



**EQUAL EDUCATION SUBMISSION TO THE STANDING COMMITTEE ON
APPROPRIATIONS AND SELECT COMMITTEE ON APPROPRIATIONS**

2019/20 DIVISION OF REVENUE BILL

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SUBMITTED BY:

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Overview

Equal Education welcomes the opportunity to make a submission and comment on the 2019/20 Division of Revenue Bill to the Standing Committee on Appropriations and the Select Committee on Appropriations.

In the lead up to Finance Minister, Tito Mboweni's 2019 Budget Speech, government made a number of bold undertakings regarding education. However, we did not observe increased budget allocations – if any allocations at all – nor concrete implementation plans to support these promises. The 2019 Division of Revenue Bill highlights that R3 billion has been re-prioritised away from provincial transfers, which means provinces will be forced to make tough decisions about which programmes to fund and which to cut.

We acknowledge that Minister Mboweni and National Treasury have a tough task of balancing a weaker than anticipated economic outlook, continued revenue shortfall and the lasting effects of state capture and dysfunctional State-owned Entities (SoEs). But, it is unconscionable that constitutionally enshrined socio-economic rights such as basic education, health care and social security have been compromised to mend a situation that the general populace did not create. The consequences of these trade-offs will be felt most severely by poor and working class households.

For the purposes of this submission, EE will focus specifically on basic education financing, including allocation and expenditure trends. The submission will also examine the performance of the national and provincial departments with regard to the delivery of school infrastructure.

Our submission is structured as follows:

- In Part 1, we provide an overview and background to Equal Education.
- In Part 2, we detail our concerns around downward adjustments to the Department of Basic Education's budget.
- In Part 3, we call on Parliament and National Treasury to reverse reductions to the school infrastructure grants.
- In Part 4, we encourage the Department of Basic Educational and National Treasury to prioritise early grade learning.
- In Part 5, we reiterate our call for the review of the equitable share formula and the development of a conditional grant to fund scholar transport.
- In Part 6, we conclude with recommendations to the joint Appropriations Committees.

Part 1: Background

Equal Education (EE) is a membership-based, democratic movement of learners, post-school youth, parents and community members. Our core objective is to work towards achieving quality and equality in the South African education system. In order to do this, we conduct a broad range of activities. These include campaigns grounded in research and policy analysis, in support of public action and mobilisation. Where necessary, we use legal processes to advance the value of, and contribute to, a strong civil society that holds government, private interests and individuals accountable.

EE's core membership base is high school learners, known as 'Equalisers', who actively advocate for quality education across five provinces, namely, Eastern Cape, Limpopo, KwaZulu-Natal, Western Cape and Gauteng.

Part 2: The Basic Education Budget

Education is said to be one of the biggest non-interest spending line items of the consolidated budget. Minister of Finance, Tito Mboweni, declared in his 2018 Medium Term Budget Policy Statement (MTBPS) that "[a]fter debt servicing costs, education is the fastest growing area of expenditure".¹ He reiterated this statement in his 2019 Budget Speech, stating that "Learning and culture receives the largest share of spending as government continues to provide access to quality basic and higher education...".² In his most recent speech, he was referring to the R1.24 trillion allocated towards Learning and Culture over the Medium Term Expenditure Framework (MTEF). While the R386.39 billion allocated this year, towards Learning and Culture makes up 21.2% of the 2019/20 consolidated budget, this line item includes more than basic education. Contained in this 'basket' is also higher education funding, as well as arts, culture, sport and recreation.

The basic education sector budget in its entirety – which includes monies allocated to provincial education and national departments – makes up 14.4% of the total 2019/20 consolidated budget. This makes basic education the fifth fastest-growing line item after higher education, debt servicing costs, social development and health of the consolidated budget. Allocations towards the sector, have remained relatively steady over the last five years, keeping up marginally, with inflation.

However funds allocated to the national Department of Basic Education (DBE) on its own, have, over the last five years, remained slow in nominal terms. Additionally, these allocations have not kept up with inflation.

