

Where to for Provincial Education?

Reviewing Provincial
Education Budgets
2006 to 2012

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Executive summary

In the *Education for All Global Monitoring Report 2010*, the United Nations Educational, Scientific and Cultural Organization (UNESCO) argues that, although some developed countries were beginning to show signs of economic recovery, many developing countries now have to deal with the aftershock of the global financial crisis. This raises concerns about the extent to which positive gains on the realisation of the Education for All (EFA) goals are being threatened.

Given the developing country status of South Africa and the precarious nature of education delivery, it appears vital to ask how recent developments will affect public finances more generally, and education funding more specifically. In its *National Budget Review 2010*, the National Treasury makes the point that South Africa has fared well given the overall negative impact of the global crisis. In fact, it re-commits government to increase and maintain spending on education, social and economic infrastructure, and crime. However, it argues that efficiency savings and the re-jigging of various categories of spending are necessary to pay for education and other prioritised services. Of particular interest will be changes in spending on salaries, given the central role of this input in service delivery in the social services sectors.

Current payments on the consolidated national budget (the bulk of which are salary payments) will take a knock in 2010 and the contingency reserve is projected to be significantly smaller in 2010 and 2011, partly to compensate for lower available revenue and to maintain spending on key prioritised areas. However, apart from 2010, where spending on transfers and subsidies is projected to be more than R600 million lower, over the rest of the present medium-term expenditure framework (MTEF), favourable forward revisions are made to the 2009 budget estimates. There has clearly been a determined effort by the South African government to protect social spending, but the finer expenditure blueprint can only be assessed by undertaking detailed sectoral analyses.

This paper continues our long-standing interest in how the education expenditure framework responds to national challenges and whether we have a set of spending proposals fit for the purpose of delivering quality education. Our objectives in this paper are threefold: one, we attempt to describe expenditure trade-offs in the consolidated education budget in the context of the slowing down in general economic growth; two, we

continue our running commentary on the state of inter-provincial spending equity to understand what progress has been made in reducing unequal spending ratios across provincial education departments; and three, we assess the coherence of government's education spending proposals against the background of existing policy mandates that govern the various education sub-sectors.

Expenditure trends in provincial education 2010

The nine provincial education budgets are expected to grow from R126 billion in 2009/10 to R157 billion at the end of the current MTEF cycle (2012/13). This represents a real average annual increase of 1.5%, a much lower increase than that projected for the six-year period leading to 2012/13 (5%).

Evidence presented in the 2010 budget review suggests that the existing transversal expenditure framework does not deviate from the now well-established thinking about education budgets. Expenditure on wages (principally teacher salaries) is tightly reined in, while more expenditure room is provided for non-personnel expenditures that service public schools and other emerging programmes. Expenditure on goods and services, which covers the school allocation that goes to non-Section 21 public schools, continues to grow in support of the policy goal of declaring at least 60% of our public schools as no-fee schools. Expenditure on transfers and subsidies, which involve the school allocation for Section 21 schools and the school nutrition programme, is also projected to grow robustly over the first two years of the present MTEF cycle. Allocations for the school nutrition programme appear to support its expansion to more poor primary no-fee schools, but very few poor secondary schools will benefit from additional funding for this anti-poverty programme. Finally, expenditure on the acquisition of new buildings shows positive growth over the present MTEF cycle. In other words, education 2010 does not offer any breaks or radical discontinuity from previous education transversal expenditure frameworks.

In the programme expenditure framework, early childhood development (ECD) expenditure is projected to grow from R1.7 billion to almost R3.3 billion, a real average annual increase of about 20%. Expenditure on special needs or inclusive education sees an increase in expenditure from R3.5 billion to just over R5 billion. This represents a 7% real average annual increase over the medium term, showing that this will be yet

another education priority in the coming years. Further education and training (FET) is the third programme that comes through as a strong priority. In the current MTEF, FET has seen a budget increase from R3.1 billion in 2009/10 to an expected R4.3 billion for the 2012/13 fiscal year. This represents a 5% real average annual growth over the medium term. Expenditure on public ordinary schools averages 1.1% over the medium term, while a small negative average rate (1.1%) is projected for adult basic education over the corresponding period.

Inter-provincial equity in service delivery programme spending

The least unequal provincial service delivery programme is public ordinary schools, whereas inter-provincial spending in special needs education and public FET programmes is approximately five times more unequal than public schools. The small inequality ratio in public ordinary school budgets is a direct result of the extensive policy and funding attention devoted to this sector. Emerging policy and budgetary interventions in the two other programmes are likely to reduce inter-provincial spending inequalities. The most unequal inter-provincial spending is found in the adult basic education and training programmes, and ECD programmes. With the former, the policy sector has been in decline over the last few years and the recently announced review by the Department of Higher Education and Training will delay further equalisation measures. In ECD (principally Grade R), provincial education departments have vastly different universal access attainment rates and different fiscal capacities.

Coherence of provincial education spending proposals

Just how coherent are the latest spending proposals? Firstly, the quality agenda in public schools is being supported in a contained manner, but there has not been a radical rethink about how one gets scarce government resources to support a quality agenda.

Secondly, the support to Grade R is consistent with the idea of building early learning foundations and minimising the wastage associated with ill-prepared learners. However, there has been very little monitoring of young learners who have completed various pre-school phases and we have yet to assess the efficacy of existing Grade R programmes.

Thirdly, government's push to create viable medium-level skills through the public FET programme is laudable, and expenditure proposals are well-targeted at infrastructure *and* human resources. Although this sector has been notoriously inefficient in its use of government resources, we believe that the recapitalisation of technical colleges will make a real difference to academic outcomes.

Fourthly, spending proposals for the special needs education/inclusive education sector are encouraging, but we do not quite understand the logic behind the latest spurt in funding. We assume additional monies went to special needs education schools and programmes because inter-provincial differences in access are marked, but government's commitment to inclusive education will only become clear in time.

Fifthly, spending proposals for the adult education sector continue to lack coherence, especially given the large adult illiteracy rates in the country. However, the national mass literacy campaign is beginning to change the face of the sector and is making an invaluable contribution to reducing adult illiteracy.

Finally, the 2010 spending proposals bring to the fore the powerful role that the national departments of Basic Education and Higher Education and Training are playing in the delivery of education services at provincial level. The adult education and public FET programmes are now national functions. The largest cost driver in education, namely teacher salaries, is determined nationally and the redress framework in schools has been developed at national level. Key anti-poverty measures, such as school nutrition, are being funded by a national conditional grant. Also, although provinces transfer grants to school governing bodies for the delivery of Grade R education, schools themselves determine how this money will be spent. Most of the main quality and redress issues are being handled by the national sphere, which raises the awkward question about the role of provincial authorities in delivering education. We believe this question and the future role of provincial education departments must be discussed openly and publicly as they appear increasingly redundant in a hegemonic nationally dominated educational universe.

Introduction

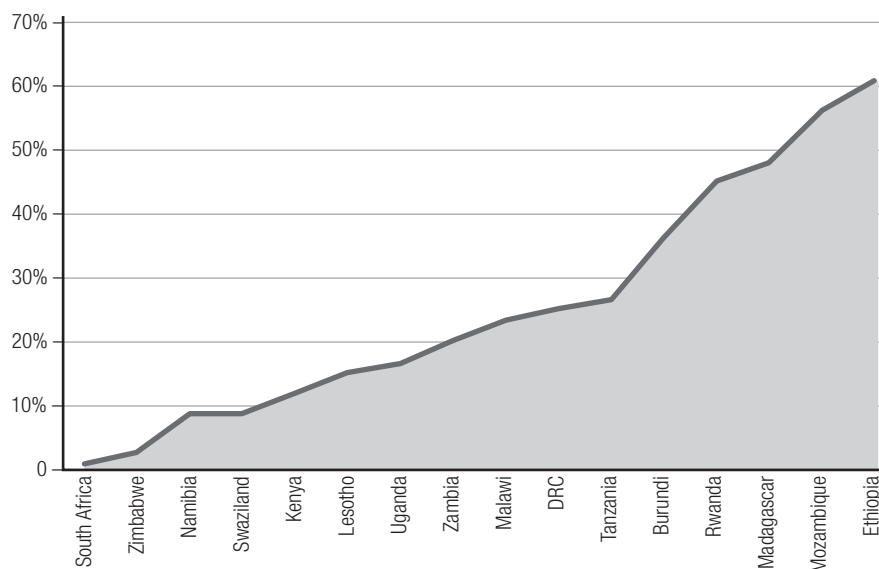
In the *Education for All Global Monitoring Report 2010*, UNESCO makes the important point that, although some developed countries were beginning to show signs of economic recovery, many developing countries now have to deal with the aftershock of the global financial crisis. This raises concerns about the extent to which positive gains on the realisation of EFA goals are being threatened by developing countries' inability to exceed lower revenue projections and, hence, reduced expenditure commitments to achieving EFA goals. The report states:

With just five years to go to the target date, the challenge is to consolidate these gains and accelerate progress in countries that are off track. The danger is that the aftershock of the financial crisis will slow, stall or even reverse the hard-won gains of the past decade. Such an outcome would be indefensible. (p.19)

UNESCO recommends a double dose of deeper donor investments and increased targeted spending in poor developing countries. To support its call for targeted spending, the 2010 report has developed an extensive database that maps various indicators of what it calls 'education poverty'. These are indicators of the share of the population between the ages of 17–22 that have less than four years of formal education. Staying with its poverty terminology, UNESCO also proposes the use of extreme education poverty measures, which refer to the proportion of 17–22 year olds with fewer than two years of formal education. Figure 1 (on page 10) provides data for the share of the population aged 17–22 years who have fewer than four years of formal education for several southern and east African countries.

Figure 1 reveals an astonishing picture of education poverty in southern and east Africa, ranging from a relatively low figure of 1.2% in South Africa to 61% in Ethiopia. Due to the different survey dates used in the database, one would expect much lower figures now in some of the east African countries in particular.¹ It is important to note that, while there are large quantitative differences in access to education, these statistics do not tell us anything about the overall quality of education in each of the 16 southern and east African countries. What is clear, however, is that both access and quality are potentially threatened if concerns about the appropriate levels of funding of education are not properly dealt with.

