proteus

Provincial Financial Analysis 2026

The Structural Trap

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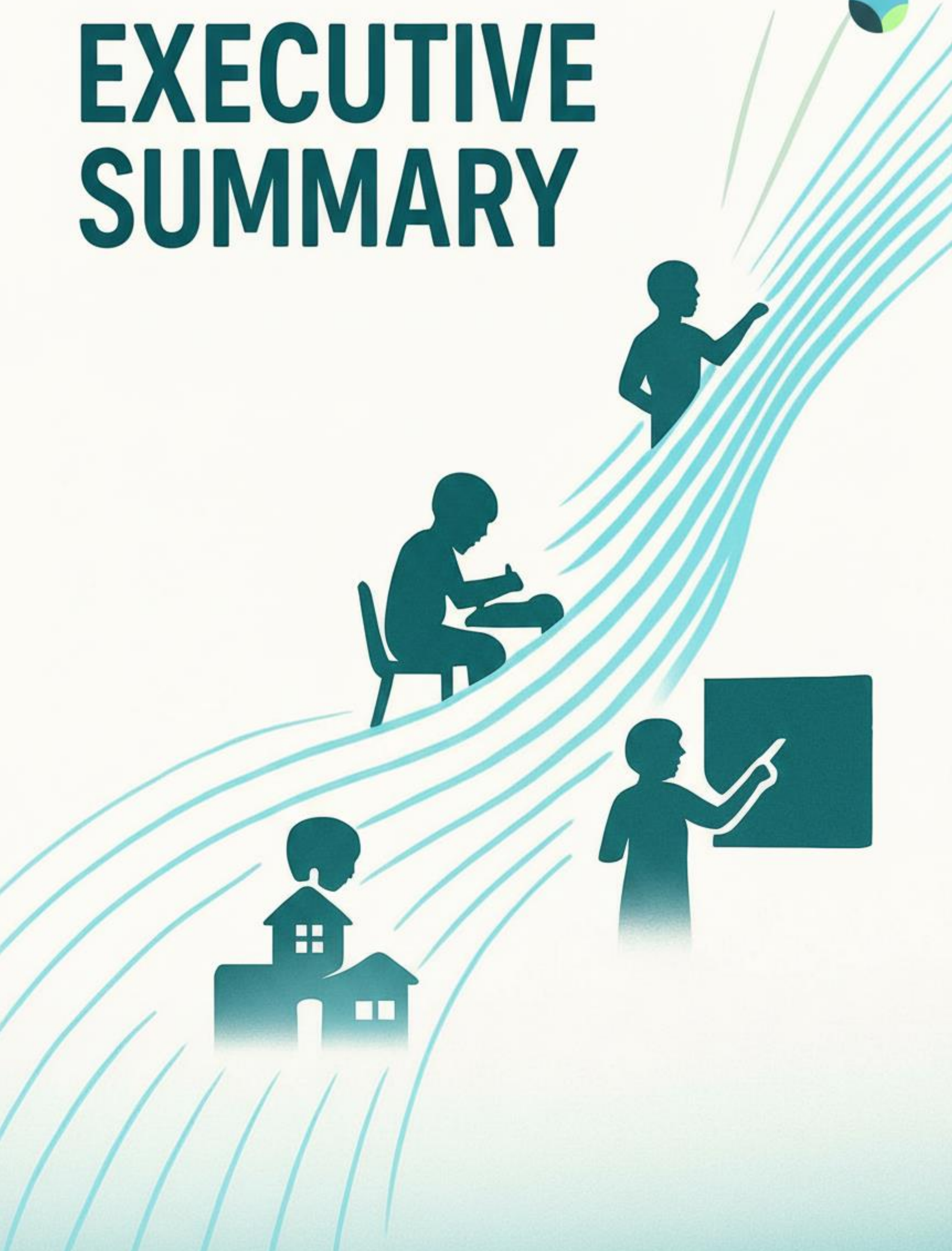
Table of Acronyms

Acronym	Full Term
BELA	Basic Education Law Amendment
CPI	Consumer Price Index
ECCE	Early Childhood Care and Education
ECD	Early Childhood Development
EC	Eastern Cape
FS	Free State
GP	Gauteng Province
GNU	Government of National Unity
KZN	KwaZulu-Natal
LP	Limpopo
MP	Mpumalanga
NC	Northern Cape
NSC	National Senior Certificate
NW	North West
PES	Provincial Equitable Share
POSE	Public Ordinary School Education
PPP / PPPs	Public-Private Partnership(s)
PSCBC	Public Service Coordinating Bargaining Council
WC	Western Cape

EXECUTIVE SUMMARY



1. Executive Summary

1.1 Overview

This report presents a comparative analysis of the financial health and spending patterns of South Africa's provincial education departments over the 2023–2025 period. It examines how provinces allocate and manage education budgets within an increasingly constrained fiscal environment, with a focus on Public Ordinary School Education (POSE), Early Childhood Development (ECD), and primary and secondary schooling.

The analysis highlights the growing impact of macro-fiscal pressures, including rising debt-service costs, slow economic growth, and sustained increases in public sector wages. These factors have significantly limited real growth in provincial education budgets, with most provinces experiencing stagnation or decline in inflation-adjusted spending despite rising demand for education services.

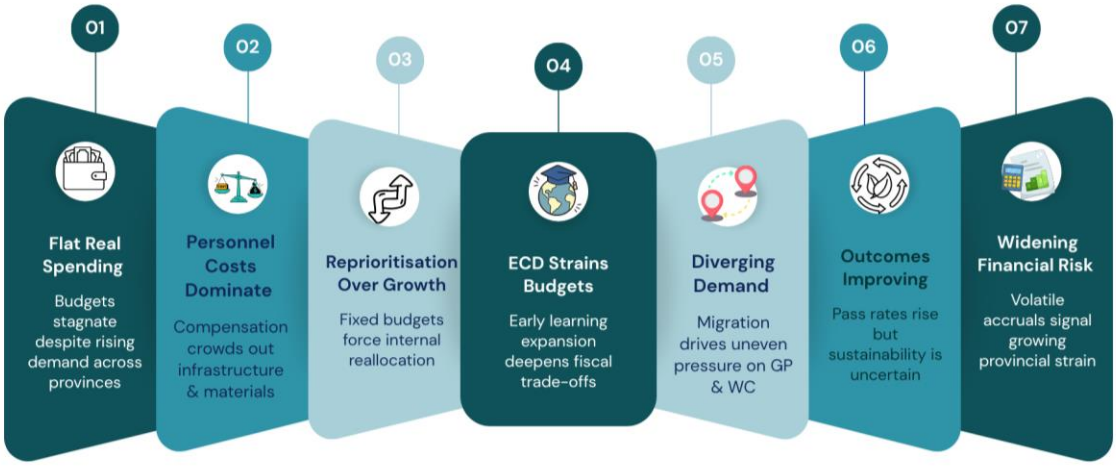
A key structural feature of the system remains the dominance of personnel expenditure, with approximately 70–80% of provincial education budgets allocated to compensation of employees. This limits fiscal flexibility and constrains investment in infrastructure, learning materials, and programme expansion. At the same time, policy priorities such as the expansion of Early Childhood Development (including Grade R) are introducing additional cost pressures within already constrained budgets.

Across provinces, spending trends show increasing convergence toward real-term compression rather than growth. While nominal budgets have increased, these gains are largely absorbed by inflation and wage pressures, resulting in limited improvements in service delivery capacity. Provinces are therefore increasingly required to reprioritise within fixed budgets rather than expand overall investment.

Despite these constraints, educational outcomes—particularly NSC pass rates—have shown improvement across most provinces, suggesting short-term efficiency gains. However, the sustainability of these improvements remains uncertain in the context of persistent fiscal pressure and rising system demand.

Overall, the report highlights a system under strain, where the central challenge is no longer only the level of funding, but the sustainability, flexibility, and efficiency of how resources are allocated and managed across provinces.

1.2 Key takeaways



- Provincial education systems are operating under sustained fiscal constraint
  Real-term spending is largely flat or declining across provinces, limiting the system's ability to expand despite rising demand.
- Personnel costs are the dominant structural pressure
  The high share of budgets allocated to compensation continues to crowd out spending on infrastructure, materials, and system improvements.
- Budgets are being reprioritised rather than expanded
  Provinces are increasingly reallocating within fixed budgets, reflecting a shift from growth to constrained resource management.
- ECD expansion is intensifying fiscal trade-offs
  While early learning remains a policy priority, its expansion is placing additional pressure on already constrained provincial budgets.
- Demand pressures are diverging across provinces
  Migration-driven growth in provinces such as Gauteng and Western Cape is increasing strain on infrastructure and resources.
- Educational outcomes are improving despite constraints
  Rising pass rates suggest short-term efficiency gains, but their sustainability under continued fiscal pressure is uncertain.
- Financial risks are becoming more widespread
  Rising and volatile accruals indicate increasing financial strain across a broader set of provinces.

METHODOLOGY

2. Methodology

This report employs a quantitative approach to analyse the financial health of South Africa's provincial departments of education over the 2023–2025 period. The methodology focuses on the collection and analysis of financial and performance data to assess spending trends, resource allocation, and emerging fiscal pressures across provinces within a constrained budget environment.

2.1 Data Collection

- Budgetary Data:
  The primary data source for this analysis is provincial Departments of Education Annual Reports (2023–2025), which provide detailed information on budget allocations and expenditure across key categories, including Public Ordinary School Education (POSE), Early Childhood Development (ECD), and primary and secondary schooling. These were supplemented by National Treasury budget documents, including the 2025 Budget Review and 2026 budget signals, to contextualise provincial trends within the broader fiscal environment.
- Inflation Adjustments:
  To ensure comparability over time, all expenditure data was adjusted for inflation using the South African Reserve Bank's Consumer Price Index (CPI). This allows the analysis to reflect real (inflation-adjusted) spending trends, rather than nominal increases driven by price changes.
- Wage Bill Data:
  Data on public sector wage agreements were sourced from the Public Service Coordinating Bargaining Council (PSCBC) and relevant budget documents. This was used to assess the impact of compensation increases on provincial education budgets, particularly given the high share of spending allocated to personnel.
- ECD Policy and Expansion Data:
  Information on Early Childhood Development expansion, including Grade R prioritisation, was drawn from Department of Basic Education policy documents and recent budget statements. This supports analysis of emerging cost pressures associated with early learning expansion.
- Educational Outcomes and Enrolment Data:
  Data on enrolment trends (ECCE, primary, and secondary) and NSC pass rates were sourced from provincial reports and national education datasets. These indicators are used to assess system demand and performance alongside financial inputs.

2.2.1 Comparative Provincial Analysis

- Provincial Budget Allocation (POSE):
  The analysis examines POSE spending across all nine provinces over the 2023–2025 period. Trends are assessed in both nominal and real terms to understand whether increases in funding translate into real growth in spending capacity. Provincial differences are analysed in relation to population size, enrolment demand, and structural budget constraints.
- Early Childhood Development (ECD)
  The report compares real per-child spending on ECD across provinces. This is particularly relevant given the growing policy emphasis on early learning and Grade R expansion. The

analysis focuses on identifying disparities in investment levels, as well as the stability of funding over time.

- **Primary and Secondary Education:**
  Education spending is disaggregated into primary (Grades R–7) and secondary (Grades 8–12) phases. Per-learner spending is analysed relative to enrolment trends to assess how resources are distributed across phases. This allows for identification of areas where spending pressures are most pronounced, particularly in relation to shifting demand and fiscal constraints.
- **Real vs Nominal Spending:**
  The analysis compares nominal and inflation-adjusted spending to assess the real value of education budgets over time. This distinction is critical in the current fiscal context, where nominal increases are often absorbed by inflation and wage pressures. The analysis highlights the extent to which provinces are experiencing real growth, stagnation, or decline.
- **Educational Outcomes Analysis:**
  The study examines trends in NSC pass rates across provinces and compares these with spending patterns. This allows for an assessment of whether improvements in outcomes are aligned with financial inputs, and whether gains may be attributed to efficiency rather than increased investment.
- **Enrolment Trends:**
  Enrolment data across ECCE, primary, and secondary levels is analysed to identify demand pressures and demographic shifts. Particular attention is given to migration-driven changes in enrolment across provinces and their implications for resource allocation.
- **Accruals Analysis:**
  Accruals are analysed as a key indicator of financial health and sustainability. The study examines trends in unpaid obligations across provinces to assess financial pressure, cash flow constraints, and emerging risks. Accrual patterns are used to identify provinces under increasing financial strain and to evaluate the stability of provincial financial management systems.

2.2.2 Synthesis and Reporting

- **Comparative Reporting:**
  A comparative approach was used to assess provincial spending patterns and their implications for educational outcomes. Key findings were synthesised into visualisations, including line graphs and comparative charts, to illustrate trends in expenditure, enrolment, and performance across provinces. These were designed to provide a clear and accessible view of how financial constraints and demand pressures are shaping the education system.
- **Recommendations:**
  Based on the findings, recommendations were developed to address emerging fiscal constraints and disparities in resource allocation. These focus on improving budget efficiency, strengthening ECD investment, managing enrolment pressures, and enhancing the sustainability of provincial education systems within a constrained fiscal environment.

2.2.3 Limitations

- Data Availability Constraints:
  The analysis is based on the most recent available provincial annual reports. At the time of analysis, the Eastern Cape Department of Education Annual Report for 2025 had not yet been released, and therefore 2025 data for Eastern Cape is not included. This limits full comparability across provinces for the 2025 period.
- Exclusion of Qualitative Factors:
  The analysis focuses primarily on quantitative indicators, such as financial allocations, per-learner spending, and enrolment trends. It does not fully capture qualitative factors such as teaching quality, governance, or socio-economic conditions, which may influence educational outcomes.
- Impact of External Factors:
  Broader economic and political factors, including fiscal policy changes, economic growth constraints, and external shocks, may influence education spending but are not fully captured in the dataset.
- Short-Term Time Horizon:
  The analysis covers a three-year period (2023–2025), which allows for assessment of recent trends but does not capture longer-term structural changes or historical funding dynamics.