¹ National Treasury. 2018. *Medium Term Budget Policy Statement*. Pg,7.
<http://www.treasury.gov.za/documents/mtbps/2018/mtbps/FullMTBPS.pdf>

² Mboweni, T. 2019. *Budget Speech*. Pg, 13. Available:
<http://www.treasury.gov.za/documents/national%20budget/2019/speech/speech.pdf>

Department of Basic Education real and nominal allocations (2015/16 to 2019/20)

('000)	2015/16	2016/17	2017/18	2018/19	2019/20
Nominal appropriation (R in millions)	R21 286	R22 413	R22 993	R23 699	R24 504 ³
Annual nominal change (%)	8.1%	5.3%	2.6%	3.1%	3.4%
Real appropriation (R in millions)	R26 142	R25 896	R25 374	R24 900	R24 504
Annual real change (%)⁴	2.8%	-0.9%	-2.0%	-1.9%	-1.7%

Source: 2018 and 2019 Estimates of National Expenditure⁵⁶

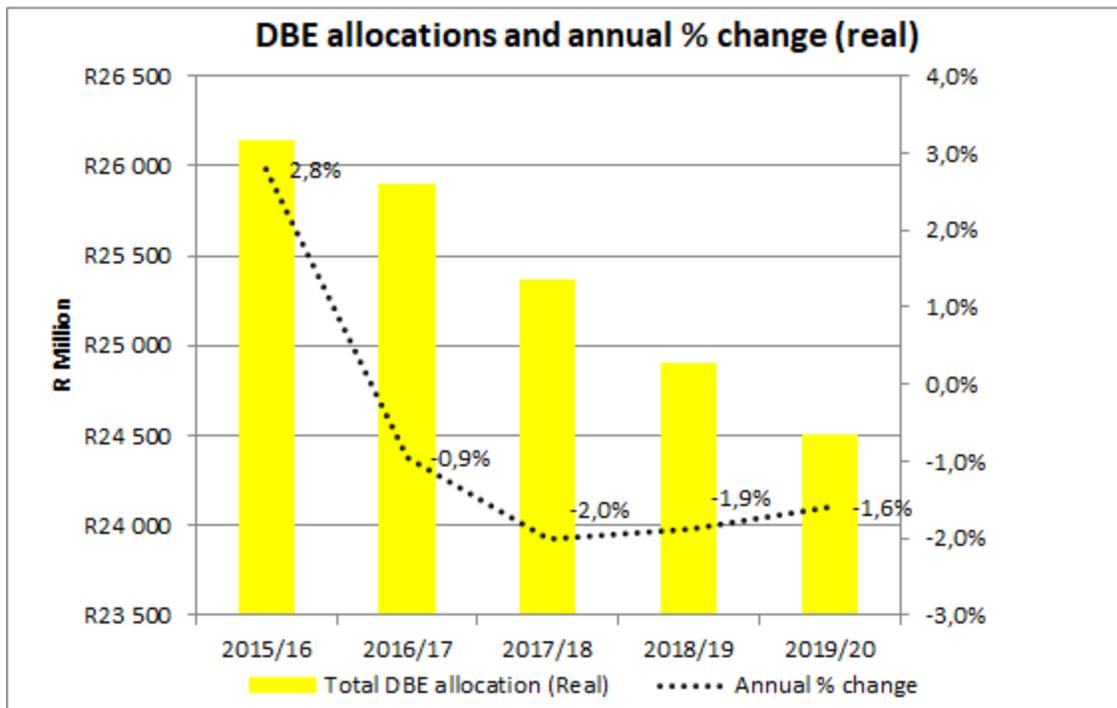
The table above highlights the amounts the DBE has been allocated from the 2015/16 to the 2019/20 financial year. While the allocations have increased year on year, the nominal rate of increase has slowed down, by an average of about 4.7 percentage points between 2015/16 to 2019/20. It is not surprising then, to find that when inflation is taken into account, the DBE's budget has been decreasing over time in real terms, as illustrated in the graph below.

