



081028  
p-hudgch

## OVERVIEW OF THE DEPARTMENT OF EDUCATION ANNUAL REPORTS FOR 2007 AND 2008

24 October 2008

### 1. Introduction

The Constitution of the Republic of South Africa (Act 108 of 1996) recognises that Parliament has a crucial role to play in overseeing the performance of actions of Departments and public entities. In order to facilitate Parliament's oversight of the national executive organs of state, section 92(3) (b) of the Constitution requires that "Members of Cabinet must provide Parliament with full reports concerning matters under their control". Departmental Annual Reports therefore serves as an oversight tool, allowing Parliament to evaluate the performance of the Department after the end of the financial.

This paper analyses the performance of the Department of Education in delivering on its strategic imperatives as set out in its strategic plan for 2006/07 and 2007/08 financial years.

### 2. Programme Performance for the 2006/07 and 2007/08 Financial Years

#### Programme 1: Administration

The Department's task of seeking to forge greater collaboration in education between South Africa and countries of the South was a key priority for 2006/07 and 2007/08 financial years. During the 2006/07 financial year, the Department participated in the South Africa – People's Republic of China (PRC) Annual Consultation meeting to review programmes of cooperation. In the 2007/08 period, the Department participated in the India-Brazil-South Africa (IBSA) trilateral Dialogue Forum Meetings, and further hosted the IBSA Academic Seminar on 15-16 October 2007.

#### *Achievements*

Notably, key policy guidelines and the establishment of structures to build capacity for bilateral, multilateral and outreach were completed by December 2006. In the 2007/08 financial year, The Department strengthened its international relations mandate with the Minister visiting Syria, Oman and Gabon. A Preliminary Report of the Review of South Africa's education system was also released in April 2008.

#### *Challenges*

Regrettably, in the 2007/08 financial year the Department could not participate in the crucial IBSA trilateral Commission due to lack of staff. In the same financial year, the target to establish a Youth desk was not met and this halted the prospects for effective integration and co-ordination of United Nations Education Scientific and Cultural Organisation (UNESCO) activities in South Africa.

#### Programme 2: System Planning and Monitoring

The Department, in the 2006/07 financial year, exceeded its targets of 20% increase in the number of schools with access to water and sanitation by providing 63% of schools targeted. In the 2007/08 financial year, the Department appointment 84 moderators to strengthen the Integrated Quality Management System (teacher appraisal and development system), empowering teachers to take responsibility for their own development. Furthermore, the Learner Unit Record Tracking System was successfully developed as part of the Department's initiative to strengthen its monitoring and evaluation system.

#### *Achievements*

The Department managed to finalise the development of the National Infrastructure Management System (NEIMS) in the 2006/07 financial year. The schools Infrastructure Support Programme (EU-funded SISPP) has delivered on high quality facilities in three provinces to rehabilitate 21 schools, and an additional 6 schools in Limpopo and Eastern Cape have been approved by the by the European Union (EU) in the 2007/08 financial year. However, the late awarding of tenders caused avoidable delays. The Department, in the 2007/08



financial year reports that a total of 5 million learners attending 14 000 schools were beneficiaries of the "no fee" school policy, although the monitoring mechanisms and costing methodology of "no fee" schools needs to be finalised by the Department.

#### *Challenges*

Regarding the development of models for alternative funding mechanisms for the building of schools and school maintenance, the Department reported cancellation of the contract on norms and standards due to unsatisfactory work from service provider. However, the project was re-launched as a joint Education Department and World Bank project. In the 2007/08 financial year, the Department reported that additional capacity and expertise is needed to accelerate the formulation of innovative mechanisms (policy options) to address community involvement, funding, designing and acquiring of material to ensure effective infrastructure delivery.