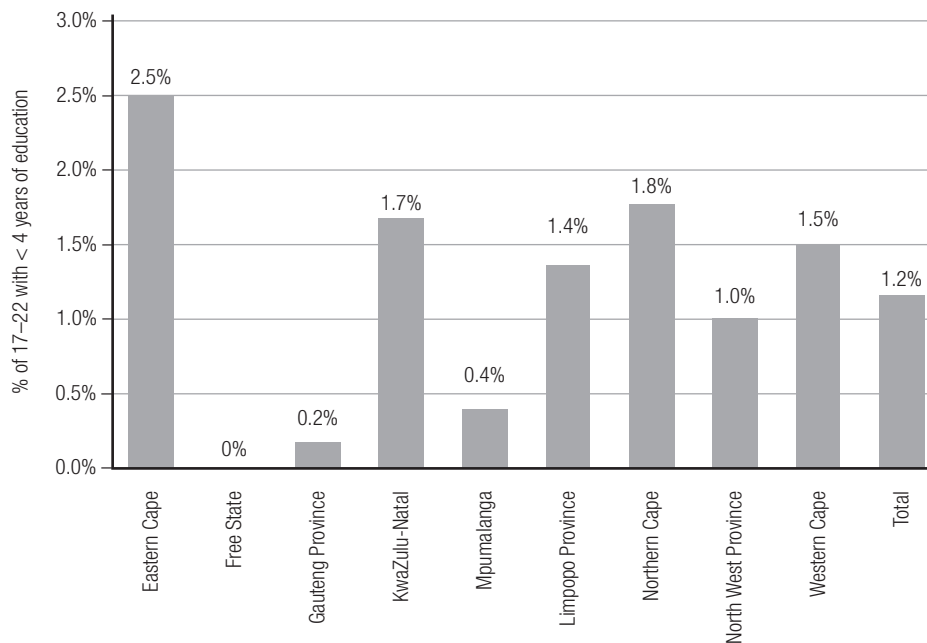
Figure 1: Percentage of 17–22-year-olds with fewer than four years of formal education by country



Source: UNESCO-DME 2010; National Income Dynamics Survey 2008

Focusing on education poverty in South Africa, Figure 2 shows the distribution of education poverty by province.

Figure 2: Education poverty in South Africa by province in 2008 (N=5 977 713)



Source: National Income Dynamics Survey 2008 (own calculations)

Note: The data have been weighted by the appropriate post-stratification weight variable.

According to the data above, the Eastern Cape has the largest percentage of 17–22 year olds (2.5%) with fewer than four years of formal education. This is followed by the Northern Cape (1.8%) and KwaZulu Natal (1.7%). The data for Free State indicate no 17–22 year olds in that province with less than four years of formal education whereas only 0.2% education poverty (as defined by the UNESCO measure) exists in Gauteng. The result in the Free State is unexpected and may relate to the way in which respondents were sampled in that province. The results above only partly follow the distinction between traditionally rich and poor provinces in South Africa, and may reflect on the appropriateness of using the UNESCO measure in South Africa where young South Africans in this age cohort have high rates of participation and access to formal education. Despite our reservations about the appropriateness of the measure in the South African context, there are still concerns about young male adults,² those who live in rural areas and young African South Africans. Hence, the appropriateness of the UNESCO recommendations around targeted funding still holds, even though many of the southern and eastern African countries in the sample bear little comparison to Zimbabwe and South Africa in terms of access.

How has the South African government responded to the global financial and economic crisis, and what is the thinking around education funding? In the *National Budget Review 2010*, the National Treasury makes the argument that South Africa has fared well given the overall negative impact of the global crisis. In fact, it re-commits government to increase and maintain spending on education, social and economic infrastructure, and crime.

However, it makes the important point that efficiency savings and the re-jigging of various categories of spending are necessary to pay for education and other prioritised services. It is the latter that will be of interest to education analysts and stakeholders because the *Budget Review* makes the point that spending on salaries will be moderated over the medium term. It is vital because the composition of education matters as much as the global sum of money that is allocated to this national priority.

Table 1 provides information on how government has had to adjust its spending projections given lower revenue projections.

Table 1: Changes to the 2009 forward estimates as reflected in the consolidated government budget, 2010/11 to 2012/13 (ZAR Million)							
Expenditure Type	2009 Forward Estimate	2010 Budget	Change to Baseline	2009 Forward Estimate	2010 Budget	Change to Baseline	2010 Budget
		2010/11			2011/12		2012/13
Current payments	456,801	456,534	-267	491,228	491,677	449	519,693
Transfers and subsidies	284,642	284,016	-626	304,398	315,049	10,651	337,335
Payment for capital assets	66,16	12,002	70,617	69,418	-1,199	73,567	
Payment for financial assets	20,000	20,893	893	-754	754	5	
Contingency reserve	12,000	6,000	-6,000	20,000	12,000	-8,000	24,000
Total expenditure	839,604	835,606	-3,998	886,243	888,898	2,655	954,600
<i>Source: National Budget Review 2010: 57</i>							
<i>Note: Current payments exclude debt service costs, thus offering a more realistic look at overall expenditure adjustments over the medium-term</i>							

It is notable to see that current payments (of which the bulk is salary payments) will take a knock in 2010 and will be moderated over the medium term. Also, the size of the contingency reserve is projected to be significantly smaller in 2010 and 2011, partly to compensate for the lower available revenue and to maintain spending on the key prioritised areas. However, apart from 2010, where spending on transfers and subsidies is projected to be more than R600 million lower, over the rest of the present MTEF, favourable forward revisions are made to the 2009 budget estimates. While this provides the overall government picture, it will be necessary to examine closely how such developments have affected education spending and to probe its potential impact on service delivery in the poorest communities.

The purpose of this paper is to assess the coherence of government's education spending proposals and to contextualise such proposals in the light of relevant policies that govern the various education sub-sectors. We do this on the basis of the published 11 education budgets (nine provincial and two national) and non-financial information on the key sub-sectors obtained from the Department of Basic Education and the Department of Higher Education and Training. This paper also traces the expenditure trade-offs in the consolidated education budget in order to better understand the adjustment in education spending following the

slowing down in general economic growth. Finally, the paper provides a snapshot of inter-provincial spending equity across the main service-delivery programmes to understand what progress has been made in reducing unequal spending ratios across provincial education departments. In this instalment of the annual review of provincial education spending, we pay considerably more attention to smaller service-delivery programmes because of their policy significance and because relatively few analyses are available of these education sub-sectors.

Road map of the paper

The paper is set out in the following way: The next section provides a snapshot of the education budget 2010 and focuses on the trade-offs in spending categories (as alluded to by the *National Budget Review 2010*). It also provides an update on overall funding equity across provincial and national education programmes. Thereafter, we undertake an analysis of the key service-delivery programmes in education using both financial and non-financial information to assess progress in policy implementation. The concluding section summarises the evidence on the various expenditure frameworks in provincial education budget 2010 and draws some conclusions on their coherence.

Review of education expenditure 2006/07–2012/13

Table 2 shows the total education expenditure by province from 2009 to 2013.

Table 2: Total provincial education budgets, 2009/10 to 2012/13 (ZAR Thousands)							
Province	2009/10	2010/11	2011/12	2012/13	Real change ³ between 2009/10-2010/11 (%)	Real av. ann. change between 2009/10-2012/13 (%)	Real av. ann. change between 2006/07-2012/13 (%)
Eastern Cape	21,169,525	22,679,786	24,629,177	25,560,856	1.35	0.54	5.02
Free State	7,937,847	8,539,463	9,206,530	9,655,968	1.774	0.78	3.32
Gauteng	20,178,657	22,485,539	24,925,237	25,885,941	5.42	2.62	7.05
KwaZulu-Natal	26,271,374	29,034,762	31,600,250	33,292,209	4.55	2.17	5.57
Limpopo	17,533,619	18,814,610	20,331,454	21,192,616	1.52	0.57	3.99
Mpumalanga	10,803,793	11,530,252	12,516,782	13,262,430	0.97	1.08	6.15
Northern Cape	3,235,273	3,457,789	3,807,606	4,007,313	1.11	1.39	9.03
North West	8,493,135	9,050,791	9,912,258	10,521,350	0.82	1.39	1.19
Western Cape	10,663,812	11,845,691	12,823,254	13,555,684	5.09	2.28	4.71
Total	126,287,035	137,438,683	149,752,548	156,934,367	2.96	1.50	5.00
<i>Source: Provincial Budget Statement 2010</i>							
<i>Note: Column 7 reflects data for the 2006/07 to 2012/13 period but we have left out financial years prior to 2009/10 to make the table less busy</i>							

Expenditure on 'provincial education'⁴ is projected to grow from R126.3 billion in 2009/10 to R157 billion at the end of the present MTEF cycle. This represents a real average annual increase of 1.5% over the medium term, while the six-year real average annual increase of the education budget is projected to be 5%. In the current fiscal year, government expenditure on provincial education increased by nearly 3% in real terms, but, due to audits that have to be finalised, this may still change. The slow rate of growth over the present MTEF cycle compared to the six-year aver-

age can be directly associated with the strategic decisions that government took to deal with the impact of the global financial crisis. Taking into consideration the six years from 2006 to 2013, Northern Cape sees the largest increase in spending, with real growth sitting at just over 9%, increasing from R1.4 billion in 2006 to R4 billion in 2013. Regardless of the growth in some provinces, North West's growth barely exceeds 1% over the same six years. North West claims that the lack of growth in the budget is 'due to re-demarcation of provincial boundaries' (North West Province Education Vote 2010 MTEF Budget). This has led to a substantial loss in revenue because money originally intended for North West now has to be shared with neighbouring provinces.

On the other hand, Northern Cape's relatively large increase of 9% over the six-year period is partially attributed to a conditional grant that was allocated for public FET. Despite the growth differences among provinces, they have all seen positive expenditure increases over the last six years and will continue to grow in the coming years, although at a much less slower rate. In fact, the province that registers the largest real average increase over the present MTEF is Gauteng (2.6%), while the Western Cape projects to increase expenditure on education by 2.3%. The lowest real average annual growth over the next three years is projected for the Free State, which plans to grow the budget by less than 1%.

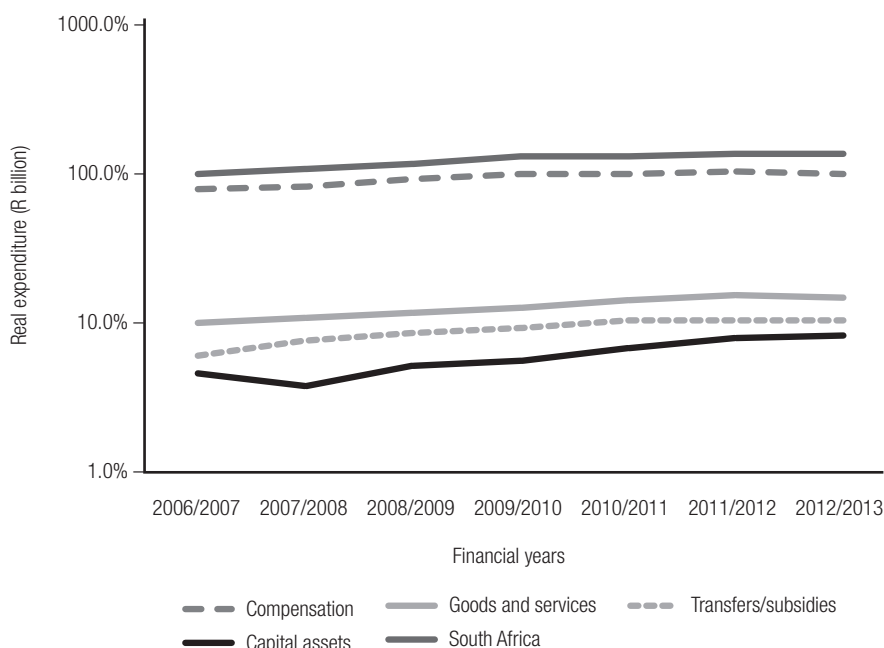
Transversal⁵ and programme expenditure analysis

For education service-delivery to work, a variety of inputs is needed ranging from qualified teachers, an adequate supply of textbooks, teaching and other learning aids, and a professional teacher body that is capable of using resources in the most effective way. Given this description of the process of delivering education, the composition of education budgets must be carefully scrutinised – if only to assess whether the spending framework is credible to enable genuine service delivery.