³ The 2019/20 figures are estimates as reflected in the 2019 Estimates of National Expenditure projections

⁴ Own calculations (figures have been adjusted to 2019 prices)

⁵ National Treasury. 2018. *Estimates of National Expenditure: Vote 14, Basic Education*. Pg.267. Available: <http://www.treasury.gov.za/documents/national%20budget/2018/ene/Vote%2014%20Basic%20Education.pdf>

⁶ National Treasury. 2019. *Estimates of National Expenditure: Vote 14, Basic Education*. Pg. 259 & 263. Available: <http://www.treasury.gov.za/documents/national%20budget/2018/ene/Vote%2014%20Basic%20Education.pdf>



EE is concerned that the DBE’s allocations are failing to keep up with inflation, especially in an environment where learner enrolments have [increased](#)⁷ and the price of goods. While the Department has slightly more funds allocated towards its budget each year – in nominal terms – these funds do not accommodate the rising cost of basic services such as providing safe and adequate school infrastructure or providing textbooks. The 2019 Estimates of National Expenditure states, one of the objectives of the DBE as, “*increase[d] learner participation in mathematics, science and technology by providing ICT equipment and teacher development.*”⁸ How does the rollout and implementation of ICT take place in a context where funding is not keeping up with inflation? Or even more disturbing, where there are other more urgent and competing priorities?

EE acknowledges the challenge that the DBE and Provincial Education Departments (PEDs) have, in the past, failed to spend what little funds is allocated to them. This is particularly evident, when it comes to spending on school infrastructure conditional grants. The basic education sector finds itself in a conundrum. On the one hand we have legislation that speaks directly to the provision of adequate infrastructure for all public schools, along with specific deadlines. In addition, funding has been provided, and yet the DBE has not demonstrated the urgency required. On the other hand, reduced infrastructure grants in the face of inefficient spending, will be detrimental for those whose education

⁷ Motshekga, A. 2018. *Basic Education Department Budget Vote Speech for the 2018/19 Financial Year*. Available: <https://www.gov.za/speeches/minister-angie-motshekga-basic-education-dept-budget-vote-201819-9-may-2018-0000>

⁸ National Treasury. 2019. *Estimates of National Expenditure: Vote 14, Basic Education*. Pg 268. Available: <http://www.treasury.gov.za/documents/national%20budget/2019/ene/Vote%2014%20Basic%20Education.pdf>

experience is marred by inadequate and unsafe facilities. Instead of cutting funding, more should be done to hold these departments accountable and to support them in executing their mandates.

Part 3: School Infrastructure

The state of school infrastructure in South Africa continues to be a challenge for the basic education sector – and a threat to thousands of learners and teachers across the country. EE began campaigning for the *Regulations Relating to Minimum Norms and Standards for Public School Infrastructure* in 2011 and secured a victory when the Minister of Basic Education, Angie Motshekga, promulgated the regulations in 2013. Since then, EE has been monitoring the implementation of the *Norms and Standards* across the five provinces in which we are organised.

The National Education Infrastructure Management System (NEIMS) report, released annually, has demonstrated that there has been a positive correlation between the promulgation of the *Norms and Standards* and improvement in school infrastructure delivery.

NEIMS: School Infrastructure provision (2011 to 2018)

	2011	2013	2016	2018
No Water	2401	1772	171	0
No Electricity	3544	2925	569	269
No Sanitation	913	822	68	37
Pit Latrines ⁹	11 450	10 915	9 203	8702

Source: NEIMS Report 2011 - 2018¹⁰

While there has been an improvement in the delivery of school infrastructure, this has unfortunately not been at an acceptable pace. The *Norms and Standards* sets deadlines for infrastructure delivery, the first of which was 29 November 2016. By this date there should have been no schools without water, electricity, sanitation, or schools built from inappropriate materials. The DBE has missed this deadline,

⁹ Different types of ablution facilities, including plain pit latrines, on one site

¹⁰ Department of Basic Education. 2018. *NEIMS Standard Report January 2018*. Available: <https://www.education.gov.za/Portals/0/Documents/Reports/NEIMS%20Report%20%2020172018.pdf?ver=2018-01-30-120305-787>

and has also failed to completely eradicate and replace plain pit latrines, particularly in schools based in rural provinces. It is important to note that, upon promulgation, the *Norms and Standards* banned the use of plain pit latrines in schools. However, from visits conducted by EE in the Eastern Cape and Limpopo, we know that many schools still lag behind when it comes to the provision of safe, dignified and adequate school infrastructure, including sanitation. The findings from these visits are detailed in EE's [Planning to Fail](#) report and our Limpopo [report](#).

