



**EQUAL EDUCATION**

**SUBMISSION**

**THE 2016 DIVISION OF REVENUE BILL**

**Executive Summary**

**Equal Education** (EE) is a movement of learners, parents, teachers and community members.<sup>1</sup> 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.

EE welcomes the opportunity to comment on the 2016 Division of Revenue Bill (DoRB). We raise the following concerns:

- (1) School Infrastructure:** EE is concerned about national government's slipping commitment to funding the eradication of school infrastructure backlogs. The two national school infrastructure conditional grants are under strain. The School Infrastructure Backlogs Grant (SIBG) – also known as the Accelerated Schools Infrastructure Delivery Initiative (ASIDI) – has been continuously reduced, and the Education Infrastructure Grant (EIG) has been contracted. With the grants set to merge in 2017/18, EE is concerned that further delays and backlogs will result. EE is also concerned that provinces are not prioritising the eradication of school infrastructure

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backlogs in allocations from their Equitable Share (ES) transfers. With the new EIG incentive process offering new discrepancies in provincial fund allocations.

With regard to the **Education Infrastructure Grant**, our analysis shows that the EIG allocation for 2016/17 is less than the previous forecast in the 2015 Budget, it is also almost R500 million less than the very first estimate for the 2016/17 year which was contained in 2014 Budget. While there is no solid long term trend, both actual EIG budget allocations in the two years after the publication of the Minimum Norms and Standards for School Infrastructure (2014/15 and 2015/16) are either less than the revised forecast or less than the first forecast for that year, suggesting that less money is being allocated to the provision of school infrastructure despite the additional delivery pressures created by the new Minimum Norms and Standards for Public School Infrastructure (N&S).

We are concerned that the deliverables for phase one of the N&S will not be met by the deadline of 29 November this year. Furthermore, EE is concerned about the lack of transparency around school infrastructure implementation. We call for both the costing assessments for N&S to be made public and for departments and implementing agents involved in the process to avail information to civil society and interested members of the general public.

**Performance-based grants:** The EIG allocation is currently 'performance based' – according to the 2016 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. Although this is meant to encourage 'best practice', 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. Hence, 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.

EE again calls for a more transparent planning and allocation process. 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. The delivery of school infrastructure needs to be more inclusive and participatory – citizens must be allowed to comment on planning documents<sup>2</sup>

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<sup>2</sup> See Section 195 of the South African Constitution, 'Basic values and principles governing public administration', (e) People's needs must be responded to, and the public must be encouraged to participate in policy-making; (f)

With regard to the **School Infrastructure Backlogs Grant**, our analysis shows that SIBG overall allocations have been reduced by over R4.1 billion, from R13 billion to R8.9 billion in 2016/17, with the R4.1 billion set to be transferred to the EIG.

**(2) Scholar Transport:** As matters stand, the demand – as currently assessed – for scholar transport exceeds the supply. The main reason stated by provinces is lack of funds. A conditional grant for scholar transport is urgent, but it is also clear that provinces need to budget more efficiently and consistently in order to respond to the scholar transport demand. According to the Department of Transport, by the end of the 2014 third quarter, of the 507,318 learners in the country that qualify, 148,153 learners are not being transported (29%) by the scholar transport programme. Most provinces have spent less than 75% of their scholar transport budgets by the end of the third quarter of 2014/15. There is evidence to show planned budgets and targets are not sufficient to address the need for scholar transport and that over the MTEF thousands of learners will be deprived of equal opportunity to obtain basic education due to the long distance they have to travel to and from school.

On 23 October 2015, The Department of Transport published the National Learner Transport Policy. At the outset, we note that the publication of the Policy is a potential step forward toward the fulfilment of the right of access to basic education. However, whilst the Policy advances broad principles that we generally support, we note that the current version of the Policy still requires significant detail, clarity and development in order to effectively realise its stated objectives.

## 1. INFRASTRUCTURE

### Introduction

Massive inequality and deficiencies in infrastructure remain a reality for many schools throughout South Africa, which sees hundreds of thousands of learners subjected to a classroom environment that is not conducive to teaching and learning<sup>3</sup>.

While there has certainly been significant progress made in the delivery of school infrastructure, many South African schools are still categorised as being unsafe or built of “inappropriate” materials. The eradication of mud schools in South Africa is terribly 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”.