3. Financial Context

South Africa's basic education system operates within a constrained fiscal environment shaped by slow economic growth, rising public debt, and increasing pressures on public expenditure. The 2025 National Budget provides insight into the fiscal conditions under which education spending is determined. While education remains a central component of government spending, broader fiscal pressures limit the extent to which allocations to the sector can increase in real terms (National Treasury, 2025).

A key feature of the national fiscal environment is the rising cost of debt-service payments. According to the 2025 Budget Review, government debt-service costs are projected to reach approximately R389.6 billion in 2025/26, making interest payments one of the largest expenditure items in the national budget. This amount exceeds spending on basic education (approximately R332 billion) and is approaching the scale of total education-related expenditure, which is around R508.7 billion. The growing cost of servicing public debt therefore places significant pressure on government finances and reduces the fiscal space available for service delivery in sectors such as education, health, and infrastructure (National Treasury, 2025).

Preliminary indications from the 2026 budget reinforce this trend, with debt-service costs remaining elevated and continuing to crowd out discretionary spending. This suggests that fiscal constraints on social sectors, including education, are likely to persist over the medium term (National Treasury, 2026).

Education funding in South Africa is largely administered at the provincial level, where provincial education departments are responsible for school operations, teacher employment, and infrastructure development. Education typically represents the largest expenditure category in provincial budgets, reflecting the scale of the school system and the labour-intensive nature of education service delivery (National Treasury, 2025).

A defining structural characteristic of education spending is the dominance of compensation of employees, particularly teacher salaries. In many provinces, between 70 % and 80 % of education budgets are allocated to personnel costs, leaving limited fiscal space for infrastructure development, learning materials, and programme expansion. As a result, changes in public sector wage agreements have significant implications for provincial education budgets (Department of Basic Education, 2024; National Treasury, 2025).

Recent public sector wage agreements continue to shape the financial context of the education sector. A two-year agreement negotiated through the Public Service Coordinating Bargaining Council (PSCBC) in 2023 introduced a 7.5 % salary increase for public servants in 2023/24, followed by an inflation-linked adjustment for 2024/25. A new wage agreement concluded in 2025 provides a 5.5 % salary increase for the 2025/26 financial year, with further adjustments for 2026/27 and 2027/28 linked to inflation. Because teachers make up a substantial share of the public service workforce, these agreements have direct implications for provincial education spending and contribute to the large share of education budgets allocated to compensation of employees (PSCBC, 2023; PSCBC, 2025).

The 2026 budget further highlights the sustained pressure from compensation costs, with additional allocations made to provinces to cover wage-related carry-through costs. While these allocations support fiscal stability in the short term, they reinforce the structural rigidity of education budgets, limiting the scope for reallocating resources toward infrastructure and programme expansion (National Treasury, 2026; Parliament of South Africa, 2026).

The broader political and fiscal context has also influenced the budget environment. Following the formation of South Africa's Government of National Unity (GNU) after the 2024 general election, fiscal policy has increasingly reflected coalition negotiations. The 2025 budget process illustrated these dynamics, particularly through debates around proposed revenue measures. These developments highlight the complex political environment in which fiscal decisions are made and may affect the government's ability to introduce new revenue measures to support public spending (National Treasury, 2025; Parliament of South Africa, 2025).

Despite fiscal constraints, government spending continues to prioritise the "social wage", which includes education, health services, social grants, housing, and municipal services. These programmes remain central to government efforts to address poverty and inequality. Education therefore continues to receive a substantial share of public expenditure, although the pace of growth in education funding remains constrained by broader fiscal pressures (National Treasury, 2025).

Recent budget signals also indicate a growing policy emphasis on Early Childhood Development (ECD), including the expansion of access to Grade R and pre-Grade R programmes. While this reflects a strategic shift toward strengthening foundational learning, it introduces additional funding pressures within an already constrained fiscal environment. Provinces will need to accommodate this expansion alongside existing obligations, potentially intensifying trade-offs within education budgets (National Treasury, 2026; Department of Basic Education, 2025).

Taken together, these dynamics create a challenging financial environment for the education sector. While education remains a priority within public spending, rising debt-service costs, increasing personnel expenditure, and limited fiscal space constrain the ability of provinces to significantly expand education budgets. Provincial education departments must therefore balance the rising cost of personnel with ongoing demands for infrastructure investment, learning resources, and improvements in education quality. These pressures point not only to the need for improved efficiency within the current system, but also to consideration of alternative models of resource allocation and service delivery over the medium term.

Looking ahead, the 2026 fiscal outlook suggests that these structural constraints are likely to persist. As a result, the key challenge for provincial education systems is not only the level of funding available, but the sustainability and flexibility of spending within an increasingly constrained fiscal environment (National Treasury, 2026).

PROVINCIAL COMPARATIVE ANALYSIS

4. Provincial Comparative Analysis

4.1 Provincial Equitable Share and Education Budget Allocation

The Provincial Equitable Share (PES) remains the primary mechanism for allocating nationally raised revenue to provinces, with education continuing to account for the largest share at approximately 48%. Allocations are determined by population size, socio-economic factors, and school enrolment, ensuring that provinces with larger learner populations receive a greater share of funding.

Over the 2023–2025 period, however, the impact of the PES is increasingly constrained by broader fiscal pressures. While allocations are updated annually to reflect demographic and enrolment shifts, real growth in education funding remains limited. In practice, provincial flexibility is further restricted by the dominance of personnel expenditure, which absorbs the majority of education budgets.

This dynamic is reinforced by recent budget trends, where increases in allocations are largely absorbed by wage-related costs, rather than enabling expansion in infrastructure, learning materials, or programme delivery. As a result, provinces are increasingly required to reallocate within existing budgets to meet competing demands, including growing enrolment in some regions and the expansion of Early Childhood Development.

Although conditional grants continue to support targeted priorities such as infrastructure and ECD, provinces are largely required to manage rising cost pressures within fixed or slowly growing budgets. The PES system therefore continues to enable equitable distribution, but within an environment of increasing fiscal constraint and limited spending flexibility.

This pattern is also reflected at the provincial level. For example, the Western Cape Department of Education has indicated that education is now the single largest expenditure item in the provincial budget (Western Cape Government, 2026 Budget Speech). This is not unique to the Western Cape. Across provinces, education consistently accounts for the largest share of provincial expenditure, driven primarily by personnel costs. Larger systems such as Gauteng and KwaZulu-Natal allocate the highest absolute spending to education, reflecting both scale and demand pressures, while smaller provinces allocate a similarly high proportion of their budgets despite more limited fiscal capacity. This reinforces the structural position of education within provincial budgets: it is both a protected priority and a major source of fiscal pressure, with limited flexibility to absorb additional costs without trade-offs in other areas.

4.2. Provincial Comparative Trends

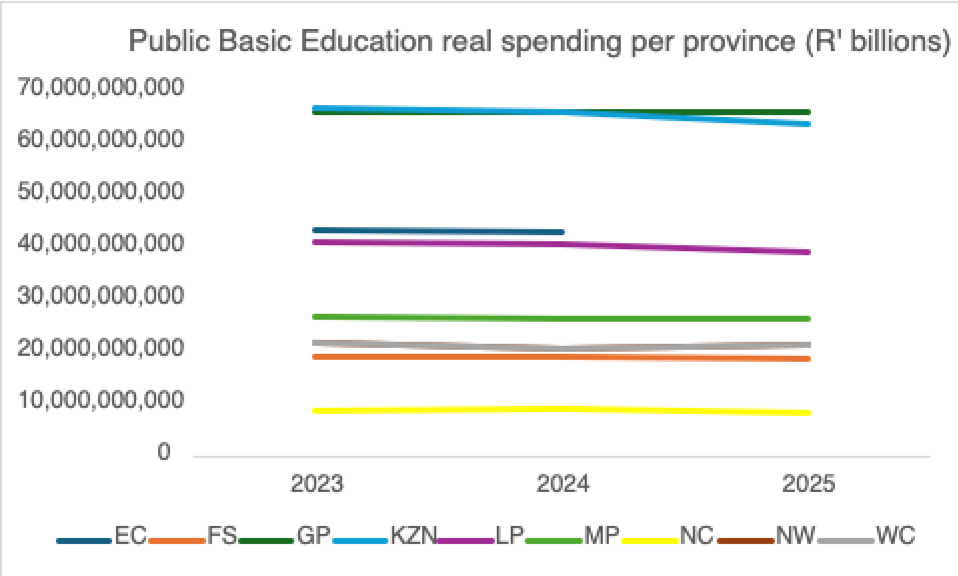
Table 1: Provincial Comparative Trends

Public Ordinary School Education (POSE)	Early Childhood Development (ECD)	Primary Schooling	Secondary Schooling	NSC Pass Rates
POSE remains the largest component of provincial education budgets across all provinces. Spending between 2023 and 2025 shows stagnation rather than expansion, reflecting constrained fiscal space. Larger systems such as Gauteng and KwaZulu-Natal continue to dominate in absolute terms, aligned with population size and demand.	ECD spending shows uneven investment across provinces, with high variability in per-child funding. While provinces such as Gauteng and Western Cape maintain higher spending levels, others, particularly Limpopo, remain significantly lower. Increasing policy focus, including Grade R expansion, is introducing additional fiscal pressure within constrained budgets.	Primary education spending per learner remains relatively stable across provinces, with modest fluctuations over the period. This suggests that primary schooling is relatively protected within provincial budgets, although there is limited real growth. Declining or flat trends in some provinces indicate increasing pressure on per-learner resources over time.	Secondary education shows more consistent downward pressure in real per-learner spending across most provinces. Declines in provinces such as Gauteng and KwaZulu-Natal highlight increasing fiscal trade-offs. This suggests that secondary schooling is more exposed to budget compression, with potential implications for quality if trends persist.	NSC pass rates show strong improvement across all provinces between 2023 and 2025, including significant gains in historically lower-performing provinces. While this reflects short-term efficiency gains, the divergence between improving outcomes and constrained spending raises questions about the sustainability of these gains over time.

4.3 Real vs Nominal Budget Trends per Province (2023–2025)

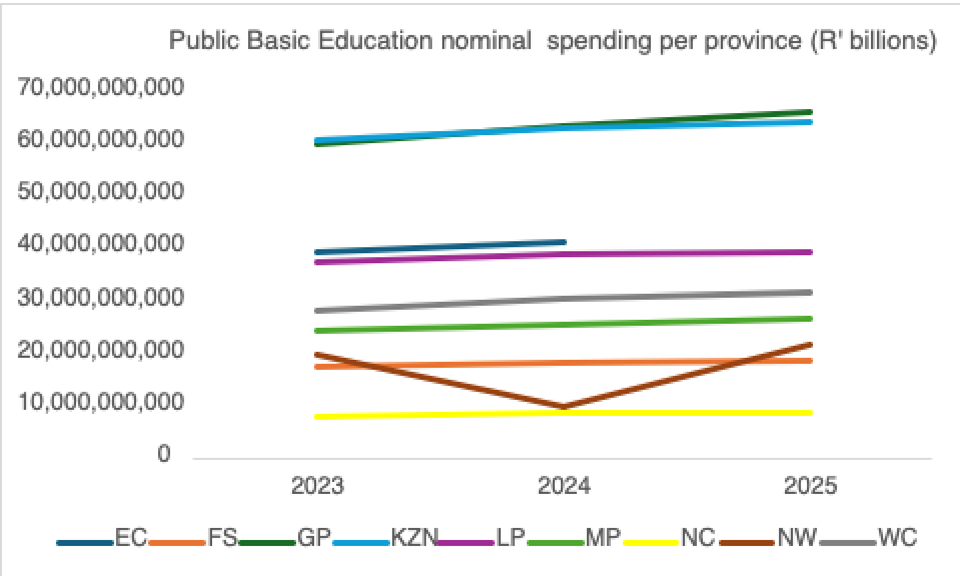
Provincial spending trends between 2023 and 2025 reflect a system operating under tight and persistent fiscal constraint, as outlined in the broader financial context. While nominal allocations have increased across most provinces, real spending trends show limited growth, stagnation, or decline, indicating that additional funding is largely absorbed by rising costs rather than expanding service delivery.

Figure 1: Public Basic Education real spending per province (R'billions)



Source: Department of education annual reports (2023-2025)

Figure 1.1: Public Basic Education nominal spending per province (R'billions)



Source: Department of education annual reports (2023-2025)

Real spending trends confirm that most provinces are not experiencing meaningful expansion in real terms. KwaZulu-Natal shows the most pronounced decline, decreasing from R66.6 billion in 2023 to R63.7 billion in 2025, while Limpopo also contracts over the period. The Free State reflects a modest decline, and Eastern Cape shows relative stability without clear growth. Gauteng and the Western Cape, despite maintaining the highest spending levels, exhibit flat real trends, **indicating that increases in nominal allocations are not translating into increased purchasing power.**

In contrast, nominal spending shows consistent upward trends across most provinces, including Gauteng, KwaZulu-Natal, Limpopo, and Mpumalanga. This divergence between nominal and real spending reflects the structural dynamics highlighted in the fiscal context, where inflation and rising compensation costs absorb budget increases, limiting the scope for expanding investment.

