

Equal Education
Submission on the 2015 Division of
Revenue Bill



Equal Education

- **Equal Education (EE)** is a movement of learners, parents, teachers and community members. EE works for quality and equality in South African education, through research, analysis and evidence based activism. EE's head office is in the Western Cape, with satellite offices in Gauteng and the Eastern Cape, and a strong presence in KwaZulu-Natal and Limpopo. Since being founded in 2008, Equal Education has led campaigns aimed at the development of learning facilities; improved practice, content and access to teaching; the building of commitment and passion among teachers and learners; and improving the overall efficacy of South Africa's education system. Our focus and attention is directed by the interests of our members, drawn largely from working-class and poor communities.

The Division of Revenue Bill

- In accordance with Section 214(1) of the Constitution, the point of the Division of Revenue Bill is "to provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2015/16 financial year, the determination of each province's equitable share and allocations to provinces, local government and municipalities from national government's equitable share and the responsibilities of all three spheres pursuant to such division and allocations; and to provide for matters connected therewith"

EE's Concerns

(1) School Infrastructure Funding –

Urgent Need, Urgent Deadlines but Less and Less Money being put aside.

(2) Making Provinces Perform –

The way provinces are currently made to compete for extra funds is not fair and does not incentivize delivery.

(3) Scholar Transport –

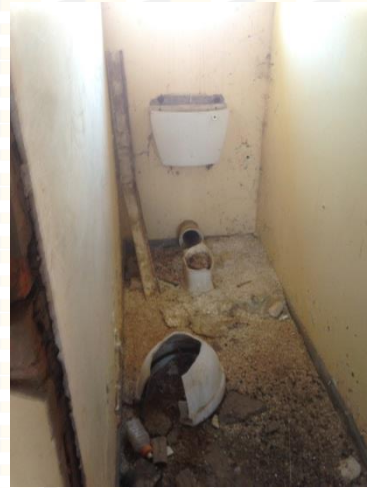
Need massively outweighs supply – millions of learners are forced to walk to school everyday

Concerns (cont.)

(4) Transparency

- Citizens cannot properly participate in the budgeting and monitoring process without access to the appropriate reports, plans, and budget documents.

(1) School Infrastructure



EE's involvement

- EE, supported by the Legal Resources Centre, waged a three-year campaign which resulted in Minister Motshekga adopting **Minimum Norms and Standards for School Infrastructure** in November 2013.
- In November 2013, the regulations relating to Minimum Uniform Norms and Standards for public school infrastructure (N&S) were published.
- N&S deadline: **29 November 2016**
- All schools without any access to water, electricity and sanitation must be provided with these basic services, and all schools built from inadequate materials like mud, wood, metal and asbestos (i.e. 'inappropriate schools'), must be eradicated.

Budgeting for N&S

- According to the 2013 regulations, the obligations created by the N&S do not apply to schools that were already included in the 2013/14 Budget and Medium Term Expenditure Framework (MTEF).
- Hence, the N&S would only apply to schools that have not yet been planned and budgeted for during the 2013/14 MTEF.
- However, our analysis shows (1) **additional allocations have not been made in the 2015/16 Budget to accommodate the N&S**, and (2) **the allocations that were made before the N&S came into effect have been reduced**.

N&S

- How will the N&S be funded?
- How much will it cost?
- How will the N&S deadlines be met?

Funding

- Two dedicated sources of funding for school infrastructure: the **School Infrastructure Backlogs Grant (SIBG)**, also known as the Accelerated School Infrastructure Delivery Initiative (ASIDI), and the **Education Infrastructure Grant (EIG)**.
- Provinces can also choose to contribute funds towards school infrastructure from their **Equitable Share (ES)** transfers.

The SIBG

- The SIBG – also known as the Accelerated Schools Infrastructure Delivery Initiative (ASIDI) – was first introduced in 2011 as a short-term grant to address backlogs in inappropriate school structures and access to basic services. The original aim of the grant was to fast-track the eradication of inappropriate school infrastructure and to provide water, sanitation and electricity to specific schools (which are mostly located in the Eastern Cape). This grant is managed by the national Department of Basic Education.
- It was meant to conclude in 2014/15, but due to a number of challenges was extended to 2017/18

SIBG (cont.)

- Prior to the introduction of the N&S, **R13 billion** was set aside to implement ASIDI.
- Despite the target period for ASIDI being extended, if total actual and adjusted expenditure on ASIDI is added to the projected allocations for the 2015 MTEF period, only **R11.86 billion** would have been spent on ASIDI by 2017/18.
- **ASIDI allocations have been reduced by over R1 billion**

SIBG (cont.)

