

## Financing Education in the Gauteng Province of South Africa: A Twenty Year Analysis of using Budgets to Improve Opportunities

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Doi:10.5901/mjss.2014.v5n23p500

### Abstract

*The historical pattern of educational financing has been characterised by severe racial and regional inequalities in South Africa. The unequal and separate funding of public education under the apartheid regime created huge disparities between white and black schools and this had serious implications for the provision of quality education, learner performance and educational outcomes, especially in historically disadvantaged schools. After the democratic elections in 1994, the government faced enormous challenges in funding education. The education policies primarily aimed at redressing the inheritance of race-based inequality and to build a new and unified national system based on equity. Education receives a large share of the national budget and within the education budget increased spending is allocated to redress inequalities in school education. Using the qualitative research method, it was found that the Gauteng Department of Education (GDE) has worked vigorously to improve funding and budgeting to redress the imbalances and to achieve quality education. In the past twenty years, it has achieved near universal access to education, reduced dropout rates across all grades in the secondary school phase, increased and sustained learner performance, especially at Grade 12 level, increased and equalised education spending, and made substantial progress in eliminating the infrastructure backlogs.*

**Keywords:** equity, budgets, equitable share ratio, capital expenditure, personnel expenditure, no-fee schools, school fee exemptions

### 1. Introduction and Background to the Problem

The historical pattern of educational financing has been characterised by severe racial and regional inequalities in South Africa. The unequal and separate funding of public education under the apartheid regime created huge disparities between white and black schools and this had serious implications for the provision of quality education, learner performance and educational outcomes in historically disadvantaged schools (Ladd & Fiske, 2008; Naicker, 1996). The new government in 1994 inherited a system of unequal and unfair funding based on race and ethnicity such as:

- disparate personnel distribution across ex-departments;
- unequal school funding resulting in an average teacher-learner ratio of 1:18 in white schools, 1:24 in Indian schools, 1:27 in coloured schools, and 1:39 in black schools;
- uneven per capita grants from the state, where white learners received the highest, while black African learners received the lowest. To illustrate this anomaly, in 1994, the state's annual per capita expenditure for learners from the most advantaged schools was R5 403 (\$506.37)<sup>1</sup>, compared to R1 053 (\$98.68) for learners from the most disadvantaged schools; and
- poorly qualified teachers - white schools had 96% of teachers with teaching diplomas, while only 15% of teachers in black schools were certified (Ndhlovu, 2011).

In the 1993/94 financial year, the allocated budget for education was R22 billion (approximately \$2 billion) or 19% of total government spending. The disparities in per capita spend between black and white learners still persisted with R1 (\$0.09) spent on every black child for every R2,5 (\$0.23) spent on a white child. Prior to this whites had per-learner expenditures 10 times greater than blacks (Crouch, 2005).

Diphofa, Vinjevoold and Taylor (1999) observed that driving the new democracy brought with it not only the restructuring and reshaping of education, but also the development and implementation of a policy framework which aims to provide for the redress of past inequalities and the provision of equitable, high quality and relevant education. To address this challenge, the education financing policy had to be reviewed in light of the following Gauteng<sup>2</sup> Department of Education (GDE) reforms:

<sup>1</sup> The foreign rate of exchange is calculated as: \$1 = R10.67

<sup>2</sup> Gauteng is one of nine provinces of South Africa. It is densely populated and is the economic hub of the country. Each province has its own education department led by a political head referred to as the Member of the Executive Council (MEC). The second in the hierarchy is the Head of Education.

- Restructuring the four inherited race-based education departments (whites, coloureds, blacks and Indians) into one single department. Shifting pro-rich and racial education funding to one where distributed resources are pro-poor and based on income rather than race.
- Preventing spontaneous privatisation and flight of the increasingly non-racial middle class to private schools and making large-scale reforms in curriculum and teaching methods in order to remove apartheid content and ideology as well as to modernise pedagogy.
- Working across all key subsectors to make them accessible to all, including those that were previously only for the privileged. These subsectors included Early Childhood Development (ECD), Further Education and Training (FET) (mostly technical colleges not requiring a secondary leaving certificate), Adult Basic Education and Training (ABET), and schools for learners with special educational needs (LSN).

After the democratic elections in 1994, the government faced enormous challenges in funding education. The education policies primarily aimed at redressing the inheritance of race-based inequality and to build a new and unified national system based on equity (Motala & Pampallis, 2002). Education received a large share of the national budget and within the education budget increased spending was allocated to redress inequalities in primary and secondary school education. However, in the first ten years of democracy there was still significant conflict over resources and policies, and ensuing pressures and opportunities for growth of the budget (Chisholm et al., 2003). The government faced serious budgetary constraints, and as Fleisch (2002) explains, the government education expenditure took up to 24% of the total expenditure and over 7% of Gross National Product (GNP). Inequalities were apparent in differential spending which had an impact on access to, and the quantity and quality of education on offer to black and white learners. Typical indicators that revealed the inequality were: literacy levels; school completion rates; learner-teacher ratios; number, quality and qualifications of teachers; and availability of different types of resources. On all indicators, the poorest off were the Africans living in the previous homelands, and on farms and in townships (Chisholm, 2004). Although, since 1994, funding and resource inequalities in the public education system have been considerably reduced, significant inequalities still exist. While some schools are well resourced having a full range of educational facilities, low teacher-learner ratios, and highly qualified teachers, other schools are overcrowded, lack basic facilities and supplies, and have under-qualified teachers.