These patterns are consistent with the broader budget environment, where debt-service costs and wage bill pressures are crowding out discretionary spending, and where 70–80% of provincial education budgets are allocated to personnel. However, this raises a critical structural challenge for the system. While compensation costs are the primary driver of budget rigidity, they are also central to education delivery.

This creates a complex policy tension that cannot be resolved through simple budget adjustments. It raises a set of fundamental system questions: how should provinces manage the rising cost of employment without undermining service delivery? How can teacher quality be improved within a constrained wage bill? To what extent are issues such as teacher absenteeism and underperformance contributing to inefficiencies in spending? And how should learner–teacher ratios and post provisioning norms be adapted to better align resources with demand?

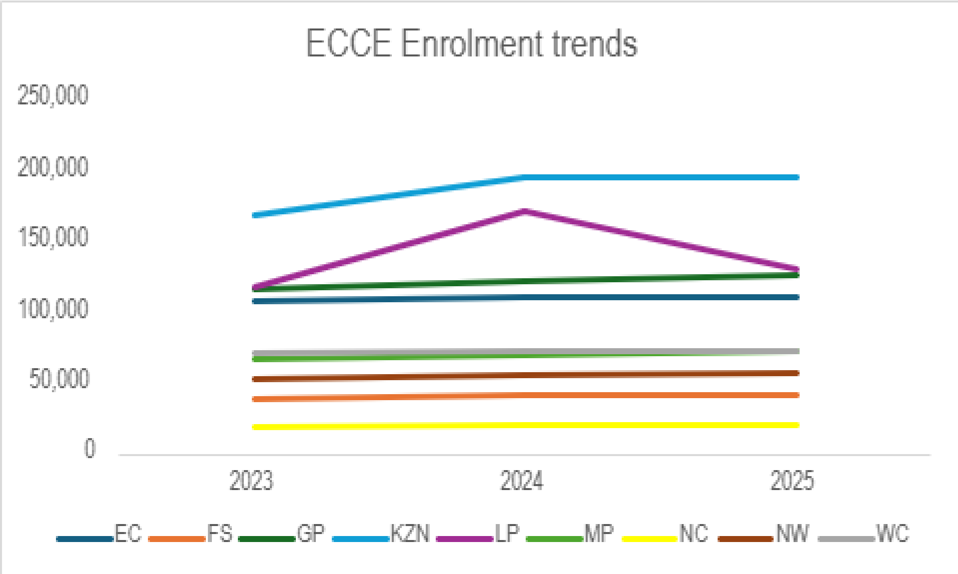
These questions highlight that the challenge is not only the level of spending on personnel, but how effectively that spending is translated into educational outcomes.

Overall, the data indicates a shift from uneven provincial growth to system-wide real-term compression, with limited variation in fiscal space across provinces. While disparities in absolute spending remain, the dominant trend is one of constrained expansion across the system.

This has important implications for sustainability. While some provinces, such as Gauteng and the Western Cape, continue to achieve relatively strong educational outcomes, these are being delivered within increasingly constrained financial conditions. This suggests that while efficiency and system management remain important, continued real-term stagnation may pose risks to long-term quality and equity if fiscal constraints persist.

4.3.1 School Enrolment Trends

Figure : ECCE Enrolment Trends



Source: Department of education annual reports (2023-2025)

Gauteng and Western Cape show steady increases in ECCE enrolment between 2023 and 2025, reinforcing their position as key destination provinces for internal migration. Gauteng, in particular, shows consistent growth from 116,997 learners in 2023 to 126,116 in 2025, while the Western Cape increases more gradually from 71,164 to 73,493 over the same period. These trends reflect sustained inward migration and rising demand for early childhood services in urban and peri-urban areas.

KwaZulu-Natal records the largest absolute increase in enrolment, rising sharply from 168,992 in 2023 to over 195,000 in 2024 and stabilising at this level in 2025. This suggests both population growth and increased uptake of early learning programmes. Mpumalanga and North West also show steady upward trends, indicating gradual expansion in access to ECCE services. This trend may also be partially linked to recent policy shifts, including the Basic Education Laws Amendment (BELA) Act, which places increased emphasis on expanding access to early learning.

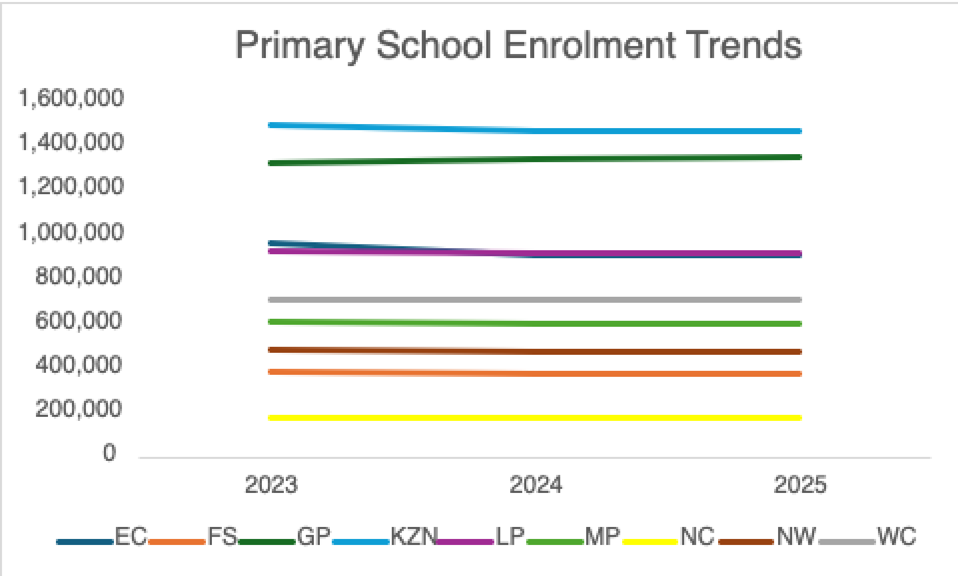
In contrast, Eastern Cape shows limited growth, with enrolment stabilising at approximately 110,855 between 2024 and 2025, reflecting continued outward migration. Limpopo presents a more volatile trend, with a sharp increase between 2023 and 2024 followed by a decline in 2025, suggesting instability in enrolment dynamics.

These enrolment patterns must be understood within the broader fiscal context. Recent budget signals highlight a growing policy emphasis on Early Childhood Development, including the expansion of Grade R. However, this expansion is occurring within a constrained fiscal environment, where provinces are required to absorb increased demand without corresponding real increases in funding.

As a result, provinces experiencing enrolment growth, particularly Gauteng, KwaZulu-Natal, and the Western Cape, face increasing pressure on infrastructure, practitioner capacity, and per-child funding. At the same time, provinces with slower or declining enrolment growth must maintain service delivery within tightening budgets. Overall, the data reflects a system where demand for early learning is rising unevenly across provinces, while fiscal space remains constrained, creating growing pressure on the sustainability of ECCE expansion.

This raises important fiscal policy questions around the responsiveness of the current funding model. To what extent can the system become more flexible, allowing funding to follow the child more directly as enrolment shifts across provinces? And how can allocation mechanisms better account for rapid migration-driven demand, to avoid placing disproportionate pressure on high-growth provinces such as Gauteng and the Western Cape? Addressing this will likely require adjustments to how funding is allocated and updated across provinces to better reflect real-time demand.

Figure :Primary School Enrolment Trends



Source: Department of education annual reports (2023-2025)

Gauteng continues to show steady growth in primary school enrolment, increasing from 1,323,017 learners in 2023 to 1,348,853 in 2025, reflecting ongoing inward migration and rising demand. In contrast, the Western Cape remains relatively stable, with a slight decline over the period.

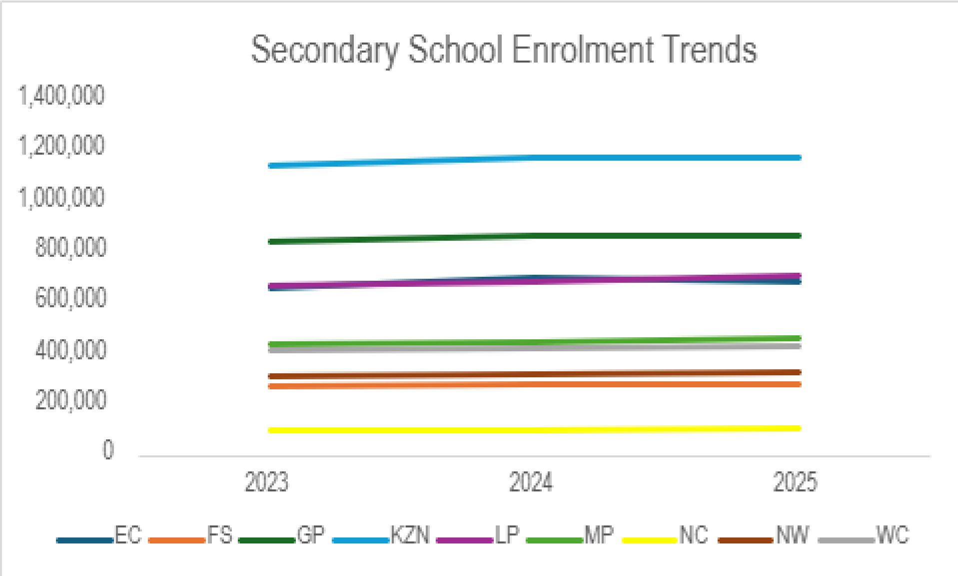
KwaZulu-Natal and Eastern Cape both show declining enrolment trends, with KwaZulu-Natal decreasing from 1,498,159 to 1,470,144, and Eastern Cape dropping sharply before stabilising. These patterns are consistent with continued outward migration, particularly from the Eastern Cape.

Most other provinces, including Free State, North West, Northern Cape, and Mpumalanga, show gradual declines or stabilisation, while Limpopo remains relatively stable with minor fluctuations.

These trends reflect diverging regional demand pressures, driven by migration. Within a constrained fiscal environment, provinces experiencing growth face increasing pressure on infrastructure and resources, while those with declining enrolment must manage efficiency within tightening budgets.

Overall, the data highlights a system where demographic shifts are reshaping demand, while fiscal constraints limit provinces' ability to respond flexibly.

Figure :Secondary School Enrolment Trends



Source: Department of education annual reports (2023-2025)

KwaZulu-Natal and Gauteng continue to account for the largest secondary school enrolments, with KwaZulu-Natal increasing steadily from 1,145,945 learners in 2023 to 1,175,613 in 2025, and Gauteng rising to 865,766 before stabilising. This reflects sustained population pressure and ongoing migration into high-demand provinces.

Limpopo and Mpumalanga show consistent growth over the period, while the Western Cape also records a steady increase, indicating continued expansion in secondary education demand. Northern Cape and North West show more gradual upward trends, reflecting smaller but growing systems.

In contrast, Eastern Cape shows fluctuation rather than sustained growth, increasing in 2024 before declining in 2025, suggesting ongoing demographic shifts and outward migration. Free State follows a similar pattern of moderate volatility without clear upward momentum.

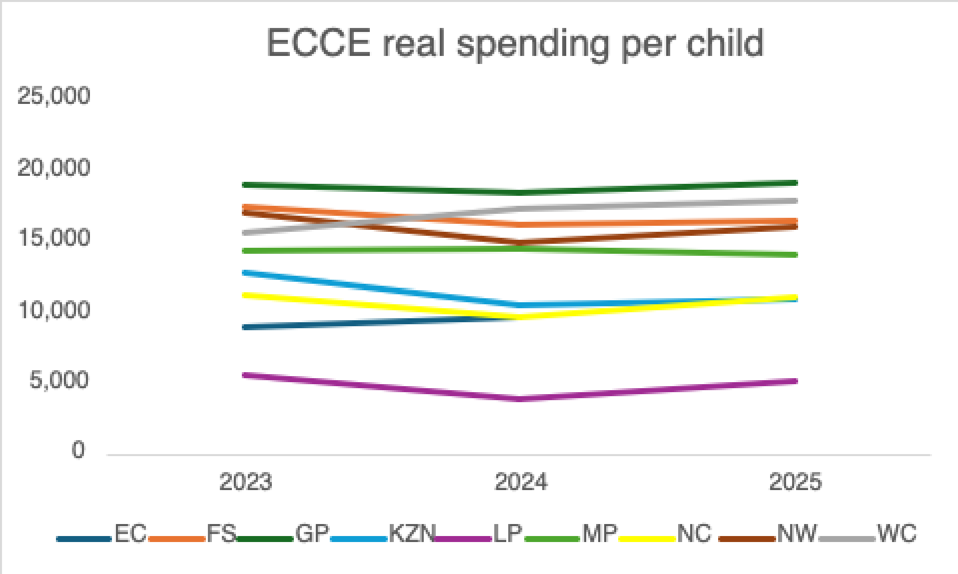
These trends highlight a system where secondary enrolment demand is rising in key provinces, particularly those experiencing population growth and migration. Within the current fiscal context, this creates increasing pressure on already constrained provincial budgets, especially given the high cost structure of secondary education.

Overall, the data reinforces a broader pattern across the system: demand is expanding in growth provinces, while fiscal space remains limited, intensifying pressure on infrastructure, teacher capacity, and per-learner resources.

4.4 Per learner spending for all Provinces by sub-sector

Per-learner spending provides a critical lens through which to assess how provincial education resources translate into actual investment at the point of service delivery. While aggregate budget allocations indicate overall levels of spending, they do not capture how resources are distributed relative to the number of learners within the system. Analysing expenditure per child across Early Childhood Development (ECD), primary, and secondary education therefore enables a more accurate understanding of equity, efficiency, and resource pressure across provinces. In the context of this report, per-learner spending is particularly important for identifying how fiscal constraints, enrolment shifts, and policy priorities are shaping the distribution of resources within and across phases of the education system, and where pressures on quality and sustainability are most likely to emerge.