#### **Programme 3: General Education**

A total of forty percent of learners in the system enrolled in Grade R in Quintiles 1 and 2 to expand of access to quality Early Childhood Development (ECD) opportunities, especially for poor communities in the 2006/07 financial year. However, the quality of the Grade R programmes remains a challenge, particularly in the Free State Province, where practitioners in registered ECD sites were not trained. The target of reaching 12 primary schools to be upgraded into full-service schools was not met in the 2007/08 financial year, but the provinces have committed, with clear timeframes, to complete all 12 buildings by September 2008. The allocation of material resources to these schools has been delayed by the failure of the first tender in May 2007, which was subsequently revised based on exact requirements.

#### *Achievements*

In the 2006/7 financial year, the National Curriculum Statement (NCS) was introduced in Grades 8 and 9 in line with the set target of November 2006 across the different provinces. Moreover, the National Policy on Assessment and Qualifications for Schools in the General Education and Training (GET) was amended to be in line with the NCS. A total of approximately 10 000 schools also received reading books in an attempt to encourage them to read. In the 2007/08 financial year, the target of expanding access to ECD by reaching a total of 60 per cent learners enrolled in Grade R classes with special focus on primary schools in quintile 1, 2 and 3 was realised. According to Community Survey 2007, a total of 569 970 five year olds (58, 4%) and 954 585 six year olds (91%) are in educational institutions. The Education Management Information System (EMIS) identified that a total of 487 525 learners are in public and ordinary schools. In addition, the Department reported a good progress in the implementation of the test-field of the Advanced Certificate in Education and School Leadership Programme in the 16 Higher Education Institutions.

#### *Challenges*

The delay in the finalisation of the library provisioning policy, as reported in the 2006/07 financial year, is a concern given that the significance of libraries in the improvement of the literacy levels of learners. In addition, the reported slow progress in the implementation of Inclusive Education is a concern, as most special schools are in need of upgrading and improving their physical infrastructure and material resources. With regards to district development in the 2007/08 financial year, the work on the norms for districts was not completed and this impacts negatively on ensuring favourable cost factors in improving the capacity of districts.

#### **Programme 4: Further Education and Training (FET)**

In the 2006/07 financial year, the Department trained educators in the NCS subjects for Grades 11 and 12 to improve the quality of teaching and learning in FET band. The Department also supplied Dinaledi schools with printed maths and science resource files to improve teaching and learning. In addition, the first year FET recapitalisation plans for the 50 colleges were completed and approved. In the 2007/08 financial year, the Grade 12 learner enrolment survey was conducted in the Dinaledi schools to facilitate the resource plan for



2008. Based on this, textbooks for Mathematics and Physical Science were purchased and distributed to the Dinaledi Schools to assist with textbook shortages.

#### *Achievements*

In the 2006/07 financial year, the NCS was implemented in Grade 10 in 2006 and Grade 11 in 2007, and the Assessment Guidelines were developed and published for 29 subjects. The expansion of Maths, Science and Technology Strategy was expanded to 400 Dinaledi schools and the priority skills programmes for South Africa were introduced in the FET Colleges. In the 2007/08 financial year, a National Recovery Plan mitigating the impact of Industrial action in June 2007 including special tuition and provision of learning materials was successfully implemented. The increase in the number of passes in the 2007 Senior Certificate Examinations may be attributed, in part, to the success of this National Recovery Plan.

#### *Challenges*

The Department reported that a shortage of textbooks and laboratory facilities at many schools remain a challenge, in both the 2006/07 and the 2007/08 financial years. The industrial action of June 2007 seriously affected plans for schools. For example, all the Subject Advisor training and the 2400 Dinaledi teachers training had to be postponed. The Department has also reported that the quality of delivery on the National Certificate (Vocational) programmes, which started in January 2007, remains a challenge.

#### **Programme 5: Social and School Enrichment (formerly quality promotion and development)**

Consultation process with the Higher Education Institutions has contributed in developing a concept document outlining the framework for social and school enrichment programmes for the 206/07 financial year. A focused attention to the assessment and analysis of the Adult Basic Education and Training (ABET) sector in the 2007/08 financial year led to the setting up of the Ministerial Committee that provides conceptual clarity and policy direction to matters relating to this sector.

