

# Is government's free tertiary education plan realistic?

During his 2018 national budget speech on 21 February, former Finance Minister Malusi Gigaba announced that the government would invest R57bn in free tertiary education. This is to help those from households with a combined income of under R350,000 per annum to study further and secure better futures for themselves.



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## Support for the plan

While the South African Institute of Professional Accountants (SAIPA) fully supports assistance to enable higher education, measures must be implemented to ensure the country benefits from this substantial investment. This is according to Ettiene Retief, chairman of the National Tax and South African Revenue Service (Sars) Committee at SAIPA.

“Yes, we need to assist those who aspire to be more but find themselves bound to a lower income group,” he states. “However, according to the then Finance Minister, this will be the fastest growing expense line item in our budget year on year, and several shortcomings need to be addressed.” The allocation is expected to see an average annual growth of 13.7%.

## No correlation with skills shortage

South Africa suffers from a shortage of specific skills and would do well to direct funding to the degrees that will give it an economic advantage. “We should provide guidance to steer the youth as merely obtaining a degree will not guarantee a job or ensure an economic return on investment,” says Retief. Free degrees should be used as an incentive for young people to follow valued career paths.

## No skills retention plan

After completing their studies, graduates are under no obligation to remain in South Africa. “If they use their degree as an entry qualification to another country,” says Retief, “we immediately lose the benefits of free education.” Some professions require a period of practical application, like doctors serving in state hospitals, and Retief suggests that a similar requirement should be made of free degree holders.

There is no indication of a limit to the amount of time a student may spend on their degree. According to Retief, study credits may remain valid for up to 10 years. “When a person pays tuition or gets a student loan, there is some urgency in completing the degree, but if funding is unlimited the student can take 10 years to complete a three-year degree”. “Also, how do we ensure that the person will even obtain their degree after spending years at university”. Free degrees should, therefore, be time restricted.

Also, higher-education institutions have limited capacity, and can only accommodate a limited number of students.

## **Lower appreciation**

It’s a well-established fact backed by much research that when people get something for free, their appreciation of its value is much lower than if they had to pay for it themselves, even if they only make a small investment. “While free tertiary education is commendable,” says Retief, “the learner should make some investment themselves. This will give students ownership of their studies and the perseverance to achieve their goals.”

Overall, Retief contends that the government should only implement free tertiary education with comprehensive guidelines and limitations. “Rather than announcing an arbitrary figure, they need to provide details on how the plan will be implemented and how it will achieve its aim of developing the skills the country needs.”

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