Table 1: Total Allocations to ASIDI: 2014/15 to 2017/18

R'000	2014/15	2015/16	2016/17	2017/18
2013 Budget	3,169,503	2,912,310		
2014 Budget	2,938,503	2,433,310	2,610,662	
2015 Budget		2,046,825	2,374,867	2,619,873

Sources: National Treasury, 2011, 2012, 2013, 2014 Division of Revenue Act, 2015 Division of Revenue Bill

SIBG (cont.)

- In the 2015 Budget, R2.05 billion was allocated to SIBG for the 2015/16 year. This represents a decline from the 2014 SIBG budget allocation of R2.94 billion.
- The SIBG budget allocation for 2015/16 is also lower than the allocations for this year first projected in the 2013 (R2.91 billion) and 2014 budgets (R2.43 billion).
- This appears to be a trend, with the 2014 budget allocation (of R2.94 billion) also being lower than the amount previously projected in the 2013 budget (R3.17 billion).
- The revised allocation for 2016/17 (R2.37 billion) is also lower than the allocation first published in the 2014 Budget (R2.61 billion).

SIGB: Initial & adjusted total projected cost

Table 3: Total SIGB Allocations to ASIDI: 2012 MTEF

R'000	2012/13	2013/14	2014/15	Total
2012 <u>DoRA</u>	2,315,000	5,189,000	5,500,340	13,004,340

Source: 2012 DoRA, p.96



Table 4: ASIDI: Actual spending and budget allocations

R'000	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
2015 ENE	76,100	859,600	1,370,100	2,513,600	2,046,825	2,374,867	2,619,873	11,860,965

Sources: National Treasury, 2015 Estimates for National Expenditure, 2015 Division of Revenue Bill

Notes: 2011/12, 2012/13, 2013/14 figures are audited expenditure; 2014/15 is adjusted budget allocation; 2015/16-2017/18 are the current 2015 MTEF projections

EIG

- The EIG is intended to supplement provincial ES funding specifically for the construction, maintenance, upgrading and restoration of new and existing infrastructure in education. This grant is managed and implemented by the provincial departments of education.

EIG (cont.)

Table 5: Total Budget Allocations to the Education Infrastructure Grant

R '000	2014/15	2015/16	2016/17	2017/18
2012 Budget	6,269,861			
2013 Budget	7,160,699	10,059,320		
2014 Budget	6,928,908	9,469,408	10,037,961	
2015 Budget		9,517,555	9,773,692	10,330,562

Sources: National Treasury, 2012, 2013, 2014 Division of Revenue Act, 2015 Division of Revenue Bill

EIG (cont.)

- On first glance one sees that the EIG allocation has been increased by almost 37% – from R6.9 billion in 2014/15 to R9.5 billion in the 2015/16 Budget.
- However, when comparing government's commitments in previous years, a different picture emerges. While the allocation for 2015/16 is slightly more than the previous forecast in the 2014 Budget, it is almost R500 million less than the very first estimate for the 2015/16 year which was presented in the 2013 budget. The projected allocation for 2016/17 in the 2015 Budget is also less than the amount forecasted in the 2014 Budget.

EIG (cont.)

- In 2012/13, before the publication of the N&S, a total EIG allocation of R6.3 billion was projected for the 2014/15 year. In the next year, this allocation was revised upwards to R7.2 billion. However, in the 2014 Budget, this allocation was revised again and reduced to R6.9 billion.
- While there is no solid long term trend, both actual budget allocations in the two years after the publication of the N&S (2014/15 and 2015/16) are either less than the revised forecast or less than the first forecast for that year, suggesting less money being allocated to the provision of school infrastructure despite the additional delivery pressures created by the norm N&S.

ES

- The ASIDI grant and the EIG were meant to supplement provinces' allocations to school infrastructure from their Equitable Share.
- But what we see is a very low commitment by provinces to school infrastructure spending, and an over reliance on conditional grants.
- Last year most provinces budget less than 1% of their ES to school infrastructure, and this year
- This year, KwaZulu-Natal has decreased its ES contribution to only 0.67% in 2015/16 with further decreases projected over the next two years to 0.48% in 2016/17 and 0.26% in 2017/18
- The Eastern Cape has allocated only 0.22% of its ES to school infrastructure funding in 2015/16, with that contribution set to decrease to 0.05% in 2016/17. In 2017/18 the province does not intend to contribute any of its ES to school infrastructure funding.

ES (cont.)

- Without a better understanding of how provinces choose to distribute their ES to finance their functions and obligations – as well as an understanding of the pressures of funding centrally bargained public sector salaries and wages – it is difficult to comment on how much provinces could or should contribute to the funding of school infrastructure from their ES, with the funds that remain.
- **However, it is clear that provinces do not share the national government's prioritisation of the provision of education infrastructure when deciding on how much to contribute of their ES to school infrastructure.**

(2) The EIG and the performance-based incentive approach

- The EIG allocation is currently 'performance based'
- According to the 2015 DoRB, a province needs a score of 60% or more to qualify for an incentive in addition to its base allocations.
- Performance appears to be scored on how well provinces are able to plan.

