher Education in South Africa." *South African Journal of Higher Education* 32, no. 4 (2018): 12–36.
- Johnstone, D Bruce. "Higher Education Finance and Accessibility: Tuition Fees and Student Loans in Sub-Saharan Africa." In *Financing Higher Education*, 201–26. Brill, 2006.
- Keswell, Malcolm, and Laura Poswell. "Returns to Education in South Africa: A Retrospective Sensitivity Analysis of the Available Evidence." *South African Journal of Economics* 72, no. 4 (2004): 834–60.
- Langa, Patrício, Gerald Wangenge-Ouma, Jens Jungblut, and Nico Cloete. "Africa: South Africa and the Illusion of Free Higher Education: University World News, 26 February 2016, Issue 402." *Understanding Global Higher Education: Insights from Key Global Publications*, 2017, 61–66.
- Li, Ming, and Kristóf Madarász. "When Mandatory Disclosure Hurts: Expert Advice and Conflicting Interests." *Journal of Economic Theory* 139, no. 1 (2008): 47–74.
- Mabunda, Nduvazi O, and Liezel Frick. "Factors That Influence the Employability of National Certificate (Vocational) Graduates: The Case of a Rural TVET College in the Eastern Cape Province, South Africa." *Journal of Vocational, Adult and Continuing Education and Training* 3, no. 1 (2020): 89–108.
- Mihas, Paul. "Qualitative Data Analysis." In *Oxford Research Encyclopedia of Education*, 2019.
- Mlachila, Mr Montfort, and Tlhalefang Moeletsi. "Struggling to Make the Grade: A Review of the Causes and Consequences of the Weak Outcomes of South Africa's Education System," 2019.
- Mngomezulu, Samukelisiwe, Rubby Dhunpath, and Nicholas Munro. "Does Financial Assistance Undermine Academic Success? Experiences of 'at Risk' students in a South African University." *Journal of Education (University of KwaZulu-Natal)*, no. 68 (2017): 131–48.
- Moolman, Anneke Maré, and Lerike Jacobs. "The Financial Effect Of# Feesmustfall On Individual Taxpayers." *International Journal Of Economics And Finance Studies* 11, no. 1 (2019): 17–32.
- Motala, Shireen. "Introduction-Part III Achieving 'free Education' for the Poor-a Realisable Goal in 2018?" *Journal of Education (University of KwaZulu-Natal)*, no. 68 (2017): 15–29.
- Moyo, Temwa, and Sioux McKenna. "Constraints on Improving Higher Education Teaching and Learning through Funding." *South African Journal of Science* 117, no. 1–2 (2021): 1–7.
- National Planning Commission. *National Development Plan 2030 – Executive Summary*, 2011.
http://www.gov.za/sites/www.gov.za/files/Executive_SummaryNDP_2030_-_Our_future_-_make_it_work.pdf.
- National Treasury. *2018 Budget Highlights*. National Treasury, 2018.
https://www.treasury.gov.za/documents/national_budget/2018/sars/budget_2018_highlights.pdf.
- . *2018 Budget Review*. National Treasury, 2018.
https://www.treasury.gov.za/documents/national_budget/2018/review/fullbr.pdf.
- National Treasury, and South African Revenue Service. *Tax Stats 2017*. National Treasury & SARS, 2017.
<https://www.sars.gov.za/wp-content/uploads/Docs/TaxStats/2017/Tax-Stats-2017-Publication.pdf>.
- News101. "Estimated R460 Million Cost of Damage during #FeesMustFall Protest." *News101*, 2016.
- Okay-Somerville, Belgin, and Dora Scholarios. "Shades of Grey: Understanding Job Quality in Emerging Graduate Occupations." *Human Relations* 66, no. 4 (2013): 555–85.
- Pinheiro, Rómulo, Timo Aarrevaara, Laila Nordstrand Berg, Tatiana Fumasoli, Lars Geschwind, Hanne Foss Hansen, Helge Hernes, Jussi Kivistö, Jonas Krog Lind, and Anu Lyytinen. "Nordic Higher Education in Flux: System Evolution and Reform Trajectories." *Reforms, Organizational Change and Performance in Higher Education: A Comparative Account from the Nordic Countries*, 2019, 69–108.
- Pranevičienė, Birutė, Aurelija Pūraitė, Violeta Vasiliauskienė, and Žaneta Simanavičienė. "Comparative Analysis of Financing Models of Higher Education." In *Society. Integration. Education. Proceedings of the International Scientific Conference*, 4:330–41, 2017.
- Roodt, Dawie. "South Africans Should Be Worried." *Daily Investor*, March 4, 2023.
<https://dailyinvestor.com/south-africa/10361/south-africans-should-be-worried/>.
- Schalkwyk, François van. "Reflections on the Public University Sector and the Covid-19 Pandemic in South Africa." *Studies in Higher Education* 46, no. 1 (2021): 44–58.
- Schneider, Ferdie. "The Burden of the South African Taxpayer and Tax Freedom Day," 2017.
<https://www.bdo.co.za/en-za/insights/2017/tax/the-burden-of-the-south-african-taxpayer-and-tax-freedom-day>.

