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South Africa Education Market Outlook to 2015

- Opportunities in the Online Education
and Teacher Training Market

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SOUTH AFRICA EDUCATION INDUSTRY MARKET SIZE, 2005 – 2010

SOUTH AFRICAN STUDENTS TRAVELLING OVERSEAS FOR EDUCATION, 2008-2009

The US is the number one destination for the South African students studying overseas with around ~ students studying in US in 2009. This is largely due to its high standards of education, quality life and numerous employment opportunities after education for students.....

Table: Top 4 Destinations and the Number of Students from South Africa Studying Overseas, 2008 and 2009

Destinations	Overseas Students, 2008	Overseas Students, 2009
United States		
United Kingdom		
Australia		
Cuba		

INTERNATIONAL STUDENTS IN SOUTH AFRICA, 2009

Over ~ international students were enrolled in South Africa in 2009 with Zimbabwe, Namibia and Botswana contributed the highest number of students with the share of ~%, ~% and ~% respectively.

Table: Total International Students Enrollment in South Africa by Country of Origin, 2009

Country of Origin	International Students, 2009	%
Zimbabwe		
Namibia		
Botswana		
Lesotho		

Swaziland		
Dem. Republic of Congo		
Zambia		
Angola		
Mauritius		
Malawi		
All Others		
Total		

SOUTH AFRICA EDUCATION INDUSTRY MARKET SEGMENTATION

BY TUITION FEE SPENDING IN PRE-PRIMARY, PRIMARY, SECONDARY AND HIGHER EDUCATION, 2008-2010

The pre-primary sector is the least market share holder with just 1.14% share in 2010, owing to its low learner base and lower cost of learning. The combined Primary and Secondary education is the second largest sector in terms of tuition fees spent on education. Even though the combined primary and secondary education sector enrolled the highest learner base, the lower tuition fees in public schools, and the fact that around 55% of ordinary schools in South Africa

Table: South Africa Education Industry Segmentation by Total Tuition Fee Spending in Pre-Primary, Primary and Secondary, and Higher Education, in USD Million 2008-2010

	2008	2009	2010
Pre-Primary education sector			
Primary and Secondary Education Sector			
Higher Education sector			

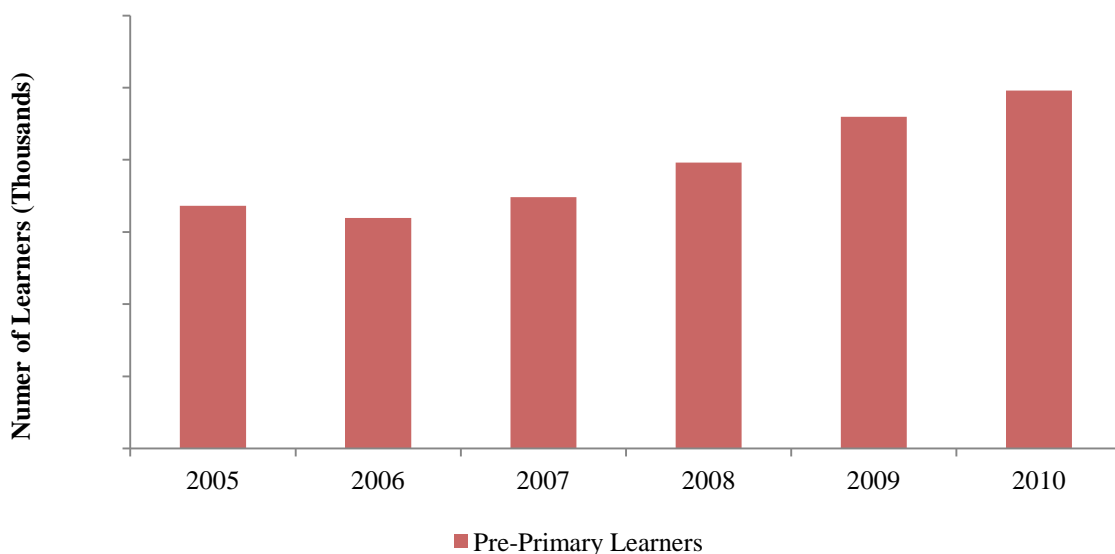
PRE-PRIMARY EDUCATION SECTOR

PRE-PRIMARY EDUCATION SECTOR SIZE, 2005-2010

NUMBER OF LEARNERS, 2005-2010

The pre-primary sector has grown at a consistent rate over the years with 2006 being a small aberration when number of learners decreased to ~ thousand students. This underscores the rising inclination of parents towards educating children from a young age. There were around ~ thousand pre-primary learners in 2010 which has increased from ~ thousand pre-primary learners in 2005.