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Public administration must be accountable; (g) Transparency must be fostered by providing the public with timely, accessible and accurate information

<sup>3</sup> According to the reported numbers in the May 2015 National Education Infrastructure Management System (NEIMS) report, of 23740 ordinary public schools, 452 schools had no water supply (1.9%), 913 had no electricity (3.8%), 128 (0.54%) had no ablution facilities, 18150 (76%) were without libraries, 20312 (85%) were without laboratories, and 15984 (67%) were without computer labs.

Twenty-two years into the new democratic dispensation and a decade after Mbeki’s promise, mud schools are still in existence in South Africa. Among the most significant factors contributing to 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.

In November 2013, the regulations relating to Minimum Uniform Norms and Standards for Public School Infrastructure (hereafter referred to N&S) were published. The regulations prescribe minimum criteria in the design and construction of new schools, as well as for additions, alterations and improvements to schools. The regulations also set out timeframes for compliance with minimum standards. The N&S state that by 29 November 2016 all schools without any access to water, electricity and sanitation must be provided with these basic services, and that all schools built from materials such as mud, wood, metal and asbestos (i.e. “inappropriate schools”), must be eradicated.<sup>4</sup>

Equal Education’s analysis shows that (1) additional financial allocations have not been made in the 2016/17 national budget to accommodate the N&S, and (2) the funding allocated prior to the N&S coming into effect have been reduced. This begs the questions: How will the N&S be funded? How will the first N&S deadline be met if no additional funding is provided? These questions are particularly urgent given the legally binding deadlines set out in the N&S – the first being 29 November this year.

### **1.1 Funding**

There are two main sources of funding for school infrastructure: the School Infrastructure Backlogs Grant (SIBG, also known as ASIDI) and the Education Infrastructure Grant (EIG). Provinces can also choose to contribute funds towards school infrastructure from their Equitable Share (ES) transfers.

#### **(A) Education Infrastructure Grant (EIG)**

The EIG is intended to supplement provinces’ own delivery infrastructure programmes. The grant also has the purpose of improving the speed at 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 other provinces that have maintenance backlogs, but also a high number of new schools that need to be built.

Table 1 below presents the aggregate allocations for the EIG for the years 2016/17 to 2018/19 as well as the budget allocations from 2013. The forecasted allocations for the next two years under the current MTEF period as published in the 2015 national Budget are also shown.

**Table 1: Total allocations to the education infrastructure grant**

R'000	2014/15	2015/16	2016/17	2017/18	2018/19

<sup>4</sup> South African Schools Act 84 of 1996, Regulations relating to Minimum Uniform Norms and Standards for Public School Infrastructure.

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	
<b>2016 Budget</b>			<b>9,613,692</b>	<b>12,780,435</b>	<b>13,511,560</b>

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

The overall 2016 EIG budget increases by a mere 1% from 2015, this is R160 million less from what was initially projected in last year's national Budget. However, the EIG budget is expected to increase by R4 billion – from R9.6 billion in 2016 to R13.5 billion in 2018. This is a 29% increase over the MTEF. The increase is as result of diverting ASIDI funding towards EIG and not necessarily due to additional funding being put forward by Treasury. While these figures are positive, when comparing government's commitments in previous years, a wholly different picture emerges. **While the allocation for 2015/16 is slightly more than the previous forecast in the 2014 national Budget, it is almost R500 million less than the very first estimate for the 2015/16 year which was presented in the 2013 national Budget.** The projected allocation for 2016/17 in the 2015 Budget is also less than the amount forecasted in the 2014 Budget. The increases in 2017/18 and 2018/19 incorporate the ASIDI funds that will be merged with EIG as of next year. So this does not mean Treasury is allocating more money, just that funds are being pooled together.

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 slightly 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 N&S. EE wants to know how Treasury (and education departments by extension) expect to meet N&S targets if no additional funding is allocated to ensure that all schools are conducive to quality teaching and learning.

Table 2 compares the 2015/16 provincial EIG allocations to the 2016/17 allocations. This gives us a picture of how funds are divided across provinces and if those provinces with the greatest number of backlogs and inappropriate school buildings are adequately funded.