#### *Achievements*

The gazetting of the "Norms and Standards" for the funding of the Adult Learning Centres as a policy in the 2007/08 financial year assisted the Adult Education Training (AET) sector in stabilising the funding allocations for the provinces. More importantly, the thrust of this funding policy and the assessment performance of institutions will contribute in strengthening service delivery.

#### *Challenges*

In the 2006/07 financial year, the Department reported that the implementations of the NCS for both GET and FET bands, and the resulting implications for adult learners aspiring for the senior certificate, posed major challenges. This is because adult learners have not been exposed to the new NCS on both GET and FET bands. The introduction of a General Education Certificate for schools and the potential lack of articulation with the current ABET and General Education and Training Certificate (GETC) requires further alignment, as reported in the 2007/08 financial year. In particular, the implications of introducing a GEC in schools (not as an exit certificate) versus the ABET GETC that is likely to continue to be an exit certificate, needs some consideration by the Department.

#### **Programme 6: Higher Education**

Transfer payments to Higher Education Institutions remained the programme's largest spending item, in the 2006/07 financial year. Significant growth in the spending for the 2006/06 was mainly due to the establishment of the National Institutes for the Higher Education in Mpumalanga and Northern Cape, and this was designed to provide governance and capacity building and support to the Higher Education Institutions. The Department reported that a cohort study, conducted in the 2007/08 financial year that focused on the first-time entry graduate students of 2000 - 2002 up to 2006 was finalised. However, the cohort study on the National Student Financial Aid Scheme (NSFAS) students is still in progress.



### *Successes*

A considerable progress was made in the integration of key administrative systems, policies and procedures, following the merger of the 36 institutions of higher learning (resulted to 23 institutions) that took place in 2005. Another achievement is the completion of the Framework Guide for the Constitutions of the Students Representatives Council (SRC). This document, as reported in the 2007/08 Annual Report, assisted the institutions of higher learning in enhancing student leadership skills which are imperative for the good governance of their councils.

### *Challenges*

The harmonising of the conditions of service and benefits was reported as a challenge in the 2006/07 financial year, due to the merger of higher education institutions. As reflected in the 2007/08 Annual Report, there is no progress with respect to the establishment of the National Higher Education Information and Application Service (NHEIAS). The Department indicated that the target was not met due to the priority given to the conclusion of the student enrolment planning and infrastructure development project.

## **3. Human Resource Management**

The Department's staff establishment, as reported in the 2006/07 Annual Report, consisted of 1 046 posts, with 768 filled, and leaving 278 vacancies. At 26.57 per cent, the Department had a relatively high staff turnover rate, particularly at senior Management, reaching a peak of 29.41 per cent, as reported in the 2006/07 Annual Report. The high number of vacancies impacted on implementation. For example, the System Planning and Monitoring Programme which recorded the highest vacancy rate experienced a number of challenges to service delivery during the year under review.

In the 2007/08 financial year, the Department had 1 052 posts, with 829 filled and a total of 223 vacancies at a vacancy rate of 21.20 per cent). The Higher Education Programme, with the vacancy rate at 42.38 per cent, faced severe capacity constraints with the position of the Chief Director and the Director still vacant. The use of external consultants to offset the negative effect of the capacity constraints, as indicated in the 2007/08 Annual Report, is not sustainable in the long run. The Department should therefore build its internal capacity and expertise.

## **4. Financial Information**

### **Budget Overview**

The Department was allocated R14.1 billion during 2006/07 financial year.<sup>1</sup> This budget appropriation was adjusted to R14.3 billion, mainly as a result of R169.9 million roll-overs from the 2005/06 financial year.<sup>2</sup> The budget allocation was increased by R1.7 billion to R16 billion in 2008. Among other things, this increase was for subsidies to higher education, National Student Financial Scheme and adult mass literacy campaign. The 2007/08 budget appropriation was adjusted by R385.8 million to R16.4 billion during the financial year. The adjustment was due to R195.8 million roll-overs from 2007 and the unforeseeable and unavoidable expenditure of R200 million. Unforeseeable and unavoidable expenditure was allocated to address the loss of teacher-learner contact time and the disruption of examinations and tests due to the labour action.