The GDE has worked vigorously to improve the funding and budgeting to redress the imbalances and to achieve quality education in the Gauteng province. In the past twenty years, it has achieved near universal access to education, reduced dropout rates across all grades in the secondary school phase, increased and sustained learner performance, especially at Grade 12 level, increased and equalised education spending, and made substantial progress in eliminating the infrastructure backlogs. Strong and pragmatic leadership and prudent budgeting have contributed to the GDE becoming successful in administering and managing education in the province (GDE, 2013).

In this paper the progression of the GDE's management of financing education to ensure that the province have effective schools and learning institutions providing quality education will be analysed.

The discussion focuses on:

- Financing of education: National Equity Share Formula;
- Financing education in the province;
- Financing school education; and
- Financing programmes and interventions in schools and districts.

## **2. Aims of the Study**

Using educational lenses, this article will examine how in the past twenty years the GDE has financed school basic education with the aim of providing quality education to learners in both primary and secondary school education.

The objectives of this study are to:

- examine GDE budgets over the past twenty years and establish how funds are allocated and expended for different programme in the province;
- examine the challenges and achievements of the GDE since democracy in 1994; and
- provide strategies to ensure that the GDE sustain equitable funding for all schools under their jurisdiction.

## **3. Methodology**

Two methods for collecting data were used: document analysis and individual interviews. Consent was given by the GDE

to analyse the various documents and to interview relevant department officials. Three interviews were conducted with the Deputy Director-General, followed by two interviews with the Director, both located within the Education Planning and Information Management Unit of the GDE to acquire insight into budgetary trends and the allocation of funds to various programmes. The aims and objectives of the research guided the structure of the interviews.

Primary and secondary sources were analysed: Primary sources included documents such as the GDE Annual Reports from 1997/98 to 2012/13, GDE Budget reports, and relevant information posted on the GDE website ([www.gov.za](http://www.gov.za)). These were analysed to establish how budgets were allocated and the impact it had on the implementation of policies and regulations. Local literature and journal articles were utilised as secondary sources.

To ensure trustworthiness of the study, triangulation and member checks were used to confirm that the researcher had accurately recorded the information under scrutiny. Regular checks of transcripts and analysis were done with the Deputy Director-General and Director to ensure accuracy of data analysis and transcriptions of interviews.

#### **4. Education Financing Policy Development**

Since democracy in 1994, the efforts of the state can best be organised and described by the following periods:

- The first five years (1994 – 1998) of change can be characterised as stabilising education, policy formulation, stabilising education and increasing access.
- The second five years (1999 – 2004) focused on getting resourcing right, compensating for the dire poverty the masses found themselves in. This was achieved by ensuring that adequate financing was provided, and focusing on school completion rates and more especially, Grade 12 performance.
- The third five years (2004 – 2009) focused on consolidating the resourcing levels, implementation of new curriculum frameworks and beginning to intensify the quest for educational quality and learner performance.
- The fourth five years (2009 -2014) is characterised by intensive efforts to turnaround quality across all phases of education through systemic and institutionalised change.

Underpinning the efforts of the state to reconstruct education, the GDE set the following goals, namely, to ensure:

- Equity: The gross levels of inequality in education funding were reflected in the visible disparities between former-white and black schools.
- Efficiency: The high levels of wastage expressed in terms of high dropout and repetition rates.
- Quality: The documented poor quality of teaching and learning in schools.
- Effectiveness: Poor educational performance in relation to the high levels of funding.
- Democracy: The legacy of authoritarian practices in education generally.
- Collaboration: The lack of parental participation in school governance.

#### **5. Equity and Redress in Education**

The national government's educational reforms since 1994 have focused on access, equity, quality, efficiency and redress. Education policies such as the post-provisioning norms, rationalization and redeployment of teachers and non-teaching staff, management of school fees, the functioning of governing bodies and the National Norms and Standards for School Funding (NNSSF) policy, and other pragmatic interventions, primarily aimed at redressing the inheritance of race-based inequality and to build a new and unified national system based on equity (Mestry & Dzvrimbo, 2010). The government had to address issues relating to teacher rationalisation; equalising non-personnel spending in all schools; making provision for capital expenditure (CAPEX) and streamlining the different pre-1994 funding policies on subsidies and delegations to school

While the Constitution (South Africa, 1996b) gives provincial governments the responsibility of providing education with substantial autonomy in administering and funding education, all provincial decisions must be made within the context of educational policies as determined by the national government. In order to achieve equity and redress in the public education sector that was characterised by huge inequalities and disparities, careful consideration was given to education financing, provisioning and budgeting policy options. This mandate meant that provincial departments of education (for example, GDE) were required to, amongst others, reduce inequities in funding education; increase equality in teacher-learner ratios; and finance learner and teacher support materials (LTSM).