Figure: Pre-Primary Education Sector Market Size by Number of Learners, in Thousands, 2005-2010



GRADE 1 LEARNERS IN ORDINARY SCHOOLS WHO HAVE ATTENDED A PRE-PRIMARY PROGRAMME

Around ~% of grade 1 learners in ordinary schools attended pre-primary programmes in 2009, an increase of over 3% from the 2008 attendance of ~. Limpopo had the highest

proportion with approximately ~% of grade 1 learners attending a pre-primary programme, followed by Gauteng with ~% proportion.

Table: Grade 1 Learners in Ordinary schools who have Attended a Pre-Primary Programme, by Gender and Province, 2008 and 2009

Province	2008			2009		
	Female	Male	Total	Female	Male	Total
Eastern Cape						
Free State						
Gauteng						
KwaZulu Natal						
Limpopo						
Mpumalanga						
Northern Cape						
North West						
Western Cape						
South Africa						

PRIMARY EDUCATION SECTOR

PRIMARY EDUCATION SECTOR SEGMENTATION BY GRADE

The number of students in each grade tends to decrease with an increase in each grade indicating a high dropout rate of learners and increase in repeaters. The dropouts are caused by lack of finance, poor academic performance, dissatisfaction from studies and others.

The Foundation phase which encompasses Grade R to Grade 3 has displayed an increase in the number of learners in Grade R and grade 1, and decrease in the number of learners in grade 2 and grade 3 over the period.

Grade 4, 5 and 6 constitutes the intermediate phase. Grade 4 has recorded a decrease in the learner base in 2010 from 2005. Grade 5 and 6 have registered increased learner enrollment over the past 5 years and command learner base of ~ thousand and ~ thousand respectively.

Table: Primary Education Sector Segmentation, by Grade, 2005-2011

	2005	2006	2007	2008	2009	2010	2011
Grade R							
Grade 1							
Grade 2							
Grade 3							
Grade 4							
Grade 5							
Grade 6							
Grade 7							
Total Primary							

SECONDARY EDUCATION SECTOR

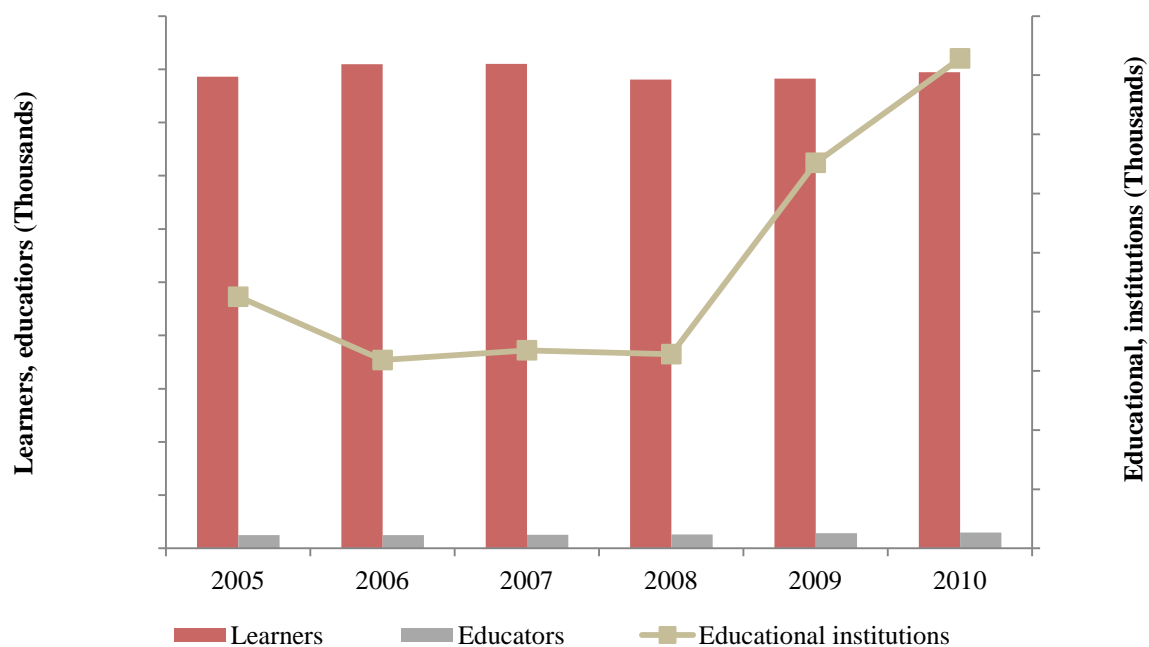
SECONDARY EDUCATION SECTOR SIZE, 2005-2010

