



**Joint Submission to the Standing Committee on Appropriations during the
Public Hearings on the Medium Term Budget Policy statement (MTBPS)**

27 October 2014

Prepared by the Public Service Accountability Monitor (PSAM) and Equal Education (EE)



CONTENTS

1. Introduction

2. School Infrastructure

(a) Education Infrastructure Grant

(b) Accelerated School Infrastructure Delivery Initiative

3. Scholar Transport

4. School Nutrition Programme

5. Conclusion

6. Recommendations

1. INTRODUCTION

This report is submitted by the Public Service Accountability Monitor (PSAM) and Equal Education (EE).

PSAM is a civil society organisation that aims to improve the provision of public services essential to the reduction of poverty by strengthening social accountability initiatives concerned with improving governance and public resource management (PRM) in sub-Saharan Africa. It does this through the activities of three interrelated programmes: the Monitoring and Advocacy Programme (MAP), the Regional Learning Programme (RLP) and the Advocacy Impact Programme (AIP).

EE is a movement of learners, parents, teachers and community members working for quality and equality in the South African education system through research, analysis and activism. EE recognises the valuable role that Parliament plays in a functioning democracy and the crucial oversight function that a robust National Assembly can provide in holding the Executive to account.

The purpose of this submission is to comment on the Minister of Finance's 2014 Medium Term Budget Policy Statement (MTBPS) in the first instance. Secondly; it is hoped that this report will inform deliberations towards Budget 2015. This submission primarily seeks to provide recommendations on proposed adjustments to education infrastructure conditional grants, at both the national and provincial levels. We will provide an overview of expenditure trends and delivery through the Education Infrastructure Grant (EIG) and the Accelerated School Infrastructure Delivery Initiative (ASIDI). The submission will also examine the necessity of adequate scholar transport funding to meet the needs of learners in deep rural areas, who have to travel long distances to access schooling. The report also takes into account funding for school nutrition through the National School Nutrition Programme (NSNP). In this regard the submission contains recommendations for Parliament to consider.

In his Medium Term Budget Policy Speech delivered on 22nd October, 2014, the Minister of Finance, Nhlanhla Nene reiterated the fact that allocations to schools contributed to the overall increase in social wage spending from 26% to 31% of GDP over the past decade. Overall, however, the Minister did not directly address budget adjustments in relation to school spending in critical areas. The Minister did, however, highlight adjustments connected to

increasing the country's skills base through education, skills development and post-school interventions through R800 billion proposed over the MTEF.

This report further outlines priority areas identified by EE and PSAM researchers that require urgent attention in the provisioning of education in South Africa. In particular- the report outlines unanswered questions relating to planning, budgeting and implementation.

2. SCHOOL INFRASTRUCTURE

While there has certainly been significant progress made in the delivery of school infrastructure, many South African schools are still categorised as unsafe or 'inappropriate'. The eradication of mud schools in South Africa is long overdue. In 2004, former president Thabo Mbeki announced that *"...by the end of this year (2004/05) we shall ensure that there is no pupil learning under a tree, mud school or any dangerous conditions that expose pupils and teachers to the elements"*. Twenty years into the new democratic dispensation and a decade after Mbeki's promise, mud schools are still in existence in South Africa. Amongst the greatest factors influencing this failure is the lack of capacity to plan and budget effectively at various administrative levels of the Department of Basic Education (DBE). This has a direct impact on the implementation and completion of school infrastructure projects.

(a) EDUCATION INFRASTRUCTURE GRANT (EIG)

That there are many competing demands that place pressure on the education budget is indubitable. Over several years, the payment of personnel has placed a significant strain on the budget across Provincial Education Departments (PEDs); often resulting in over spending.¹ Infrastructure, maintenance and learner teacher support materials are also additional competing factors. Infrastructure- as with compensation of employees- is a significant policy and budget priority.

The education infrastructure grant is intended to be supplementary to provincial infrastructure programmes. The grant also has the purpose of enhancing the speed with which infrastructure delivery happens. It is inclusive of maintenance, rehabilitation and upgrading of new and existing infrastructure. This is especially critical in the Eastern Cape and provinces with maintenance backlogs as well as a high number of new schools that have to be built.

¹ Kota, Z. 2003. Education Budget Analysis 2013/14: Eastern Cape Department of Education. Public Service Accountability Monitor.