Figure 4.1: ECCE real spending per child per province

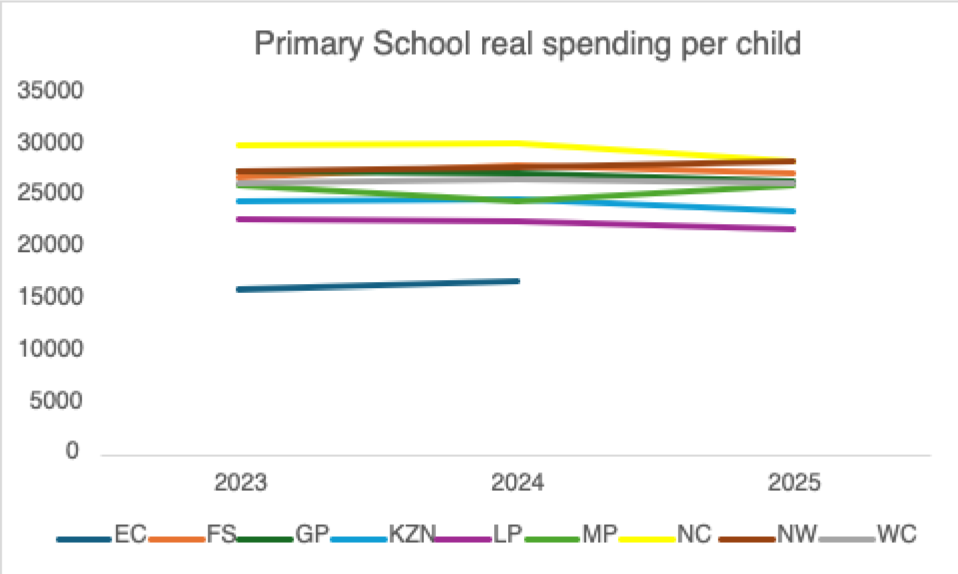


Source: Department of education annual reports (2023-2025)

ECD real spending per child between 2023 and 2025 shows significant variation across provinces, with no consistent upward trend, indicating uneven and often unstable investment in early learning. While provinces such as Gauteng and the Western Cape maintain relatively high levels of spending, others, particularly Limpopo, remain substantially lower, highlighting persistent inequities in per-child funding. Several provinces, including KwaZulu-Natal and North West, show declines followed by partial recovery, suggesting that ECD spending is increasingly subject to fiscal trade-offs rather than sustained prioritisation.

These patterns reflect a system where ECD is both a policy priority and a growing fiscal pressure point, particularly in the context of expanding access to early learning. However, the variability in per-child spending raises important questions about the coherence of the funding model. To what extent is current ECD funding aligned with actual demand and cost requirements across provinces? And how can the system ensure more consistent and equitable per-child investment, particularly as enrolment expands unevenly and fiscal space remains constrained? Taken together, this suggests that improving the responsiveness and equity of ECD funding will be critical to sustaining expansion in early learning.

Figure 4.2: Primary School real spending per child per province

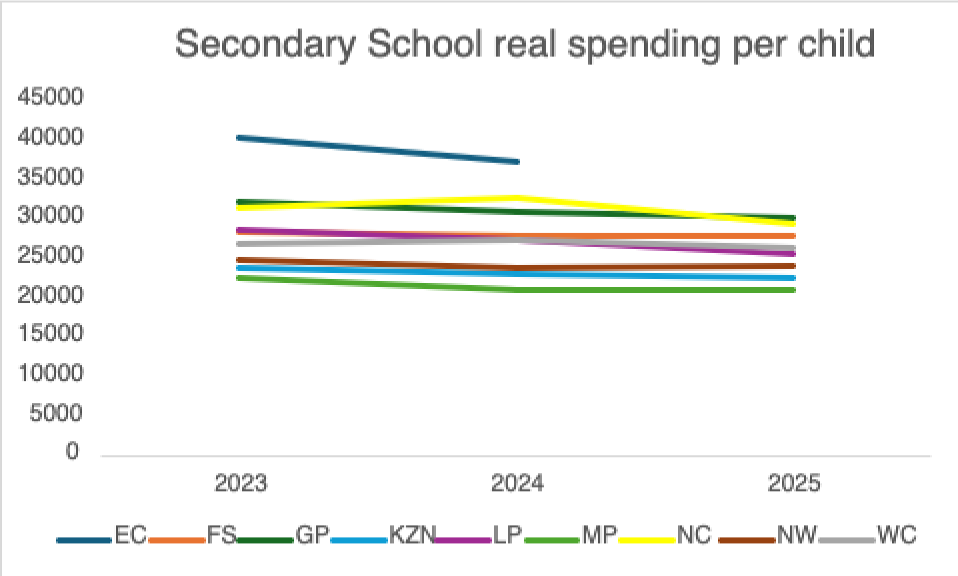


Source: Department of education annual reports (2023-2025)

Primary school real spending per child between 2023 and 2025 shows relative stability across most provinces, with mild downward pressure in several cases, indicating constrained but more protected funding compared to other phases. Provinces such as Gauteng, KwaZulu-Natal, and Limpopo show gradual declines over the period, while Free State and Northern Cape increase initially before declining in 2025. Mpumalanga and North West remain relatively stable, and Western Cape shows only minor fluctuations. Eastern Cape reflects an increase between 2023 and 2024, although 2025 data is not yet available.

These patterns suggest that primary education remains somewhat insulated within provincial budgets, likely reflecting its foundational role in the system. However, the absence of sustained real growth indicates that even this phase is not immune to broader fiscal pressures. Taken together, this points to a system where primary education is being maintained rather than strengthened, with limited scope for expanding per-learner investment under current fiscal conditions.

Figure 4.3: Secondary School real spending per child per province



Source: Department of education annual reports (2023-2025)

Secondary school real spending per child between 2023 and 2025 shows a clear downward trend across most provinces, indicating increasing pressure on per-learner resources. Provinces such as Gauteng, KwaZulu-Natal, and Limpopo show consistent declines over the period, while Mpumalanga and North West also decrease before stabilising slightly. Free State remains relatively stable, though at a slightly lower level than in 2023, while Northern Cape and Western Cape display some volatility without sustained growth. Eastern Cape records a notable decline between 2023 and 2024, with 2025 data not yet available.

These patterns suggest that secondary education is more exposed to fiscal compression than other phases, likely reflecting its position within provincial budget trade-offs. As spending pressures intensify and resources are reallocated across competing priorities, secondary schooling appears increasingly vulnerable to reductions in real per-learner funding. Taken together, this indicates that sustaining quality in secondary education will depend on how effectively provinces manage these trade-offs within constrained budgets.

ACCRUALS

A Growing Financial Pressure Point

5. Accruals

Accruals remain a critical indicator of provincial financial health, reflecting unpaid obligations carried over between financial years. As established in the [previous report](), high accruals signal budgetary pressure, cash flow constraints, and potential inefficiencies in financial management

In the previous report (2021–2023), accruals highlighted growing financial pressure across several provinces, with some showing improvement while others, particularly KwaZulu-Natal and Limpopo, showed sharp increases. These trends pointed to ongoing challenges in managing unpaid obligations and maintaining financial stability

In this updated analysis, accruals are also viewed through a financial sustainability lens. Rising or persistently high accruals do not just reflect past decisions; they also signal future financial risk. Provinces may need to use a growing share of their budgets to pay off old obligations, leaving less funding available for current services and future investments in education.

5.1. Provincial Accrual Trends

While the earlier period showed mixed progress, the latest data, particularly for 2024 and 2025, suggests that financial pressure is increasing again in many provinces.

Figure : Provincial Accrual Trends (2021 – 2025)

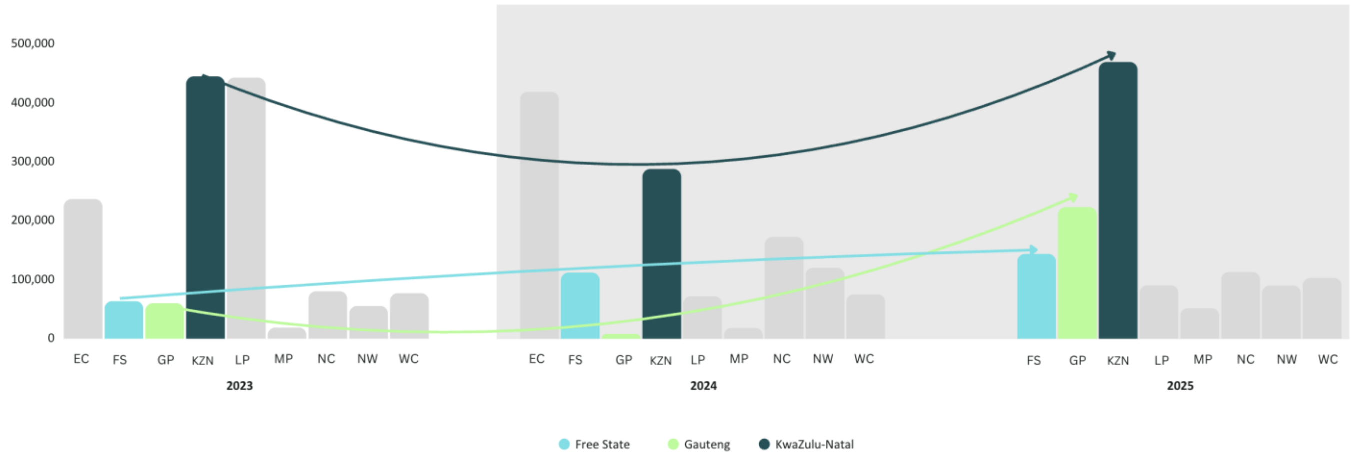
	2021	2022	2023	2024	2025
Eastern Cape	795	489	236	419	
Free State	21	25	63	112	143
Gauteng	79	5	60	8	223
KwaZulu Natal	353	256	445	287	269
Limpopo	141	28	443	72	90
Mpumalanga	22	13	19	18	51
Northern Cape	71	43	80	172	113
North West	17	8	55	120	90
Western Cape	202	44	77	75	103

Accruals by province (R' million)

Sources: Provincial Annual reports (2024 – 2025)

Provinces showing worsening accrual positions

Figure : Provinces where accruals are rising



Sources: Provincial Annual reports (2024 – 2025)

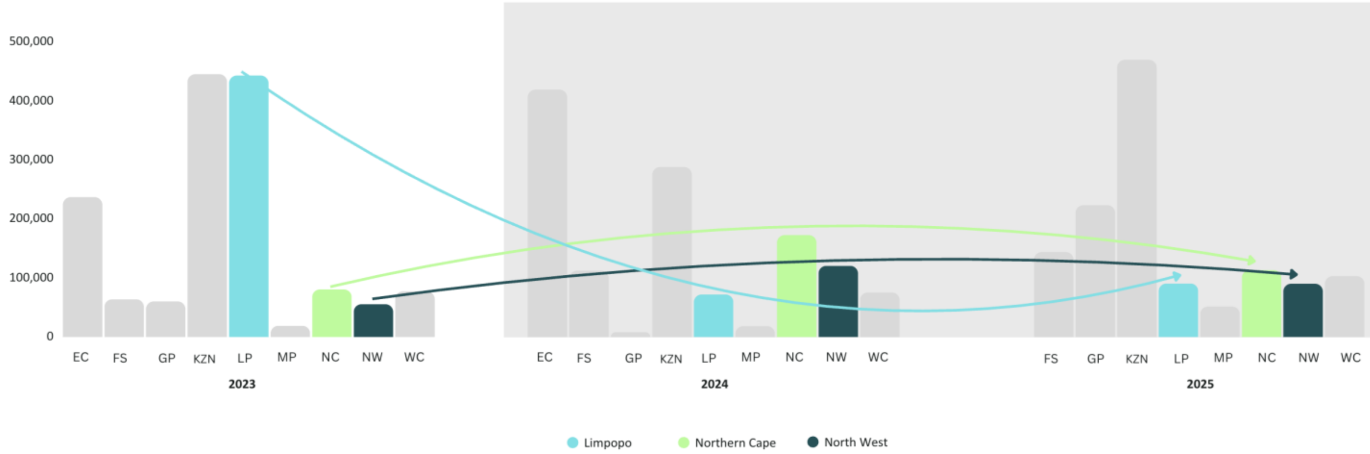
KwaZulu-Natal (KZN) continues to stand out as the biggest concern. Not only have accruals increased further to R469 million in 2025, but the province has also consistently had some of the highest accruals over the years. This tells us that the issue is not new, it has been building over time. In 2024/25, this trend continues, suggesting that KZN is still struggling to keep up with its payments.

Gauteng shows a noticeable shift. In the past, it appeared more stable, but accruals have now increased sharply to R223 million in 2025. This suggests that financial pressure is starting to build, even in provinces that were previously managing better.

The Free State also shows a clear upward trend. Accruals have grown steadily from R21 million in 2021 to R144 million in 2025. While the increase is gradual, it points to growing pressure over time, rather than a once-off issue.

