

# PRESENTATION TO THE SELECT COMMITTEE ON APPROPRIATIONS

## 4<sup>th</sup> Quarter Conditional Grant outcomes

May 2012



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# Dinaledi Schools grant: Grant Purpose

- To promote Mathematics and Physical Science teaching and learning
- Improve learner performance in Mathematics and Physical Science in line with the Action Plan 2014
- To improve teacher content knowledge of Mathematics and Physical Science

# Dinaledi Schools Grants

**Table: Dinaledi Schools Grant Expenditure as at 31 March 2012 (Section 32)**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Preliminary outcome as at 31 March 2012</b>	<b>Preliminary outcome as % of adjusted budget</b>	<b>(Over)</b>	<b>Under</b>	<b>%(Over)/ under of adjusted budget</b>
Eastern Cape	8,400	8,396	100.0%	–	4	0.0%
Free State	5,040	4,816	95.6%	–	224	4.4%
Gauteng	14,140	14,140	100.0%	–	–	0.0%
KwaZulu-Natal	12,320	13,543	109.9%	-1,223	–	-9.9%
Limpopo	7,140	607	8.5%	–	6,533	91.5%
Mpumalanga	6,440	5,696	88.4%	–	744	11.6%
Northern Cape	2,380	2,379	100.0%	–	1	0.0%
North West	7,420	6,542	88.2%	–	878	11.8%
Western Cape	6,720	6,683	99.4%	–	37	0.6%
<b>Total</b>	<b>70,000</b>	<b>62,802</b>	<b>89.7%</b>	<b>-1,223</b>	<b>8,421</b>	<b>10.3%</b>

# Challenges and issues affecting expenditure

- Late finalisation of the procurement modalities
  - Procurement was initially due to be managed through a national (DBE) process;
  - As a result of various delays and challenges, provinces had to wait for the modalities to be adjusted to enable them to procure directly;
- Despite indications in respect of the allocations (the 2011/12 allocation was included in the 2010 Division of Revenue Act as a “2<sup>nd</sup> year amount”), there have been “teething problems” which have slowed down implementation and hence expenditure

# AREAS OF OUTPUT IMPROVEMENT

- Current reporting on the grant needs to be more output focused. In particular, a direct measure of how many materials (books, science kits, etc.) that have ACTUALLY been delivered to learners is still absent from the quarterly reports. This matter has been raised with the DBE.
- Reporting on the actual performance of Dinaledi schools is still not credible in some provinces. Examples include Gauteng, NorthWest and Northern Cape.
- Certain provinces (e.g. Mpumalanga) have indicated that some of the teachers are not properly trained in Mathematics and Physical Science and (in the case of Mpumalanga) have requested assistance from UNISA to train teachers

# Education Infrastructure Grant: Grant Purpose

- The grant was introduced in 2011/12 financial year to replace the previous Infrastructure Grant to Provinces
- To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education
- To enhance capacity to deliver infrastructure in education

# HIV and Aids (Life Skills Education): Grant Purpose

- To support South Africa's HIV prevention strategy by increasing sexual and reproductive knowledge, skill and appropriate decision making among learners and educators
- To mitigate the impact of HIV prevention strategy by providing a caring, supportive and enabling environment for learners and educators
- To ensure a provision of a safe, rights-based environment in schools that is free of discrimination, stigma and any form of sexual harassment/abuse

# National School Nutrition Programme

Table: National School Nutrition Programme Expenditure as at 31 March 2012 (Section 32)

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2012	Preliminary outcome as % of adjusted budget	(Over)	Under	%(Over)/under of adjusted budget	% share of grant to total education expenditure	2010/11: Outcome as at 31 March 2011	Year-on-year growth
Eastern Cape	851,379	840,626	98.7%	–	10,753	1.3%	3.4%	696,723	20.7%
Free State	254,365	248,204	97.6%	–	6,161	2.4%	2.5%	189,926	30.7%
Gauteng	539,707	468,870	86.9%	–	70,837	13.1%	1.8%	358,975	30.6%
Kw aZulu-Natal	1,172,082	1,144,250	97.6%	–	27,832	2.4%	3.4%	753,216	51.9%
Limpopo	832,952	779,336	93.6%	–	53,616	6.4%	3.7%	654,384	19.1%
Mpumalanga	447,973	415,891	92.8%	–	32,082	7.2%	3.2%	368,513	12.9%
Northern Cape	105,116	104,968	99.9%	–	148	0.1%	2.6%	84,537	24.2%
North West	316,056	311,080	98.4%	–	4,976	1.6%	3.1%	250,289	24.3%
Western Cape	230,906	230,024	99.6%	–	882	0.4%	1.7%	169,775	35.5%
<b>Total</b>	<b>4,750,536</b>	<b>4,543,249</b>	<b>95.6%</b>	<b>–</b>	<b>207,287</b>	<b>4.4%</b>	<b>2.9%</b>	<b>3,526,338</b>	<b>28.8%</b>



# ISSUES AND CHALLENGES

- Grant Purpose: To provide nutritious meal to targeted learners
- Spending on the NSNP grant appears to be among the most improved for 2011/12.
- However, National Treasury has noted that a number of provinces are transferring funds directly to schools and districts, which inflates their expenditure at the departmental level.
- In line with a previous directive from the Select Committee, National Treasury has requested that the fourth quarter reports from the education section (due 15 May 2012) as well as the annual evaluation (due 31 July 2012) must outline how funds have been used at the school level.
- As part of the section 100 (1) (b) interventions in the Eastern Cape and Free State, there is a renewed emphasis on making sure there is enough material and utensils for food-handlers and schools.

# Technical Secondary Schools Recapitalisation Grant: Grant Purpose

- To recapitalise up to 200 technical schools to improve the capacity to contribute to skill development and training in the country by:
  - Building workshops at technical schools to support the technical subject offerings
  - Refurbishing or re-designing workshops in technical schools to comply with safety laws and regulations and to meet minimum industry standards
  - Buying and installing new machinery and equipment consistent with the technical subject that are offered in technical schools
  - Training and up-skilling teachers at technical schools to acquire new trends, practical skills and developments in their technical subjects

# School Infrastructure Backlogs Grant

- This is a schedule 7 grant. Therefore, it is not transferred to provinces but must be spent directly by the national department.
- Expenditure Outcome (preliminary): Budget of R700 million for 2011/12 of which R839 000 (less than R1 million) had been spent up to 31 March 2011.
- The main reasons for low spending is due to delays in appointing an implementing agent and then further delays in appointing contractors
- Progress to delivery as at 06 February 2012 (submitted by the national department):
  - DBSA (implementing agent) has appointed contractors for the construction of all the schools.
  - Sites were handed over to the contractors on the 12th and 13th January 2012.
  - DBSA has given contractors a period of 7 months to complete all 49 schools. The anticipated completion date is the 31st August 2012.
  - Of the 38 schools where construction had started, 29 were on schedule as per the February 2012 report. 11 were scheduled to start later in the year.

# CONCLUSION

- The slow spending in the conditional grants is primarily a result of the following:
  - Poor planning;
  - Insufficient management focus on the implementation of plans;
  - A lack of internal efficiency within departments (leading to unexplained delays and poor communication)
  - These are management challenges that require a more engaged leadership of departments
- Lack of technical skills re: project planning, costing and supply chain within the critical units of departments is also a contributing factor
- There is a need to better report on spending that reflects only transfers to schools rather than “real” purchases of goods and services
- The spending outcomes of the School Backlogs Grant show that infrastructure planning, delivery and spending is a challenge at both the national and provincial level