**Table 2: 2016 EIG allocations according to province**

Province	2015/16 EIG allocation	2016/17 EIG allocation	% Increase/decrease
	R'000		
Eastern Cape	1,704,000	1,505,088	-12%
Free State	763,000	695,122	-9%

Gauteng	936,000	1,385,737	48%
KZN	1,979,000	1,958,321	-1%
Limpopo	805,000	830,532	3%
Mpumalanga	857,000	788,153	-8%
Northern Cape	447,000	486,538	9%
North West	995,000	971,989	-2%
Western Cape	1,032,000	992,212	-4%
<b>Total</b>	<b>9,517,555</b>	<b>9,613,692</b>	<b>1%</b>

Source: National Treasury Division of Act 2015, Division of Revenue Bill 2016, Table W1.2

With the exception of Gauteng, Limpopo and the Northern Cape, all provinces suffer an EIG budget decrease. Only Gauteng receives a substantial budget increase, while the Limpopo and Northern Cape budget increases are meagre and are unlikely to have a substantial impact. R7.4 billion of EIG medium term budget is yet to be allocated (reserved by Treasury). This leaves Equal Education and provincial education departments unsure of what funding to expect, as Treasury has not decided yet how these funds will be allocated.

Over the medium term period, R3.6 billion in 2017/18 and R3.8 billion in 2018/19 will remain unallocated.<sup>5</sup>

### **(B) The School Infrastructure Backlogs Grant (SIBG/ASIDI)**

The SIBG – commonly known as the Accelerated Schools Infrastructure Delivery Initiative (ASIDI) – was first introduced in 2011 as a short-term measure to fast-track the eradication of inappropriate school infrastructure, and to provide water, sanitation and electricity to specific schools (most of which are located in the Eastern Cape).

Due to considerable challenges with regard to ASIDI expenditure over the years, the length of the programme has been extended to 2017/18, and also trimmed. With last year's budget, Cabinet approved cuts of R413.6 million to be effected over the medium term. The allocation was reduced in the 2013 and 2014 national Budgets to align it more closely with the DBE's capacity to spend the funds<sup>6</sup>.

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. Very close to 50% of the grant for 2015/16 had not been spent by the third quarter<sup>7</sup>. EE therefore questions whether the DBE will be able to spend the rest of the grant in the remaining three months. There has been a consistent trend of under expenditure with ASIDI, with no real promise that the fund will be appropriately spent when it is merged with the EIG.

<sup>5</sup> 2016 DoRA, pg. 84

<sup>6</sup> 2015 Budget, Vote 14 Basic Education, pg. 227

<sup>7</sup> DBE 2<sup>nd</sup> and 3<sup>rd</sup> quarter report to Parliament, 23 February 2016

Each budget allocation is therefore consistently in line with the past expenditure trend, where reductions are seen as a means of alignment with the DBE’s ability to spend, and implement. The allocation reductions are illustrated in the table below.

**Table 3: Total Allocations to ASIDI 2014/15 to 2018/19**

R'000	2014/15	2015/16	2016/17	2017/18	2018/19
2013 Budget	3,169,503	2,912,310			
2014 Budget	2,938,503	2,433,310	2,610,662		
<b>2015 Budget</b>		2,046,825	2,374,867	2,619,873	
<b>2016 Budget</b>			<b>2,374,867</b>	<b>2,619,873</b>	<b>2,800,000</b>

*Sources: National Treasury, 2011, 2012, 2013, 2014, 2015 Division of Revenue Act, 2016 Division of Revenue Bill, Appendix W9 & p.85*

ASIDI is in its final year as a separate fund and will subsequently merge with the EIG, “in order to address the grant’s disappointing performance”<sup>8</sup>, as of next year. In the 2015 Budget, R2.05 billion was allocated to ASIDI. This represents a decline from the 2014 budget allocation of R2.94 billion. The ASIDI 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). It is necessary to note that the respective R2.62 billion and R2.8 billion for 2017/18 and 2018/19 will be added to the EIG in the outer years of the medium term.

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).

Equal Education is concerned that with the well documented trend of a decrease in ASIDI funding over the years, the March 2018 deadline quoted in the budget and Division of Revenue Bill will not be met. Finance Minister Pravin Gordhan stated that by March 2018 all schools will have electricity, water, access to sanitation and there will be no schools made out of inappropriate structures. This new completion date is two years after the N&S deadline of November this year.