Provinces with volatile accrual patterns

Figure : Provinces where accruals are unstable



Sources: Provincial Annual reports (2024 – 2025)

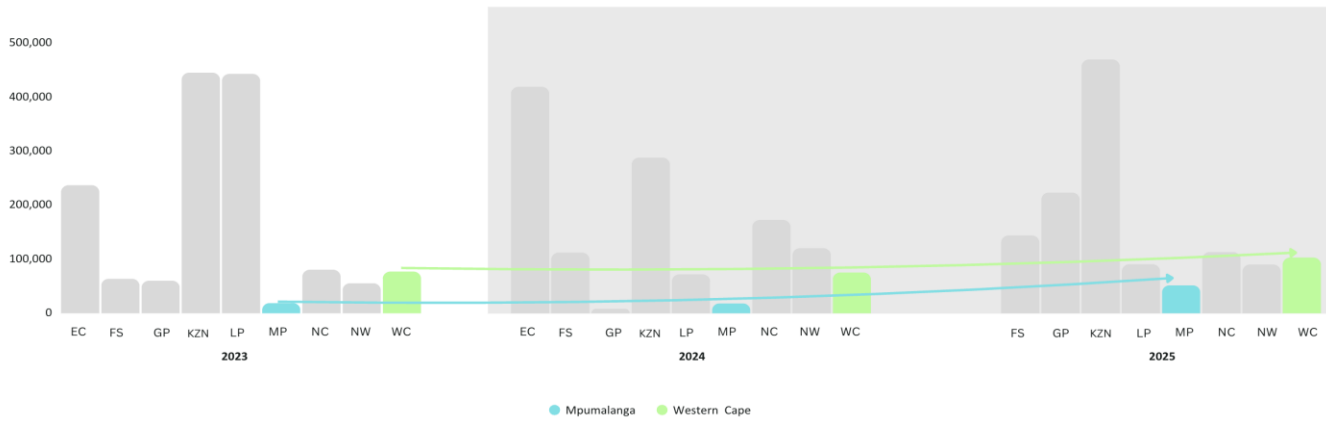
Some provinces are not consistently getting worse, but they are also not stable. Instead, their accruals go up and down, which makes it difficult to see real progress.

Limpopo is the clearest example of this. Accruals rose sharply to R443 million in 2023, dropped in 2024, and then increased again in 2025. This suggests that while there may have been efforts to bring things under control, these changes haven't lasted.

The Northern Cape and North West show similar patterns. Both provinces improved slightly in 2025 compared to 2024, but their accruals are still higher than where they were before. This means that while there are signs of improvement, things are not yet fully under control.

Provinces showing relative stabilisation

Figure : Provinces with Relatively Stable Accruals



Sources: Provincial Annual reports (2024 – 2025)

Only a few provinces show signs of keeping accruals relatively under control. Mpumalanga and the Western Cape stand out here. Their accruals have increased slightly over time, but they remain lower and more stable compared to other provinces. This suggests stronger control over their finances, even though some pressure is still visible.

The Eastern Cape, however, does not show the same pattern. While accruals improved between 2021 and 2023, they increased sharply again to R419 million in 2024. This suggests that earlier progress has not been maintained. In addition, there is no data available for 2025, making it difficult to say whether things have improved or worsened since then. Based on what we can see, the province cannot be considered stable.

5.2. Changes over time

Comparing the earlier period (2021–2023) with the latest data (2024–2025) shows a clear shift in the overall picture. **More provinces are now under financial pressure than before.**

In the earlier period, financial strain was concentrated in a few provinces. In 2024/25, it is **more widespread**.

- Provinces like Gauteng and Free State, which previously appeared more stable, are now showing **rising accruals**
- KwaZulu-Natal remains consistently high-risk
- Improvements seen in some provinces have **not been sustained**

This shift suggests that financial pressure is **spreading across the system**, rather than being limited to a few provinces

Accruals Summary: What has changed vs. What has not changed

Table 2: What has changed vs. What has not changed

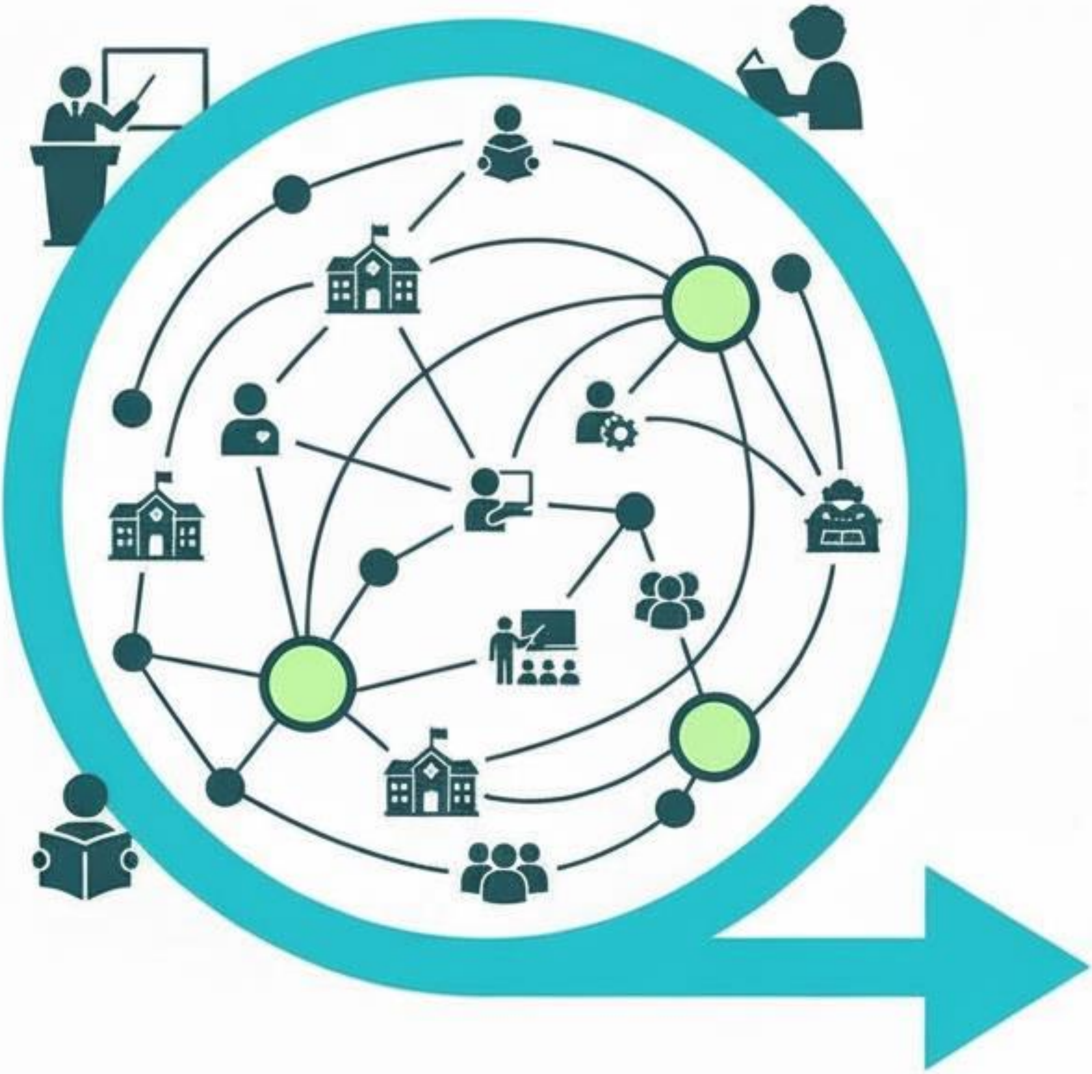
Category	What Has Changed (2024–2025)	What Has Not Changed
Overall trend	More provinces are showing rising accruals	Accruals remain a key indicator of financial stress
Risk profile	Pressure is spreading (e.g., GP, FS)	KZN remains consistently high-risk
Stability	Fewer provinces are stable in 2025	MP and WC remain relatively more stable
Volatility	Greater fluctuations in recent years	Financial management challenges persist
Improvements	Some short-term improvements seen	Improvements are difficult to sustain
Financial sustainability	Risks are more widespread in 2024/25	Budget constraints continue to drive accruals

Taken together, these changes show that while the underlying issues remain the same, they are now affecting more provinces and becoming harder to contain.

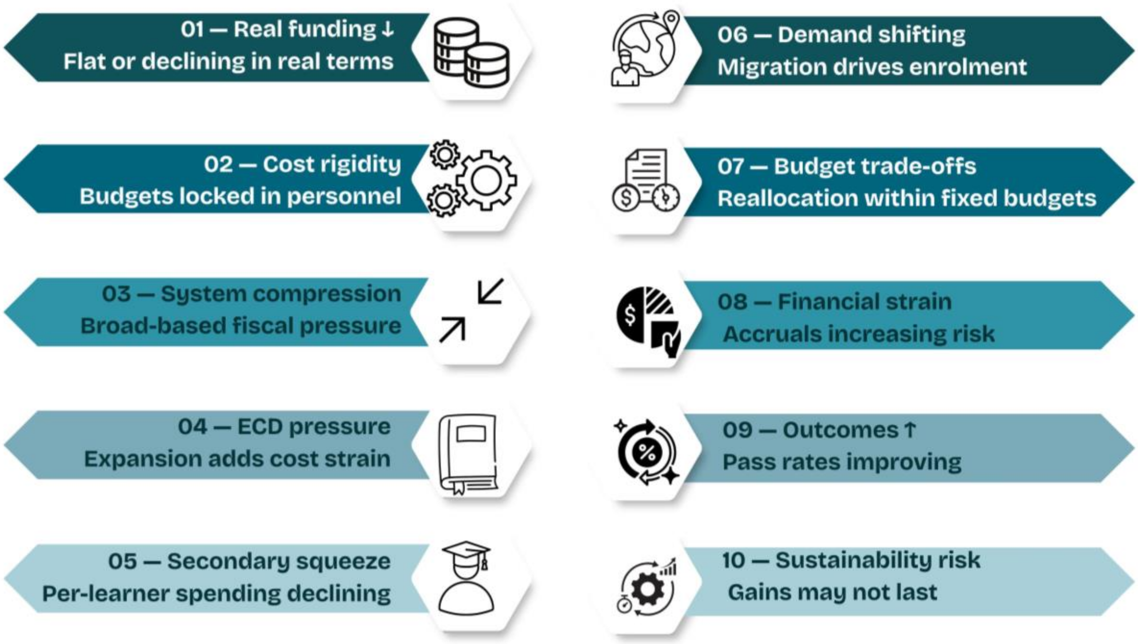
Provincial finances are, on balance, worsening rather than stabilising — particularly in 2024/25.

Accruals are increasingly signalling **growing financial pressure across more provinces**, rather than isolated challenges. Without consistent improvements in financial management, these trends are likely to continue placing strain on provincial education systems.

KEY INSIGHTS AND RECOMMENDATIONS



6. Key insights from the data



1. Provincial education systems are operating under sustained real-term fiscal constraint

Across provinces, real spending between 2023 and 2025 is largely flat or declining, despite increases in nominal budgets. This reflects the broader fiscal environment, where inflation, rising debt-service costs, and wage pressures absorb additional allocations, limiting meaningful expansion in education spending.

2. Budget rigidity, driven by personnel costs, is the central structural constraint

With approximately 70–80% of provincial education budgets allocated to compensation of employees, provinces have limited flexibility to reallocate resources. This constrains investment in infrastructure, learning materials, and system improvements, and reinforces a pattern of maintaining rather than expanding service delivery.

However, this rigidity reflects a deeper structural challenge within the education system. While personnel costs limit fiscal flexibility, they are also central to service delivery, making reductions neither simple nor necessarily desirable. This creates a complex set of trade-offs for policy and budgeting, including how to manage the rising cost of employment while maintaining teacher quality, addressing absenteeism and underperformance, and ensuring appropriate learner–teacher ratios through effective post provisioning. As a result, the constraint is not only financial, but also operational, requiring improvements in how personnel resources are deployed and managed within existing budgets. This highlights the need for improved workforce planning, more responsive teacher allocation, and stronger accountability mechanisms within the existing wage bill.

3. The system has shifted from uneven growth to broad-based real-term compression

While earlier periods showed variation across provinces, current trends indicate increasing convergence toward constrained growth. Most provinces are now experiencing similar fiscal limitations, with spending patterns characterised by stabilisation or gradual decline rather than expansion.

This shift signals a more fundamental system-wide challenge. As fiscal pressure intensifies across all provinces, the scope for incremental adjustments within existing budgets is diminishing. This raises the need to move beyond a business-as-usual approach, toward system-wide efficiency gains and potentially alternative models of resource allocation and service delivery. Without such shifts, continued real-term compression is likely to place increasing strain on the system's ability to maintain quality and expand access.

4. ECD is emerging as a key pressure point within constrained budgets

Although Early Childhood Development remains a policy priority, per-child spending trends are uneven and often unstable across provinces. Expansion of Grade R and early learning is introducing new cost pressures, forcing provinces to absorb additional demand within already constrained budgets. This suggests the need for a clearer and more sustainable financing model for ECD expansion, including how responsibilities are shared across national and provincial levels.

5. Per-learner spending pressures are increasing, particularly in secondary education

Primary education spending per learner remains relatively stable across provinces, with only modest fluctuations over the 2023–2025 period. In contrast, secondary education shows more consistent downward trends in real per-learner spending across most provinces, as reflected in the phase-level expenditure analysis. This suggests that secondary schooling is more exposed to fiscal trade-offs within constrained budgets, likely due to its higher cost structure and position within provincial allocation decisions.

As a result, secondary education appears increasingly vulnerable to real-term compression, with potential implications for quality if these trends persist. This highlights the importance of actively monitoring per-learner spending across phases to ensure that budget trade-offs do not disproportionately erode quality in secondary education.

6. Migration and demographic shifts are driving uneven demand across provinces

Enrolment trends show clear divergence, with provinces such as Gauteng, KwaZulu-Natal, and the Western Cape experiencing increasing demand, while others face stagnation or decline. These patterns are consistent with internal migration dynamics (as seen in Table 1 of the appendices), where population movements toward economic centres are reshaping the distribution of learners across the system. This creates asymmetric pressure on infrastructure, staffing, and resource allocation across the system. These dynamics point to the need for more responsive funding mechanisms that allow resources to follow learners as demand shifts across provinces.