After 2000, investment in non-personnel expenditure has been allowed to grow substantially, partly because such activities and spending were previously under-prioritised and partly because government wanted to moderate wage claims on the national budget. Aggregate fiscal discipline and the expansion of other expenditure items and programmes in education were mentioned in the same breath, signalling government's approach that trade-offs had to be made in an education budget that was allowed to grow much slower than spending on, for example, social development. In 2008,

Idasa argued that this framework had been unchanged and unchallenged for years, and our obvious interest was to discern whether any deviations from the post-2000 framework had been proposed in the latest education proposals. Figure 3 provides information about the transversal expenditure framework in consolidated provincial education for 2006/07–2012/13.

Figure 3: The present transversal expenditure framework: real spending trends 2006/07–2012/13 (ZAR 2009)



Source: *Provincial Budget Statements 2010*

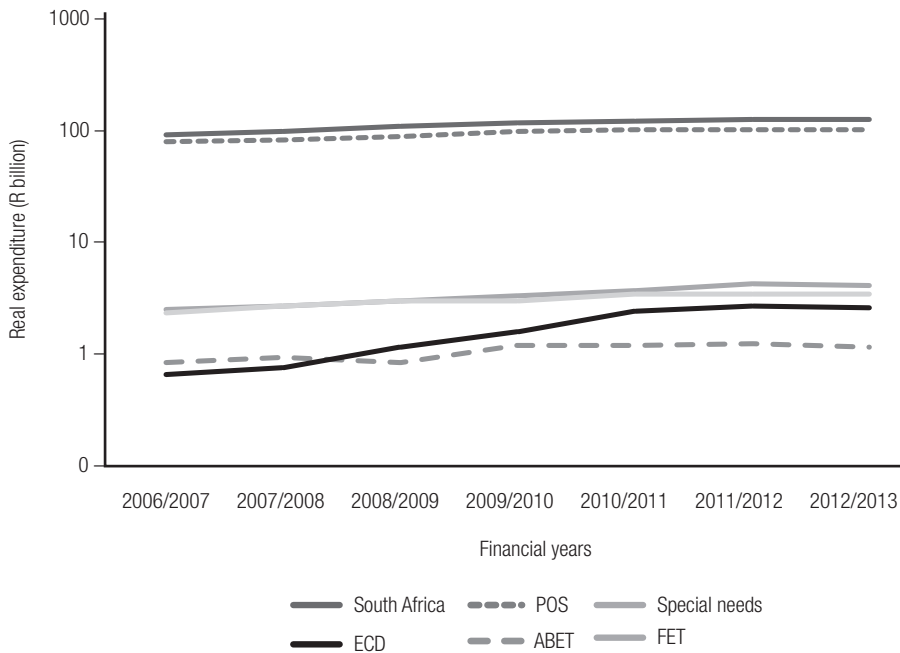
Figure 3 depicts the decrease in expenditure on compensation, especially during the present MTEF cycle. Since 2000, it has seen the least amount of growth despite the fact that education is arguably the most labour-intensive government and service-delivery sector. Government, for its part, has placed more attention on the quality of education in the coming years (*Schooling 2025*⁶) by focusing on non-personnel items, but justifiable concerns remain whether the teacher compensation framework should not be re-examined as part of the drive for a quality education framework.

Also noticeable is the strong real growth in expenditure on capital assets from 2007/08 through to the end of the present budget cycle. With the planned norms and standards for infrastructure likely to make a real impact

on capital budgets, further increases should be expected. Expenditure on transfers and subsidies are projected to grow strongly in real terms partly due to the expansion of the school nutrition scheme and transfers made available to the public FET college sector. Expenditure on goods and services remains the second largest item, and the positive real growth over the present MTEF reflects largely on government’s expansion of the no-fee school policy to 60% of non-Section 21 public schools.

Figure 4 sets out the programme expenditure framework in consolidated provincial education budgets for 2006/07–2012/13.

Figure 4: The present provincial education programme framework: real spending trends 2006/07–2012/13 (ZAR 2009)



Source: Provincial Budget Statements 2010

Figure 4 shows three interesting trends: firstly, the public ordinary school programme, despite all the fiscal brakes, continues to be the largest programme in education and is more than ten times the size of its nearest rival, the special needs education programme. Secondly, there is an increasing convergence around size and scope of Grade R (ECD), special needs education and public FET programmes, especially towards the end of the present MTEF. The drive to make these programmes more significant

is clearly bearing fruit and we expect such growth to be sustained over a far longer period. Thirdly, expenditure on ABET is projected to taper off significantly during the present MTEF cycle, which is indicative of the rethinking that characterises the sector as well as the long-standing neglect of this important programme. In the current fiscal year, ABET actually sees a decline in spending of over 2%, although it has seen an overall increase of about 7% since 2006. However, because these changes took place off a low base, it was not enough to reverse its relatively poor standing in education financing terms.

The programme framework reveals an interesting mix of policy objectives. The fast expansion of Grade R reveals the importance placed on the foundations of learning and its putative effect on the efficiency and effectiveness of later schooling. Naturally, this hinges on the quality of this one-year pre-schooling phase, but research seems to indicate that even minimal exposure to Grade R or ECD in general has a positive impact on later schooling achievement. The drive to alter the inclusive schooling scenarios is at a delicate stage because a restricted number of full-service schools presently serve as the laboratory for the mainstreaming of inclusive education into public ordinary schools and beyond. It is only when the pilot findings have been studied and released to the public that will we be able to judge whether the extension of the inclusive model is credible, achievable and sustainable. In the present expenditure framework, we are only at the experimental phase of inclusive education and, unless a wider implementation framework is in place, current increases to inclusive education are only the tip of the inclusive education challenge. Finally, the focus on public FET colleges is part of a determined strategy to create a vocational base and, in so doing, deliver a stable and consistent supply of medium-level skills that should make young people more employable. The success of this expenditure strategy is critically dependent on the match between the skills the colleges provide and the colleges' financial sustainability. Recapitalisation of FET colleges is extremely important, but this is only one part of the outcome and service-delivery equation.

The expenditure framework for public schools is arguably the hardest to construct because it has to balance equity and redress with the delivery of quality outcomes. The financing of public schools remains a priority and the expansion of no-fee schools has now been widely accepted as the school funding philosophy, although such a model is far from perfect and raises as many questions as it attempts to resolve. In our view, the expenditure framework still tinkers on the margins of the quality issue (workbooks, timely delivery of quality textbooks, etc.), but we believe the sector needs a

national dialogue on the role of teachers and parents in crafting a quality education framework. The present expenditure framework, in its quest for quality, is still focusing on right-sizing the ratio of expenditure on teachers and teaching aids, but we feel that a substantial discussion on teachers and their roles in quality education is long overdue.

A consideration of inter-provincial equity

Table 3 provides information on the total budgets for provincial education, the main service-delivery programmes, and two measures of the inequality in spending across provinces.

Table 3: Inequality in expenditure across provincial education departments and consolidated provincial education programmes in 2008/09 (ZAR thousands)						
	PED Total	Public schools	Special needs	Further education and training	Adult basic education and training	Early childhood development
Total budget	107,549,575	89,102,329	3,008,115	3,005,669	832,092	1,141,436
Per capita	8,323	7,505	31,161	7,190	2,863	4,126
Coefficient of variation	0.09	0.05	0.24	0.25	0.62	1.05

Source: Provincial Budget Statements 2010 and Education Statistics 2008, Department of Education

Special needs education programmes are the most expensive to run as judged by the per capita figure of R31 000, while the ABET programme spends proportionally the lowest on its learners (R2 800). Spending on Grade R (one instalment of ECD) is approximately half that of total provincial education per capita spending, while public FET and public ordinary schools spend approximately the same amount. However, in the calculation of per capita spending for public FET colleges, we did not have access to full-time equivalent enrolment data and used headcount enrolment data instead. The use of the former may raise considerably the per capita spending on the public FET programme.

The coefficient of variation is a measure of the extent of concentration around the average spending value among the nine provinces. A value that is closer to 0 indicates greater inter-provincial equity, while values closer to and more than 1 indicate a large degree of inequality. Public ordinary schools show the lowest levels of provincial inequality due to teacher equalisation schemes in the 1990s, and consistent policy and funding attention for basic schooling. Special needs education spending is almost five times more unequal than public schools, but this ratio is likely

to reduce as provinces and the Department of Basic Education prioritise spending on special needs and inclusive education more generally. The funding injection into public FET colleges has delivered a similar result. The most unequal inter-provincial spending is found in ABET and ECD programmes. With the former, the policy sector has been in decline over the last few years and the recently announced review by the Department of Higher Education and Training will delay further equalisation measures. In ECD (principally Grade R), provincial education departments have vastly different universal access attainment rates and different fiscal capacities. High levels of spending inequality are also indicative of the uneven development of the Grade R sector and the lopsided intervention and influence of the Department of Basic Education in the implementation of the policy goal of universal access by 2010.

Detailed programme expenditure analysis

The financial data used in the analysis are published in the *Provincial Budget Statements 2010*. We have also obtained financial and non-financial information directly from the Department of Basic Education and the Department of Higher Education and Training. Our aim in combining financial and non-financial information in the same analysis is to enable us to say something meaningful about the implementation of education policy in each of the education sub-sectors. Financial data for 2006/07–2012/13 have been analysed, although the tables only provide data for the present MTEF period.

Early childhood development budgets (Grade R)⁷

Table 4 provides information about the budgets of the nine provincial education departments over the medium term.

Table 4: Expenditure on the early childhood development programme for the period 2009/10 to 2012/13 by provincial education department (ZAR thousands)							
Province	2009/10	2010/11	2011/12	2012/13	Real change between 2009/10-2010/11 (%)	Real av. ann. change between 2009/10-2012/13 (%)	Real av. ann. change between 2006/07-2012/13 (%)
Eastern Cape	290,486	528,492	652,168	676,000	72.1	28.7	56.9
Free State	82,122	95,738	100,978	105,717	10.3	2.8	7.5
Gauteng	280,785	557,541	660,215	679,843	87.9	32.2	64.8
KwaZulu Natal	264,963	598,678	722,054	758,157	113.8	42.2	35.8
Limpopo	144,116	237,423	249,253	267,750	55.9	18.7	29.8
Mpumalanga	97,922	124,553	155,718	134,667	20.3	6.6	14.1
Northern Cape	50,337	47,930	51,655	55,673	-9.9	-2.2	22.8
North West	194,503	209,020	224,109	239,553	1.7	1.2	5.4
Western Cape	305,489	342,657	363,593	384,764	6.1	2.0	20.8
Total	1,710,723	2,742,032	3,179,743	3,302,124	51.6	19.6	28.0

Source: *Provincial Budget Statements 2010*

Expenditure on the ECD programme is projected to grow from R1.7 billion in 2009/10 to R3.3 billion at the end of the present MTEF. This translates into a real average annual growth of 20% over the present MTEF and, overall, over the six-year period, a 28% real average growth rate. This is incontrovertible evidence of prioritisation in line with the policy framework that provides for universal access to Grade R by 2010.⁸ Whether this policy goal has been realised is, of course, a different matter. The largest real average annual growth in expenditure over the medium term is projected for KwaZulu-Natal (42%) followed by Gauteng (32%). This is to be expected as large populations of young children live in these two provinces. The Eastern Cape is projected to increase allocations on average by 29% in real terms over the next three years, while the corresponding tally in Limpopo is 19%. Only one province, Northern Cape, projects a small real average annual decline in spending over the MTEF, while relatively small positive gains are planned for North West (1.2%) and Western Cape (2%). The Northern Cape provincial government has had financial challenges recently and this appears to be reflected in the state of the Grade R allocation. But it must be noted that despite financial challenges, this province has managed to increase access to Grade R in 2009, but it will probably be much harder to sustain such rapid increases over the medium term.