The missed deadline will see learners continue to attend schools that are in the most deplorable condition, for years to come. This is unacceptable and cannot continue! Despite repeated commitments to prioritise school infrastructure, it is clear that this is not the case, as learners continue to risk their lives every day to access education. Until recently, the government has tried to escape its legally binding responsibility to ensure that adequate and safe school infrastructure is provided.

Budget allocations toward the provision of school infrastructure have also been an area that has compromised the implementation of the *Norms and Standards*. The two grants which address infrastructure challenges, including backlogs, are the Education Infrastructure Grant (EIG) and the School Infrastructure Backlogs Grant (SIBG), which funds the Accelerated Schools Infrastructure Delivery Initiative (ASIDI) programme. Former Minister of Finance, Malusi Gigaba, announced in his 2018 Budget Speech that the EIG and SIBG would be cut by R7 billion over the MTEF.

EIG: Real and nominal allocations (2015/16 to 2019/20)

'000	Education Infrastructure Grant				
	2015/16	2016/17	2017/18	2018/19	2019/20
Appropriation (nominal) (R in millions)	9 354	9 933	10 045	10 093	10 514
Annual % change (nominal)	27.7%	6.2%	1.1%	0.5%	4.2%
Appropriation (real) (R in million)	11 488	11 477	11 085	10 618	10 514
Annual % change (real)	21.4%	-0.1%	-3.4%	-4.2%	-1.0%

SIBG: Real and nominal allocations (2015/16 to 2019/20)

	School Infrastructure Backlogs Grant				
	2015/16	2016/17	2017/18	2018/19	2019/20
Appropriation (nominal) (R in millions)	2 024	1 979	2 179	2 272	2 027
Annual % change (nominal)	-19.5%	-2.2%	10.1%	4.3%	-10.8%
Appropriation (real) (R in millions)	2 485	2 286	2 404	2 390	2 027
Annual % change (real)	-23.4%	-8.0%	5.2%	-0.6%	-15.2%

Source: 2015 - 2019 Estimates of National Expenditure¹¹

The table above shows a clear downward trend in the allocations to the school infrastructure grants, when inflation is taken into account. Even more concerning, for the SIBG in particular, is that we see further decreases – in both nominal and real terms – between the 2018/19 and 2019/20 financial years. A bleak outlook, at time when government should to be prioritising safe and adequate school infrastructure.

Included in the SIBG budget for the 2019/20 financial year is an additional R2.8 billion allocated specifically to eradicate pit toilets over the MTEF. EE welcomes this move, however it provides little reprieve following the R7 billion reduction to school infrastructure grants, and declining allocations in real terms over the MTEF.

These budget reductions undoubtedly impact government’s ability to deliver school infrastructure, and address the dire circumstances under which thousands of learners are expected to learn. But, the problem of slow infrastructure delivery is one that additional funding alone cannot fix. ASIDI, for example, has performed dismally over the past three years:

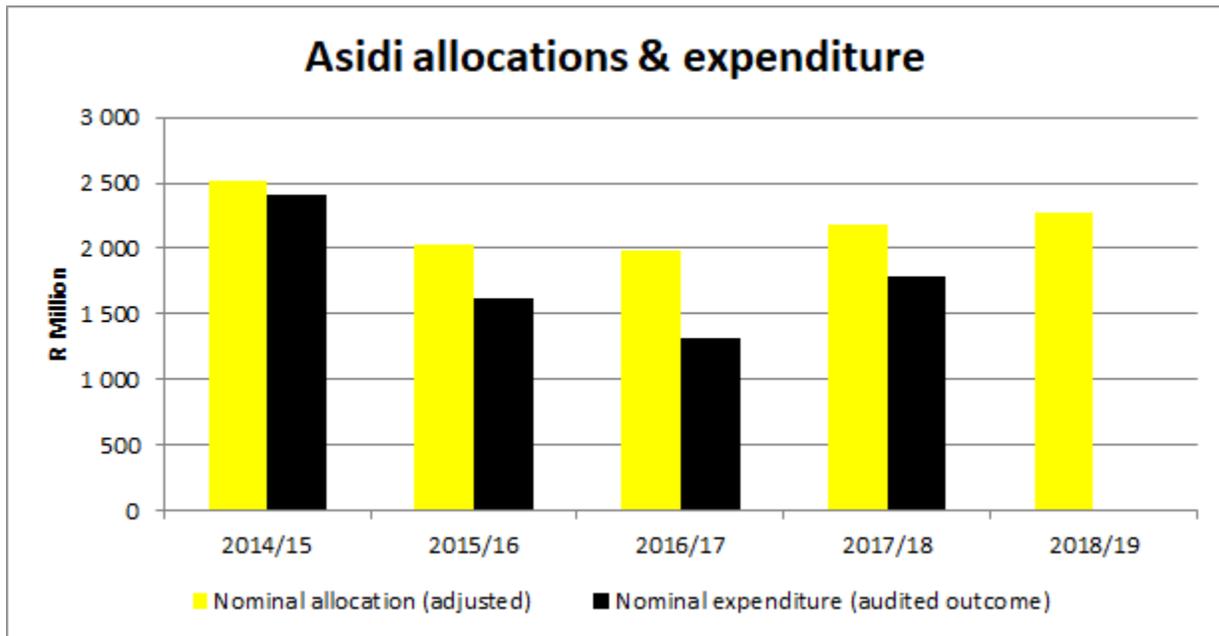
¹¹ National Treasury. 2019. *Estimates of National Expenditure: Vote 14, Basic Education*. Pg,264. Available: <http://www.treasury.gov.za/documents/national%20budget/2019/ene/FullENE.pdf>

ASIDI targets versus performance

	2016/17		2017/18		2018/19	
	Target	Performance	Target	Performance	Target	Performance ¹²
Schools Built	136	16	115	12	50	9
Sanitation	265	9	257	29	285	64
Water	459	10	344	43	325	64
Electricity	620	0	134	17	-	-

Source: 2018 Adjusted Estimates of National Expenditure (Vote 14)

As a result of poor delivery and under-expenditure on its budget, we often see cuts to ASIDI funding. The graph below illustrates nominal allocation and expenditure trends of the SIBG, over the last 5 years:



¹² Figures for the 2018/19 financial year only reflect progress over the first six months of the year.

National Treasury must not reduce the allocations for school infrastructure. This would be a disservice to learners and teachers in under-resourced public schools, across the country. In addition, National Treasury and the Provincial Treasuries should provide direction to the DBE and PEDs (respectively) on how best to spend their funds, whereas the DBE and PEDs should deal decisively with non-compliant and poorly performing implementing agents.

Part 4: Early Learning

In his 2019 State of the Nation Address (SONA), President Ramaphosa communicated a strong commitment to prioritising the early years of learning. He announced the introduction of two years compulsory Early Childhood Development (ECD), a shift of ECD services from the Department of Social Development to the DBE and expanding aspects of the Early Grade Reading Study (EGRS).

A. Early Childhood Development

EE has [previously](#) stated that poor National Senior Certificate outcomes are related to an under-investment in the early learning years and foundation phase of schooling.¹³ We have [highlighted](#) that the years from Grade R to Grade 3 are life-altering for learners: these are the years when the foundation must be laid for learning in the later grades.

Given this, EE was hopeful when the President not only spoke to the importance of investing in early learning so that more children could access ECD facilities and services, but also that two years of this programme be made compulsory.

However, the President's bold commitments were not reflected in Minister Mboweni's Budget Speech. The ECD conditional grant, introduced in 2017 to increase access for more children to ECD services and improve the conditions of these centres¹⁴, remains with the Department of Social Development. There is no clarity on when or how the shift to the DBE will take place. It also remains entirely unclear how two years of compulsory ECD for all learners in South Africa will be funded, when the ECD grant is projected to remain almost stagnant over the next three years – barely keeping up with inflation.