NUMBER OF LEARNERS, EDUCATORS, EDUCATIONAL INSTITUTIONS, 2005-2010

There has been an overall increase in the number of learners, educators and educational institutions over the period in the South African secondary education sector. From around ~ thousand learners in 2005, the secondary education sector has grown to ~ thousand learners in 2010 at a CAGR of ~%.

There were about ~ thousand educational institutions in South Africa in 2010 which offers secondary education. This figure has grown over the period from around ~ thousand educational institutions in 2005 at a CAGR of ~%.....

Figure: Secondary Education Sector Market Size by Number of Learners, Educators, Educational institutions, in Thousands, 2005-2010



SECONDARY EDUCATION SECTOR SEGMENTATION BY GRADE, 2005-2010

A revised curriculum was introduced by the department of education in 2006 requiring all learners from Grade 10 to Grade 12 to enroll in either mathematics or mathematical literacy. This move was aimed to ensure that all learners are prepared for an increasingly complex, technologically and numerically advanced world. Accounting and Physical Sciences are also an important subject as more scarce skill careers require these subjects.

Mathematics is the most preferred subject selected by over ~ million learners (around ~%), followed by Physical Sciences and Accounting which was pursued by ~ and ~ learners respectively.

Table: Number and Percentage of Learners in Ordinary Schools Undertaking Mathematics, Physical Science and Accounting in Grade 10, 11 and 12, 2007 – 2009

Year	Grade	Accounting		Mathematics		Physical Sciences	
		Number of learners	% of learners	Number of learners	% of learners	Number of learners	% of learners
2007	Gr. 10						
	Gr. 11						
	Gr. 12						
	Total						
2008	Gr. 10						
	Gr. 11						
	Gr. 12						
	Total						
2009	Gr. 10						
	Gr. 11						
	Gr. 12						
	Total						

