



EQUAL EDUCATION SUBMISSION TO THE STANDING COMMITTEE ON APPROPRIATIONS ON THE 2017/18 DIVISION OF REVENUE BILL

Equal Education (EE) is a membership-based, democratic movement of learners, parents, teachers and community members. Its core objective is to work towards achieving quality and equality in South African education.

In order to achieve its objectives, EE conducts a broad range of activities. These include campaigns grounded in detailed research and policy analysis and supported by public action and mobilisation. Where necessary, EE uses the courts and legal process to advance the values of, and to contribute to, a strong civil society that holds government, private interests and individuals accountable.

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. Our focus is directed by the lived experiences of these members, drawn largely from working-class and poor communities.

EE welcomes the opportunity to comment on the 2017 Division of Revenue Bill, in order to highlight our concerns with:

- I. The Equitable Share formula; and
- II. Treasury's progress on the Standing Committee's recommendations regarding a conditional grant for scholar transport.

The Equitable Share

Rural South Africa is home to 50% of the country's population¹, but 58,3% of the country's poor². While poverty and inequality are features of the lives of many South Africans, this yoke weighs particularly heavily on rural dwellers. It is against this backdrop that EE strongly recommends that the Equitable Share formula be revised to consider the greater needs of rural areas when allocating funds to provinces. The cost of providing quality education in a rural province is much higher due to its historic underfunding and often dire economic circumstances, as well as the geographic, infrastructural and demographic characteristics of a rural area. In addition, the poverty component of the overall Equitable Share is small. A formula devised for redistributive and equitable purposes ought to specifically take into account those who are most in need.

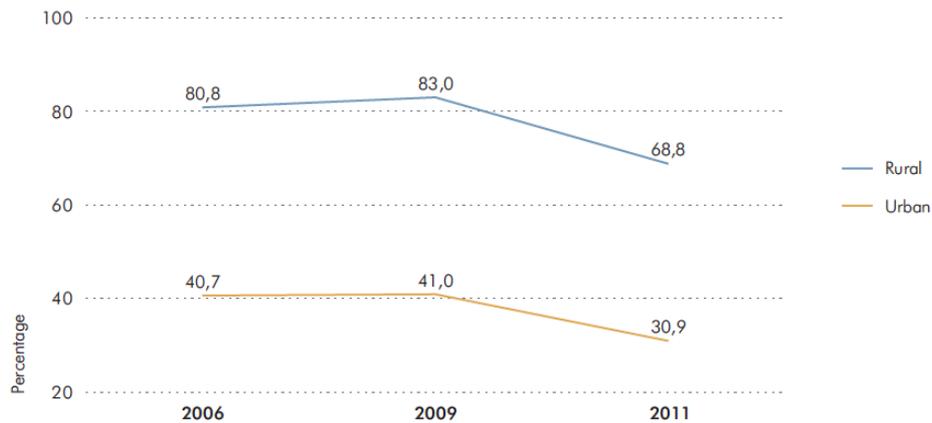
While the 2017/18 budget should be lauded for taking some steps towards meeting pressing needs in the ECD and Higher Education sectors, it nonetheless fails to comprehensively address a key failure in funding education and other social services in a pro-poor manner across provinces: the link between poverty and rurality. As a Statistics South Africa (Stats SA) report on poverty levels in 2011 pointed out: "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."³

The graph below also reveals that between 2009 and 2011, the poverty level in rural areas remained at almost double that of urban areas:

¹ Statistics South Africa, *Census 2011*, 2012.

² Statistics South Africa, *Poverty Trends in South Africa*, 2014, Page 36.

³ *Ibid.*



"Poverty Headcount by Settlement Type" | Source: Stats SA

While EE is encouraged that government has stated that it is considering adding rural-focused indicators to the Equitable Share formula⁴, this does not bind Treasury to doing so. It will, however, prove difficult to hold Treasury to account on this issue without knowing which indicators are being considered and when the review process for the formula will be concluded.

As it stands, the indicators for the education component of the Equitable Share formula are based on school-aged population and school enrolment⁵, but the formula does not take into account that the cost of education in a rural province is far higher than in an urban province. These costs are linked to the number of schools in the province and its population density, the amount of no-fee schools, and the historical realities of each province.