Following on international experiences, the GDE pursued a mix of financing policy options. They included strategies to distribute all personnel equally while reducing personnel costs in overall expenditure, a re-prioritisation in the budget, the freeing of additional resources through efficiency gains, and the establishment of conditional grant funding

through the National Department of Education to safeguard the application of national norms and key transformation initiatives such as curriculum implementation, district development and school management and quality assurance.

## **6. Financing of Education from National Sphere to Provincial Legislature**

In 1994 the Council of Education Ministers (CEM) decided that inequities in funding be phased out over a five year period. In 1995/96 financial year the wealthier provinces' budgets were top sliced by 15% and in 1996/97 by 20% in order to shift funding towards the lower than average funded (poorer) provinces. From 1997/98 provincial education budgets were no longer allocated by the Minister of Education, but by the provincial governments themselves. As such, the Minister of Education no longer controls the equalisation process.

In 1997 and 1998, an Education Sectoral Medium Term Expenditure Framework Review Team, representing national and provincial finance and education departments, undertook significant analyses of provincial education spending patterns and policy priorities. Their report included an analysis of cost drivers, a computerised model of education spending, and strong recommendations to curb enrolment bloating and to control personnel costs through improved management practices. There was a clear message that no qualitative improvement in education could be expected unless efficiency savings were made and directed to this end. The Review Team also recommended that the ratio of personnel to non-personnel expenditure be reduced to 80:20 in the long term.

During the period 1995 - 1997, the GDE experienced capacity problems in the management of resources and delivery of services. Given the very large budget and cash flows for which they were responsible, and the massive numbers of records and operations involved in handling personnel, learner and cost data, the level of professional and technical staff responsible for these vital systems was generally inadequate. The exorbitant personnel expenditure dominated education expenditure and undermined the GDE's ability to provide minimally adequate resources to enable the provision of effective education.

While the NSSF policy for both non-personnel expenditure and the post-provisioning model contain aspects of socio-economic targeting, actual spending for non-personnel expenditure constituted about 8-10% of school budgets. This meant that, only a small portion of basic education allocation was targeted towards redress. Except for the 2% pro-poor weighting, the balance of state spending on schools, directed towards the payment of personnel, continues to favour historically-advantaged schools which have higher qualified and therefore more expensive teachers (Mestry & Bisschoff, 2009).

The GDE thus had to balance inadequate funding by making inroads into the backlogs in school classrooms, the lack of basic water, sanitation and electricity reported in the National School Register of Needs, and to make good the lack of school libraries, laboratories, workshops, teaching aids and professional development for teachers, and training of school governing bodies, consolidate reforms in curriculum, and also to extend essential services for adult education, childhood development and education for learners with special needs. There was a lack of coherence between the services to be delivered in accordance with national policy, and the funding of these services.

### **6.1 Pro-Poor Funding**

The introduction of the NSSF policy saw the start of pro-poor funding to public schools. This was based on the poverty profile of the community serviced by the school, and schools were ranked and organised into quintiles. The poorest 40% benefitted from 60% of non-personnel non-CAPEX (capital expenditure) funding in the form of subsidies. This was later supported by a school fee exemption policy that allowed poor learners in less poor schools to apply for exemptions from paying full fees. This policy was later adjusted with the introduction of the minimum adequacy amounts per quintile. In 2007, the country saw the introduction of no-fee schools and a decision was taken to progressively move the schools servicing the poorest 60% of learners nationally into a no-fee school status at the minimum adequacy amount for quintile 3.

In Gauteng, learner enrolment in no-fee and fee status schools changed dramatically with 23% of the learners attending no-fee schools in 2007 compared with 64% in 2013. Gauteng remains the only province to fund all no-fee schools at the same recommended adequacy amount of quintile 1 – the most preferential level and all fee-paying schools at the Quintile 4 level. Other pro-poor interventions included access by all learners in no-fee schools to a free meal through the National School Nutrition Programme and access to scholar transport for learners in rural areas and informal settlements.

### **6.2 Financing education: The Equitable Share Formula (ESF)**

The Equitable Share Formula (ESF) phased in from 1996 is used for allocating revenues from National Treasury to the

provinces. Provincial governments are constitutionally entitled to an "equitable share" of national revenue, based on a formula reflecting provincial variables such as the school-age population, public school enrolments, the distribution of capital needs, the size of the rural population and the target population for social security grants weighted by a poverty index. The ESF is of critical importance for the delivery of social services and calculations are currently based on a 41% share for education (Organisation for Economic Co-operation and Development [OECD], 2008).

The Equitable Share formula reflects demographical and social criteria: The goal is to ensure that each province, regardless of its wealth, is able to spend an equitable amount on each learner. The formula used by the National Treasury still retains the 1997/98 structure. Each year, a percentage of the total Provincial Equitable Share is allocated to education based on primary and secondary school enrolments as a percentage of the population between the ages of 5 and 17 in the province. The Equitable Share reaches provincial governments in the form of an unconditional (block) grant. Because of the principle of co-operative governance, provinces are then entitled to make their own decisions about how to spread their "Equitable Share" across all provincial social services (education, health, welfare, housing, community development). However, in practice provincial fiscal autonomy is restricted in a number of ways. First, public employees in South Africa – including teachers and other school personnel – belong to a single national civil service, and their salaries are set nationally. Personnel expenditure accounts for about 75% of provincial current expenditure on education (Estimates of Revenue and Expenditure, Gauteng, 2013); thus their discretionary funds are limited. Secondly, about 15% of the national funding of the provinces is set aside in the form of "conditional grants" (for agriculture, culture, education, health, housing, transport, etc.). These will be discussed later in this paper. Conditional grants are the expression of national concerns for certain essential priorities for the whole country, such as school nutrition and tackling HIV and AIDS.