How well have provincial education departments done in attaining universal access to Grade R and ECD in general? Table 5 provides the latest available figures for the number of children accessing Grade R in publicly-funded and private Grade R institutions.

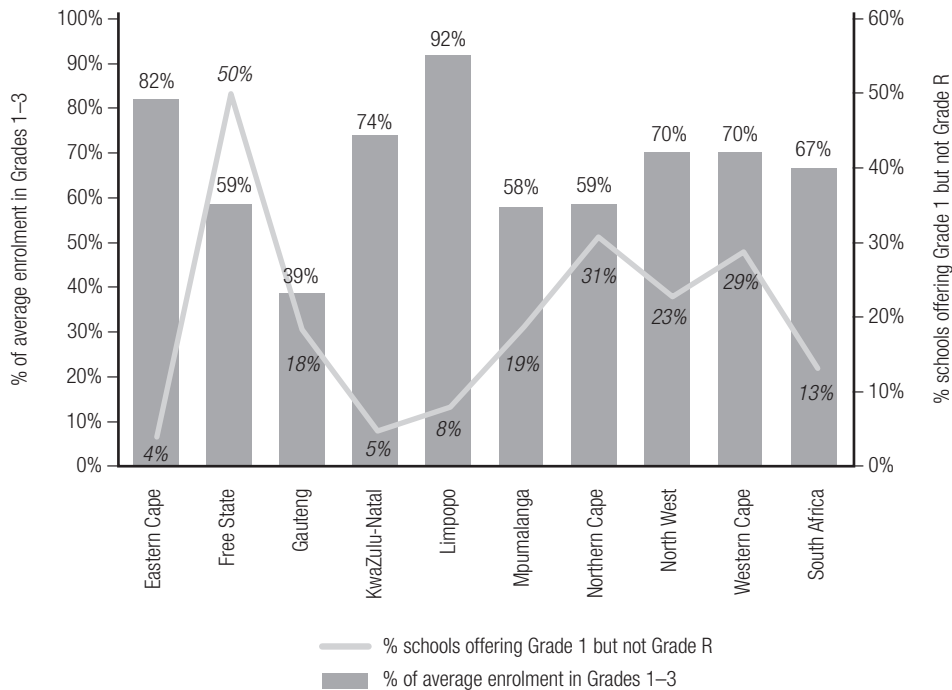
Table 5: Total number of learners enrolled in Grade R in publicly-funded and private institutions in 2009				
Province	2008 Average Enrolment (Grade 1 to 3)	2009 Grade R learner numbers		
		Publicly funded		Non-publicly funded Grade R learners
		Public ordinary schools	Community-based sites	Independent schools
Eastern Cape	201 794	151 738	11 000	2 776
Free State	55 913	23 294	9 230	473
Gauteng	176 030	55 802	4 126	9 133
KwaZulu-Natal	242 972	152 069	25 000	2 597
Limpopo	134 460	95 508	26 000	2 062
Mpumalanga	90 357	44 851	6 026	1 343
Northern Cape	24 316	11 383	2 875	125
North West	73 160	29 372	20 714	802
Western Cape	87 546	35 190	24 000	1 705
Total	1 086 547	599 207	128 971	21 016

Source: Data obtained in personal communication with the Department of Basic Education, May 2010

In the absence of information on the size of the relevant age-cohort, our remarks are restricted initially to the overall learner population. Almost 600 000 learners are at Grade R facilities in public schools, while 129 000 go to community-based Grade R sites that are partially funded by government. A much smaller number, namely 21 000, attend various private Grade R facilities. This is a revealing picture because it suggests that the vast majority of young children in South Africa attend publicly-funded institutions, which has clear financial implications for the way Grade R is funded and explains how increased expenditure was intended to service this new cohort of learners.

Given the fact that distinct age groupings are very similar and that the vast majority of South African children are in school, it is reasonable to compare Grade R enrolment to Grades 1–3 enrolment and then assess how far provinces are from the policy goal of universal access. This is a rough measure, but it offers some indication of the progress provinces have made in implementing universal Grade R provisioning for young children. Figure 5 compares Grade R enrolment in 2009 as a percentage of the average enrolment of Grades 1–3 in the same period.

Figure 5: Grade R enrolment in 2009 as a percentage of the average enrolment in Grades 1–3



Source: Data obtained in personal communication with the Department of Basic Education, May 2010.

The first observation is that none of the provincial education departments have Grade R enrolment equivalent to that of the average Grade 1–3 enrolment data. It would appear that none of the nine provincial education departments have achieved universal access to Grade R by 2010 as stipulated in the Early Childhood Development White Paper. According to this data, Limpopo (92%) and the Eastern Cape (82%) have made the greatest strides as their Grade R enrolment represents a significant share of their corresponding average Grades 1–3 enrolment. Three provinces hover around 70%: KwaZulu-Natal (74%), North West (70%) and Western Cape (70%). Surprisingly, Gauteng’s Grade R enrolment in 2009 represents only 39% of its average Grades 1–3 enrolment, and is the lowest ratio in the data. In the case of Gauteng, it harboured reservations about Education White Paper 5 as the final policy on Grade R, which led to implementation delays, thus explaining its low enrolment rate for Grade R.

When we compare the enrolment ratio data to that of the percentage of schools that have Grade 1, but not Grade R, it shows that low enrolment ratios are, in some instances, a direct result of poor Grade R coverage in public ordinary schools. In Gauteng, for example, 18% of schools have Grade 1 but no Grade R provisioning, whereas this figure is as low as 4% in the Eastern Cape and 8% in Limpopo. In the Northern Cape, 31% of schools that have Grade 1 do not make provision for Grade R, whereas the corresponding number in the Western Cape is almost 29%. Overall in South Africa, 13% of schools that provide for Grade 1 do not make provision for Grade R and hence there is a lot of work to do before complete mainstreaming of Grade R will be achieved.

What are the reasons for the differential gains made by provincial education departments? In the written response provided by the Department of Basic Education, it argues that success is often equated with bureaucratic support at the highest level and administrations’ readiness to address any significant threats or delays to implementation and policy objectives. The Department of Basic Education also states that some of the most important implementation challenges relate to:

- the lack of human resource capacity to manage implementation of Grade R in provincial education departments and districts
- budgetary and financial limitations, which speak to the issue of prioritisation and expenditure choices
- shortage of physical space for Grade R expansion
- delays caused by the procurement process with regards to infrastructure provisioning, and

- under-spending of Grade R funds, possibly due to capacity issues at head office and in the districts.

The Department of Basic Education also indicated that it is trying its best to ensure that funds designated for Grade R infrastructure, but intended to be spent outside this programme, do eventually get spent on Grade R infrastructure. This is vital as it is common knowledge that spending on Grade R has been vulnerable to recurrent spending crises at provincial level and such budgets have often been viewed as soft targets without any hard political consequences.

Adult basic education and training budgets

Table 6 provides information about the budgets of the nine provincial education departments over the medium term.

Table 6: Expenditure on the adult basic education and training programme for the period 2009/10 to 2012/13 by provincial education department (ZAR Thousands)							
Province	2009/10	2010/11	2011/12	2012/13	Real change between 2009/10-2010/11 (%)	Real av. Ann. Change between 2009/10-2012/13 (%)	Real av. Ann. Change between 2006/07-2012/13 (%)
Eastern Cape	211,832	299,269	400,411	330,860	33.7	12.6	8.3
Free State	135,761	103,985	106,761	113,270	-27.5	-10.2	4.2
Gauteng	322,974	335,812	357,328	377,626	-1.6	-0.5	10.4
KwaZulu Natal	180,408	138,837	147,419	154,790	-27.2	-9.4	8.2
Limpopo	129,676	140,366	146,247	155,020	2.4	0.2	60.9
Mpumalanga	98,737	97,846	104,638	112,003	-6.2	-1.5	0.9
Northern Cape	38,899	29,843	30,499	31,175	-27.4	-11.6	-0.2
North West	130,584	144,289	150,002	156,290	4.5	0.3	4.3
Western Cape	30,958	32,541	34,132	36,138	-0.6	-0.6	0.6
Total	1,279,829	1,322,788	1,477,437	1,467,172	-2.2	-1.1	6.8

Source: Provincial Budget Statements 2010

Expenditure on ABET is projected to grow from R1.3 billion in 2009/10 to R1.5 billion at the end of the present MTEF. This translates into a real average annual decline of 1.1% over the present MTEF and, overall, over

the six-year period, a 6.8% real average growth rate. While the function shift of this programme from provincial to national government will bring with it inevitable teething problems, it is important to note that the ABET sector has been receiving the shortest end of the funding stick for a sustained period. The two provincial education departments that contribute the most to the real declines over the medium term are Free State (10.2%) and Northern Cape (11.6%), while expenditure in the Western Cape declines on average by 1% over the same period. Two other provincial education departments are proposing maintenance budgets, namely Limpopo (0.2%) and North West (0.3%).

In its written reply to Idasa questions, the Department of Higher Education and Training notes that no real funding increases have been set aside for this programme over the last three years because a process has been put into place to 'review' the programme. According to the written submission, the ministerial committee completed its work in July 2008, after which, on the recommendation of the committee, consultations took place with stakeholders from March to July 2009. The Department of Higher Education and Training also indicated that a new policy on ABET is being developed, but provided no further details about the expected completion date of this policy-making process.

As far as the funding norms and standards for the sector (adult centres principally) are concerned, the Department of Higher Education and Training noted that this policy has not yet been implemented. A pilot project is presently underway to test the feasibility of the funding norms and standards, and the national Minister of Higher Education and Training has deferred implementation to 2011. This was done to allow the department time to properly digest the results and lessons from the pilot project, and to benefit from the formal development of a new ABET policy.

While the complexities of shifting this programme and function to national government are recognised, the fact that a new policy is being developed and that there are no norms and standards for the sector will add further funding blows to an already weakened policy area. In the context of the global crisis and the employability of many South African adults, the policy and bureaucratic delays could not have come at a worse time.

While there have been delays and confusion in the formal ABET sector, government's mass national literacy campaign (*Kha ri Gude*) has made impressive gains over a relatively short period of time. This campaign was launched in 2008 with the goal of enabling 4.7 million adults over the

age of 15 to become literate and numerate in one of the eleven official languages (Department of Education, 2010). It is important to note that the Department of Basic Education views this campaign as part of the country's contribution to the EFA goal of reducing illiteracy by 50% by 2015. While the educational goals of the campaign are primary, it also assists with poverty alleviation and job creation objectives through the large number of volunteers that provide instruction and educational support. The campaign aims at teaching adult learners reading, writing and basic arithmetic skills at ABET level 1, while also teaching the basic commands of spoken English. The main cost drivers of this campaign are the stipends that are paid to 40 000 tutors (or education volunteers), support staff (coordination, research and monitoring) and government-provided learner and teacher support materials. A special effort has been made to target adult learners with disabilities, especially learners with visual and hearing impairments.