The proposed 2014 Division of Revenue Amendment Bill, highlights that all the allocations given to provinces for the implementation of the EIG in the 2014/15 financial year have seen no mid-year adjustments, other than the Western Cape, which has received an additional R397 million.² The non-reduction of funds suggests that provinces have been spending their money well. However, there is concern about the transparency of the EIG when it comes to implementation. Currently, the infrastructure project lists provided in the provincial education department votes, are the only publically available information on EIG performance. These lists do not provide a clear indication of the scope of the projects. It is difficult to decipher what in fact is being planned to be delivered. Without the availability of planning documents, clear targets, reporting against targets, it is difficult for Parliament and ordinary citizens to hold the Department of Basic Education (DBE) accountable.

The Division of Revenue Amendment Bill also proposes to increase funds available to provinces for the implementation of the EIG over the medium term. There is a 29% increase between the 2014/15 and 2015/16 financial years, where the proposed allocation shifts from approximately R7 billion to R9,4 billion.³ This is in line with the statement in the MTBPS that, *“allocations proposed over the MTEF period for school infrastructure will ensure that gazetted norms and standards are met by 2016.”*⁴ However, it must be noted that the proposed R9,4 billion in 2015/16, is R1 billion less than was projected in the 2013 MTBPS.⁵ In addition the proposed increased allocation between 2015/16 and 2016/17 is only R700 million, which begs the question, is the planned expenditure over the medium term, enough for the DBE to meet the three year deadline for infrastructure provision, as contained in the norms and standards for school infrastructure?

(b) ACCELERATED SCHOOL INFRASTRUCTURE DELIVERY INITIATIVE (ASIDI)

The School Infrastructure Backlogs Grant, commonly known as ASIDI, was intended to ensure the eradication of inappropriate schools by replacing 496 mud schools between the 2011/2012 and 2013/2014 financial years and to provide basic services like water, sanitation and electricity. R8.2 billion was allocated for the grant.

² National Treasury, Division of Revenue Amendment Bill, October 2014. Pg 5. Available at ([http://www.treasury.gov.za/legislation/bills/2014/Division%20of%20Revenue%20Amendment%20Bill%20\(Bill11-2014\).pdf](http://www.treasury.gov.za/legislation/bills/2014/Division%20of%20Revenue%20Amendment%20Bill%20(Bill11-2014).pdf))

³ National Treasury, Division of Revenue Amendment Bill, October 2014. Pg 32. Available at ([http://www.treasury.gov.za/legislation/bills/2014/Division%20of%20Revenue%20Amendment%20Bill%20\(Bill11-2014\).pdf](http://www.treasury.gov.za/legislation/bills/2014/Division%20of%20Revenue%20Amendment%20Bill%20(Bill11-2014).pdf))

⁴ National Treasury, Medium Term Budget Policy Statement, 2014. Pg 32. Available at (<http://www.treasury.gov.za/documents/mtbps/2014/mtbps/MTBPS%202014%20Full%20Document.pdf>)

⁵ National Treasury, Division of Revenue Amendment Bill, October 2013. Pg 46. Available at (http://jutralaw.co.za/media/filestore/2013/10/B38_2013.pdf)

Due to massive challenges with regard to expenditure over the years, the length of the project was extended and the budget reduced

“To give effect to Cabinet approved budget reductions, R1.2 billion over the medium term has been reduced from spending on the school infrastructure backlogs grant...The reductions to the school infrastructure grant align this allocation more closely with the ability of the sector to deliver school infrastructure and extend the deadline for addressing the school infrastructure backlog by one year, from 2015/16 to 2016/17.”⁶

These reductions occurred due to the DBE’s under expenditure of its budget. 89.13% was underspent in the 2011/12 financial year and 58.4% in the 2012/13 financial year. The reductions are illustrated in the table below.