### *6.3 Implementing the South African Schools Act and NNSSF policy*

The South African Schools Act (South Africa, 1996a) prescribes that all public schools are funded by the state. In terms of Section 12 (1), the MEC of the Provincial Legislature must provide schools for the education of learners out of funds appropriated for this purpose, and that the state must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provision (Section 34).

The NNSSF policy provides a statutory basis for school funding in that schools are now classified into wealth quintiles and subsidised accordingly (that is, schools serving poorer communities must receive more funds than schools serving better-off communities) (Mestry & Bisschoff, 2009). The principles governing the determination of the school poverty or quintile ranking include: the relative poverty of the community around the school, which in turn should depend on individual or household advantage/disadvantage with regard to income, wealth and/or level of education; data from the national Census conducted by StatsSA; or any equivalent data set that could be used as a source (GDE, Circular 56 of 2006). Current policy determines that poor schools (quintile 1) receive seven times more than advantaged schools (quintile 5) (Mestry & Bisschoff, 2009).

Although the NNSSF policy deals with non-personnel and non-capital expenditure, it also makes reference to personnel norms as well as targeting procedures to be followed in allocating capital expenditures. In 2002, the school funding norms were amended to allow the distribution of personnel expenditure to be brought in line with the poverty weightings of the school funding norms. In terms of section 88 of the NNSSF policy, the provincial education departments are required to maintain an "accurate prioritized, annually updated database of school construction needs and undertake annually updated long term projections of new school construction targets and funding requirements, based on these norms".

### *6.4 Impact of the Post Distribution Model for the allocation of teachers posts to schools in Gauteng*

The model is based on the principle that available posts are distributed among schools, proportionally to their number of weighted learners. As some learners and some learning areas require more favourable post allocations than others, each learner is given a certain weighting that reflects its relative need in respect of post provisioning. Other factors like the size of the school, the need to redistribute resources and the need to ensure equal access to the curriculum may require that additional weighted learners be allocated to some schools.

It should be borne in mind that education provisioning is budget driven. The number of teachers employed and distributed to schools is based on affordability within the budget allocation and is not driven by class sizes or learner teacher ratios. However, class sizes and learner teacher ratios are used as policy targets and this should be achieved



progressively as funding increases.

## 6.5 Gauteng provincial policy targeting and resource allocation

The NNSSF policy set a macro policy target of 85-15 split between personnel and non-personnel in the education allocation excluding conditional grants. This was one of the recommendations of the work done in 1997 by the Education Sectoral Task team. The GDE achieved the required 85 -15 split in 2001/2 and has since been shifting back to 80-20 split when conditional grants are excluded.

In the section that follows are some of the more pertinent resource allocation strategies to meet the challenges in the province will be discussed.

## 7. Resource Allocation Strategies in Gauteng to meet the challenges

### 7.1 Post provisioning

From Table 1 we can see the progressive growth in teacher numbers over the twenty year period. Currently the GDE has a post establishment of approximately 53 050 teachers both in offices and institutions. This figure will be maintained over the next few financial years. The projected learner-teacher ratio (systems ratio<sup>3</sup>) for 2007 is 31:1 as compared to 34:1 in 2006. This ratio is not as favourable as in some other provinces. The GDE has been in a position to maintain the 2006 ratio with the aim of stabilising the provincial teacher establishment but is not succeeding as a result of growth in learner enrolment. There is currently a need for 2 500 posts for schools to avoid unmanageable classroom ratios<sup>4</sup>. The revised post provisioning policy sets aside a maximum of 5% of all post for redistribution to schools in disadvantaged communities for curriculum purposes based on the poverty index used by the department.

In terms of the Public Service (PS) staff (administrative and cleaning support) during the apartheid era, there was an imbalance between white and black schools in the province. GDE had the responsibility of restoring this imbalance. The GDE has a Public Service (PS) establishment of 17 761 of which approximately 2 900 work in the districts and Head Office and 14 861 in educational institutions. The GDE has currently made provision for a further 1 000 PS posts to be deployed in institutions. The GDE continues to implement an equitable personnel-provisioning model for PS staff in institutions.

