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**CONTENTS • INHOUD**

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**GOVERNMENT NOTICE**

**Education, Department of**

*Government Notice*

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869	South African Schools Act (84/1996): Amended national norms and standards for school funding .....	3	29179
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**GOVERNMENT NOTICE**

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**DEPARTMENT OF EDUCATION****No. 869****31 August 2006****SOUTH AFRICAN SCHOOLS ACT, 1996 (ACT NO 84 OF 1996)****AMENDED NATIONAL NORMS AND STANDARDS FOR SCHOOL FUNDING**

I, Grace Naledi Mandisa Pandor, Minister of Education, in terms of Section 39 (7) of the South African Schools Act, 1996 (Act 84 of 1996) hereby publish the Amended National Norms and Standards for School Funding, as set out in the Schedule. The implementation date of the norms will be 1 January 2007.

Copies of the documents are available from the Department of Education:  
Private Bag X895  
PRETORIA  
0001



GNM Pandor, MP  
Minister of Education  
Date: 27-08-2006  
(034S0283)

**SCHEDULE****NATIONAL NORMS AND STANDARDS FOR SCHOOL FUNDING****CONTENTS**

ABBREVIATIONS.....	3
<b>PART 1 .....</b>	<b>4</b>
<b>1. INTRODUCTION .....</b>	<b>5</b>
This document.....	5
Interpretation .....	5
Application of the norms .....	6
When the norms come into effect .....	6
Monitoring of implementation.....	6
<b>2. POLICY FRAMEWORK .....</b>	<b>7</b>
The right to education and the financial responsibility of the state .....	7
Personnel costs in Provincial Education Departments .....	8
Targeting expenditure for redress, equity and quality .....	9
Fee charging and exemption policy in public schools .....	10
State subsidies to independent schools.....	13
<b>3. IMPLEMENTATION .....</b>	<b>15</b>
Developing capacity for intensive data use.....	15
Implementing the norms .....	17
<b>PART 2 .....</b>	<b>20</b>
<b>4. CAPITAL COST ALLOCATIONS IN PUBLIC SCHOOLS .....</b>	<b>21</b>
Scenario planning for new school construction .....	21
Target list.....	22
Hostel facilities.....	23
<b>5. THE SCHOOL ALLOCATION .....</b>	<b>24</b>
Key terms .....	24
Introduction.....	25
Background .....	26
Inputs that may be covered by the school allocation .....	26
The resource targeting list.....	28
The determination of nationally progressive school allocations.....	31
The school allocation and accountability.....	34

The list of Section 21 status .....	36
Resource transfer procedures where SASA Section 21 functions have been allocated.....	37
Resource transfer procedures where SASA Section 21 functions have not been allocated.....	38
Financial controls where Section 21 functions have been allocated .....	39
Transition and commencement issues .....	39
Hostel costs.....	40
<b>6. FEE EXEMPTIONS IN PUBLIC SCHOOLS.....</b>	<b>42</b>
Introduction .....	42
No fee schools .....	42
Automatic exemptions for individual learners.....	44
Calculations to determine full and partial exemptions .....	45
Other types of fee exemptions.....	45
<b>7. SUBSIDIES TO INDEPENDENT SCHOOLS .....</b>	<b>46</b>
Introduction .....	46
Funding criteria .....	47
Date of subsidy payments .....	51
Monitoring and revision .....	51

## FIGURES

Figure 1. Sequencing the application of the norms during the school and state financial years .....	19
Figure 2. The targets table .....	31
Figure 3. The poverty table.....	33
Figure 4. Allocation table for independent school subsidies.....	49

**ABBREVIATIONS**

CEM	Council of Education Ministers
DoE	Department of Education
EMIS	Education Management Information System
HEDCOM	Heads of Education Departments Committee
HOD	Head of a Provincial Education Department or Head of Department
MEC	Member of the Executive Council for Education
MTEF	Medium Term Expenditure Framework
PED	Provincial Education Department
SASA	South African Schools Act, 1996 (as amended)
Section 21	Section 21 of the South African Schools Act, 1996
SGB	School Governing Body

## PART 1

## 1. INTRODUCTION

### **This document**

1. This document sets out the national norms and standards for school funding in terms of the South African Schools Act, 1996 (No. 84 of 1996). It also deals with the procedures to be adopted by Provincial Education Departments (PEDs) in determining resource allocations to their schools. These norms replace any previous school funding norms issued in terms of Section 35 of the South African Schools Act, 1996 (No. 84 of 1996).
2. These norms and standards are based on the original norms and standards published in 1998 (Notice 2362 of 1998). They include amendments introduced in 2003 (Notice 20 of 2003) and amendments made in 2006 following the publication of proposals for public comment (Notice 1357 of 2004).
3. These norms and standards deal with
  - (a) the public funding of public schools, in terms of Section 35 of the Act.
  - (b) the exemption of parents who are unable to pay school fees, in terms of Section 39(4) of the Act.
  - (c) Public subsidies to independent schools in terms of Section 48(1) of the Act.
4. The funding policy relating to learners with special educational needs will be prepared in accordance with Education White Paper 6: Special Needs Education.
5. The Department of Education (DoE) prepared this document after consultation with the Sub-Committee on Finance of the Heads of Education Departments Committee (HEDCOM). The Sub-Committee includes representatives of the DoE and PEDs, the National Treasury and the national educator organisations.