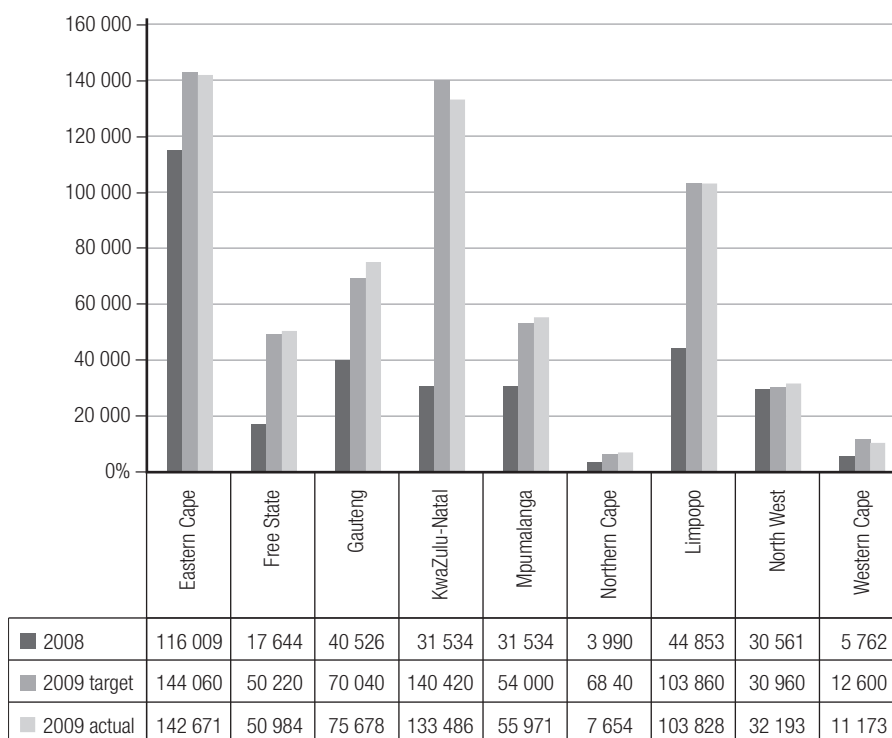
Table 7 shows the total number of learners and volunteers participating in the national campaign at the end of October 2009.

Table 7: Number of educators, support staff and learners participating in the national literacy campaign as at end of October 2009					
Province	Coordinators	Supervisors	Educators	Blind assistants	Learners
Eastern Cape	45	839	8 392	19	142 671
Free State	16	300	2 999	0	50 984
Gauteng	25	445	4 452	11	75 678
KwaZulu Natal	42	785	7 852	24	133 486
Limpopo	17	329	3 292	12	55 971
Mpumalanga	2	45	450	0	7 654
Northern Cape	31	593	6 108	12	103 828
North West	11	176	1 894	10	32 193
Western Cape	6	91	657	0	11 173
Total	195	3 604	36 096	88	613 637
<i>Source: Data obtained in personal communication with the CEO of the National Literacy Campaign, June 2010</i>					

In 2008, approximately 360 000 adult learners participated in the national literacy campaign, whereas in 2009 this number almost doubled and stood at almost 614 000 adult learners. In less than two years, more than 26% of the targeted number of learners has been reached and, although there is a long way to go, the initial signs of this focused campaign are very encouraging. In the context of the ABET sector, if half of the 4.7 million adult learners have gone through the training and learning by

the end of 2012, the campaign will have made a substantial contribution to reducing illiteracy in South Africa. Figure 6 shows the 2009 targeted and actual enrolment by province, and provides useful information on the growth of learner numbers by province from 2008.

Figure 6: Targeted and actual adult learner enrolment in 2009 and gains over 2008 by province



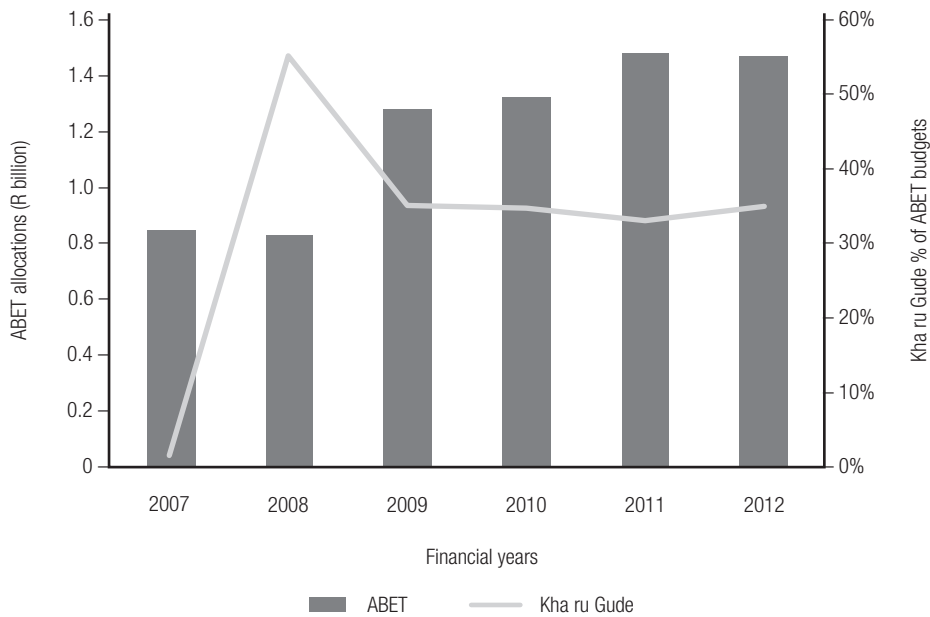
Source: Data obtained in personal communication with the CEO of the National Literacy Campaign, June 2010. (Extracted from October 2009 Update by the CEO.)

Enrolment gains in 2009 were uniform and the only interesting trend is that the rate of growth differs considerably across the nine provinces. In Free State, the number of adult learners almost tripled, whereas in North West, the enrolment figures for 2008 and 2009 are almost the same. When 2009 enrolment targets are compared to actual enrolments, five of the nine provinces have exceeded their targets, which provide further evidence of the aggressive take-up rate and support the programme enjoys nationally.

The allocations for the mass literacy campaign are projected to grow from the actual spending of R17.1 million in 2007/08 to R511 million at the end of 2012/13. This represents a sizeable proportion of the existing total ABET provincial budget as is shown in Figure 7 below. However, apart

from the massive increase in 2008, real allocations on this campaign show a declining trend over the medium term. It may well be that lessons learnt in the first three years will lead to efficiency gains, or it could be the same story of adult basic education initiatives simply not getting enough money from the relevant financial authorities.

Figure 7: Kha ri Gude allocations as a percentage of adult basic education and training budgets 2007/08–2012/13



Source: Provincial Budget Statements 2010; National Estimates of Expenditure 2010

In nominal terms, the adult basic education budget is projected to grow from R832 million in 2009/10 to approximately R1.5 billion in 2012/13. Amazingly, given the large dip in funding to ABET in 2008, the national literacy campaign funding constituted 55% of the total ABET budget. Thereafter, the overall size of the national literacy campaign is 33–35% of provincial ABET funding, which represents a sizeable proportion of overall ABET funding. One could either lament the overall size of the ABET budget, or argue that the *Kha ri Gude* campaign represents excellent value and perhaps serves as a reminder of just how under-prioritised the adult education sector has been in South Africa’s attempt to come to terms with the injustices of the past. However, given that the bulk of adult centres are located in provinces, it still strikes one as odd that a contained national campaign receives about a third of the amount of the consolidated provincial ABET budgets. The idea is not to impugn the undeniable value of the

mass literacy campaign, but its spending and progress throws into sharp relief the state of disarray of provincial ABET policy and implementation.

Finally, while the *Kha ri Gude* campaign is clearly good value for money, there will come a time when the gains of the programme will not only be measured in terms of participation rates, but also in terms of outcomes. However, given the state of the adult education sector in South Africa, it is inappropriate to appraise the campaign in terms of outcomes, but entirely acceptable to celebrate the achievements around broadened access and participation.

Public further education and training budgets

Table 8 provides information about the budgets of the nine provincial education departments over the medium term.

Table 8: Expenditure on the public further education and training programme for the period 2009/10 to 2012/13 by provincial education department (ZAR thousands)							
Province	2009/10	2010/11	2011/12	2012/13	Real change between 2009/10-2010/11 (%)	Real av. ann. change between 2009/10-2012/13 (%)	Real av. ann. change between 2006/07-2012/13 (%)
Eastern Cape	470,493	555,208	581,579	610,484	11.6	3.1	11.4
Free State	209,582	256,703	273,275	286,827	15.9	5.1	3.1
Gauteng	599,499	919,745	979,625	1,013,526	45.1	14.4	8.6
KwaZulu Natal	646,066	642,561	681,906	715,785	-5.9	-2.3	5.6
Limpopo	385,662	435,854	452,613	475,046	6.9	1.3	10.9
Mpumalanga	228,534	329,508	348,526	365,212	36.4	11.6	7.4
Northern Cape	49,251	52,101	52,905	55,530	0.1	-1.7	-1.8
North West	192,514	238,597	248,817	261,205	17.2	4.9	10.9
Western Cape	362,479	446,512	474,155	497,616	16.5	5.2	3.8
Total	3,144,080	3,876,789	4,093,401	4,281,231	16.7	4.9	6.7

Source: Provincial Budget Statements 2010

Expenditure on public FET is projected to grow from R3.1 billion in 2009/10 to R4.3 billion at the end of the present MTEF. This growth represents a real average annual increase of 5% over the present MTEF and, overall, over the six-year period, a 6.7% real average growth rate. Two provincial education departments project negative real average growth over the medium term, namely KwaZulu-Natal (2.3%) and Northern Cape (1.7%). In the case of Northern Cape, its education budget has been under pressure for some time and the national conditional grant clearly does not keep up with inflation and should possibly be revised in the next MTEF. A similar case exists for KwaZulu-Natal, but there may have been other reasons that explain why the national conditional grant loses value in real terms over the medium term. The largest real average annual rate of expenditure growth is projected for Gauteng (14.4%), followed by Mpumalanga (11.6%). The Eastern Cape projects the smallest positive real average annual growth of 3.1% over the medium term.

Much of the growth in expenditure on public FET colleges is accounted for by the recapitalisation grant that was first instituted in 2006/07. During the lifetime of this conditional grant, public FET was a provincial function. The reasons for this grant were compelling and included positioning the public FET sector as the second-highest student and enrolment-dense institution of choice for learners, and bridging the gap between the theoretical nature of instruction and the practical equipment required to complete the skills building process. Table 9 provides some of the successes of the recapitalisation process according to the national Department of Higher Education and Training.