**Table 1:** Number of teachers (including School Governing Body and privately paid educators)

Level	1995	1999	2004	2009	2012	2013	Actual growth
Public Primary School	24,522	25,450	26,635	30,787	32,169	32,264	7,742
Public Secondary School	19,498	17,749	18,923	23,799	27,006	27,093	7,595
<b>Total Ordinary</b>	<b>44,020</b>	<b>43,199</b>	<b>45,558</b>	<b>54,586</b>	<b>59,175</b>	<b>59,357</b>	<b>15,337</b>
ABET	-	2,313	3,246	2,186	2,397	*	*
LSEN	2,028	2,216	2,379	2,706	3,150	3,181	3,091
FET Colleges	-	1,871	2,061	1,804	2,073	*	*
<b>Total Public</b>	<b>46,048</b>	<b>49,599</b>	<b>53,244</b>	<b>61,282</b>	<b>66,795</b>	<b>62,538</b>	<b>18 428</b>
Independent non-subsidised Primary School	30	48	778	1,793	2,183	2,465	2,435
Independent non-subsidised Secondary School	338	482	2,965	5,881	7,720	9,054	8,716
IS - Primary School	848	1,306	644	802	921	765	-83
IS - Secondary School	3,513	4,889	3,569	3,289	3,961	3,182	-331
Independent non-subsidised LSEN	22	-	6	115	246	241	219
Independent subsidised LSEN	59	36	63	52	50	37	-22
Independent non-subsidised ABET	-	-	-	-	97	*	*
<b>Total GP</b>	<b>50,858</b>	<b>56,360</b>	<b>61,269</b>	<b>73,214</b>	<b>81,973</b>	<b>78,282</b>	<b>29,362</b>

\* Data not available for 2013 as yet.

### 7.2 Capital Expenditure (CAPEX)

<sup>3</sup> The number of learners across the system (from all the sectors) divided by the total number of educators including those in offices.

<sup>4</sup> The number of learners divided by the number of class units. A class unit could mean any space that is utilised as a class for teaching and learning.

In Gauteng, the provincial government allocates an annual budget for CAPEX and this amount is used for capital projects only. Capital projects include new works, renovations, refurbishments and minor repairs. Since 1996, the GDE has built sufficient classrooms to eliminate the historic backlog. However due to increased learner migration and an annual growth of approximately 2%, there is an increase in demand for classrooms annually. Over 95% of the CAPEX budget is spent in disadvantaged communities.

### 7.3 NNSSF – Poverty Targeting

The GDE applies the NNSSF policy, and is therefore positively skewing the allocation of funds for recurrent expenditure towards schools in disadvantaged communities. This is being done through the extension of no-fee schools to all quintile 1 – 3 schools and those quintile 4 schools that opt to be included. Fee paying schools are left with flexibility under the South African Schools Act (South Africa, 1996a) and the NNSSF to determine their own needs and raise funds through school fees and fund-raising.

## 8. Cost Drivers

### 8.1 Population and Learner growth

In 1994, the government promised access, equal opportunities regardless of gender and race, efficient and quality education. This was based on the principles of transformation, redress and equity. Since 1994 many improvements have been noted especially with regards to access, equity and redress with serious implications for funding education in Gauteng.

In the first decade of democracy, enrolment in the schooling sector in Gauteng had grown significantly. It increased by 57% from 1.3 million learners in 1995 to 2.1 million in 2013 (see Table 2) in line with significant population growth as a result of urbanisation and migration into the province. The learner enrolment has been growing steadily at an average of 2% per annum resulting in overcrowding and the need for new schools and classrooms in some areas. Gauteng has seen an increase in the enrolment in public ordinary schools from 1.3 million in 1995 to 1.9 million in 2013 – an increase of 588 257 learners. This significant growth, along with movement of learners from one school to another, has led to overcrowding in some schools and forced the Department to deliver on classrooms and schools in areas of need.

The number of learners by ex-Department, learner enrolment by quintiles and learner enrolment in fee paying and no-fee paying schools have an impact on the provincial department of education's budget. The 2011 census data illustrated that Gauteng had a population of 12.3 million people, making Gauteng the most populous province with an increase of almost 2.9 million people over the period 2001-2011. In 1996 Gauteng contributed 18.8% of the South African population; in 2011 it contributed 23.7%. While the population structure for Gauteng mirrors that of national in the sense of having a youthful population, there is a distinctive feature showing a lower number for the 10-14 years' age group. This reflects the high numbers of people migrating to Gauteng in their late teens and twenties.

In 2000, 75 965 learners entered the province increasing to 90 967 in 2009 and 86 974 in 2013. This amounts to an average of 4% of the total enrolment in schools. Gauteng experienced movement of learners from all provinces as well from other countries. The highest number of learners migrating into Gauteng was registered from Limpopo province (20 219) followed by Eastern Cape (14 708). The districts experiencing the highest average increase in learners over the years are Tshwane South, Johannesburg East, Ekurhuleni South and Ekurhuleni North.