This slow-pace of delivery has a negative impact for those pupils that have to attend these schools, the majority of those learners Black. The current democratic government has not been able to rid schools of the Apartheid legacy, which ensured that Black children had the worst access to resources and education.

In Table 4 below, we see that in the 2012 Budget, a total amount of R13 billion was allocated over the three year period from 2012/13 to 2014/15 to fund ASIDI. This R13 billion can be considered indicative

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<sup>8</sup> 2016/17 Division of Revenue Bill, pg. 84

of the **total amount** government judged to be sufficient to reach the targets set by the initiative. These targets were originally set to be reached by 2014/15<sup>9</sup>.

**Table 4: Total allocations to ASIDI: 2012 MTEF**

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

*Source: 2012 DoRA, p.96*

The figures from the 2016/17 budget show a decrease in the ASIDI allocation. When looking at past expenditure and estimated expenditure, the total allocation is far lower than the initial R13 billion quoted in 2012. Table 5 provides a summary of the actual spending from ASIDI from 2011/12 to 2014/15, as well as the adjusted budget for 2015/16 and the current medium term allocation.

**Table 5: Actual ASIDI expenditure and budget allocations**

R'000	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Total
2016 ENE	859 628	1 370 124	2 407 887	2 024 310	2 242 143	-	-	<b>8 904 092</b>

*Source: 2016/17 Basic Education Budget, pg. 28*

As we indicated above, ASIDI allocations have been reduced by over R4.1 billion, from R13 billion to R8.9 billion in the current form of the fund. ASIDI may still exist under the merger with EIG next year, but the first N&S deadline of 29 November will not be met under the current allocations. EE is concerned that despite the extension of the ASIDI deadline (to 2017/18), the ASIDI targets will still not be reached due to the department's lack of capacity, the history of under-spending, as well as the reduction in the overall budget allocation for ASIDI.

Turning to actual expenditure by the DBE it emerges that while the Budget may have an allowance of R8.9 billion for ASIDI, the reality is that even less than that amount has been spent by the DBE. Table Y3 below shows actual DBE expenditure compared to DoRA allocations.

**Table 6: Actual Expenditure against Allocations**

R' 000	2011/12	2012/13	2013/14	2014/15	2015/16	Total
DoRA Allocation	700 000	2 065 000	2 489 000	2 540 484	2 046 186	
<b>Actual Expenditure</b>	<b>76 084</b>	<b>859 628</b>	<b>1 392 307.2</b>	<b>2 542 860</b>	<b>1 066 148</b>	<b>5 937 027.2</b>

*Source: DBE Presentation to Select Committee on Appropriations, 02 June 2015*

<sup>9</sup> DoRA, 2012/13

With ASIDI merging with the EIG next year, EE has a few concerns. The advantage of the merger is that EIG performance and expenditure has been better than that of ASIDI. Some provincial education departments have proved to be better implementers than the national department. The main disadvantages are that ASIDI was initially introduced because provinces highlighted a lack of sufficient funds to address schools made out of inappropriate material, and funding for other school infrastructure projects. Provinces, particularly those with significant backlogs, no longer have additional funding for school infrastructure (in the form of ASIDI), and this will require them to compete with one other for EIG funding. The merger of the grants will also mean that provinces must commit large amounts of their Equitable Share (ES) toward infrastructure – something which they have failed to do in the past (as in the case of Limpopo which last year contributed 0% of its ES).

Provincial allocations as tabled in the 2016 Division of Revenue Bill indicate increases for some provinces. It is encouraging to see that total allocations to ASIDI in 2016 increase by 16% from 2015. The Eastern Cape receives the largest portion of ASIDI followed by the Free State and the Western Cape. Limpopo is among the bottom three allocations for ASIDI and experiences a 26% decrease in 2016. All provinces will receive decreased individual ASIDI allocations, with the exception of the EC which experiences a large increase of 42%. This is in line with the desperate need for infrastructure in the EC. However, EE is not convinced that this amount is sufficient to meet the N&S targets.