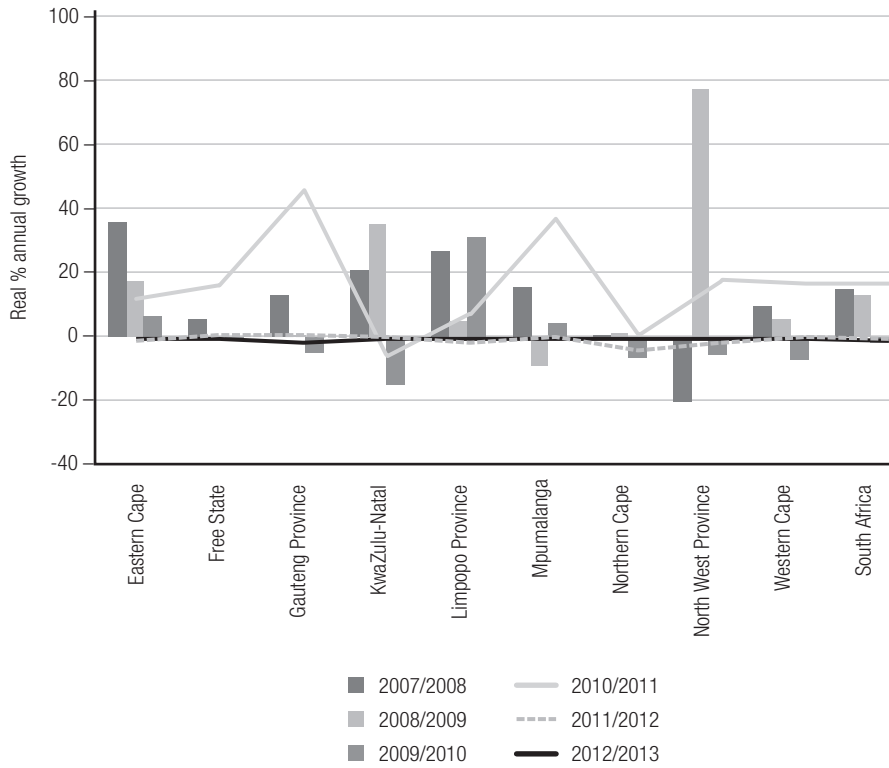
Table 9 shows that the heart of the grant was about updating an ailing physical and learning infrastructure. At the same time, however, human resources development, and systems development and implementation were also beneficiaries of this important grant. While the public FET sector is significantly smaller than the public ordinary schooling system, this intervention was not only about bricks and mortar, but also appeared to have taken aim at the quality of learning and teaching in these institutions. What makes this grant extremely useful is the implicit notion that learning and quality teaching is not possible without an enabling physical environment, and improved teaching and teacher resources. We believe – unlike the situation in the public ordinary schooling sector – that these financial gains will probably be translated into achievement gains at a much quicker rate.

Table 9: Re-capitalisation performance indicators, 2006/07 to 2008/09				
Strategic Objectives	Performance Indicators	2006/07	2007/08	2008/09
Human Resources Development	Number of Lecturing and Support Staff trained for the delivery of approved programmes	7 994	4 775	5 686
Development of Systems and Procedures	Number of sites upgraded with WAN and LAN	44	63	93
Upgrading, alteration, refurbishment and modernisation of existing infrastructure	Number of workshops upgraded	49	216	212
Upgrading of college sites	Number of sites upgraded	123	103	91
Buying and building of new infrastructure	Number of workshops built	23	137	68
	Number of classrooms built	36	166	231
	Number of laboratories built	Not recorded in 1st year	81	34
	Number of new offices built	Not recorded in 1st year	53	53
Purchase of Equipment	Number of workshops installed with equipment	28	235	342
<i>Source: Data obtained in personal communication with the Department of Higher Education in May 2010</i>				

A key concern that emanates from the function shift of public FET institutions to the Department of Higher Education and Training is the amount of funding contained in the conditional grant. The conditional grant funding arrangement is temporary until such time the function shift is completed from a funding and administrative perspective. Nonetheless, because of provinces' tendency not to supplement conditional grant funding, it remains vital to observe the impact of this shift on the overall resource envelope for public FET colleges. Figure 8 charts the real annual growth rates for the nine provincial public FET budgets from 2007/08 to 2012/13.

A notable feature of the conditional grant framework over the present MTEF is that, from 2011/12, the allocations are projected to decline in real terms. While in 2010/11, only the allocation for KwaZulu Natal seems to decline in real terms (6%), in 2011/12, six of the nine provincial education departments are projecting negative declines. This trend continues in 2012/13, when all provincial education department allocations are projected to lose value in real terms.

Figure 8: Real year-on-year growth rate for public FET colleges 2007/08–2012/13 (%)



Source: Provincial Budget Statements 2010

Consistent with the national grant framework, the decline is almost uniform across the provinces (projected at 0.9%), while Gauteng seems to suffer the most (2.3%). It is not clear why this important function shift goes hand-in-hand with a real decline in the value of the conditional grant that funds public FET at provincial level. At a minimum, one would have assumed that the grant keeps track with inflation, unless provinces provide complementary sources of funding to make up the shortfall. There appears to be no compelling policy reasons why a uniform slow-down in spending on FET colleges would be warranted, given government’s critical emphasis on growing medium-level skills in the economy. Future budgets may upwardly revise these projections, but there seems to be very little justification for providing a conditional grant and then shaving off potential allocations that could have reinforced the positive value of the recapitalisation process.

In the Department of Higher Education and Training’s written response to Idasa’s questions about the challenges faced during the recapitalisation

process, the most important concern raised was that the timing of the transfer of funds to institutions created financial problems for FET colleges. This resulted in pressure on colleges to use their own resources, which led to unstable bank balances for the affected institutions. The Department of Higher Education and Training also noted that there were no guidelines for provinces on the usage of unspent funds and the interest earned on such balances.

In concluding this section, it is worth noting that the funding norms and standards policy for public FET institutions came into effect at the start of the present financial year (1 April 2010). Traditionally, provincial education departments used the norms and standards as leverage to attract more funding to education or the relevant education sub-sector. This suggests there is good reason to believe that spending in public FET colleges will increase, potentially raising the stakes of where else additional funding should be spent. Given these funding increases, it has become important for the sector to be outcomes-driven and provide evidence that the recapitalisation process is beginning to improve the notoriously inefficient face of the sector.

Special needs education budgets (inclusive education)⁹

Table 10 provides information about the budgets of the nine provincial education departments over the medium term.

Expenditure on special needs education budgets is projected to grow from R3.6 billion in 2009/10 to R5.2 billion at the end of the present MTEF. This represents a real average annual increase of 7% over the medium term, while, over the six-year period, special needs budgets are projected to grow by 9% in real terms. Furthermore, all provincial education departments spend above the 1.5% real average increase of the consolidated provincial education budget over the present medium term. This is further evidence of additional monies that are being spent on special needs more specifically and inclusive education more broadly. KwaZulu-Natal projects the largest growth in real average expenditure (15.5%) followed by the Eastern Cape and North West, which plans to grow special needs allocations by an average of 10% over the next three years.

Table 10: Expenditure on special needs programme for the period 2009/10 to 2012/13 by provincial education department (ZAR thousands)							
Province	2009/10	2010/11	2011/12	2012/13	Real change between 2009/10-2010/11 (%)	Real av. ann. change between 2009/10-2012/13 (%)	Real av. ann. change between 2006/07-2012/13 (%)
Eastern Cape	435,947	470,677	643,234	676,253	2.1	10.0	11.1
Free State	246,835	265,569	298,523	313,452	1.8	2.3	4.3
Gauteng	1,095,657	1,196,701	1,403,680	1,404,006	3.3	2.7	7.0
KwaZulu-Natal	586,280	772,903	1,007,616	1,057,997	24.7	15.5	15.7
Limpopo	211,425	251,564	261,992	277,710	12.6	3.6	8.3
Mpumalanga	161,262	194,635	258,390	203,673	14.2	4.5	6.8
Northern Cape	70,823	82,343	89,659	96,543	10.0	4.7	3.1
North West	171,274	218,948	248,359	268,981	20.9	10.0	7.8
Western Cape	585,798	688,112	807,069	853,529	11.1	7.1	6.7
Total	3,565,301	4,141,452	5,018,522	5,152,144	9.9	7.0	8.6

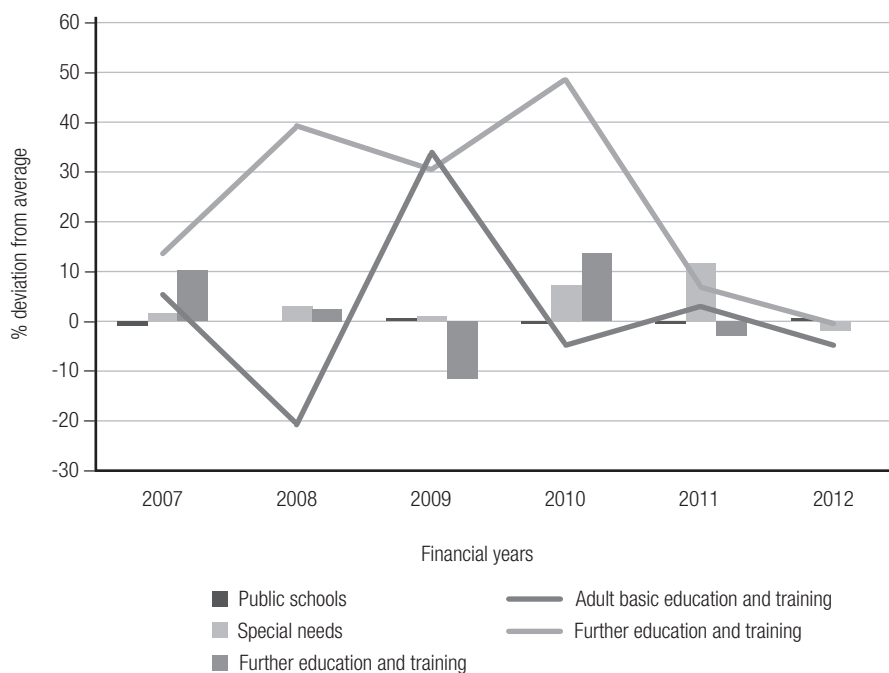
Source: Provincial Budget Statements 2010

At national level, the National Treasury announced in 2008 that additional allocations would be set aside to finance the resources and support to 135 special needs schools and 30 full-service schools (*Budget Review 2008: 235*). In the National Treasury's 2009 *Intergovernmental Fiscal Review*,¹⁰ it argues that additional allocations account for the 19% nominal increase in the special needs education provincial budgets. The bulk of these additional allocations were earmarked to be spent on infrastructure upgrading and maintenance of special needs schools, the provision of a full complement of non-teaching staff at special needs schools and various assistive used and required at special needs institutions. It is important to note that such interventions focused on both special needs schools and full-service schools. From an inclusive education perspective, the interventions and further funding support to full-service schools are vital in order to draw reasonable lessons about what will be practicable and educationally advantageous in public ordinary schools.