**Table 2:** Number of Learners

	1995	1999	2004	2009	2012	2013	Actual Change
Public Primary School	797,812	899,733	954 255	1,059,360	1,119,133	1,162,312	364,500
Public Secondary School	513,473	553,404	606 635	660,883	739,612	737,230	223,757
<b>Total Ordinary</b>	<b>1,311,285</b>	<b>1,453,137</b>	<b>1 560 890</b>	<b>1,720,243</b>	<b>1,858,745</b>	1,899,542	588,257
ABET	-	59,296	69 897	74,534	85,624	*	*
LSEN	25,515	28,036	33 111	34,334	38,144	40,462	14,947
FET Colleges	-	40,789	44 702	100,509	97,953	*	*
<b>Total Public</b>	<b>1,336,800</b>	<b>1,581,258</b>	<b>1 708 600</b>	<b>1,929,620</b>	<b>2,080,466</b>	*	<b>603,204</b>
Independent non- subsidised Primary School	674	852	11 268	24,888	30,312	37,214	36,540
Independent non- subsidised Secondary School	4,536	8,224	41 129	69,812	89,562	111,501	106,965

Independent subsidised Primary School	15,221	23,235	17 545	20,102	22,162	19,060	3,839
Independent Subsidised Secondary School	50,425	79,245	67 076	68,793	74,606	62,209	11,784
Independent non- subsidised LSEN	239	-	15	942	1,677	1,633	1,394
Independent subsidised LSEN	342	410	581	578	670	520	178
Independent non- subsidised ABET	-	-	-	-	3,053	*	*
<b>Total Gauteng Province</b>	<b>1,408,237</b>	<b>1,693,224</b>	<b>1 846 214</b>	<b>2,114,735</b>	<b>2,302,508</b>	<b>*</b>	<b>763,904</b>

\* Data not available for 2013 as yet.

## 8.2 Demand for school infrastructure – increasing access to schooling

The number of schools across the different sectors has increased significantly since 1994 (see table 3), while the consolidation of the FET Colleges and ABET Centres has seen numbers drop. As mentioned previously, the GDE builds additional schools and classrooms and upgrades infrastructure in schools based on a needs analysis. Since 2002 substantial amounts of money have been allocated for the building of new schools. In the period 2003 – 2005 all mud school structures and schools under trees have been replaced with pre-fabricated classroom structures and all schools in the province have access to clean water and sanitation. In 2005 an in-depth analysis established that there was a need to build 125 new secondary schools and 49 primary schools (Annual Report, 2003/04; Annual Report, 2004/05). Since 2005 an average of 25 schools has been built each year. The GDE has also upgraded the infrastructure of many township and rural schools to ensure that all learners have access to education in a safe and conducive environment. The GDE since 2004 has also set aside a substantial amount of money for the erection of fencing and for refurbishing schools. In addition to building schools, the GDE delivers mobile class classrooms to alleviate classroom shortages. In 2010 1 682 mobile classrooms were installed in several schools.

**Table 3:** Number of Institutions

	1995	1999	2004	2009	2012	2013	Actual Change
Public Primary School	1,286	1,353	1,308	1,350	1,347	1,358	72
Public Secondary School	539	548	554	620	698	698	159
<b>Total Ordinary</b>	<b>1,827</b>	<b>1,901</b>	<b>1,862</b>	<b>1,970</b>	<b>2,045</b>	<b>2,056</b>	<b>229</b>
ABET	-	214	247	52	47	47	47
LSEN	98	98	103	103	109	109	11
FET Colleges	-	33	9	8	8	8	8
<b>Total Public</b>	<b>1,925</b>	<b>2,246</b>	<b>2,221</b>	<b>2,133</b>	<b>2,209</b>	<b>2,220</b>	<b>295</b>
Independent non-subsidised Primary School	4	34	52	88	116	137	133
Independent non-subsidised Secondary School	14	96	116	148	250	299	285
Independent subsidised Primary School	53	55	56	51	57	49	-4
Independent subsidised Secondary School	159	155	159	133	143	108	-51
Independent non-subsidised LSEN	4	1	3	9	18	19	15
Independent subsidised LSEN	4	4	3	3	4	4	0
Independent non-subsidised ABET	-	-	-	-	10	10	10
<b>Total Gauteng Province</b>	<b>2,163</b>	<b>2,591</b>	<b>2,610</b>	<b>2,565</b>	<b>2,807</b>	<b>2,846</b>	<b>683</b>

The number of GDE schools grew by 11% in the periods 1994 - 1999, 7% in 1999 - 2004, 8% in 2004 - 2009 and a 10% growth in the current period. Public ordinary schools constitute the largest component of the sector although it has decreased from just over 95% in 1995 to 88% in 2013. The independent school sector which has witnessed a significant increase, constituted over 2% in 1995 and 10% of the total enrolment in 2013. The LSEN sector increased to 2.9% in 2013 from about 2% in 1995.

Although this growth shows GDE's commitment to ensuring that all children have access to learning, it has a significant impact on the service delivery budget which is facing financial constraints. As learner enrolment and numbers of institutions increased substantially, so has the budget for education in Gauteng Province increased from just over R4.5 billion (\$0.42 billion) to a significantly high of R29.2 billion (\$2.74 billion) - an increase of over 500%. The education budget maintained its average share of about 40% of the total provincial budget from 1996 to 2013/14.



### **8.3 Increasing teacher employment to meet demand – increasing access to teachers**

The GDE increased the number of teachers by 22% from 1994 to 2013. This translates into 15 337 additional teachers employed in public ordinary schools with 7 742 in primary schools and 7 595 in secondary schools. There are 15 744 teachers in Independent schools and this sector showed an increase of 50% over this period.

In the following sections, the GDE's budget trends and analysis of the budgets over the twenty year period is discussed.