B. Early Grade Reading Study

EE is deeply disappointed that the President's promises of the expansion of the Early Grade Reading Study (EGRS) rang hollow. The 2019 budget makes no mention of the EGRS and the implementation of other reading assessments has been slower than planned. EE has repeatedly [called for](#) the expansion of

¹³ Equal Education. 2017. *Matric Results an Indicator of Primary Schooling Crisis*. Available: <https://equaleducation.org.za/2017/01/04/matric-results-an-indicator-of-primary-schooling-in-crisis/>

¹⁴ National Treasury. 2018. *Presentation by National Treasury to The National Council of Provinces (NCOP) Appropriations Committee on the Early Childhood Development Grant Quarter 4 Performance*. Available: <https://pmg.org.za/committee-meeting/26396/>

the EGRS.¹⁵ Prior to the EGRS, which was piloted in North West in 2015, there was little to no evidence of impactful teacher training and coaching interventions in South Africa. Results from the study showed that children in primary schools where teachers were provided with on-site coaching, were likely to be 40% of a year's worth of learning ahead, when compared to children in schools without the intervention.¹⁶

If the commitments announced during his address had been matched with budget allocations, we could expect an improvement in South Africa's performance in the next cycle of the Progress in International Reading Literacy Study (PIRLS), after the last report revealed that nearly 80% of Grade 4 learners in the country cannot read for meaning. We also note our concern over the President's focus on the expansion of reading resources only, when it is the on-site coaching element of the EGRS that had the biggest impact.

Part 5: The Equitable Share

In previous [submissions](#) to this Committee, EE has raised concerns with the equitable share formula, in relation to the education component. EE has argued that while the equitable share takes into account demographics such as the school going population (aged 5 - 17) and rates of enrolment in each province, there needs to be a revision of the formula to consider rurality. The cost of providing quality education in rural provinces is often much higher given their geographic location and historic underfunding.

EE has welcomed National Treasury's intention to review the equitable share formula, yet we still await time frames for the review process to be made public. According to the Explanatory Memorandum to the 2018 Division of Revenue Bill, this review will take place over a number of years, and includes assessing the continued appropriateness of all aspects of the formula. We note that the 2019 Division of Revenue states that the "*the periodic review of the formula to assess its continued appropriateness and equity continues in 2019*".¹⁷ We welcome the review's continued work, noting the inclusion of a new data-collection methodology for the education component. According to the Explanatory Memorandum, the review process will continue to interrogate whether the education component is aligned to the government's education policy vision. While all of the above work towards reviewing the provincial equitable share formula takes place, there is no mention of the structure – including plans and timelines – of the review. The information provided in the Explanatory Memorandums has been so vague, it is impossible to ascertain when the public can expect to interact with the process to provide comment.

¹⁵ Equal Education. 2019. *Arrested Development: Matric Exams are One Step in an Uphill Education Path for SA Learners*. Available: <https://equaleducation.org.za/wp-content/uploads/2019/01/Equal-Education-matric-2019-media-statement-1.pdf>

¹⁶ Department of Basic Education. 2017. *Summary Report Results of Year 2 Impact Evaluation: The Early Grade Reading Study*. Pg,14. Available: <https://www.education.gov.za/Portals/0/Documents/Reports/EGRS%20Summary%20Report.pdf?ver=2017-08-17-090215-583>

¹⁷ National Treasury. 2019. *Division of Revenue Bill*. Pg, 113. Available: [http://www.treasury.gov.za/legislation/bills/2019/\[B5-2019\]%20\(Division%20of%20Revenue\).pdf](http://www.treasury.gov.za/legislation/bills/2019/[B5-2019]%20(Division%20of%20Revenue).pdf)

A. Learner Transport

EE has, since 2014, highlighted how the lack of transport in rural areas poses a serious barrier to education. We have made submissions and presented on the Division of Revenue Bill, in [2016](#),¹⁸ [2017](#)¹⁹ and [2018](#)²⁰ calling for the creation of a learner transport conditional grant. Thousands of learners have to traverse dangerous terrain and threatening situations to get to school, yet funding for learner transport remains ad-hoc. Current provision of learner transport is funded through the provincial equitable share allocations, however PEDs have often cited inadequate funding as one of the main reasons for not providing transport to all learners who qualify. It has been the observation of EE that budgets for scholar transport are often the first to be cut when provinces face budgetary pressure.²¹