Table 1: Reductions to the ASIDI budget over the period 2011/12 to 2016/17

Financial Year	Actual allocation	Estimates ⁷	Financial Year	Actual Allocation	Estimates
2011/12	R700 000 ⁸		2012/13	R2 315 000'	
2012/13		R2 315 000'	2013/14		R5 189 000'
2013/14		R5 189 000'	2014/15		R5 500 300'
Financial Year	Actual allocation	Estimates	Financial Year	Actual Allocation	Estimated
2013/14	R1 955 981'		2014/15	R 2 938 503'	
2014/15		R3 169 503'	2015/16		R2 433 310'
2015/16		R2 912 310'	2016/17		R2 610 662'

In 2013/14, the budget was reduced from approximately R5 billion first allocated in the 2011/12 budget to a revised actual allocation of 1.955 billion. Once again, the 2014/15 budget allocation to ASIDI has been reduced. Approximately R2.9 billion was allocated to ASIDI in the main 2014/15 budget, and almost R400 million of this has now been shifted to the Western Cape (Education Infrastructure Grant). As a result the province’s main EIG allocation increased from R485 million to R882 million.⁹

⁶ National Treasury, Estimates of National Expenditure, at page 316. 26 February 2014. Available at (<http://www.treasury.gov.za/documents/national%20budget/2014/ene/FULLENE.pdf>)

⁷ Projection of allocations over a two-year period.

⁸ '000

⁹ National Treasury, Division of Revenue Amendment Bill, October 2014. Pg 5. Available at ([http://www.treasury.gov.za/legislation/bills/2014/Division%20of%20Revenue%20Amendment%20Bill%20\(Bill11-2014\).pdf](http://www.treasury.gov.za/legislation/bills/2014/Division%20of%20Revenue%20Amendment%20Bill%20(Bill11-2014).pdf))

After the reduction of the DBE's budget for ASIDI, 87 % of the original allocation still remains. In the 2013/14 financial year the DBE only managed to spend 70% of their ASIDI budget. If we use DBE's capital expenditure as a proxy for spending on ASIDI, we find that by August 2014 (5 months into the financial year) the Department had only spent 20% of its original budget. The question remains whether the DBE will be able to spend their reduced budget and provide infrastructure to learners who attend unsafe and substandard schools.

3. SCHOLAR TRANSPORT

There are numerous challenges facing the South African education system in the provision of scholar transport. Firstly, the delivery of this service requires the Departments of Transport and Basic Education to work together to ensure adequate data capturing of the number of learners in need, sufficient budgeting to meet this need and that service actually reach the intended beneficiaries. But these cross cutting roles have resulted in confusion and inertia on the ground.

It is unclear whose responsibility it is to provide this service. For example in the Eastern Cape service delivery targets are set by the education department but the budget for scholar transport comes from the Eastern Cape Department of Transport (ECDoT). This makes it difficult to hold a particular department accountable for poor or no implementation.

There are thousands of learners in rural provinces who walk long distances to access schooling daily. Recent media reports have highlighted that in some provinces service providers are still owed money by provincial departments for providing transport to learners; and that funding that is made available by provinces is not enough to transport all qualifying learners to schools.

It is notable, therefore, that despite this urgent need, the 2014 MTBPS and proposed Division of Revenue Amendment Bill did not allocate funding for learner transport exclusively. We recommend that this matter be taken into consideration.

Table 2 below shows the number of learners provided with transport (derived from the ECDoE) against the amounts allocated for implementation (derived from the ECDoT). It also shows spending on transport decreasing in the 2014/15 financial year despite an increase in learner numbers. The estimated budget for 2015/16 is also less than that of the 2013/14 financial year, even though there is an estimated increase in the number of learners in the 2015/16 financial year.

Table 2: Budget Allocation for Scholar Transport and Number of Scholars Targeted¹⁰¹¹

	2012/13	2013/14	2014/15	2015/16	2016/17
	Outcome	Revised	Estimate	Estimate	Estimate
Scholar Transport (ECDoT)	R 366,070,000	R 383,593,000	R 356,076,000	R 372,818,000	R 392,951,000
Target Number of Scholars (ECDoE)		55000	55537	57936	57936

4. SCHOOL NUTRITION

The National School Nutrition Programme (NSNP) is funded through a conditional grant that is transferred to provincial education departments. The NSNP is currently limited to learners in quintile 1 to 3 schools. While this constitutes a significant intervention for children from food insecure households, deserving learners in quintile 4 and 5 are still excluded. The programme also caters for identified special schools over an average of 135 school days, according to DBE estimates. The DBE reports that the cost per meal per learner per day stands at R2.56 for primary and identified special schools and R3.46 for secondary schools.