## **9. Budget Trends and Analysis**

The GDE budget and expenditure for various programmes impacted on the provision of education in the province. The analysis reveals that the GDE had made great strides in all sectors of educations.

### **9.1 Education Financing**

Education financing and resourcing policy was a critical lever towards achieving a single unified education system. In the period 1995-1997, the Minister of Education had the responsibility for provincial budgetary allocations. As a result of a strong national equity programme, inter-provincial inequity was reduced by almost 60% during this period. In 1997/8, provincial governments were responsible for dividing their own budgets among their line function departments. During this transition period there were many challenges that made effective expenditure management difficult. There was serious over-expenditure by some provincial education, health and social welfare departments. In education, there was a net increase in learner enrolment, especially in the junior primary phase. The national and provincial treasuries, and the departments of education, responded by assisting with the development of more credible budgets and enforcing tighter controls to bring actual expenditure in line with budgeted expenditure.

The GDE's revenue is sourced primarily from national and provincial government through the equitable share, provincial own revenue and conditional grants. Over 89% of the education budget is from the province and a further 11% of its budget is received from conditional grants. The conditional grants include the Infrastructure Grant which is for funding construction and maintenance of physical infrastructure; the HIV/AIDS grant that promotes HIV/AIDS and life skills education in primary and secondary schools; and the National School Nutrition Programme which improves the nutritional status of children and enhances their learning capacity. The Technical Secondary School Recapitalisation Grant that improve conditions in technical schools; the FET Grant still managed by the Department of Basic Education but will soon be transferred to the Department of Higher Education; and the Dinaledi Schools Grant which aims at improving mathematics and physical science teaching.

The conditional grant allocation, excluding the FET Grant, has been 3% of the total budget since the 2006/07 financial year but has subsequently increased to 3.9% for the 2012/13 MTEF period. The total conditional grant is 8% when the FET Grant is included.

Small amounts of revenue are collected from administration of insurance deductions on behalf of companies and other sources. This revenue is not retained by the GDE and is ceded to the provincial revenue fund.

### **9.2 Personnel and non-personnel expenditure**

The proportional expenditure, including conditional grants, on different budget items in particular the percentage of expenditure on personnel expenditure versus non-personnel expenditure provides the extent to which the GDE funds educational services and resources such as LTSM and other resources to schools. The ratio of personnel to non-personnel in 1999/2000 was 86:14 and by 2013/14 it was 76:24 as more and more funds were made available to non-personnel items such as transfers to schools, nutrition, no fee schools, infrastructure development and other core support items ensuring quality education is being delivered. However, this is primarily as a result of the funds for the Conditional Grants. With the removal of the Conditional Grants the ratio of personnel to non-personnel is 80:20 in 2013/14.

### **9.3 Programme Budgets: Public ordinary schools**

The largest amount of the GDE's budget is allocated to this programme. The recurrent expenditure is committed to employee compensation; transfers and subsidies to schools and other educational institutions, and payments of capital assets. For example, in the 2012/13 financial year, a large portion of the recurrent expenditure committed to employee

compensation amounted to R20 billion (\$1.87 billion); transfers and subsidies to schools and other educational institutions amounted to R3.2 billion (\$0.3 billion) and payments of capital assets to R556 million (\$52.1 million) in 2012/13. The increase in transfers is mainly due to the increased subsidies to implement the Department's no-fee school policy and expansion of Grade R sites. The increase of 36.3% for 2012/13 financial year is also largely due to the increase in the learner per capita adequacy amount and compensation for fee exemptions in quintile 4 and 5 schools. Transfers have also increased as the result of the focus in the 2012/13 financial year on expanding the Grade R programme to achieve the departmental aim of universalization by 2014. Transfers to section 21 and non-section 21 primary and secondary schools and the quality outreach programmes are also given due consideration.

The increase in budgets over the twenty year period is the result of meeting the ever increasing learner population over the past twenty years and to normalise the learner: teacher-ratio policy requirements of 1:40 and 1:35 for public primary and secondary schools respectively. GDE delivers education services to 2 611 institutions with over 2 million learners. Simultaneously to the sharp increase in enrolment, the budget had grown to try and provide the necessary resources and capacity to overcome the imbalances created by apartheid and to ensure that the principles of redress and equity are achieved. The budget for public ordinary schools had grown from R3.7 billion (\$0.35 billion) in the 1996/7 financial year to R22.2 billion (\$2.08 billion) in 2014/15 indicating an increase of R18 billion (\$1.69 billion) which constitutes just under 500% increase over the 20 year period. This recorded an average annual increase of 10% in the 20 year period.

To address the backlog of classrooms, and refurbishment and maintenance of schools, expenditure on goods and services remain the second largest classification. The increase in transfers to schools is mainly the result of increased subsidies to implement the Department's no-fee school policy, and the expansion in the Grade R sector. GDE has achieved near universal access to primary education. At secondary school level, Gauteng has reached a Gross Enrolment Ratio hovering at 90%. This excludes learners in FET colleges and ABETS centres. The average learner-teacher ratios (LTR) in 1995 were 30:1 for public ordinary schools compared to 35:1 in 2013. The average low teacher-learner ratios in the early 1990's are due to the favourable position of historically advantaged schools. The primary LTR was 33:1 in 1995 compared to 35:1 in 2013. The secondary LTR was 26:1 in 1995 with 27:1 in 2013.