7. Provinces are increasingly reallocating within fixed budgets rather than expanding investment

Given constrained fiscal space, provinces are managing competing demands through reprioritisation rather than increased funding. This reflects a shift from growth-oriented budgeting to constrained resource management, with trade-offs becoming more pronounced across sub-sectors.

In practice, this is reflected in a number of emerging trade-offs. Increased policy focus on Early Childhood Development and expanding enrolment is placing pressure on already constrained budgets, often without corresponding increases in overall funding. At the same time, primary education appears relatively protected, while secondary education shows clearer signs of real-term compression. More broadly, the dominance of personnel expenditure continues to limit investment in infrastructure, learning materials, and system improvements. Provinces are therefore increasingly balancing competing priorities within fixed envelopes, rather than expanding overall investment. However, these trade-offs are often implicit rather than clearly articulated, limiting transparency and strategic decision-making. Strengthening how provinces identify and manage these trade-offs will be critical going forward.

8. Accruals highlight growing and widespread financial pressure across provinces

Accrual trends indicate that financial strain is no longer isolated to a few provinces but is spreading across the system. Provinces such as KwaZulu-Natal remain high-risk, while others, including Gauteng and Free State, are showing increasing pressure, signalling growing sustainability risks. This reinforces the need for stronger financial monitoring systems, early warning mechanisms, and targeted support for provinces showing sustained financial stress.

9. Educational outcomes appear to be improving despite constrained spending

NSC pass rates have increased across all provinces between 2023 and 2025, including significant gains in historically lower-performing provinces. This suggests short-term efficiency improvements and stronger system management, even in a constrained fiscal environment the underlying drivers of these gains are not fully assessed in this analysis.

In particular, improvements in pass rates may reflect a range of factors, including system efficiency gains, changes in learner progression patterns, or potential shifts in assessment and reporting practices. As this report focuses on financial trends, it does not examine broader outcome measures such as learner throughput, dropout rates, or cohort progression, which are critical to fully understanding changes in performance.

10. The sustainability of current performance gains is uncertain under continued fiscal pressure

While outcomes are improving, the combination of real-term spending compression, rising demand, and increasing financial pressure raises concerns about long-term sustainability. These apparent gains should be interpreted with caution, as the underlying drivers are not fully assessed in this analysis and may reflect a range of factors beyond system efficiency.

Within this context, continued fiscal constraint may limit the system’s ability to sustain or deepen these improvements over time. Without structural improvements in efficiency and resource allocation, maintaining current performance levels may become increasingly difficult.

7. Key recommendations

1. Strengthen Strategic Resource Allocation

1.1 Develop a sustainable ECD financing strategy

- Define a clear medium-term financing model for ECD, including the balance between national and provincial funding.
- Avoid unfunded mandates being absorbed into constrained provincial budgets.
- Implement phased expansion aligned to fiscal capacity, prioritising high-need areas.
- Establish minimum per-child funding benchmarks to improve equity.

1.2 Link spending more explicitly to outcomes

- Develop monitoring frameworks linking expenditure to performance indicators (e.g. pass rates, retention).
- Identify "high-performing, low-spending" provinces to extract efficiency lessons.
- Move toward performance-informed budgeting to guide allocation decisions.

1.3 Strengthen equity in resource allocation

- Review funding distribution across provinces and sub-sectors to better reflect learner needs and cost pressures.
- Provide targeted support to under-resourced provinces, particularly in ECD and foundational learning.
- Improve responsiveness of allocation mechanisms to enrolment shifts and migration.

1.4 Improve transparency and management of budget trade-offs

- Require provinces to explicitly identify trade-offs in budget decisions.
- Introduce guidelines to protect critical spending areas (e.g. learning materials, infrastructure).
- Strengthen budgeting frameworks to support evidence-based prioritisation.

2. Improve Operational Efficiency in Resource Use

2.1 Match teacher posts to real-time enrolment

- Update teacher allocation models annually to reduce reliance on lagged data.
- Use current enrolment data to reallocate posts across schools and districts.
- Prioritise high-growth provinces and overcrowded areas.

2.2 Scale public-private partnerships (PPPs)

- Use PPPs for infrastructure delivery, maintenance, and digital learning.
- Partner with NGOs for targeted interventions (e.g. literacy, ECD).
- Establish clear governance and accountability frameworks.

2.3 Prevent erosion of secondary education quality

- Monitor per-learner spending trends in secondary education.
- Avoid disproportionate reductions when reprioritising budgets.

-

3. Strengthen Financial Management and Risk Mitigation

3.1 Improve accrual management and cash flow planning

- Introduce monthly tracking of accruals with defined early warning thresholds.
- Require high-risk provinces to implement financial recovery plans.
- Enforce alignment between treasury oversight and payment cycles, including supplier payment timelines.

3.2 Create targeted support packages for high-risk provinces

- Establish dedicated treasury support teams.
- Introduce monthly financial monitoring.
- Implement targeted plans focused on accrual reduction and expenditure control.

4. Strengthen Data Systems and Decision-Making

4.1 Build simple, actionable provincial dashboards

- Track key indicators:
  - Monthly spending vs budget
  - Accruals
  - Per-learner spending
  - Enrolment shifts
- Ensure regular updates and accessibility to decision-makers.

4.2 Enable proactive financial management through data

- Use indicators to flag risks early (e.g. underspending, rising accruals).
- Trigger timely interventions rather than year-end corrections.
- Strengthen coordination between provinces and treasury through shared data systems.

5. Plan for and transition to a new model of provision

The analysis in this report suggests that South Africa’s current education delivery model is increasingly constrained by structural factors, including limited fiscal growth, high personnel cost rigidity, and shifting enrolment patterns driven by migration.

While incremental efficiency gains have supported recent improvements in outcomes, these are unlikely to be sufficient to sustain performance over the medium term under continued fiscal pressure.

This points to the need for a gradual transition toward a more adaptive model of education provision — one that is better able to respond to changing demand, operate within constrained budgets, and improve the efficiency of resource use.

Key elements of such a transition could include:

- **More responsive funding mechanisms**, allowing resources to follow learners as enrolment shifts across provinces
- **Reforms to workforce planning and deployment**, improving alignment between teacher allocation, demand, and performance

- **Expanded use of blended and alternative delivery models**, including digital learning and partnerships with non-state actors
- **Stronger system-level accountability**, supported by real-time data and earlier intervention in financially or operationally stressed provinces

Importantly, this does not imply a wholesale replacement of the public education system, but rather a deliberate evolution in how it operates — similar to transitions seen in other sectors facing structural constraints.

Developing a clear long-term vision and transition pathway will be critical to ensuring that the system can sustain and improve outcomes within a constrained fiscal environment.

8. Conclusion

The 2023–2025 period has confirmed a structural shift in South Africa's provincial education systems: from constrained growth to broad-based real-term compression. Nominal budget increases have been absorbed by inflation and wage pressures across all nine provinces, with KwaZulu-Natal and Limpopo recording the most pronounced real-term contractions. Even Gauteng and Western Cape — the highest-spending provinces — show flat real trends, confirming that fiscal constraint is now a system-wide condition rather than a feature of weaker provinces alone.

The structural driver is well established. With 70–80% of budgets allocated to compensation of employees, successive wage agreements continue to crowd out spending on infrastructure, learning materials, and programme delivery. Until this cost structure is addressed, additional nominal allocations will largely recycle into personnel costs rather than expand service delivery capacity.

Demographic pressures are simultaneously pulling in divergent directions. Migration-driven enrolment growth in Gauteng and Western Cape is placing increasing pressure on infrastructure and per-learner resources, while Eastern Cape and KwaZulu-Natal face declining primary enrolment and the challenge of sustaining quality within tightening budgets. Secondary education is particularly exposed, showing the clearest real-term decline in per-learner spending and the greatest susceptibility to budget trade-offs.

Financial sustainability risks have also broadened. Accruals are rising in provinces that previously appeared stable — Gauteng has increased sharply to R223 million and Free State has grown steadily to R144 million — while KwaZulu-Natal remains the highest-risk province at R469 million. Financial pressure is no longer concentrated; it is spreading across the system.

NSC pass rate improvements across all provinces, including significant gains in Northern Cape and Mpumalanga, are a genuine achievement reflecting real efficiency gains. However, these improvements have been delivered largely despite fiscal conditions rather than because of them, and their sustainability is uncertain if real-term compression deepens and rising accruals divert resources from current service delivery.

The central challenge is therefore not primarily the level of funding, but whether provinces can sustain and improve performance, manage demographic pressures, and reduce financial risk within a fiscal envelope unlikely to expand meaningfully. This will require more responsive resource allocation, a credible financing strategy for ECD expansion, and substantially stronger accrual management — particularly in KwaZulu-Natal, Gauteng, Free State, and Limpopo. Without these adjustments, the efficiency gains documented in this report risk being eroded by the very pressures it has identified.

9. Appendices

9.1 Provincial Migration trends

Table 1 : Internal Migration Patterns by Province (Census 2022, Stats SA)

Province	*In-Migration (Share % / Level)*	*Out-Migration (Level)*	*Interpretation*
Gauteng	**50.2% (High)**	High	Primary national destination, strong economic pull driving sustained population inflows and system pressure
Western Cape	**15.6% (High)**	Moderate	Second major destination, growing attractiveness linked to urbanisation and economic opportunities
Eastern Cape	4.7% (Low)	High	Major sending province, significant population outflows contributing to declining demand
KwaZulu-Natal	6.9% (Moderate)	High	Mixed profile, but net out-migration contributes to shifting demand pressures
Limpopo	7.2% (Moderate)	High	High out-migration despite moderate inflows, reflecting limited local economic opportunities
Mpumalanga	6.0% (Moderate)	Moderate	Balanced migration patterns, with gradual changes in demand
North West	5.7% (Moderate)	Moderate	Relatively stable flows, limited growth in demand
Free State	2.7% (Low)	Moderate	Low attractiveness as a destination, with steady outward movement
Northern Cape	0.9% (Low)	Low	Minimal migration activity, relatively stable but small system size

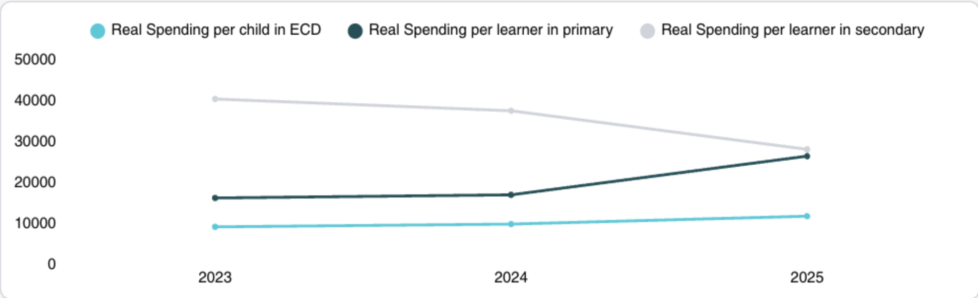
Source: Statistics South Africa. *Migration Profile Report for South Africa: Census 2022*.

9.2 Province by province overview

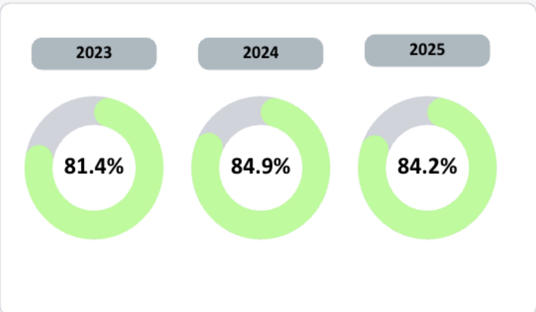
Eastern Cape

EASTERN CAPE OVERVIEW

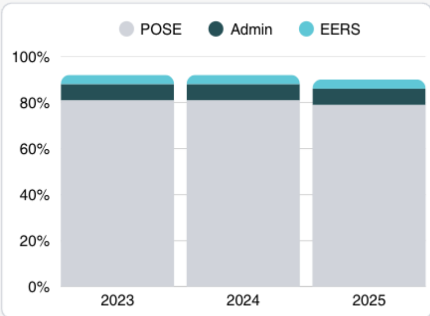
REAL SPENDING PER LEARNER PER PHASE



NSC PASS RATE



EXPENDITURE ALLOCATION PER PROGRAMME



Eastern Cape: Spending Pressures and Shifting Priorities

The Eastern Cape continues to direct the bulk of its education budget toward Public Ordinary School Education (POSE), consistently allocating around 80% of total spending. While this reflects a strong focus on staffing, it leaves limited room for other critical areas such as infrastructure, learning materials, and support services.

At the same time, spending per learner is becoming increasingly uneven across phases. Investment in ECD has steadily improved, and primary school spending has seen a sharp rise in 2025. However, this comes alongside a significant drop in secondary school spending per learner, which may raise concerns about resource allocation at higher grades where costs and learning demands are typically greater.