The best way to understand the outcome of the decision to award more resources to special needs schools can be seen in the extent to which

annual growth rates for different programmes deviate from the consolidated provincial education budget over a six-year period.¹¹

Figure 9: Prioritisation patterns in provincial education programmes: deviation from the average consolidated provincial education expenditure 2006/07–2012/13



Source: *Provincial Budget Statements 2010*

Much has been made of the cash injection into special needs/inclusive education, but the six-year evidence is variable, as can be seen from the graph above. However, since the announcement of additional funding in 2008, expenditure on special needs was 3% higher than the consolidated average in 2008, almost 7% higher in 2010 and approximately 12% higher in 2011. In 2012/13, projected expenditure on special needs is 1% less than the consolidated provincial education average, but this programme is not alone in suffering setbacks in the final year of the present MTEF. There is, therefore, an objective basis for saying more money is available to the special needs education sector, but our aggregated analysis cannot reveal how new monies have been deployed. We have to accept on faith that the additional funding covered important non-personnel expenditure and provinces allocated some of this money to infrastructure improvements at special needs schools.

The expansion of inclusive education to public ordinary schools depends on the results and recommendations of the pilot field tests that were conducted by the Department of Education between 2004 and 2010. The pilot field tests were intended to test the feasibility of extending the inclusive education model to public ordinary schools and other educational settings. The field tests were completed in March 2010 and some of the important financial features of this long and complicated undertaking include the following:

- Approximately R55 million was spent on the field test and funding was provided by two European donors.
- Only 10 of the intended 30 public ordinary schools were physically converted into full-service schools to make them more accessible to learners with disabilities due to cost escalations and unfavourable Rand/Euro exchange rates.
- The conversion process for the remaining 20 public ordinary schools became the responsibility of provincial education departments in 2009 and it is not clear how successful provinces have been in converting ordinary public schools into full-service schools.
- The unfavourable Rand/US\$ exchange rate had a negative impact on the total amount of funding available for purchasing assistive devices, even though the Department of Basic Education was able to adjust its budget from R9 million to R18 million.

The Department of Basic Education indicates that implementation of the inclusive education pilot was further bedevilled by the high staff turnover of key specialist staff at national, provincial and district levels. Furthermore, the dearth of professionals such as therapists, social workers and other specialist staff, especially in rural areas, had a negative effect on learners' access to specialised services. To this list of problems, the Department of Basic Education adds gaps in human resource provisioning at special needs schools across provinces and inconsistent support from district officials, especially curriculum advisory services. In the context of the findings of the National Education Infrastructure Management System, which declared that only 2% of public ordinary schools are accessible to learners with physical disabilities, the eventual release of the feasibility report is likely to deliver seriously pessimistic conclusions.

One success story that comes out of the feasibility study is the adoption of the district-based support system of specialists who are available to public ordinary schools and special needs schools. The Department of

Basic Education indicates that this model has been accepted in all nine provincial education departments and that 27 of the 30 districts have this system in place. Four provinces, namely KwaZulu-Natal, Mpumalanga, Northern Cape and Western Cape, have established district-based support services in all of their educational districts. In addition to the formal establishment of district-based support systems, extensive capacity-building programmes were introduced and provincial education departments advertised a number of vacancies related to such support services.

In the absence of the published feasibility report, it is difficult to ascertain how well such services work, and whether effective and meaningful support services are rendered to public ordinary and special needs schools. What is clear is that the additional funding support gained by the Department of Basic Education is vital to ensure that the inclusive education agenda remains on the policy radar. We should also remind ourselves that the implementation of inclusive education is still in an experimental and lesson-learning phase; we cannot yet make serious comments about the implementation of this policy in larger and real educational settings. The fact that it took more than six years to complete the feasibility study is indicative of the challenges the South African government has in making inclusive education a reality in public ordinary schools. The extension of inclusive education policies, principles and practices to other education sub-sectors is clearly a long way off, and it seems our prime responsibility now is to make sense of the soon-to-be-published findings of the feasibility report.

Public ordinary school budgets¹²

Table 11 provides information about the budgets of the nine provincial education departments over the medium term.

Expenditure on public ordinary school budgets is projected to grow from R105 billion in 2009/10 to R129 billion at the end of the present MTEF. This represents a real average annual increase of 1.1% over the medium term, while, over the six-year period, expenditure is projected to grow on average by 5% in real terms. Over the present MTEF, the Eastern Cape is the only province that projects a small real average decline of 0.1%, while Limpopo (0.4%), Free State (0.8%) and Northern Cape plan to grow their budgets by less than 1%. The largest positive real average growth is projected for Gauteng (2.0%) followed by KwaZulu-Natal (1.7%). Compared to other service delivery programmes, it is clear that the public ordinary

school budget appears to absorb most of the funding pressures caused by lower revenue projections in the national budget. However, the slow rate of growth may not be uniform across the various expenditure categories, making an examination of the transversal expenditure framework warranted.

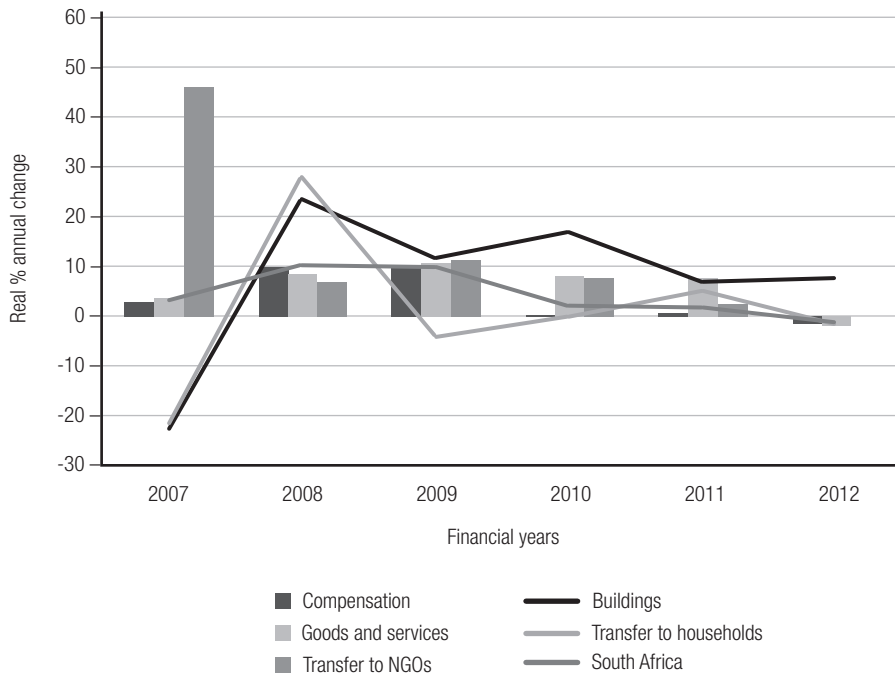
Province	2009/10	2010/11	2011/12	2012/13	Real change between 2009/10-2010/11 (%)	Real av. ann. change between 2009/10-2012/13 (%)	Real av. ann. change between 2006/07-2012/13 (%)
Eastern Cape	17,842,304	18,830,716	20,275,583	21,131,691	-0.2	-0.1	4.2
Free State	6,159,161	6,666,121	7,159,211	7,495,556	2.4	0.8	3.1
Gauteng	15,502,298	17,154,109	18,785,706	19,521,010	4.7	2.0	6.5
KwaZulu Natal	22,777,964	24,995,784	26,987,469	28,449,008	3.8	1.7	5.2
Limpopo	14,972,972	16,110,255	17,332,680	18,015,097	1.8	0.4	3.6
Mpumalanga	9,111,478	9,652,872	10,425,391	11,144,686	0.2	1.0	6.3
Northern Cape	2,626,952	2,817,939	3,066,755	3,211,635	1.5	0.9	9.3
North West	7,173,318	7,529,793	8,290,721	8,820,252	-0.7	1.1	1.0
Western Cape	8,653,075	9,538,617	10,298,227	10,886,552	4.3	1.9	4.6
Total	104,819,522	113,296,206	122,621,743	128,675,487	2.3	1.1	4.6

Source: Provincial Budget Statements 2010

Figure 10 represents the real annual growth of a select number of categories in the consolidated public ordinary schooling budget.

In order to understand prioritisation patterns, we looked at expenditure lines that are consistently above or below the overall (South Africa) public ordinary school line. The striking thing about Figure 10 is that the rate of growth of expenditure across all categories – with the exception of investment in new buildings – gradually slows down over the six-year period, especially over the present MTEF cycle. This is unlike previous years, where the bulk of real spending declines were accounted for by the moderation of expenditure on wages.

Figure 10: The present transversal expenditure framework in public ordinary schools: real spending trends 2006/07–2012/13 (ZAR 2009)



Source: *Provincial Budget Statements 2010*

Nonetheless, expenditure on wages continues to be constrained over the medium term. Expenditure on goods and services supports the school funding norms provisions for non-Section 21 schools, and, from the projected budget numbers, it appears as if the present allocations will put into practice the policy goal of funding 60% of public schools as no-fee schools. However, by the end of the present MTEF cycle, expenditure on goods and services is projected to drop from 7.9% in 2011/12 to -1.7% in 2012/13. The signal seems to be that government’s pro-poor funding policy will probably stabilise once 60% of South African public schools have been declared no-fee schools. The extension of the pro-poor funding framework also takes place against the backdrop of government’s attempt to introduce workbooks for Grade R to 6 learners. This represents an important quality intervention and will account for approximately R3 billion over the present MTEF cycle.

Expenditure on transfers to non-profit organisations (NPOs) supports partly the implementation of the school nutrition programme. The education authorities have made it clear that they want to support the expan-

sion of the programme to secondary schools, but this is unlikely to happen in an aggressive way over the medium term. The primary beneficiaries of the school nutrition programme will be mostly primary schools that will be declared no-fee schools over the medium term. Transfers to NPOs also pay for the school allocations that go to Section 21 schools. While a growing portion of these schools are no longer so-called 'rich' schools, the slower rate of growth of allocations to this category may also be related to government's priority of funding the 'most poor' schools and letting schools in quintiles four and five share a larger burden of their total education costs.

Apart from a large dip in 2007/08, expenditure on buildings is projected to remain above the consolidated public ordinary school budget for five of the six years. This does not signify a major change in the distribution of funding for the main categories; at the end of the present MTEF cycle, investment in new buildings remains about 5% of total expenditure on public schools. However, the planned publication and implementation of norms and standards for infrastructure should help to sustain the momentum of expenditure on both new and existing capital assets.

This short review of public schooling funding best explains the present dilemma in funding school education and the complicated relationship between national government and provincial administrations. It appears as if all major quality and equity interventions are driven from the centre (workbooks, conditional grants for Dinaledi schools, pro-poor funding and school feeding, recapitalisation of technical secondary schools), while provincial education departments are reduced to implementing agencies. It is not clear whether any significant improvements in schools can and should be driven by the centre, given the decentralised nature of service delivery in education and health. A related question surely must be about the role of provincial governments and education departments in driving government's quality and equity agenda. The 2010 public ordinary school budget framework does not make that clear and leaves rather the impression that the centre wants to solve the quality and equity deficits in the public ordinary schooling system.

Conclusion

The coherence of spending proposals appears to reflect on the ability and accuracy with which education authorities estimate and provide the requisite financial resources needed to realise national policy goals over the short, medium and long term.

Resources must be mobilised for the ongoing implementation of policies and addressing potential revisions to the policy and implementation schedule. In addition, resources are needed to assess whether policies are being realised, which this requires the establishment of robust and credible monitoring and evaluation systems. However, before we make any judgements about the coherence of the 2010 education spending proposals, we need to describe the main features of the proposed expenditure frameworks.