### **Programme Budgeting and Expenditure**

The Department has seven programmes that are instrumental in achieving the overall mandate of the Department. The Departmental budget was allocated to these programmes according to their policy priorities. Annexure A lists the Departmental programmes and reflects the manner in which funds were allocated and spent, during 2006/07 and 2007/08 financial years.

The Department under-spent by R49.4 million in 2007 and R145.4 million in 2008 from its adjusted appropriation (annexure A). The programme spending performance reflects under spending of R9.4 million in

<sup>1</sup> Estimate of National Expenditure (2006)

<sup>2</sup> Adjusted Estimate of National Expenditure (2006)



administration, R10.7 million in higher education, R12.8 million in general education and R18.5 million in system planning and development. Further education and training and auxiliary and associated services over-spent by R14.3 million and R3 million, respectively while quality promotion and development under-spent by R15.2 million.

The programme spending pattern remained the same in 2008 with slightly changes in further education and training and quality promotion and development. Quality promotion and development improved its spending during 2008 financial year (R1.8 million over spending), while further education and training under-spent by R58.2 million. It is worth to note that under-spending for system planning and monitoring, and general education increased to R44.6 million and R40.4 million, respectively. Among other things, under-spending in 2008 was due to delays in payment of suppliers, vacancies, delays in programme implementation and withholding of transfer payment.

#### **Economic Classification Spending**

The Departmental expenditure comprises current payments, transfers and subsidies and payments for capital assets. Accordingly, the Department spent the allocated funds as follows during the period under review:

(a) *Current Payments*

The Department under-spent by R46.2 million from current payments in 2007 the financial year. This was due to the under spending of R9.9 million in compensation of employees, R57 million goods and services and unbudgeted figure of R20.8 million in financial transactions. The current payment under spending increased to R134.5 million in 2008 as a result of R26.8 million under-spending in compensation of employees, R139.3 million in goods and services and unbudgeted amount of R31.6 million for financial transactions

(b) *Transfers and Subsidies*

Transfers and subsidies reported an overspending of R662 000 in the 2007 financial year. However, an amount of R3 million was not transferred to universities and technikons, while transfers to households exceeded budget by R4.4 million. The 2008 appropriation statement reflects R10.6 million under-spending in transfers and subsidies. Fund amounting to R8.8 million and R1.2 million were not transferred to provinces and municipalities and universities and technikons, respectively. Reasons for under-spending in transfers and subsidies could not be ascertained from the annual report, the committee is advised to follow this up with the Department.

(c) *Payment for Capital Assets*

The under-spending in capital assets amounts to R3.9 million, as a result of under-spending in both machinery and equipment and software and other intangible assets. Of the funds allocated to payments for capital assets in 2008, R286 000 was not utilised.

#### **Movement of Funds**

Funds were vired between programmes during the 2007 financial year. An amount of R18.8 million was vired to current payments in further education and training programme, while R7.2 million and R6.7 million was vired from current payments for both system planning and monitoring and higher education. In 2008 financial year, the Department vired a significant amount of R24.2 million from current payment in general education and R7.8 million in system planning and monitoring. Funds amounting to R16.8 million were vired to current payment in auxiliary and associated services, while R9.2 million was vired to further education and training.

It should be noted that funds were vired from current payment in administration, system planning, general education and higher education for both financial years. Funds were also vired to current payment for both further education and training and auxiliary and associated services.