#### **Recommendations:**

1. The national government should undertake a costing assessment to determine the budget allocations that will be required for provinces to comply with the Norms and Standards for school infrastructure. The DBE should then regularly monitor provincial progress toward compliance and expenditure to, among other things, ensure that school infrastructure development is performed efficiently in terms of cost and the time taken to deliver new and improved schools.
2. The DBE should monitor and oversee the development of provincial capacity to build new schools and improve existing schools. A component of the costing exercise referenced above should include the cost to improve capacity of provincial departments involved with the planning, budgeting and contracting processes associated with complying with the minimum Norms and Standards. The DBE should investigate whether training programmes should be developed to assist provincial departments and offices involved with the provision of new and improved school infrastructure and whether certain offices should be created and staffed with administrators and staff that hold specified qualifications and/or credentials.
3. The planning and development of schools that meet minimum Norms and Standards should be undertaken in an open and transparent manner. Accordingly, delivery schedules should be made easily publicly accessible so progress can be measured and parents of learners in schools, as well as school staff, are able to plan accordingly and hold provinces accountable.

#### **(C) Performance based grants: The Education Infrastructure Grant (EIG) and the performance based incentive approach**

In the 2013 national Budget speech, it was announced that the application process for infrastructure grants is being revised to improve the quality of infrastructure spending. The Minister indicated that provinces will be required to submit “building plans” two years before implementation and they will only receive allocations if these plans meet certain “benchmarks”. Last year, former Minister Nene confirmed that the 2015/16 allocations reflected a new approach to funding education infrastructure to provinces.<sup>10</sup> The 2015 Budget Review explained that the new incentive based approach required provinces to undertake a two-year planning process to be eligible for incentive allocations in 2015/16. The planning processes for the 2015/16<sup>11</sup> allocations therefore started in 2013/14. The 2013 DoRA listed certain prerequisites that had to be in place before provinces would be eligible for an incentive:

- An approved framework outlining the roles and responsibilities of the provincial departments responsible for infrastructure delivery(submitted by 5 July 2013 for the 2015/16 year);
- A user asset management plan (long term infrastructure plan) (submitted by 26 July 2013 for the 2015/16 year); and
- Appropriate monitoring and contract management systems.

It is unclear to what extent the provinces were evaluated according to the detailed approval processes presented in both the 2013 and 2014 DoRA. According to the 2016 DoRB, provinces received a base allocation based on meeting some prerequisites.<sup>12</sup> (No further details were provided and we cannot confirm if these are exactly the same prerequisites first mentioned in the 2013 DoRA). After a moderation process between the provincial education departments, the DBE and national Treasury, provinces received a score for a long term infrastructure plans called User Asset Management Plans (U-AMPs)<sup>13</sup>. A U-AMP is a 10 year plan for all planned school infrastructure projects. The plans in the U-AMPs for the current medium term period are presented in Infrastructure Project Management Plans (IPMPs). Both plans are updated annually. According to DoRB 2016, the U-AMPs prepared for the EIG should contain the following information:

- Demand and need determination;
- Education infrastructure improvement priorities and targets;
- Current performance and education infrastructure;
- Project portfolio;
- U-AMP improvement plan;
- Project lists for a period of at least 10 years;
- Maintenance plan;
- Financial summary;

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<sup>10</sup> 2015/16 Budget Speech, p.19; 2013/14 DoRA

<sup>11</sup> Budget Review 2015/16,p.78

<sup>12</sup> 2016/17 DoRB, p.84

<sup>13</sup> The ASIDI and EIG processes must follow the procedures and produce the reports required in terms of the Infrastructure Delivery Management System (IDMS). The IDMS provides for preparation of rolling three-year infrastructure programme management plans (IPMPs) which correspond to the three-year medium term expenditure estimates of the budget process. However, the IDMS also has a longer time-scale, with ten-year user asset management plans (U-AMPs) which are meant to be amended on an annual basis.

- Organisation and support plan.

According to the 2016 DoRB, a province needed a score of 60% or more to qualify for an incentive in addition to its base allocation.<sup>14</sup>

The table below shows the provinces' scores for the assessments of their U-AMPs (infrastructure planning docs), as well as the basic allocation, the incentive allocation and the amounts they were allocated to rehabilitate infrastructure damaged by natural disasters.