- Shabir, Ghulam, Ghulam Safdar, and Muhammad Imran. "Higher Education and Its Importance for Citizen: A Comparative Analysis of UK and USA." *Higher Education* 4, no. 25 (2014).
- Shukia, Richard. "Fee-Free Basic Education Policy Implementation in Tanzania: A 'Phenomenon' Worth Rethinking." *Huria: Journal of the Open University of Tanzania* 27, no. 1 (2020).
- South African Institute of Race Relations. "South Africa Survey 2016: Education." South African Institute of Race Relations, 2016. <http://irr.org.za/reports-and-publications/south-africa-survey/south-africa-survey-2016>.
- Statistics South Africa. "Inflation Rises for a Second Consecutive Month as Food Prices Bite." StatsSA, 2023. <https://www.statssa.gov.za/?p=16254>.
- Suleman, Fátima. "The Employability Skills of Higher Education Graduates: Insights into Conceptual Frameworks and Methodological Options." *Higher Education* 76 (2018): 263–78.
- Teixeira, Pedro Nuno, and Jung Cheol Shin. *The International Encyclopedia of Higher Education Systems and Institutions*. Springer, 2020.
- Vally, Salim. "The Education Crisis and the Struggle to Achieve Quality Public Education in South Africa." *Education as Change* 19, no. 2 (2015): 151–68.
- Wangenge-Ouma, Gerald, and Vincent Carpentier. "Subsidy, Tuition Fees and the Challenge of Financing Higher Education in South Africa." *Higher Education Pathways* 27 (2018).
- Wilkins, Stephen, Farshid Shams, and Jeroen Huisman. "The Decision-Making and Changing Behavioural Dynamics of Potential Higher Education Students: The Impacts of Increasing Tuition Fees in England." *Educational Studies* 39, no. 2 (2013): 125–41.
- Yende, N E, and S J Yende. "Critical Analysis of the Impacts of Institutional Massification in Higher Education Using George Ritzer's Theory of McDonaldisation." In *SAAPAM Conference May, 2019*.
- Yende, Sakhiseni J. "Funding Opportunities and Challenges: A Case of South African Institutions of Higher Learning." *Journal of Public Administration* 56, no. 1 (2021): 70–79.
- Zanten, Marie-Louise Van. "Tax Collecting Practices: A Comparison between Antiquity and the Modern Age." University of Pretoria, 2016.

ABOUT AUTHORS

Dr. Sakhiseni Joseph Yende is an emerging distinguished young scholar currently affiliated with the University of Western Cape in South Africa, where he serves as a postdoctoral fellow in the Department of African Language Studies within the Forensic Linguistics and Multilingualism division. His academic trajectory has been marked by remarkable achievements and substantial contributions to various aspects of the performing arts, with a particular emphasis on opera.

Zama Mabel Mthombeni is the Chief Researcher in Equitable Education & Economies, Human Sciences Research Council, Durban, South Africa. She is also a PHD Candidate Development studies, School of Built Environmental Studies, University of Kwazulu-Natal, South Africa. Her core research focus is on higher education policy and governance; African Philosophy, Social Justice and Inclusive Education, and Transformative Education (Recolonization, Africanization). She is building her expertise in African, International and Comparative Higher Education and Scholarship.