## Financial Management

The Department received unqualified audit opinion for both 2007 and 2008 financial years. The Department incurred an irregular expenditure of R1.2 million in 2007 due to non-compliance with supply chain management. The investigation found that R781 000 was condoned while the amount were to be recovered from three employees. These officials have been since discharged.<sup>3</sup> No irregular expenditure was incurred in 2008 and no fraud case was reported during the period under review.

## 5. Conclusion

This brief entails challenges and successes of the Department of education for the period under review. It further provides an overview of programmes performed and the manner in which financial resources were utilised. Some issues of concern are highlighted and the committee is advised to follow these issues up with the Department.

---

## Sources

- Adjusted Estimate of National Expenditure, 2006
- Adjusted Estimate of National Expenditure, 2007
- Estimate of National Expenditure, 2006
- Estimate of National Expenditure, 2007
- Department of Education, Annual Report, 2007
- Department of Education, Annual Report, 2008
- Department of Education, Strategic Plan 2006-2010.

---

<sup>3</sup> Annual report (2008)



## Annexure A

### Programme Expenditure for the 2006/07 and 2007/08 Financial Years

#### Budget Appropriation and Expenditure

Programme R' thousand	2006/07 Financial Year			2007/08 Financial Year		
	Adjusted Approp.	Actual Expend.	(over)/ under spending	Adjusted Approp.	Actual Expend.	(over)/ under spending
Administration	128,510	119,146	9,364	161,322	129,094	32,228
System planning & monitoring	54,932	36,430	18,502	96,538	51,950	44,588
General Education	241,068	228,257	12,811	298,674	258,253	40,421
Further education & training	696,635	710,891	(14,256)	1,189,964	1,131,717	58,247
Quality promotion & development	1,156,643	1,141,481	15,162	1,278,816	1,280,649	(1,833)
Higher education	11,967,570	11,956,879	10,691	13,326,930	13,322,936	3,994
Auxiliary & associated services	53,818	56,721	(2,903)	34,508	66,727	(32,219)
<b>Total</b>	<b>14,299,176</b>	<b>14,249,805</b>	<b>49,371</b>	<b>16,386,752</b>	<b>16,241,326</b>	<b>145,426</b>

Source: National Treasury (AENE, 2006 & 2007) and Department of Education (Annual Reports, 2007 & 2008)



## Annexure B

### Economic Classification Expenditure for the 2006/07 and 2007/08 Financial Years

Expenditure: Economic Classification

Economic Classification R' thousand	2006/07 Financial Year			2007/08 Financial Year		
	Adjusted Approp.	Actual Expend.	(Over)/ under Spending	Adjust. Approp.	Actual Expend.	(Over)/ under spending
<b>Current Payments</b>	<b>581,778</b>	<b>535,624</b>	<b>46,154</b>	<b>992,252</b>	<b>857,728</b>	<b>134,524</b>
<b>Transfers &amp; Subsidies</b>	<b>13,708,060</b>	<b>13,708,722</b>	<b>(662)</b>	<b>15,386,303</b>	<b>15,375,687</b>	<b>10,616</b>
Provinces & municipalities	1,712,650	1,712,656	(6)	2,016,773	2,007,950	8,823
Departmental agencies	995,813	995,861	(48)	1,412,451	1,412,699	(248)
Universities & Technikons	10,988,701	10,985,688	3,013	11,942,751	11,941,539	1,212
Foreign gov. & inter. Org	9,749	8,971	778	11,778	11,016	762
Non-profit institutions	-	-	-	50	50	-
Households	1,147	5,546	(4,399)	2,500	2,433	67
<b>Payments for capital assets</b>	<b>9,338</b>	<b>5,459</b>	<b>3,879</b>	<b>8,197</b>	<b>7,911</b>	<b>286</b>
<b>Total</b>	<b>14,299,176</b>	<b>14,249,805</b>	<b>49,371</b>	<b>16,386,752</b>	<b>16,241,326</b>	<b>145,426</b>

Source: National Treasury (AENE, 2006 & 2007) and Department of Education (Annual Reports, 2007 & 2008)