**Table 7: Provincial EIG incentive allocations**

R'000 000	Planning Assessment Score	2016/17 (R'000)			Final Allocation
		Basic Component	Incentive Component	Disaster Recovery Funds	
Eastern Cape	62%	1,443	-	61	1,505
Free State	54%	695	-		695
Gauteng	64%	1,252	133		936
KZN	64%	1,825	133		1,958
Limpopo	46%	830	-		830
Mpumalanga	27%	788	-		788
Northern Cape	69%	353	133	-	486
North West	60%	787	133	51	971
Western Cape	78%	858	133	-	992
<b>TOTAL</b>		<b>8,834</b>	<b>666</b>	<b>112</b>	<b>9,613</b>

Source: National Treasury. 2016 Division of Revenue Bill (Table W1.20) Education Infrastructure Grant Allocations, p.85

Limpopo and Mpumalanga had the poorest scores and did not receive any incentive allocation. The EC was also among those who did not receive an incentive allocation. Limpopo has consistently scored poorly and missed out on incentive allocations. Once again the Western Cape's U-AMP received the best score and was awarded an incentive allocation and so did Gauteng, KZN, the NC and the NW. There are some notable differences in the way in which the incentive was allocated this year. Last year only those who scored 60% and higher received an incentive allocation and the incentive amounts varied in accordance to the score. For 2016/17, only the provinces that scored 64% and higher were awarded an additional allocation (with the exception of the Northern Cape). All four of the top scoring provinces received the same amount in incentive allocation of R133 million. It is alarming to note that the provinces that need the additional funding the most (the EC and Limpopo) fail to receive the necessary funds.

### **The problem with the EIG performance based incentive approach**

<sup>14</sup> 2016/17 DoRB, pg., 84

Equal Education is concerned that the current mechanism for scoring 'performance' fails to take into account actual implementation – thereby failing to incentivise school infrastructure delivery. However, it is also the case that an exclusive focus on delivery would disadvantage poorer provinces. Hence, we call for a more nuanced approach to assessing performance.

This year, the Eastern Cape, Free State, Mpumalanga and Limpopo scored poorly on their User Asset Management Plans (U-AMPs) and did not qualify for the incentive. Once again, the Western Cape scored the highest and received the largest portion of the incentive allocation. This allocation methodology although aimed at incentivising provinces to improve infrastructure planning, could further create inequities in school infrastructure by benefiting only the better performing, well-resourced provinces such as Western Cape and Gauteng while poorer provinces – provinces with significant needs – fail to qualify. This year the Eastern Cape did not qualify for an incentive. The Eastern Cape has the highest need in terms of school infrastructure and is highly dependent on the EIG which accounts for a large share (between 77% and 98% depending on the year under consideration) of its provincial education infrastructure budget.

According to the 2015 DoRB, "infrastructure grant reforms to improve planning were introduced in 2013 after a decade of provincial capacity building through the Infrastructure Delivery Improvement Programme (IDIP)."<sup>15</sup> It is questionable whether provinces currently have the necessary infrastructure capacity given that the IDIP capacity building is still on-going. Between 2014/15 and 2016/17, the IDIP will focus on establishing capacity within participating departments to implement, manage and maintain infrastructure delivery.<sup>16</sup>

Another potential disadvantage is the definition of performance. Provinces are currently evaluated for incentive allocations based on their performance on planning and not in terms of actual delivery of school infrastructure. The impact of good plans on actual implementation is not guaranteed and in some provinces this is still to be seen. It is one thing to produce a plan but quite another to implement it. The conditions in which EIG is being implemented differ from one province to another. The slow delivery of infrastructure in the Eastern Cape is partly due to the construction of a large number of school infrastructure projects in areas with difficult rural terrain which comes with its own unique and costly construction challenges.<sup>17</sup> The Eastern Cape is also struggling with insufficient infrastructure management capacity and skill, and poor contractor performance among other institutional challenges such as poor audit reports, and weak governance and accountability.<sup>18</sup> **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.**

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<sup>15</sup> 2015/15 DoRB, p.84

<sup>16</sup> National Treasury Provincial Budgets and Expenditure Review 2010/11 – 2016/17, Chapter 12

<sup>17</sup> Progress and Status of ASIDI PowerPoint presentation to the Portfolio Committee on Basic Education by the Department of Basic Education 24 February 2015

<sup>18</sup> Ibid.; 'Draft Report of the Standing Committee on Appropriations on its Oversight Visit to the Eastern Cape Province from 2 to 6 February' dated 18 March 2015.