Table 3 illustrates budget allocations for the NSNP in 2014 and over the MTEF and indicates nominal and real changes over the same periods. EE and the PSAM lament the lack of details pertaining nutrition in schools in the Minister’s MTBP speech of 2014. This is especially lamentable following recent budget reductions.

Learners that had been supported on the NSNP in some provinces have been ‘cut off’ according to recent reports. The DBE, in 2013/14, reduced the number of learners fed on the NSNP by approximately ½ million learners (from 9.2 million to 8.7 million) as a result of some provinces feeding ‘additional learners’ from ‘their own budgets’. It is therefore pertinent to ask of the DBE whether measures have been put in place to mitigate against the potential gap created by the loss of a daily meal for affected learners. Since September 2014, there have been further cuts reported at the provincial level in 2014/15. Amongst these are reports in October 2014 by the

¹⁰ Source: National Treasury. 2014. Estimates of Provincial Revenue and Expenditure Eastern Cape. Available at <http://www.treasury.gov.za/documents/provincial%20budget/2014/4.%20Estimates%20of%20Prov%20Rev%20and%20Exp/EC/2.%20Estimates%20of%20Prov%20Rev%20and%20Exp/Default.aspx>;

¹¹ Scholar Transport is a line item within the Transport Operations Programme in the EC DoT, but no service delivery targets are provided.

The target number of scholars is a service delivery target within the budget of the EC DoE, but no budget allocation is provided for this service.

Federation of Governing Bodies of South African Schools (FEDSAS) that 64 000 learners in the Gauteng province would be cut off from the NSNP.

Table 3: Budget Allocation for the National School Nutrition Programme (NSNP) (Source: National Treasury, 2014)

Province ('000 Rand)	2014/15	2015/16	2016/17	Nominal Change Over MTEF	Nominal Change Between 2013 and 2014 (%)	Real Change Between 2013 and 2014 (%)
Eastern Cape	984,548	1,020,116	1,074,182	2.95	3.73	-2.29
Free State	299,205	317,157	333,966	3.73	8.87	2.55
Gauteng	640,541	678,974	714,960	3.73	3.90	-2.13
Kwazulu Natal	1,237,534	1,287,034	1,355,247	3.08	2.60	-3.36
Limpopo	991,153	1,030,799	1,085,431	3.08	6.34	0.17
Mpumalanga	524,913	545,910	574,843	3.08	3.98	-2.06
North West	366,890	381,566	401,789	3.08	3.39	-2.61
Northern Cape	134,645	142,724	150,289	3.73	12.34	5.82
Western Cape	282,486	299,435	315,305	3.73	6.56	0.37
National	5,461,915	5,703,715	6,006,012	3.22	5.58	-0.54

While it is evident that the majority of learners in the most impoverished schools are supported on the NSNP, there is a lack of clarity around the number of eligible learners that are currently in quintile 4 and 5 schools. Furthermore- while there have been several achievements associated with the NSNP, it is imperative that several issues relating to budget adequacy are tackled in order to ensure that limited resources are optimally utilised. Clear plans must be made to motivate for all eligible learners to be supported by the NSNP.

Overall, between 2013/14 and 2015/16, the NSNP budget decreased in real terms by 0.54% while a minimal real increase of 3.22% is expected over the Medium Term Expenditure Framework; between 2014/15 and 2016/17 (Table 3). In 2014/15, several provinces such as the Eastern Cape, Gauteng, Kwazulu-Natal and Mpumalanga experienced budget decreases towards the NSNP in 2014 in real terms. It was also found that despite underperformance of the programme in some provinces, monitoring and evaluation continues to be a weak point across all NSNP programmes.

There are a few changes to the NSNP budget in 2014/15 worth noting; the following is outlined in the National Estimates of Expenditure released by National Treasury publication (2014);

*“(T)o give effect to Cabinet approved budget reductions, the department will reduce spending in this programme by R 3.2 million over the medium term on the administration portion of the national school nutrition programme grant. These reductions are to be mainly effected in spending on travel and subsistence through implementing efficiency measures such as **reducing the size of teams that travel on oversight visits...** “*

While the Department states that these reductions will not have a negative impact on service delivery- this is worth further scrutiny. Given past and current evidence there is a great need for more effective and regular monitoring of the NSNP across all provinces, these budget reductions may well prove to be ill-advised. In his 2014 MTBP statement, Minister Nene emphasized the need to strengthen public sector accountability. We would argue, therefore that budget cuts to oversight activities (that are already limited) within such a substantial conditional grant programme do not augur well for the long term outlook of the NSNP.