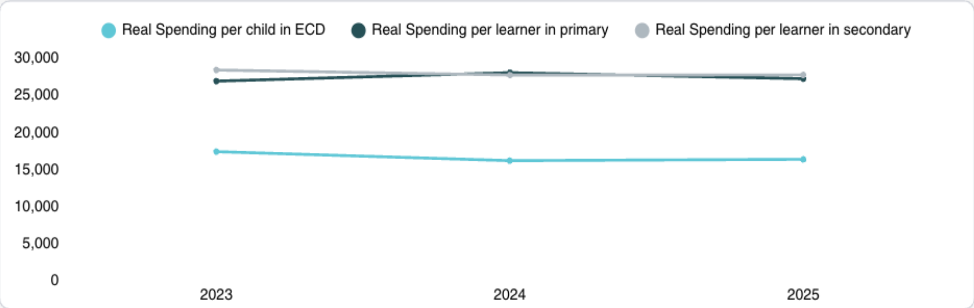
Despite these shifts, matric pass rates have remained relatively stable, improving from 81.4% in 2023 to 84.9% in 2024, before a slight dip to 84.2% in 2025. This suggests that overall system performance is holding, even as spending patterns change.

A key financial pressure to watch is accruals. While the province made strong progress in reducing unpaid bills between 2021 and 2023, accruals increased again in 2024, indicating renewed strain in paying suppliers on time. Although still below earlier levels, this reversal suggests that financial management challenges persist and could impact service delivery if not addressed.

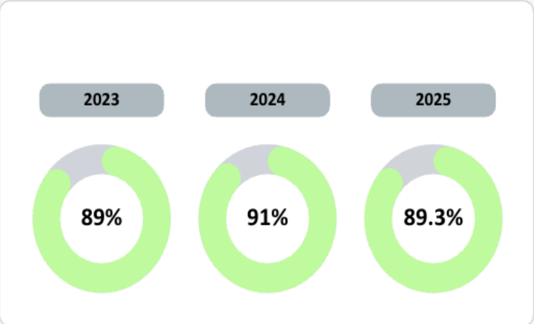
Free State

FREE STATE OVERVIEW

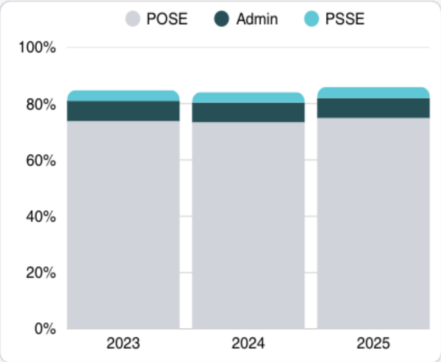
REAL SPENDING PER LEARNER PER PHASE



NSC PASS RATE



EXPENDITURE ALLOCATION PER PROGRAMME



Free State: Stable Performance, Growing Financial Pressure

The Free State maintains a consistent spending structure, with around 74% of its education budget allocated to public ordinary schools (POSE). This reflects a steady focus on core schooling, while smaller shares continue to support administration and special schools.

Looking at spending per learner, the picture is relatively stable but shows signs of tightening. Investment in ECD declined slightly over the period, while spending in both primary and secondary phases has remained broadly flat, with only minor fluctuations. This suggests that while the system is maintaining existing service levels, there is limited expansion in real resources reaching learners.

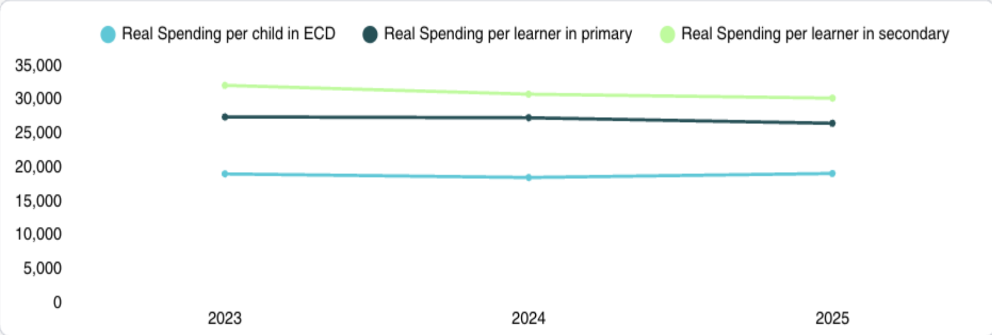
Despite this, the province continues to deliver strong academic outcomes. Pass rates improved from 90% in 2023 to 91% in 2024, before easing slightly to 89.3% in 2025. Overall, performance remains high, indicating a system that is still functioning effectively under constrained conditions.

However, the most notable concern is the sharp rise in accruals. Unpaid bills have increased consistently and significantly each year, growing from relatively low levels in 2021 to substantially higher levels by 2025. This sustained upward trend points to mounting financial pressure and potential cash flow challenges, which, if left unchecked, could begin to affect service delivery.

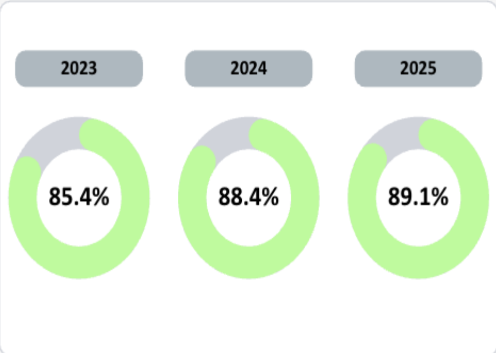
Gauteng

GAUTENG OVERVIEW

REAL SPENDING PER LEARNER PER PHASE



NSC PASS RATE



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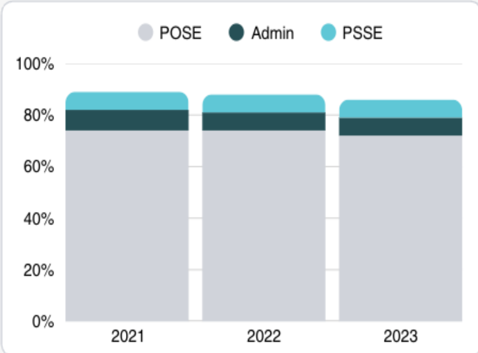


Gauteng: Improving Outcomes Amid Gradual Spending Shifts

Gauteng continues to prioritise public ordinary schools, although this share has declined slightly from 74% to 72% by 2025. Spending on administration and special schools remains stable, suggesting a fairly consistent allocation approach, with only modest shifts in priorities.

When looking at spending per learner, there are signs of gradual tightening across the system. Investment in primary and secondary learners has declined slightly over time, while ECD spending has remained relatively stable. This indicates that, while overall funding is being maintained, per-learner resources (especially in higher grades) are under pressure.

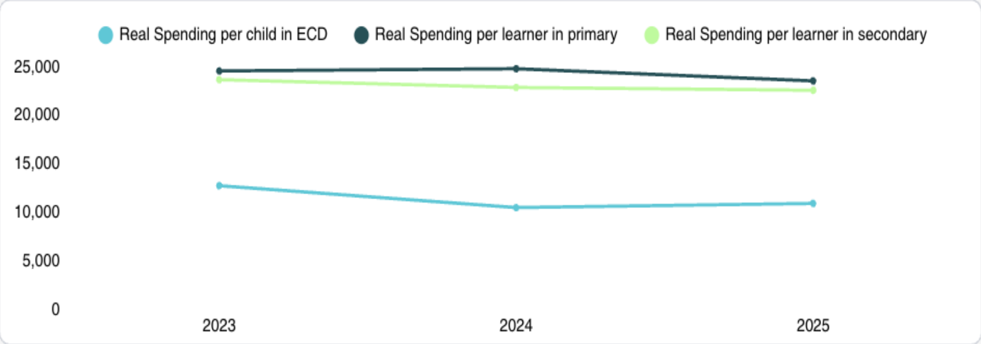
Despite this, Gauteng's academic performance is improving steadily. Pass rates increased from 85.4% in 2023 to 88.4% in 2024, reaching 89.1% in 2025. This upward trend suggests that the system is becoming more efficient, delivering better outcomes even as spending growth slows.

Unlike some other provinces, Gauteng's story is less about financial instability and more about balancing rising demand with constrained resources. The key question going forward will be whether the province can sustain these performance gains while maintaining adequate investment per learner, particularly as pressures in the system continue to grow.

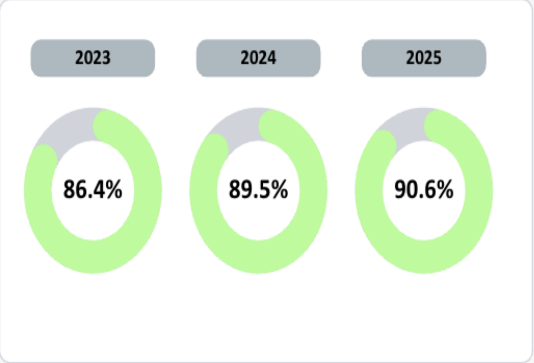
KwaZulu-Natal

KWAZULU-NATAL OVERVIEW

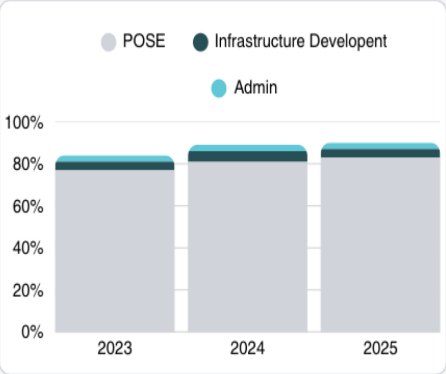
REAL SPENDING PER LEARNER PER PHASE



NSC PASS RATE



EXPENDITURE ALLOCATION PER PROGRAMME



KwaZulu-Natal: Rising Performance with Increasing Cost Pressures

KwaZulu-Natal is placing an increasing share of its budget into public ordinary schools (POSE), rising from 77% in 2023 to 83% in 2025. This signals a strong and growing focus on core schooling. At the same time, spending on infrastructure remains relatively low and inconsistent, while administration continues to take up a small but steady share.

However, this shift comes with notable pressure on spending per learner. Investment in ECD dropped sharply in 2024, with only a partial recovery in 2025. Spending in both primary and secondary phases is also declining, suggesting that more of the budget is being absorbed by personnel costs rather than reaching classrooms directly.

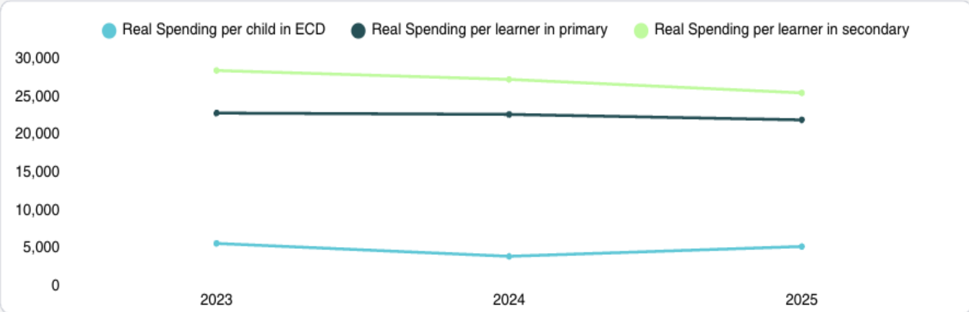
Despite these constraints, the province is delivering strong and improving academic outcomes. Pass rates have risen steadily from 86.4% in 2023 to 90.6% in 2025, marking one of the most consistent improvements across provinces.

Overall, KwaZulu-Natal's story is one of improving performance alongside tightening resources at the learner level. While increased investment in core schooling may be driving results, the decline in per-learner spending and limited infrastructure investment could pose risks to sustainability if not carefully managed.

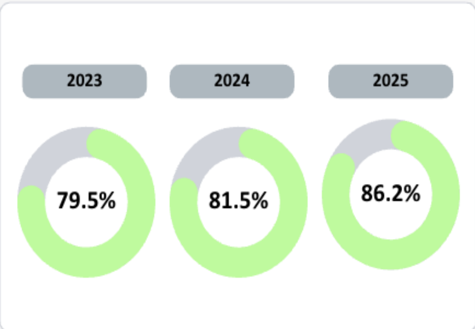
Limpopo

LIMPOPO OVERVIEW

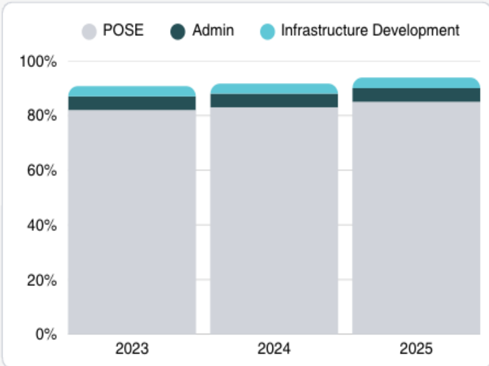
REAL SPENDING PER LEARNER PER PHASE



NSC PASS RATE



EXPENDITURE ALLOCATION PER PROGRAMME



Limpopo: Improving Outcomes Amid Volatile Spending and Financial Pressures

Limpopo continues to allocate a very large share of its budget to public ordinary schools (POSE), increasing from 82% in 2023 to 85% in 2025. This growing concentration highlights a strong focus on core schooling, while spending on administration and infrastructure remains relatively small and unchanged.

However, spending per learner tells a more uneven story. Investment in ECD is highly volatile, dropping sharply in 2024 before partially recovering in 2025. At the same time, spending in both primary and secondary phases is steadily declining, suggesting that fewer resources are reaching learners over time, particularly in higher grades.