The design of the performance based approach seems to be one dimensional in a delivery system that consists of multiple stakeholders.

Planning by the provincial departments of education is currently being evaluated, but they are not the implementers of the grant – they are the administrators. Performance based incentives need to be comprehensive and inclusive of actual implementers of the grant, and there is also a need to stringently monitor the provincial departments of public works as well as other implementing agents and private service providers.

Poor planning and monitoring of infrastructure projects are significant challenges facing provincial education departments. The incentive requirements for EIG outlined in DoRB do not require that provincial education departments produce a monitoring and evaluation plan, and neither does it require citizen participation.

The performance based approach should guard against unfairly disadvantaging poorer provinces. The design of the grant needs to take into account the different capacity levels, stakeholders, and conditions in which provinces operate when implementing the EIG, but still maintain a strong emphasis on actual school infrastructure delivery and implementation.

## **2. SCHOLAR TRANSPORT**

### **Introduction**

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. In addition, many learners in South Africa have to make use of private transport – often unsafe, expensive, and unreliable.

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 the service actually reaches 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 2016 Division of Revenue Bill did not allocate funding for learner transport exclusively. We recommend that this matter be taken into consideration.

The table below is taken from the DoT's presentation of the National Learner Transport Policy on 08 September 2015.

**Table 8: 2015/15 Scholar transport Budget and Expenditure information and target information**

Province	Total number of learners 2015/16 as per Snap survey	Total number of learners that need transport 2015/16	Total number of learners that need to be transported 2015/16 as a % of total no of learners	Total number of learners to be transported in 2015/16	Total number of learners to be transported in 2015/16 as a percentage of learners requiring transport	Budget for 2015-16 financial year
EC	1 894 682	98 312	5%	64826	65.94%	R 432 000 000.00
FS	666 024	8981	1%	6611	73.61%	R 40 000 000.00
GP	1 998 640	82917	4%	82917	100.00%	R 461 000 000.00
KZN	2 811 418	71 000	3%	34814	49.03%	R 185 976 000.00
LP	1 694 884	42035	2%	20751	49.37%	R 141 103 000.00
MP	1 052 207	59346	6%	59121	99.62%	R 441 622 000.00
NC	286 509	27526	10%	22665	82.27%	R 125 359 000.00
NW	797 438	71 715	9%	33334	46.48%	R 264 466 000.00
WC	1 046 477	55 089	5%	50000	90.76%	R 270 138 000.00
TOTAL	12 248 279	516 886	4%	371422	71.85%	R 2 354 585 000.00

*Source: National Learner Transport Policy Presentation, 08 September 2015*

The above figures are intuitively incorrect, as the National Household Survey published by Statistics South Africa, in 2013, stated that in Kwazulu-Natal alone, there are more than 2 million (primary and secondary school) learners who walk all the way to school. Of these learners, more than 210 000 walk for more than an hour (in one direction), while a further 659 000 learners walk for between 30min – 1 hour.

If the departments responsible for Scholar Transport do not have accurate figures on how many learners need to be accommodated with transport to school, how can the implementation process of this policy be successful?

What the above figures indicate is that a large percentage of learners are being left behind. Furthermore, it is alarming that Department of Transport has no idea how many vehicles transporting learners are in fact roadworthy, nor did they have any plans to enforce road-worthiness standards.

It also emerged that, as both the Departments of Basic Education and Transport share responsibility for the provision of transport, it is almost impossible for National Treasury to hold either department to account<sup>19</sup>. This also allows each department to point fingers at the other for their failings.