Redress

As noted above, poverty is concentrated in rural areas; historic underfunding and infrastructure backlogs are not limited to education alone. One instrument for redress within the Equitable Share as it stands is the poverty component of the overall formula. But at only 3%, the small consideration given to poverty in the equitable share formula is insufficient to reduce the inequality that exists between provinces.

⁴ National Treasury, *W1 Annexure to The Explanatory Memorandum to the Division of Revenue*, 2017, Pages 69 & 70.

⁵ *Ibid*, Page 78.

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 and 3 are “no-fee schools”, which means that all their funding comes from the state, while at quintile 4 and 5 schools the running costs 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.

A disproportionately high number of quintile 1 to 3 schools are located in rural provinces: 92,5% of learners in Limpopo attended no-fee schools in 2016, in stark contrast to the 41,6% of Western Cape learners that attended no-fee schools in the same year.⁶ 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.

Not only this, but the legacy of Apartheid is such that schools in rural provinces require more financial assistance, since these schools tend to be in the worst conditions. Historically, rural schools were underfunded under the Apartheid regime, which left them constructed of inappropriate materials or in desperate need of water, sanitation, and other basic amenities. For example, 84% of schools which continue to suffer without any water supply are located in the Eastern Cape and KwaZulu-Natal.⁷

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

⁶ Birgit Weyss, *The Impact of the Provincial Equitable Share Formula on School Funding*, Unpublished research paper commissioned by the Equal Education Law Centre, 2016, Page 11.

⁷ Department of Basic Education, *NEIMS Standard Report*, June 2016.

rely solely on rainwater harvesting.

In addition, the fact that populations in rural areas tend to be scattered should also be considered. Rural areas tend to be characterised by a relatively low population density compared to urban provinces. The high volume of schools in the Eastern Cape is a result of a scattered population, whose young people are often unable to travel the long distances to schools outside of their immediate locale.

The result of this is a high number of schools scattered throughout the province, all of which have costs such as infrastructure, basic amenities, teachers and principals. Further, small schools often have low learner-educator ratios, meaning spending more on teacher salaries than for the same number of urban learners.

For example, by 2016 figures the relatively scattered population of 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 in that same year⁸.

It is true that rationalisation of small schools will help provincial departments of education to plan and spend their money more effectively by achieving greater economies of scale. Yet rationalisation would still come at a cost, since the process requires capacity to be expanded at receiving schools, including classrooms and hostels being built. 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 schools⁹.

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.

⁸ Department of Basic Education, *2016 School Realities Report*, Page 1.

⁹ Department of Basic Education, *Guidelines for the Rationalisation of Small or Non-Viable Schools*, 2009.

Scholar Transport

Every day, thousands of learners across the country are forced to walk long distances to school. The journey to school and back can be treacherous, with many learners encountering dangers as a result of the terrain they must cross (including flooding rivers and mountainous areas), extreme weather conditions, and the fear of muggings and kidnappings. The consequences of walking far distances on education is severe. Some learners are too tired and hungry to concentrate in class, while others are unable to complete homework and study after school. The lack of adequate and sufficient scholar transport cripples a learner's ability to access schooling, and consequently violates many South African learners' constitutionally protected right to a basic education.

The provision of scholar transport is therefore crucial to ensure that these learners are able to reach school safely, and timeously, and afford them the opportunity to achieve their academic goals.

Scholar transport crisis continues

The scholar transport crisis has continued year after year, particularly in rural provinces. Notwithstanding that the figures on the number of learners walking long distances to school are often themselves unreliable, years out of date, and vary from document to document, even by the Department of Basic Education's own figures, demand far outstrips provision of this service. The Department of Basic Education's 2015/2016 Annual Report revealed that 516,886 learners were identified as requiring scholar transport¹⁰. Of this amount, only 386,448 learners were actually transported¹¹. The Department of Basic Education's school readiness report for 2017, presented before the Portfolio Committee on Basic Education, indicated that despite 524,662 learners being identified as in need of transport nationally, plans for provinces only catered for 405,047 learners in the 2016/2017 financial year¹².