In 2008, the Public Service Commission¹² found that in both Limpopo and the Eastern Cape, schools reported weak monitoring and evaluation of the NSNP by departments despite frequent reports of corruption. In 2010 expenditure tracking survey carried out by the Public Service Accountability Monitor revealed similar concerns in selected schools in the Grahamstown district. Most recently (September 2014), EE and the EELC conducted site visits to a number of schools across the Eastern Cape, to ascertain whether school nutrition and learner transport were being provided. Generally, while it was found that administration of the NSNP was adequate; there were some problems noted pertaining to the implementation of the programme. There were reports of difficulties with food preparation as a result of water scarcity in areas such as Elliotdale, Mount Fletcher, Port St Johns and Idutywa. Anecdotally, some schools also reported that they were potentially expected to provide a second meal; an undertaking not supported by current conditional grants for the NSNP.

5. CONCLUSION

Given the past and present trends relating to Infrastructure planning, budgeting and implementation, there are several key changes that must be effected through direct intervention from the DBE and National Treasury. It is not unreasonable, when contemplating the outlined infrastructure targets and objectives to get a sense that these may not be met within the timeframes. Such delays can no longer be tolerated within the South African education landscape.

¹² Public Service Commission (PSC) (2008). *Report on the Evaluation of the National School Nutrition Programme (NSNP)*. Pretoria, South Africa

The lack of adequate provision for learner transport in rural schools across the country has become an issue of concern. The situation is exacerbated by the absence of an adopted Policy on learner transport and a specific grant geared towards this provision. It is worrisome that this issue is neither acknowledged by the DBE or National Treasury in their documentation. This means that thousands of learners across rural provinces will struggle to access schooling for years to come.

School nutrition is undoubtedly a crucial intervention that has seen significant improvements in its administration over the years. We note with some concern, however, recent exclusion of ‘ineligible’ learners despite little characterization of the actual impact of this change on the learners. We note with concern the decreases in real terms between 2013 and 2014 and warn against reductions in oversight budgets over the MTEF.

We therefore, in collaboration with other civil society organizations appeal to the Department of Basic Education and National Treasury to provide clarity on the outlined questions that have a direct bearing on school infrastructure delivery, learner transport provisioning and the NSNP in the short to medium term.

6. RECOMMENDATIONS

School infrastructure:

- The DBE must allocate (and spend) adequate budgets for infrastructure maintenance. The DBE should also provide public explanations and justifications for the reduction in key budget areas relating to education infrastructure in 2014/15 and the upcoming MTEF given the long list of incomplete projects.
- The DBE and National Treasury must improve planning alignment between PEDs and the DBE with a specific focus on maintaining accurate asset management databases to allow rigorous monitoring and evaluation as well as allow close public scrutiny. In addition to being responsible for ensuring delivery at the local level- PEDs and Districts are accountable to the communities within which they exist and must accordingly make information available.
- The DBE must Implement and monitor the Norms and Standards through implementation of community participation processes as well as complying with the Regulations. As an initial step, copies of the reports produced on 29th November 2014 must be made available on the public domain.

Scholar Transport:

- The adoption of the National Scholar Transport Policy of 2009; The DBE should collect and verify data on the number of learners who need scholar transport, particularly in the Eastern Cape; and
- A grant geared towards providing learners with transport, particularly in rural areas, where learners have to walk long distances to and from school, should be established. Alternatively, schools should provide boarding facilities for those learners in high school.

School Nutrition:

- The Department of Basic of Education must be cautioned against reductions made to the budget pertaining to monitoring and oversight of the programme as this has the potential to reverse gains made in the effective implementation of the NSNP
- The DBE must elicit clear data from provinces relating to the number of all learners that are eligible to benefit from the NSNP; particularly those in quintiles 4 and 5, all special school as well as learners in ECD facilities
- The DBE must critically consider the inclusion of all eligible learners that are not currently supported on the NSNP and request accurate reports from provincial education departments given the stated aims of the programme in providing nutrition to support learners' academic performance