

Submission to the Standing Committee on Appropriations

On the 2017 Division of Revenue Bill

Who we are

- Equal Education is a membership-based, democratic movement of learners, parents, teachers, and community members.
- EE's core objective is working to achieve quality and equality in South African education.
- In order to achieve its objectives, EE conducts a broad range of activities, which include campaigns grounded in detailed research and policy analysis that is supported by public action and mobilisation, and where necessary legal action.
- The movement is driven primarily by its learner members in high schools across five provinces: the Eastern Cape, Limpopo, KwaZulu-Natal, the Western Cape, and Gauteng.

The Equitable Share Formula

The Equitable Share Formula

- Rural South Africa is home to 50% of the country's population, but 58,3% of the country's poor.
- Although poverty is an issue affecting most South Africans, the burden is far heavier on rural society.
- This is the reason EE is strongly recommending that the Equitable Share (ES) formula be revised to consider the greater needs of rural areas when allocating funds to provinces.
- This is with particular reference to two of the ES components: the Education and Poverty components

“The rural/urban divide is stark in terms of poverty – not only were levels of poverty more than twice as high in rural areas (68,8%) than in urban areas (30,9%), but the majority (58,3%) of poor people in South Africa were living in rural areas.”

-- Stats SA, Poverty Trends in South Africa, 2014

Redress

- The concentration of poverty in rural areas, along with the historic underfunding of these rural provinces, requires governmental intervention.
- A key instrument for redress within the ES is the poverty component.
- This invaluable component is sitting at a disturbingly low 3%.
- The small consideration given to poverty in the ES formula is insufficient to reduce the inequality that exists between provinces.

Rurality

- Ordinary public schools in South Africa are organised into a quintile system ranging from 1 to 5, with 5 being the most affluent and 1 being the poorest.
- Schools in quintile 1, 2 & 3 are “no-fee schools”, which means they receive all of their funding from the State.
- Quintile 4 & 5 schools, the costs of running the schools are subsidised by fees paid by parents and guardians.
- Funding for non-capital, non-personnel expenses occurs on a sliding scale, with quintile 1 schools receiving the most funding, since they are the poorest, and quintile 5 the least funding, as they are most capable of ‘topping up’ their state funding.

Rurality

- A disproportionately high number of quintile 1 to 3 schools are located in rural provinces:
 - While 92,5% of learners in Limpopo attended “no-fee” schools in 2016, only 41,6% of learners in the Western Cape attended “no-fee” schools that same year.
- This high number of learners attending quintile 1 to 3 schools renders the cost of education far higher there than in urban provinces, since government’s ‘per learner’ funding is based on these numbers.

Rurality

- The legacy of Apartheid, with the regime's systematic underfunding of rural schools, also plays a part here:
- This Apartheid-time underfunding left these schools to be constructed of inappropriate materials, and/or in desperate need of water, sanitation, and other basic amenities.
- E.g. 84% of schools which continue to suffer without any water supply are located in the Eastern Cape and KwaZulu-Natal.

Rurality

- Although township schools in urban areas may require similar replacements and/or improvements to their school structures, the sheer volume of under resourced schools in rural provinces profoundly outnumber those in urban provinces:
 - EG. only 4% of Gauteng schools rely solely on rainwater harvesting as their water source, a staggering 49% of schools in KZN rely solely on rainwater harvesting.

Rurality

- Additionally, rural areas tend to be characterised by a relatively low population density compared to urban provinces.
- This would account for the high number of schools in these provinces, compared to urban provinces.
- A low population density results in a scattered population, whose young people are often unable to travel the long distances to schools outside of their immediate locale.

Rurality

- EG. In 2016, the Eastern Cape was home to only 15,4% of South Africa's registered learners, but had 23,1% of the total number of ordinary South African public schools. Gauteng, with its higher population density, comprised 16,6% of the national enrolment but only 8,8% of the country's ordinary public schools that same year
- Each of these schools, scattered throughout a province, will have costs such as infrastructure, basic amenities, teachers and principals.
- Furthermore, small schools often have low learner-educator ratios, meaning spending more on teacher salaries than for the same number of urban learners.

Rurality

- The rationalisation of small schools might help provincial departments of education plan and spend their money more effectively by achieving greater economies of scale.
- Rationalisation would still come at a cost, since the process requires capacity to be expanded at receiving schools, including classrooms and hostels being built.
- Furthermore, these 'new' schools must not be equipped with worse infrastructure than the original schools, they require a sufficient amount of teachers, and learners would require transport to get to the schools.