Evidence presented in the *National Budget Review 2010* suggests that the existing transversal expenditure framework does not deviate from the now well-established thinking about education budgets. Expenditure on wages (principally teacher salaries) is tightly reined in, while more room is provided for non-personnel expenditures that service public schools and other emerging programmes. Expenditure on goods and services, which covers the school allocation that goes to non-Section 21 public schools, continues to grow in support of the policy goal of declaring at least 60% of public schools as no-fee schools. Expenditure on transfers and subsidies, which involve the school allocation for Section 21 schools and the school nutrition programme, is also projected to grow robustly over the first two years of the present MTEF cycle. We argue that the allocations for the school nutrition programme appear to support its expansion to more poor primary no-fee schools and that very few poor secondary schools will benefit from additional funding for this anti-poverty programme. Expenditure on the acquisition of new buildings shows positive growth over the present MTEF and this momentum should be sustained with the ground-breaking publication of norms and standards for physical infrastructure. Education 2010 does not offer breaks or radical discontinuity from previous education transversal expenditure frameworks, hence the 'business as usual' approach is applicable here.

The long and painstaking re-orientation in the transversal expenditure framework (away from wages to activities) is beginning to bear positive fruits as far as the funding of smaller programmes is concerned.

Expenditure on Grade R, the pivotal official starting point for early childhood education, has grown massively, albeit it from an initial small funding base. While we have expressed reservations in earlier Idasa research about the funding mechanism, quantity and adequacy of the Grade R allocation, incontrovertible evidence exists that this programme is being prioritised. None of the nine provincial education departments have achieved universal Grade R access by 2010, but some provinces are steadily closing in on this important policy goal. Spending on special needs education has also picked up as a result of the success the Department of Basic Education has had in convincing the National Treasury of the value of this approach to difference and disability in education. Due to the complicated inter-governmental fiscal regime in South Africa, we are not yet able to see how provinces have actually used this money, but the sparse evidence we presented suggests additional allocations were absorbed for special needs education and inclusive purposes. Additional spending on the public FET programme (chiefly technical colleges) has helped to boost vital infrastructure spending and the human resources requirements of this important sector. Although expenditure on the public ordinary school programme still shows the slowest growth over the medium term, compensatory spending in the form of the no-fee policy, the school nutrition programme and the recapitalisation of technical secondary schools continues apace. Finally, expenditure on the ABET programme continues to disappoint, but the funding luck of this sector seems to be changing with the successes of the national mass literacy campaign. Although the latter is not a parallel adult education programme, its initial results suggest that there is something desperately wrong with the adult education programmes traditionally under the authority of provincial education departments.

Given our description of the embedded expenditure frameworks in the provincial education budget 2010, just how coherent are the latest spending proposals?

Firstly, the quality agenda in public schools is being supported in a contained manner with the introduction of the workbook system for teachers and the continuation of specialised Mathematics and Science schools. But there has not been a radical rethink about how one gets scarce government resources to support a quality agenda. In fact, public schools are (rightly) at a stage where funding concerns predominate.

Secondly, the support to Grade R is consistent with the idea of building early learning foundations and minimising the wastage associated with ill-prepared learners. However, there has been very little monitoring of those

who have completed various pre-school phases, we know little about the quality of pre-school services, and there is little evidence of the resource conditions in publicly-funded Grade R classes. In other words, we have yet to assess the efficacy of existing Grade R programmes or whether the present expansion in funding for this programme is justified – or, indeed, whether existing allocations are meaningful in terms of what we want to achieve. The introduction of Grade R was premised on the idea that well-prepared Grade 1 learners save the government valuable resources, but this presupposes that the quality of Grades 1–3 schooling is guaranteed, which is hardly the case in South Africa.

Thirdly, government's drive to create viable medium-level skills through the public FET programme is laudable and deserves further support. Expenditure proposals are well-targeted; financial planners understood too well that expenditure had to be aimed at infrastructure *and* human resources. Although this sector has been notoriously inefficient in its use of government resources, we believe that the recapitalisation of technical colleges will make a real difference to academic outcomes in this sector and government is encouraged to sustain its interests in this important programme.

Fourthly, spending proposals for the special needs education/inclusive education sector are encouraging, but we do not quite understand the logic behind the latest spurt in funding. Our assumption is that the completion of the feasibility report and pilot study would have provided evidence about the extension of inclusive education to all education sub-sectors and made firm recommendations about targeted spending. However, the Department of Education secured additional monies for this sector prior to the release of the report in 2010, raising questions about the directedness of this spending. We have to assume that additional monies went to special needs schools and programmes because the inter-provincial differences in access are marked. The time for assessing government's commitment to inclusive education will only become clear once the report has been released, its findings scrutinised and a set of policy recommendations adopted.

Fifthly, spending proposals for the adult education sector continue to lack coherence, especially given the large adult illiteracy rates in South Africa. However, the national mass literacy campaign is beginning to change the face of the sector and our view is that, whether one considers this a parallel project or not, it makes an invaluable contribution to reducing adult illiteracy. The fact that the rate of growth for this national project

slows down over the medium term is cause for concern, irrespective of the current restructuring in the adult education sector. This campaign needs to be backed with more resources and possibly a larger staff contingent based in the Department of Basic Education.

Finally, the 2010 spending proposals bring to the fore the powerful role that the national departments of Basic Education and Higher Education and Training are playing in the delivery of education services at provincial level. Adult Education and Public FET programmes are now national functions. The largest cost driver in education, namely teacher salaries, is determined nationally and the redress framework in schools has been developed at national level. Key anti-poverty measures, such as the school nutrition programme are being funded by a national conditional grant. Although provinces transfer grants to school governing bodies for the delivery of Grade R education, it is the schools themselves that determine how this money will be spent. Most of the main quality and redress issues are being handled by the national sphere, which raises the awkward question about the role of provincial authorities in delivering education.

Shorn of a quality and redress mandate, provincial education departments have been reduced to provincial administrations. Can we afford to maintain administrations that cannot possibly change the course of poor quality education and engineer a brighter future for poor and deprived learners? We believe this question and the future role of provincial education departments must be discussed openly and publicly because they appear increasingly redundant in a hegemonic nationally-dominated educational universe.

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- Department of Education: Early Childhood Development White Paper (Education White Paper 5)
- National Treasury: *National Estimates of Expenditure 2010*
- The Presidency: *National Income Dynamics Survey 2008*
- National Treasury: *Intergovernmental Fiscal Review 2009*
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- Provincial Budget Statements 2010*
- UNESCO: *Education for All Global Monitoring Report 2010*
- UNESCO-DME 2010*
- Personal communication with the CEO of the National Literacy Campaign, June 2010
- Personal communication with the Department of Basic Education, May 2010
- Personal communication with the Department of Higher Education and Training, May 2010

Notes

- Russell Wildeman is the programme manager of Idasa's Economic Governance Programme and Rose Hemmer-Vitti is a researcher in its Right to Know, Right to Education Project.
- 1 The UNESCO DME Database uses national surveys from each country to estimate education and extreme education poverty, but the dates of the respective national surveys vary widely. The following dates have been provided, namely 2001 (Zambia); 2003 (Mozambique and Kenya); 2004 (Tanzania, Madagascar and Lesotho); 2005 (Rwanda, Ethiopia and Burundi); 2006 (Zimbabwe, Uganda and Swaziland); and 2007 (Namibia and the DRC). Data for South Africa (2008) was obtained from the National Income Dynamics Survey (NIDS).

- 2 A recent study that Idasa undertook found significantly lower levels of academic achievement for males in the key subjects of English and Science. However, the study examined Grade 6 primary school children, whereas it is safe to assume that the bulk of 17–22 year olds will be at secondary or in tertiary education. See Wildeman, R. (2010) *Resources and Outcomes in Public Schools: The Case of South Africa*. Pretoria: Idasa.
- 3 We have obtained relevant inflation information from the National Treasury and calculated calendar-year CPI inflation indices for the period 1995/96–2012/13. For the period 2006/07–2012/13, we have used the following deflators: 2006/07 (0.797576078); 2007/08 (0.85277505); 2008/09 (0.937207123); 2009/10 (1); 2010/11 (1.057039193); 2011/12 (1.122575622); 2012/23 (1.188807584).
- 4 Although this paper refers to ‘provincial education expenditure’, it is important to note that both the public FET and ABET programmes are now national functions. This means the actual funding for these programmes takes place through national conditional grants, although this is only a temporary arrangement. However, irrespective of the origin of the resources, implementation still takes place at provincial level, hence our decision to retain the use of the term ‘provincial education budgets’.
- 5 Transversal expenditure refers to expenditure items that are common across programmes and education activities, such as personnel expenditure, goods and services, transfers to households and the acquisition of capital assets. The analysis of the transversal expenditure framework provides a useful entry point into education budgets because of the process-driven nature of education services, hence the composition of spending matters greatly.
- 6 Department of Education (2010) *Schooling 2025: An Action Plan for Improving Basic Education*. Presentation to the Portfolio Committee of Education, 4 May 2010 (<http://www.pmg.org.za/report/20100504-department-schooling-2025-workbooks-accelerated-infrastructure-develo>). Accessed 4 June 2010.
- 7 ECD represents all education before Grade Reception (Grade R), the Grade R year and the first three years of the Foundation Phase. However, in provincial education budgets, ECD expenditure refers to Grade R only (both publicly-funded Grade R at public ordinary schools and publicly-supported Grade R at community-based centres), while the Foundation Phase (Grades 1–3) are provided for in the Public Ordinary School Budget. This classification decision was motivated by the need to rigorously assess the extent to which the universal access to the Grade R policy goal is being prioritised in provincial education budgets.
- 8 The policy that regulates the provision of Grade R was gazetted in 2001: Department of Education (2001) *Education White Paper 5 on Early Childhood Education: Meeting the Challenge of Early Childhood Development in South Africa*. Pretoria: Government Printers.

- 9 Special needs education budgets in their present format can best be described as incubators and harbingers for the full implementation of inclusive education. The special needs education budget is now being used to pioneer new methods of implementing inclusive education in public ordinary schools and special needs schools, especially through the recently completed feasibility pilot study. With the planned extension of inclusive education, especially into public ordinary schools, this way of isolating inclusive education and restricting it to mean special needs education budgets will no longer be tenable and may require rethinking in the way that such expanded expenditures are classified and recorded. In this paper, we do not trace 'inclusive education' expenditure that has been allocated for spending in public ordinary schools.
- 10 See National Treasury (2009) *Intergovernmental Fiscal Review 2009*. Pretoria: Government Printers.
- 11 As is indicated in the text of this paper, the Department of Basic Education succeeded in its funding bid for additional monies for special needs education/inclusive education. However, given that any new money is transferred through the provincial equitable shares, it is not possible to establish how much of the new money has indeed been used for inclusive education or to obtain a detailed breakdown of how the resources were used. This is because provincial legislatures take their own independent decisions about the best way to deploy additional resources as per their constitutional prerogative.
- 12 The analysis in this section relies on financial and non-financial information that is published in *Provincial Budget Statements 2010* and *The National Estimates of Expenditure 2010*.