EE's campaign is driven by Nquthu based members in the north of KwaZulu-Natal (KZN) who have testified to the great difficulties they face when walking to school and back everyday - that includes walking very long distances in extreme heat and in thunderstorms, and crossing rivers and mountains, at great risk of violent crime including sexual assault. In 2018, the Human Sciences Research Council (HSRC) also [presented](#) to the Appropriations Committee on the state of learner transport provision in the South Africa and their [presentation](#) highlighted that KZN was the province with highest demand of learners in need of transport.²²

For nearly three years, National Treasury and the Department of Planning, Monitoring and Evaluation (DPME) have stated that they would look into developing such a conditional grant. The 2019 Division of Revenue Bill states that in the previous year, government conducted a study into the delivery of scholar transport services across provinces, and the report drawn from this process, illustrated that *“there were several data gaps and inconsistencies in the way services are delivered and reported on in different provinces, making it difficult to establish a common national approach to improving the services”*.²³ That being said, EE wrote to the Department of Transport and the DPME in late 2018, citing our concerns about various aspects of this study. Amongst our concerns, we highlighted that the methodology of the study (small sample size) was flawed and that there was a lack of depth and accuracy in some of the analysis.

¹⁸ Equal Education. 2016. *Submission to the Standing Committee on Appropriations on the 2016 Division of Revenue Bill*. Available: <https://equaleducation.org.za/wp-content/uploads/2016/07/Standing-Committee-on-Appropriations-Submission-Division-of-Revenue-2016-Equal-Education-3-1.pdf>

¹⁹ Equal Education. 2017. *Submission to the Standing Committee on Appropriations on the 2017 Division of Revenue Bill*. Available: <https://equaleducation.org.za/wp-content/uploads/2017/03/Final-DoRA-2017-Submission.pdf>

²⁰ Equal Education and Equal Education Law Centre. 2018. *Joint Submission to the Standing Committee on Appropriations on the 2018 Division of Revenue Bill*. Available: <https://equaleducation.org.za/wp-content/uploads/2018/03/EE-Comments-on-the-DoRB.pdf>

²¹ De Beer, C. 2018. *Equal Education Seeks Conditional Grant for Learner Transport*. Available: <https://www.parliament.gov.za/press-releases/equal-education-seeks-conditional-grant-learner-transport>

²² Human Sciences Research Council. 2018. *Briefing and Presentation by HSRC on Learner Transport in South Africa to the Standing Committee on Appropriations*. Available: <https://pmg.org.za/committee-meeting/25873/>

²³ National Treasury. 2019. *Division of Revenue Bill*. Pg. 114. Available: [http://www.treasury.gov.za/legislation/bills/2019/\[B5-2019\]%20\(Division%20of%20Revenue\).pdf](http://www.treasury.gov.za/legislation/bills/2019/[B5-2019]%20(Division%20of%20Revenue).pdf)

What is clear, is that in the absence of a conditional grant, scholar transport funding will continue to be ad-hoc, it will continue to be pitted against other provincial priorities and the data gaps and inconsistencies across provinces mean learners are the most affected in the process.

It is thus, imperative that National Treasury release timeframes on when the investigation into a scholar transport conditional grant will be finalised. It is the right of learners, parents and teachers to have this information.

Part 6: Recommendations

We call on the joint Appropriations Committees to:

1. Ensure that the increases to the education sectoral budget and the DBE budget keep up with inflation
2. Reverse the R7 billion cuts to school infrastructure grants over the MTEF; and ensure that the EIG and SIBG are spent effectively, with support from National Treasury
3. Migrate ECD services and funds from the Department of Social Development to the Department of Basic Education as promised by the President. National Treasury must ensure that the ECD conditional grant is increased in order to accommodate the expansion of the services and include two years of compulsory ECD.
4. Ensure that National Treasury provides funding towards the expansion of the EGRS. The DBE must expand the EGRS coaching intervention to other provinces
5. Ensure that National Treasury finalises its investigation into whether a conditional grant for scholar transport is feasible, and put this into effect.
6. Ensure that the equitable share formula review process time-frames need are released and made publicly available
7. National Treasury and the Department of Planning, Monitoring and Evaluation need to provide an update on the progress made during the review process