¹⁰ Department of Basic Education, *2015/2016 Annual Report*, Page 111.

¹¹ *Ibid.* (These statistics were confirmed in a presentation made by the Department of Transport before the Portfolio Committee on Education on 8 September 2015.)

¹² Department of Basic Education, *School Readiness Presentation*, Presented to the Portfolio Committee on Basic Education, 2016

Tens of thousands of learners in need are therefore not accessing scholar transport, with learners from certain provinces being affected more severely, and in greater numbers than in other provinces. In this regard, the DBE has reported that Gauteng, Western Cape and Mpumalanga are the only provinces able to transport all learners qualifying for scholar transport. In KwaZulu-Natal, where EE has been campaigning for scholar transport, only half of the learners in need receive scholar transport.

Whilst provincial education departments cannot simply rely on funding shortages as the basis for failing to fulfil constitutional obligations, it is clear that a different approach is needed to the funding of scholar transport, and it is for this reason that EE has consistently called for a conditional grant for scholar transport.

Conditional grant for scholar transport - lack of progress of Standing Committee on Appropriations recommendation

On 7 April 2015, EE presented submissions and recommendations on the 2016 Division of Revenue Bill before the Standing Committee on Appropriations, which included detailed submissions on scholar transport. We do not burden the present submission with repetition of those submissions, other than to highlight that the key issues impacting on effective funding and planning for scholar transport are still relevant, including:

- Ineffective coordination between the Department of Transport and Department of Basic Education;
- Inaccurate and inconsistent data on the number of learners in need of scholar transport;
- Consistent under-funding and under-budgeting for scholar transport by provinces, particularly rural provinces.

Further to our detailed analysis, EE recommended the implementation of a conditional grant for scholar transport. A conditional grant will ensure that additional funding is specifically allocated towards the provision of scholar transport and its use will not be dependent on the discretion of provincial departments. Funding supplied through a conditional grant is also subject to strict levels of accountability and

budgetary allocations will be monitored more effectively and transparently, ensuring that under or overspending is limited. A conditional grant will also serve to ensure that the specific needs of each province will be addressed, thereby giving additional funding to provinces who bear a heavier demand for scholar transport. EE has also highlighted that the design features of a conditional grant for scholar transport may include the following:

- The grant allocation formula should take 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 their nearest schools;
- The formula should be based on detailed cost analysis of overall provincial scholar transport costs and expenditure needs covering specific considerations such as the different modes of transportation, route accessibility, quality and availability of road infrastructure);
- The grant should fund different interventions most appropriate to varying scenarios across provinces; and
- The conditional grant should be linked to key outputs and performance indicators to ensure accountability and monitoring.

On 15 May 2016, in its report to Parliament, the Standing Committee on Appropriations specifically recommended that National Treasury (in partnership with, amongst others, the DBE 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**”. In terms of the report, National Treasury was required to respond to this recommendation within 60 days of its tabling.

From June 2016 to date, EE has made numerous attempts to engage the Office of the Minister of Finance on the recommendation of the Standing Committee on Appropriations that a conditional grant for scholar transport be explored. EE has received no response. EE has accordingly been disappointed that the 2017 Division of Revenue Bill sets no funds aside to be used exclusively for scholar transport, and that there has been no clear commitment by National Treasury to the consideration of a conditional grant.

So long as there are no funds set aside exclusively for scholar transport, and the provisioning of scholar transport remains the responsibility of two departments – Basic Education and Transport – that do not collaborate effectively with each other, learners will continue to walk these punishing distances to school.

Recommendations

In the exercise of revising the Equitable Share formula, National Treasury should consider the true cost of providing an adequate rural education, so as to ensure that those in the most need receive the most aid. EE therefore recommend:

- Treasury make a solid commitment to revising the Equitable Share formula to:
 - take into account costs of education provisioning in rural areas;
 - 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.

With regards to the on-going scholar transport crisis, EE accordingly recommends:

- The Standing Committee on Appropriations reiterate its previous recommendation that a conditional grant should be properly considered for scholar transport;
- The Standing 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.