This is why EE calls for a conditional grant to address Scholar Transport. With a conditional grant, provinces will be able to provide a more reliable and consistent service with clarity on availability of funds. Conditional grants can also empower national government to influence fiscal decisions at the sub national level to ensure that provincial government allocates adequate resources for the achievement of national or constitutional objectives.<sup>20</sup> Under the provincial fiscus funding model, provinces are free to allocate learner transport budgets according to their own discretion which may be based on other factors and not necessarily on need. Conditional grants will ensure that provinces provide necessary and adequate funds for learner transport and “ring fence” or protect these funds from being diverted towards other purposes.<sup>21</sup>

The policy’s funding model does not address the growing demand for scholar transport as well as the budget constraints facing provincial departments. Funding for scholar transport from the provincial treasury is not sufficient and an urgent solution is required. Unless a more suitable funding model is proposed, the funding problems currently plaguing the learner transport programme will continue to persist. In November 2013 and April 2014, Equal Education made submissions to the Standing Committee on Appropriations.<sup>22</sup> Equal Education recommended the introduction of a scholar transport conditional grant.

The policy does not seem to state whether this funding model is currently being considered nor does it provide justifications and explanations for why the scholar transport grant model was rejected and not considered as viable.

It is unfortunately impossible for EE to provide a detailed analysis on scholar transport provincial allocations as provinces have not tabled their 2016/17 budgets. It is not difficult to infer from past trends that once again, provision for scholar transport will not be a priority for most provinces.

In the past, the Eastern Cape Department of Transport has had a separate sub-program for scholar transport which provided full budget estimates and expenditure outcomes for previous financial years.

### **Budget constraints and learner estimates**

Provincial departments are struggling to meet scholar transport demand and based on the EC and KZN scholar transport budget estimates, the provinces will continue to under budget for scholar transport over the MTEF. Moreover due to the lack of budget information on scholar transport in other provinces

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<sup>19</sup> DoT presentation to DBE Portfolio Committee, 08 September 2015

<sup>20</sup> Financial Fiscal Commission Preliminary Recommendations 2001 report Section 9: Conditional Grants

<sup>21</sup> Ibid

<sup>22</sup> Joint Equal Education and PSAM submission to the Standing Committee on Appropriations 27 October 2014; Equal Education Submission on the 2015 Division of Revenue Bill to the Standing Committee on Appropriations 7 April 2015.

we are not able to tell at all whether aggregate budget estimates and targets for scholar transport will be expected to grow or decline over the MTEF.

A contributing factor to the scholar transport budget constraints is that the extent of the learner transport problem is not sufficiently understood hence costing needs for learner transport are likely to be underestimated.

Furthermore the National Department of Transport and the provincial Departments of Education and Transport do not discuss the current mode of transportation being used nor do they consider plans to introduce cost effective alternative modes of transportation such as bicycles to address the shortfall in learner transport need over the MTEF.

### **Scholar transport grant design**

The first feature of the design is to make the grant conditional, to be used specifically for scholar transport. A conditional grant could help protect or “ring fence” the scholar transport budget to be used strictly and solely for the purposes of scholar transport.

The second feature of the design could be that the grant allocation formula takes into account the rural terrain of a province, the number of children who qualify for scholar transport and the distances within the province that these children are expected to travel to the nearest public school to ensure fair and equitable distribution of resources across the provinces mostly based on need.

The third feature design could be that the formula based transfers be based on detailed calculations (cost analysis) of the overall provincial scholar transport costs and expenditure needs covering specific considerations such as the different modes of transportation to be used as well as route accessibility and design based on the quality and availability of road infrastructure.

The fourth feature could be that the grant funds different interventions most appropriate to the varying scenarios across the provinces. The various types of expenditure would ensure effective use of resources in line with suitable provincial strategies and plans for scholar transport and allow for multiple solutions to gaps in the provision scholar transport. Types of expenditure to be funded by the grant can include:

- Standardised remuneration model for paying contractors and bus drivers operating in rural and urban areas;
- Capital expenditure on moveable assets such as bicycles, vehicles as well expenditure on the maintenance of such assets.

The fifth feature could be that the grant is linked to key outputs or performance indicators. Conditional grants have stronger lines of reporting and accountability thereby improving the current weak state of transparency regarding provincial scholar transport budget estimates, expenditures and target information. By introducing a grant, more scholar transport information can be shown and reported against in order to hold all provincial departments to account for increasing access to education.

## **Concluding Remarks**

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.

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.

EE calls for an urgent finalization of a scholar transport policy framework and implementation timeline, 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 of particular challenge.