The increase in budget is also attributed to the cost of living increases, the recruitment of additional teachers and support staff. GDE has equalised and improved on the recruitment and distribution of teachers. In 1995 there were 44 020 teachers across the public school system compared to 53 407 in 2013. This represents a 21% increase.

As the Department's main focus is on improving the quality of education in the province, a significant portion of the budget is focused on intervention programmes such as the Gauteng Primary Literacy and Numeracy Strategy, the Intersen Strategy and the SSIP Strategy at an average cost of R85 million per year. In 2007 the Dinaledi Schools Project was established nationally to promote Mathematics and Physical Sciences in order to increase the number of learners pursuing careers in science and mathematics to address scarce skills in South Africa at an average cost of R20 million for each financial year.

#### 9.4 Programme Budgets: Independent schools, LSEN, ABET and ECD

The budget to subsidise independent schools grew from R128.5 million (\$12.04 million) in 1996/7 to R490 million (\$45.92 million) in the 2013/14 financial year which reflects a total percentage increase of 281 per cent in the 20 year series. The increase in this sector is attributed to the promulgation of the South African School Act (South Africa, 1996a) which gave guidelines to the transfer of subsidies to Independent schools based on the NNSSF policy for Independent schools as well as the increase in the number of learners and the registration of more independent schools.

Public Special Schools had a budget of R183.8 million (\$17.23 million) in 1996/7 that increased to R1.6 billion (\$0.15 billion) in 2013/14 constituting a total percentage increase of 777%. The average percentage increase for the last 20 years was 12%. The substantial increases are as a result of implementation of White Paper 6 which sought to promote Inclusive education, increased access to special needs education, increased school subsidies and more resources, assistive devices and most significantly the implementation of OSD that led to the sharp increase after 2009. The GDE also supported the establishment of *Schools of Industry* which were included in 30 special education needs schools.

Adult Basic Education and Training had an allocated budget of R35 million (\$3.28 million) in 1996/7 which had increased to R388 million (\$36.36 million) by 2013/14. The sector experienced a percentage increase of 303% resulting in an average growth rate of 8.2%. Increases in the programme are attributed to implementation of the ABET Act and the General and Further Education and Training Quality Assurance Act (GENFETQA) which stipulated that ABET examinations be written and monitored. Improvements in the curriculum and procurement of ABET LTSM, monitoring and evaluation of centres, introduction of technical and entrepreneurial courses as well as improvements in the conditions of

service of teachers have all contributed to the increase of the budget.

The budget for ECD grew from R88 million (\$8.25 million) in 2003/4 to R635 million (\$59.5 million) in 2013/14. Budget increases are attributed to the implementation of White Paper 5 which stipulates that an ECD institute be established and community sites be formalised to increase learner enrolment numbers in grade R.

## 10. Conclusion and Recommendations

The period covered by this review has been an uncertain start made by new structures on national and provincial government in education. At the national level, the focus has been on, among others, rationalisation, integration of administrative structures and the future of white schools. At a provincial level there was a dire need for the redistribution of resources and the elimination of inequalities in provision, especially in historically disadvantaged schools.

Since 1994, the GDE despite the challenge of limited financial resources was committed to providing quality education in the province. They worked forcefully to improve the conditions to achieve quality education in Gauteng. In the past twenty years, they have achieved near universal access to education, reduced dropout rates across all grades in the secondary school phase, increased and sustain learner performance, especially at Grade 12 level, increased and equalised education spending, and made substantial progress in eliminating the infrastructure backlogs.

Over the past two decades the GDE has further intensified the accountability of carrying out its fiduciary duties and the prudent manner in which the financial resources voted to them have been effectively and efficiently managed, culminating in unqualified audit opinion for the past few years. They no longer receive from the auditors matters of emphasis relating to wasteful expenditure, payroll inaccuracies, as well as non-compliance on submissions to Treasury and the Auditor-General. These are indicators that the department is achieving the efficiencies set out in 1994. These efficiencies can be seen in both the budget balance to achieve quality education and the administration and accounting of the funds received.

In moving forward the following key recommendations should be considered:

- Financing of education: The current model used to fund education in provinces should be reviewed to consider both the enrolment of learners as well as quality improvements in the delivery of education. The key challenge provincial departments of education experiences are the distribution of the national equitable share which is based on historical enrolment figures. A provincial department of education only receives revenue for current enrolment, two years later. The equitable share therefore does not make allowance for the projection of growth in enrolment and the amount received may not be sufficient to meet the demands.
- Review of the adequacy amount allocated to no-fee schools as it is lagging behind inflation.
- Review of the education legislation. In light of the introduction of no-fee schools and the increasing demand for a national free education system, a review of the South African Schools Act and related education legislation is required.

The GDE is committed to achieving the desired quality education for all by accelerating service delivery and enhancing the conditions in institutions in the province.

## 11. Acknowledgement

I wish to thank the Gauteng Department of Education who have funded this research project.

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