Performance (cont.)

- After a moderation process between the provincial education departments, the National Department of Basic Education and the National Treasury, provinces received a score for a long term infrastructure plans called User Asset Management Plans (U-AMPS).

Example of Scores (2015/2016)

Table 6: Provincial Incentive EIG 2015/16 Allocations

R'000 000	U-AMP Assessment Score	2015/16			Final Allocation
		Basic Component	Incentive Component	Disaster Recovery Funds	
Eastern Cape	71%	1,560	94	50	1704
Free State	42%	763			763
Gauteng	63%	852	84		936
KZN	64%	1,870	85	24	1979
Limpopo	43%	736		69	805
Mpumalanga	48%	848		10	857
Northern Cape	66%	359	88	0	447
North West	69%	852	92	51	995
Western Cape	81%	920	108	5	1032
TOTAL		8,758	550	209	9,518

Source: National Treasury. 2015 Division of Revenue Bill (Table W1.22)

Performance (cont.)

- EE is concerned that the current mechanism for scoring performance, with an exclusive focus on planning, fails to also take into account (a) actual implementation – thereby failing to incentivise school infrastructure delivery; and (b) the capacity and capability of different provinces – thereby unfairly advantaging some provinces over others. Not all provinces are on an equal footing.

Performance (cont.)

Transparency

- Currently, apart from the EIG infrastructure lists and an ASIDI Master Lists, no other infrastructure reports listed in the DoRB – such as User Asset Management Plans (U-AMPs) and procurement plans – are publicly available.
- With the introduction of the incentive allocation approach to EIG, such documents will need to be made available to the public if these documents are going to influence budget allocations.

Performance (cont.)

- **Incentives targeted at improving planning alone will not be sufficient to address these service delivery challenges but rather the focus should be on creating incentives that will strengthen institutional weaknesses through capacity building and by rewarding improvements in actual delivery of school infrastructure.**

(3) Scholar Transport

- School learners across South Africa are struggling to get to school. In rural areas – particularly in KwaZulu-Natal and the Eastern Cape – many learners are walking extremely long distances to get to their nearest school.
- This situation affects learners' school attendance and performance, and undermines their right to basic education. It also puts these learners in danger's way.

Scholar Transport (cont.)

- EE and the EE Law Centre (EELC) has been engaged on the issue of scholar transport in the Eastern Cape and KwaZulu-Natal.
- In July 2014, members of the organisation in the Nquthu area raised the issue as a serious barrier to them accessing their schools.
- EE national leadership and staff from the Equal Education Law Centre (EELC) have visited Nquthu and written to the KZN departments of education and transport.
- On Thursday 9 April, 500 Equal Education (EE) members from Nquthu marched to the KwaZulu-Natal (KZN) Department of Education's (DoE) office in Pietermaritzburg to demand scholar transport.

Scholar Transport (cont.)

- As matters stand, the demand – as currently assessed – for scholar transport exceeds the supply.
- The main reason stated by provinces is lack of funds.
- This is certainly true, but we are also worried about province's spending on Scholar transport
- **Our evidence shows that planned budgets and targets are not sufficient to address the need for scholar transport.**

Scholar Transport (cont.)

The extent of the problem

- In July 2014, Statistics South Africa published a [National Household Travel Survey](#) (conducted between February - March 2013).
- Of a total of 12, 688, 000 school going learners,
 - "more than half [8, 724, 000] of learners who attended school walked all the way. Of all the scholars walking all the way to school in the country, provinces such as KwaZulu-Natal (23,7%), Eastern Cape (18,0%) and Limpopo (16,8%) made the biggest contribution to the total." (pg 23)

Scholar Transport (cont.)

Total time walked to school by province (scholars)

Source: StatsSA National Household Travel Survey Data

Walking time (in minutes)	('000)	Province									South Africa
		Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo	
Mean (minutes)		19	32	26	27	39	28	30	30	30	29
1-30	Number	578	1 043	43	388	1 159	447	709	586	1 070	6 023
	Per cent	91.6	67.8	81.8	78.8	57.2	73.6	73.3	72.2	74	70.2
31-60	Number	44	386	7	89	659	137	217	195	301	2 035
	Per cent	7	25.1	13.6	18.1	32.5	22.5	22.4	24	20.8	23.7
61 plus	Number	9	109	2	16	210	24	42	31	75	517
	Per cent	1.4	7.1	4.6	3.2	10.4	3.9	4.3	3.8	5.2	6
Total	Number	631	1 539	53	493	2 027	607	968	811	1 446	8 574
	Per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Total exclude the unspecified walking time

Scholar Transport (cont.)