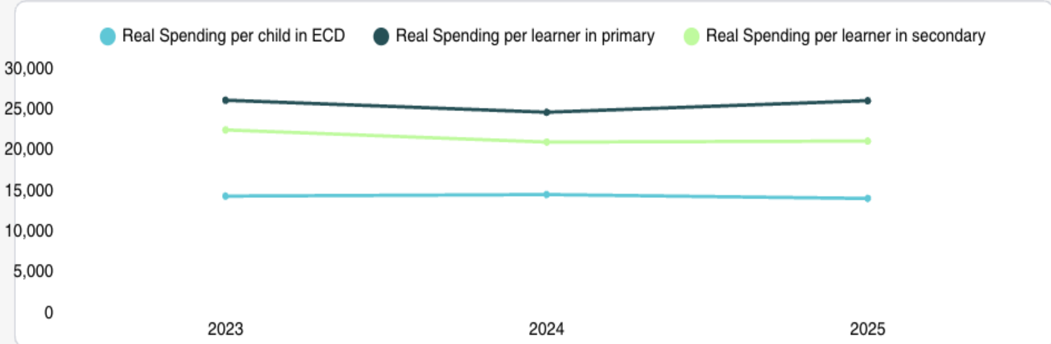
Despite these pressures, Limpopo has achieved significant improvements in academic performance. Pass rates increased from 79.5% in 2023 to 85.1% in 2024, reaching 86.2% in 2025. This indicates a system that is delivering better outcomes even as spending becomes more constrained and uneven.

A key concern, however, is the volatility in accruals. The province shows sharp fluctuations in unpaid bills over the years, including a significant spike in 2023, followed by a drop and then another increase in 2025. This pattern points to inconsistent financial management and ongoing cash flow pressures, which could affect the stability of service delivery.

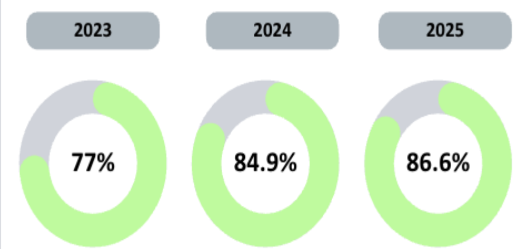
Mpumalanga

MPUMALANGA OVERVIEW

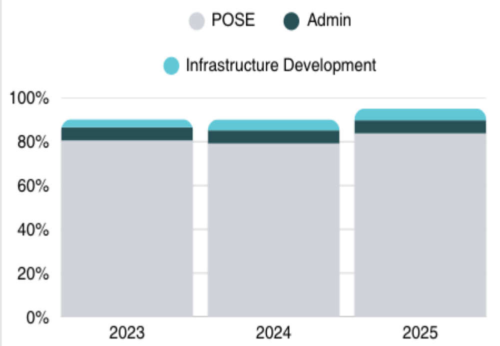
REAL SPENDING PER LEARNER PER PHASE



NSC PASS RATE



EXPENDITURE ALLOCATION PER PROGRAMME



Mpumalanga: Strong Performance Gains with Emerging Financial Risks

Mpumalanga's spending remains heavily focused on public ordinary schools, with allocations fluctuating but rising overall to 84% in 2025. This indicates a continued prioritisation of core schooling, while spending on administration and infrastructure remains stable but limited.

Looking at spending per learner, the trend is somewhat mixed. Investment in ECD has remained relatively stable, while primary school spending dipped in 2024 before recovering in 2025. In contrast, secondary school spending has declined overall, suggesting that resources at higher grade levels are under pressure.

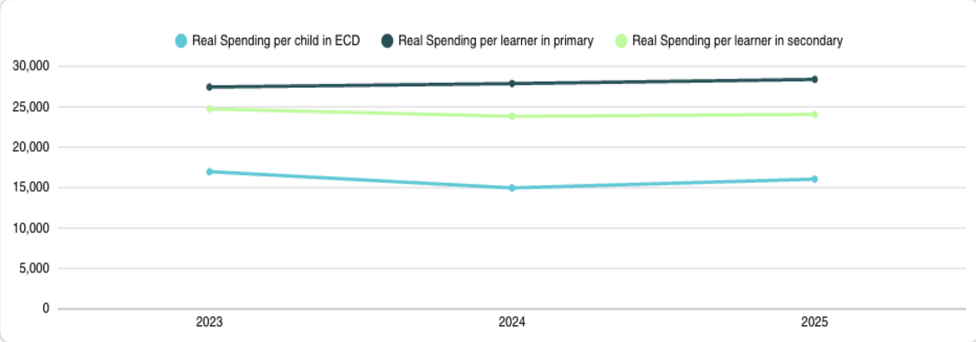
Despite these constraints, the province has seen remarkable improvements in academic performance. Pass rates increased sharply from 77% in 2023 to 84.9% in 2024, reaching 86.6% in 2025. This reflects a system that is rapidly improving outcomes, even as spending patterns shift.

However, accruals present a growing concern. While unpaid bills remained relatively low and stable between 2021 and 2024, there is a significant increase in 2025, pointing to emerging financial pressure and possible cash flow challenges. If this trend continues, it could begin to affect the province's ability to sustain service delivery.

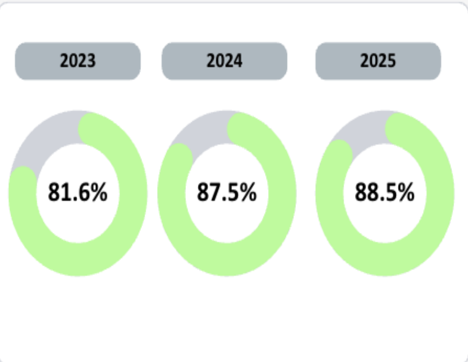
North West

NORTH WEST OVERVIEW

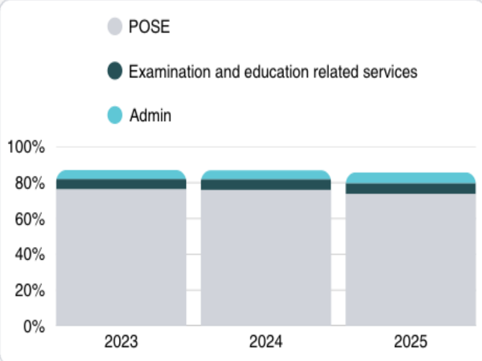
REAL SPENDING PER LEARNER PER PHASE



NSC PASS RATE



EXPENDITURE ALLOCATION PER PROGRAMME



North West: Improving Outcomes with Rising Financial Strain

North West maintains a fairly stable spending structure, with the majority of its budget allocated to public ordinary schools (POSE), although this has declined slightly from 76% to 74% by 2025. Spending on examination services remains consistent, while administration has increased marginally, suggesting small shifts in how resources are being distributed.

In terms of spending per learner, the province shows moderate stability with some fluctuations. Investment in ECD dropped in 2024 before recovering in 2025, while primary school spending has steadily increased over time. Secondary spending, however, has declined slightly overall, pointing to some pressure at higher grade levels.

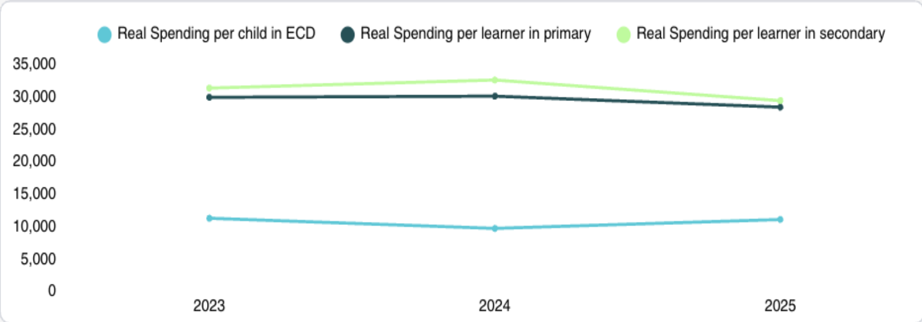
At the same time, the province has achieved strong improvements in academic performance. Pass rates increased significantly from 81.3% in 2023 to 87.5% in 2024, reaching 88.5% in 2025. This indicates a system that is delivering better outcomes despite modest shifts in spending.

However, accruals are a growing concern. After relatively low levels in 2021 and 2022, unpaid bills have increased sharply, peaking in 2024 before declining slightly in 2025. Despite this improvement, accruals remain well above earlier levels, signalling ongoing financial pressure and potential risks to consistent service delivery.

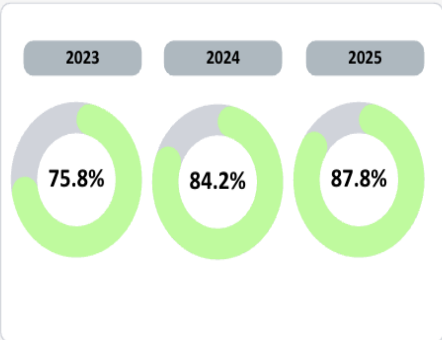
Northern Cape

NORTHERN CAPE OVERVIEW

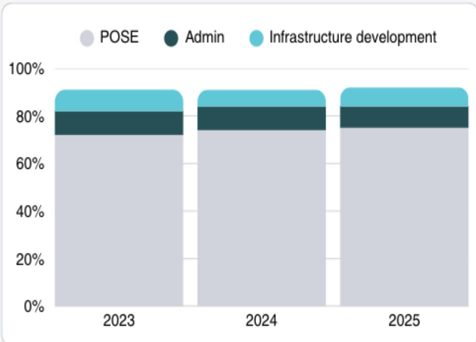
REAL SPENDING PER LEARNER PER PHASE



NSC PASS RATE



EXPENDITURE ALLOCATION PER PROGRAMME



Northern Cape: Strong Recovery in Outcomes Amid Financial Volatility

The Northern Cape allocates a slightly smaller share of its budget to public ordinary schools (POSE) compared to other provinces, though this has increased from 72% in 2023 to 75% in 2025. A notable feature is the relatively high share spent on administration and infrastructure, indicating a broader spread of spending priorities across the system.

Looking at spending per learner, the trends are mixed and somewhat uneven. Investment in ECD declined in 2024 before recovering in 2025, while primary and secondary spending peaked in 2024 but dropped in 2025. This suggests fluctuations in how resources are allocated year to year, particularly at higher grade levels.

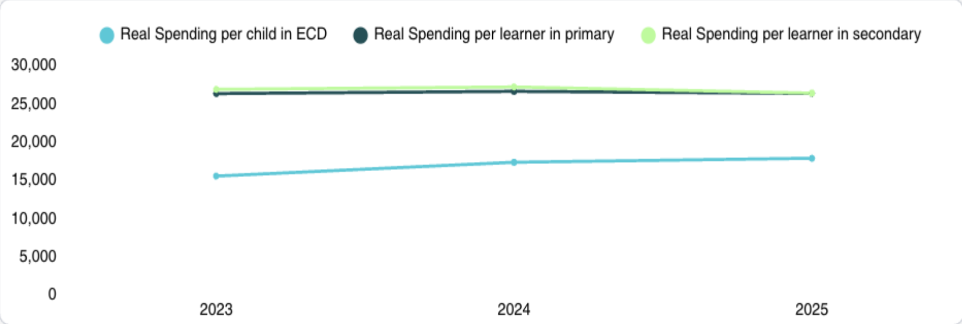
Despite this variability, the province has achieved significant improvements in academic performance. Pass rates rose sharply from 75.8% in 2023 to 84.2% in 2024, reaching 87.8% in 2025. This marks a strong recovery and points to improving system effectiveness.

However, accruals highlight ongoing financial instability. After moderate levels in earlier years, unpaid bills increased sharply in 2024, before declining in 2025. While this is a positive shift, accruals remain elevated compared to earlier years, signalling continued financial pressure and potential risks to consistent service delivery.

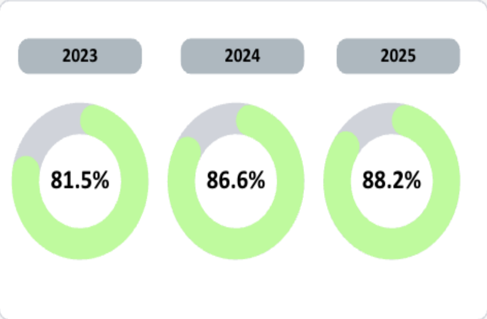
Western Cape

WESTERN CAPE OVERVIEW

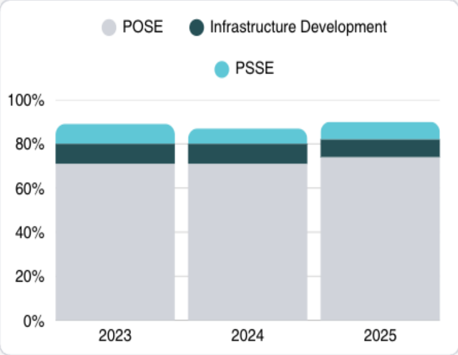
REAL SPENDING PER LEARNER PER PHASE



NSC PASS RATE



EXPENDITURE ALLOCATION PER PROGRAMME



Western Cape: Consistent Investment with Strong and Improving Outcomes

The Western Cape shows a balanced and stable spending approach, with a slightly lower share allocated to public ordinary schools (POSE) compared to other provinces, though this increases from 71% to 74% by 2025. A notable feature is the consistent investment in infrastructure and public special school education (PSSE), reflecting a more diversified allocation of resources across the system.

In terms of spending per learner, the province demonstrates relative stability. Investment in ECD has steadily increased over time, while primary and secondary spending remains broadly consistent, with only minor fluctuations. This suggests a system where resources are being maintained at steady levels across phases, supporting continuity in service delivery.

This stability is reflected in strong and improving academic performance. Pass rates increased from 81.5% in 2023 to 86.6% in 2024, reaching 88.2% in 2025. This upward trend highlights a system that is consistently improving outcomes while maintaining steady investment.

While accruals remain lower than earlier peak levels, there has been a gradual increase again by 2025 after a significant drop in 2022. This suggests some emerging financial pressure, but overall the province appears to maintain relatively stronger financial control compared to more volatile provinces.

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