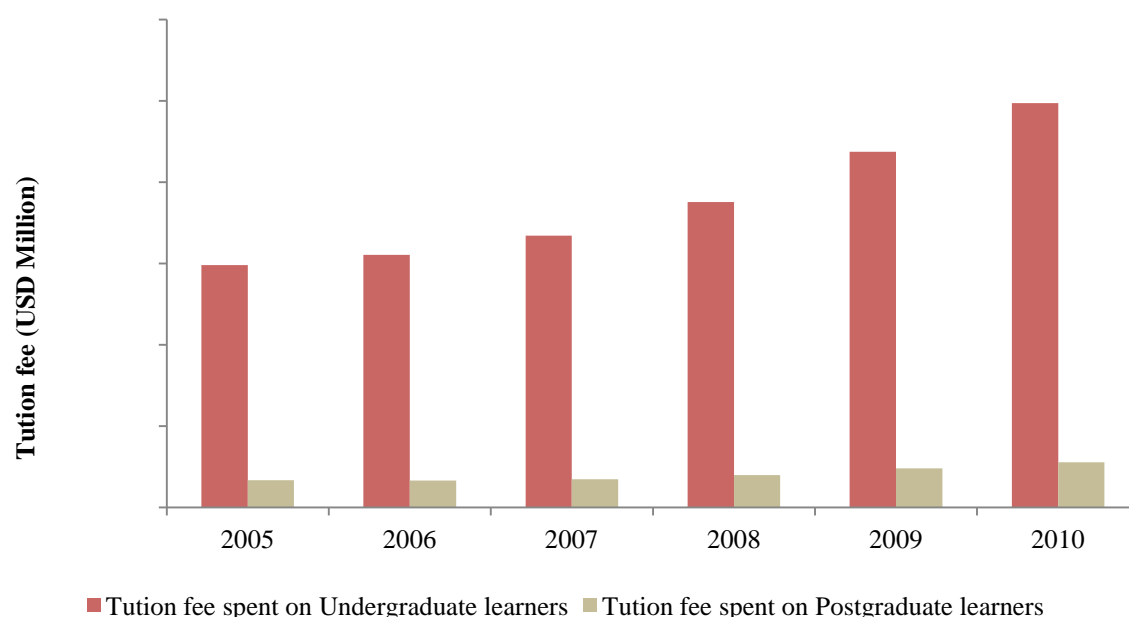
HIGHER EDUCATION AND TRAINING SECTOR

HIGHER EDUCATION AND TRAINING SECTOR SEGMENTATION

BY TOTAL TUITION FEE SPENT ON EDUCATION, 2005-2010

A larger learner base and higher tuition fees in comparison to the post graduate tuition fees has resulted in higher consumer spending on undergraduate education. Around USD ~ million was spent as tuition fees on undergraduate education in 2010 and has grown over the period at a 5 year CAGR of 10.8%.

Figure: Higher Education Sector Segmentation by Total Fee Spent on Undergraduate and Post graduate Learners Education, in USD Million, 2005-2010



TEACHER TRAINING MARKET

Teacher training market is currently in an abysmal stage with a huge deficiency of trained and qualified teachers in the education system as indicated by the high teacher-student ratio in both primary and education sectors

.....
~ new teachers graduated from public higher education institutions in 2009, out of which, around ~ were Foundation Phase teachers and around ~ were FET-level teachers. Additionally, a teacher recruitment campaign was held in 2009 where ~ students enrolled for the first time in initial teacher education programmes which have increased by 37.1% from 2008.....

Table: South African Teacher Training Estimated Market Size, USD Million, 2011

	Total Educators	% of Teachers Trained per Annum	Target Market (Educators)	Average Cost of Training (ZAR)	Teacher Training Market (ZAR Million)	Teacher Training Market (USD Million)
Primary						

Secondary						
Total Market						

Note: An average 1 year exchange rate is considered for conversion wherein 1 ZAR = 0.1407USD

PRIVATE TUTORING MARKET

Around ~ million students take up private tuitions for primary grade subjects and around ~ million for secondary grade subjects resulting in a market size of USD ~ million and USD ~ million respectively. The total estimated market size of South Africa tutoring segment is USD ~ million.

Table: South African Tutoring Estimated Market Size, USD Million, 2011

Grade	Total Learners (Million)	Students who can Afford Private Tuitions	Target Market (Million)	Tutored	Market (Learners)	Annual Average Tuition Fees Per Student*	Market Size (ZAR million)	Market Size USD million)
Grade R-7								
Grade 8-12								
Total								

*Note: *Annual Average tuition fees per student is calculated by multiplying the average tuition fee per hour for the respective segment by the total number of hours and total subjects studied*

An average 1 year exchange rate is considered for conversion wherein 1 ZAR = 0.1407USD

ONLINE EDUCATION MARKET

Out of the ~ million users enrolled for paid online courses in 2010, ~% are enrolled in IT skills courses, ~% are enrolled for business, banking and management courses and ~% learners for extracurricular online courses. The total e-learning and IT online training market in South Africa is estimated to be around USD ~ million in 2010.

Table: South African Online Education Estimated Market Size, USD Million, 2010

	Market (Online Users)	Annual Average Online Course Fee (ZAR)	Market Size (ZAR Million)	Market Size (USD Million)
Banking, Leadership and Management Online Courses				
IT Skills Online Courses				
Extra Curricular Courses (photography, music, wildlife and others)				
Total Online Education Market Size				

Note: An average 1 year exchange rate is taken for conversion wherein 1 ZAR = 0.1407USD

SOUTH AFRICA EDUCATION INDUSTRY FUTURE OUTLOOK

CAUSE AND EFFECT RELATIONSHIP BETWEEN DEPENDENT AND INDEPENDENT FACTORS PREVAILING IN SOUTH AFRICA EDUCATION INDUSTRY

Table: Cause and Effect Relationship Analysis between Industry Factors and Expected South African Education Industry Prospects

Industry Factors	Market Impact	Comments
Increasing population with number of children born		▪
High dropout rate and repeaters		▪
Non-availability and underutilization of allocated education funds		▪

Rising personal disposable income		▪
Unskilled and untrained teachers		▪

Note: Shaded region represents the degree of impact on the market

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