- 24% of South African school-going learners who walk all the way to school walk for between 30-60 minutes (that's over 3 million)
- 6% walk for more than an hour (over half a million).
- In Limpopo, 5% walk for more than an hour (75,000).
- In the Eastern Cape, 7% walk for more than an hour (109,000).
- In KwaZulu-Natal 10% walk for more than an hour (210,000)

2014 Scholar transport Budget and Expenditure information and target information

Source: Presentation to Basic Education Portfolio Committee Meeting presented by The Department of Transport on the 3rd of March 2015, Slides 11 and 13

Provinces	Total of learners that Qualify	Actual Number of Learners transported 3rd Q	Not transported 3rd Q	% Not transported	Budget allocation	Expenditure 3rd Q	Total Cost per learner	Expenditure in %
EC	94938	57176	37762	40%	R 356 076 000.00	R 201 981 440.48	R 6 227.72	56.72%
FS	8965	8793	172	2%	R 27 589 000.00	R 48 348 559.50	R 3 137.61	175.25%
GP	81490	79420	2070	3%	R 338 349 000.00	R 108 592 323.94	R 4 260.25	32.09%
KZN	71000	22231	48769	69%	R 168 430 000.00	R 100 742 466.44	R 7 576.36	59.81%
LP	36123	18939	17184	48%	R 152 995 000.00	R 87 414 505.44	R 8 078.30	57.14%
MP	63287	63287	0	0%	R 455 000 000.00	R 297 287 023.63	R 7 189.47	65.34%
NC	27235	23420	3815	14%	R 116 097 000.00	R 9 304 483.20	R 4 957.17	8.01%
NW	71715	33334	38381	54%	R 240 444 000.00	R 135 377 416.27	R 7 213.18	56.30%
WC	52565	52565	0	0%	R 242 593 000.00	R 207 338 937.61	R 4 615.11	85.47%
Total	507318	359165	148153	29%	R 2 097 573 000.00	R 1 196 387 156.51	R 5 840.14	57.04%

Scholar Transport (cont.)

- In KwaZulu-Natal 69% of the school-going learners who qualify for scholar transport are not transported.
- 54% are not transported in North West.
- 48% are not transported in Limpopo.
- And 40% are not transported in Eastern Cape.
- One can expect that by the end of the third quarter of a financial year, approximately 75% of the main budget would have been spent, but we see that most provinces have **underspent their budgets**.
- By the third quarter North West had only spent 8% of its budget. KZN had spent 60%, NW 56%, Limpopo and Eastern Cape 57%

Scholar Transport (cont.)

- The Department of Basic Education and the Department of Transport are aware of the learner transport problem.
- In **2009** a **Draft Nation Scholar Transport Policy** was released, but was never finalized.
- In 2014, the Department of Transport produced a **new Draft National Learner Transport Policy** for public comment (Government Gazette No. 38207, 13 November 2014); however this policy has not been finalized to date, and is currently under scrutiny.

Scholar Transport Grant Design

- In 2015, National Treasury raised the possibility of creating a conditional grant for scholar transport in its [Budget Review](#). It is stated that:
 - “The National Treasury, in consultation with the Department of Basic Education and with the assistance of the Financial and Fiscal Commission, should consider the formulation and development of a conditional grant for the provision of scholar transport.” (pp. 112)

Scholar Transport Grant Design (cont.)

- Conditional Grant ensures ring-fenced funds, and clear lines of reporting.
- The grant should take into account the specific needs of provinces – aspects like ‘rurality’/terrain, accessibility, the presence or absence of service providers, etc.
- It should provide a tailored responses/solutions to provincial needs.

Summary and Recommendations

- EE has raised concern regarding shrinking projections for school infrastructure funding and a low commitment for provinces to contribute towards this national priority.
- EE calls for greater transparency. We call for both the costing assessments for N&S, provincial implementation plans and reports to be made public, and for the Minister of Basic Education to release the provinces' N&S implementation plans.

Summary and Recommendations (cont.)

- EE has raised concern over the performance based incentive approach to awarding additional EIG funds.
- We call for a more nuanced approach to assessing performance.
- We recommend a thorough assessment of infrastructure delivery in provinces and propose a target-based model that takes provincial capacity and capability into account.
- The delivery of school infrastructure needs to be more inclusive and participatory – citizens must be allowed to comment on planning documents, and this means that citizens should be able to access infrastructure reports such as User Asset Management Plans (U-AMPs) and procurement plans.

Summary and Recommendations (cont.)

- EE calls for an urgent finalization of a scholar transport policy framework, and the creation of a national Scholar Transport conditional grant.
- We have raised concerns over provincial spending on scholar transport as well as the shortfall between scholar transport demand and supply.
- We recommend that a Scholar Transport conditional grant takes into account the different needs of provinces – specifically in rural areas, where distances are long and the terrain is a particular challenge.