Rurality

- Regardless of whether or not rationalisation occurs, the cost of education in a province with a low population density is still higher than what it would be in an urban province. There is therefore a need to conduct a proper costing exercise in respect of adequate education provisioning across all provinces.

Scholar Transport

Scholar Transport

- Thousands of South African learners walk to school everyday
- Journeys can be treacherous:
 - Learners face dangerous terrain, flooding rivers, extreme weather conditions
 - Learners are hungry, tired, unable to concentrate, unable to complete homework and study
 - Learners are subject to kidnappings and muggings
- Violation of a constitutionally protected right to a basic education
- **The provision of scholar transport is crucial to ensuring that learners arrive at school safely, on time, and allow them the opportunity to achieve their academic goals.**

Scholar Transport – A Continuing Crisis

- Year after year, the lack of scholar transport has affected learners, particularly in rural areas.
- Data indicating the number of learners in need of scholar transport is often unreliable, nevertheless, **demand far exceeds supply.**
- The Department of Education's recent annual report (2015/2016):
 - 516 886 Learners identified as requiring scholar transport
 - 386 448 Learners actually transported

Scholar Transport – A Continuing Crisis

- The Department of Basic Education's School Readiness Report (2017)
 - **524 662** Learners have been identified nationally, as requiring scholar transport
 - Provincial plans only cater for **405 047** learners in the 2016/2017 financial year.
 - The Department of Basic Education reported that Gauteng, Mpumalanga and the Western Cape provided scholar transport to all those learners in need.
 - In KwaZulu-Natal, only half of the learners in need receive scholar transport
- **Tens of thousands of learners are not catered for, with those from specific provinces being more severely affected and in greater numbers.**

Scholar Transport - A different approach to funding

- Equal Education calls for a **conditional grant** for scholar transport
- 7 April 2015 & 11 March 2016 - EE highlighted key issues impacting on funding and planning for the provisions of scholar transport:
 - Ineffective co-ordination between the Department of Transport and Department of Basic Education
 - Inaccurate and inconsistent data indicating the number of learners in need of scholar transport
 - Under-budgeting and under-funding for the provision of scholar transport by provinces, particularly those with rural areas.

A Conditional Grant for Scholar Transport

- Why a conditional grant?
 - Ensures additional funding specifically allocated towards scholar transport
 - Subjected to strict levels of accountability and will ensure more effective and transparent monitoring of spending
 - Specific needs of each province can be catered for, assisting those provinces servicing a greater demand for scholar transport

A Conditional Grant for Scholar Transport

- Possible Design features of a conditional grant
 - The grant allocation formula should take into account physical terrain crossed by learners in a province, the number of learners qualifying for scholar transport in a province, and the distance that these learners travel to the nearest school.
 - The grant allocation formula should be based on a detailed cost-analysis of overall provincial scholar transport costs and expenditure, with specific consideration to different modes of transport, route accessibility, and the quality and availability of road infrastructure.
 - The grant should fund different interventions appropriate to each province.
 - The grant should be linked to outputs and performance indicators to ensure effective monitoring and accountability.

- 15 May 2016 - Standing Committee on Appropriations recommended that Treasury, in partnership with, amongst others, the Department of Education and civil society

“ explore options that allow for the ring fencing of funding allocated to scholar transport to be used solely and exclusively for that purpose”

- National Treasury was to respond within 60 days of its tabling.
- Since June 2016, EE has attempted to engage the Office of the Minister of Finance – no response.
- 2017 Division of Revenue Bill does not set funds aside for the exclusive use of scholar transport.
- National Treasury makes no clear commitment to consider the allocation of a conditional grant.

Conclusion

Currently, no funds have been designated exclusively for the use of scholar transport by way of a conditional grant.

In addition, a lack of effective collaboration exists between the Department of Transport and the Department of Basic Education.

Without substantive changes to the funding of scholar transport, the provision of scholar transport remains in a state of crisis, and learners will continue to walk long and difficult journeys to school.

Recommendations

The Equitable Share Formula

EE recommends that:

- Treasury make a solid commitment to revising the Equitable Share formula to:
 - take into account costs of education provisioning in rural areas when calculating the education component;
 - increasing the poverty component of the formula;
- The timeframe for the Equitable Share review be made public;
- The review must include a period of public consultation on proposed models for a new Equitable Share formula.

Scholar Transport

EE recommends that:

- The Committee reiterate its previous recommendation that a conditional grant should be properly considered for scholar transport;
- The Committee call Treasury to account before the Committee on all steps taken toward the design and implementation of a conditional grant, including steps to engage all relevant stakeholders.