### **Interpretation**

6. In this document-
  - (a) unless the context indicates otherwise, any expression to which a meaning has been assigned in the South African Schools Act, 1996 (No. 84 of 1996), has that meaning;
  - (b) "Regulations" means the Exemption of Parents from the Payment of School Fees Regulations, determined in terms of Section 39 of the Act;
  - (c) "the Act" means the South African Schools Act, 1996 (No. 84 of 1996).



## **Application of the norms**

7. The norms and standards in this document apply uniformly in all provinces, and are intended to prevail in terms of Section 146(2) of the Constitution.

## **When the norms come into effect**

8. These norms become national policy on 1 January 2007.
9. Some norms will apply to the public school financial year (January to December) and others to the state financial year (April to March).
10. Pre-conditions for full and efficient implementation of the norms are described later in this document, with suggestions for a sequence of activities that would enable PEDs to prepare themselves to put the norms into effect.

## **Monitoring of implementation**

11. The Department of Education is responsible for monitoring the implementation of the norms in terms of Section 8 of the National Education Policy Act, 1996 (No. 27 of 1996). The DoE is required to undertake its monitoring and evaluation role

"in a reasonable manner, with a view to enhancing professional capacities in monitoring and evaluation throughout the national education system, and assisting the competent authorities by all practical means within the limits of available public resources to raise the standards of education provision and performance." (Section 8(4))

For purposes of monitoring the DoE will determine reporting formats in consultation with PEDs.

12. Each Head of Department will be expected to verify that the national norms are being complied with in allocating funds, or that acceptable alternatives are being implemented after consultation with the DoE. PEDs must use, for this purpose, systems and software tools that have been made available by the DoE or alternative methods that will produce reports required by the DoE. If the PED is unable to comply with the norms because of a lack of expertise or for any other reason, the DoE must be informed without undue delay, so that the problem can be examined and remedies sought.

## 2. POLICY FRAMEWORK

### **The right to education and the financial responsibility of the state**

13. The Bill of Rights in the Constitution of the Republic of South Africa, 1996 (No. 108 of 1996) establishes the right to education in these terms:

"Everyone has the right-

- (a) to a basic education, including adult basic education; and
- (b) to further education, which the state, through reasonable measures' must make progressively available and accessible" (Section 29(1)).

14. The South African Schools Act, 1996 came into effect on 1 January 1997. The principal objective of the Act is "to provide for a uniform system for the organisation, governance and funding of schools". In terms of the Act, schools cover learning programmes between grade O (better known as grade R. for "Reception") through to grade 12.

15. The SASA (Section 3) provides for compulsory attendance of learners at school between the ages of seven and 15 (or the completion of grade 9). This is known as the compulsory or General Education phase. Every provincial Member of the Executive Council for Education (MEC) is required to provide sufficient school places for every child in the compulsory attendance bracket. If this cannot be done because of a lack of capacity, the MEC must take steps to remedy the lack as soon as possible.

16. The Act imposes other important responsibilities on the state with respect to the funding of public schools. The basic principles of state funding of public schools derive from the constitutional guarantee of equality and recognition of the right of redress. The Act provides 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 educational provision" (Section 34(1)).

17. These principles therefore underlie the national norms and standards for public school funding which the Minister is required to determine (Section 35).

18. The SASA follows the Constitution (Section 29(3)) in establishing the right of any person to establish and maintain an independent school at his or her own cost, and sets out the grounds on which a PED must register an independent school. The Constitution does not preclude state subsidies for independent education institutions. The Act empowers the Minister of Education to determine norms and minimum standards for the granting of subsidies to independent schools. Such subsidies may be granted by the MEC in a province (Sections 46, 48).

## **Personnel costs in Provincial Education Departments**

19. Except in this section, this document does not deal with personnel costs in Provincial Education Departments.

### **Policy targets**

20. The Ministry of Education's personnel policy for schools embodies these key principles:
  - (a) schools must be supplied with an adequate number of educator and non-educator personnel
  - (b) such staff members must be equitably distributed according to the pedagogical requirements of the schools, and
  - (c) the cost of personnel establishments must also be sustainable within provincial budgets.
21. As a policy target, based on both local and international evidence, the Ministry of Education has determined that personnel:non-personnel spending in ordinary public schools should be of the order of 80:20.
22. Progress toward meeting the personnel: non-personnel target must be assessed by Provincial Education Departments in the course of preparing each year's updated MTEF. A reduction in the proportion of the education budget spent on personnel must result in an actual increase in budgeted expenditure on pedagogically critical non-personnel items (such as new school construction, provision of essential services, supply of books and other learning support materials, and educator development).
23. Within the total personnel allocation in PEDs, teaching personnel costs should be targeted at 85%, to allow for the appointment and proper distribution of administrative and support staff in Provincial Education Departments.
24. The Department of Education (DoE) will work with Provincial Education Departments, using existing databases, to ensure that they can track the number and location of personnel engaged in teaching and non-teaching activities, in order to assist planning towards this target.

### **Educator personnel**

25. Aside from the above general policy targets, this document does not norm the allocation of educator personnel, either in a province generally, or in teaching posts at or in connection with schools.
26. The Minister of Education determines national policy in respect of educator post provisioning, in terms of the National Education Policy Act, 1996 (No. 27 of 1996). The educator post establishment in each province is determined by the MEC, subject to national norms prescribed for the provisioning of posts (Employment of Educators Act, 1998 (No. 76 of 1998), Section 5(1)).

27. The Minister determines norms in respect of posts to be allocated to public schools, in relation to their curriculum and other circumstances, which the Head of Department must follow in distributing the available posts within the approved education establishment of a PED.
28. The Ministry's personnel and funding policies aim to remove inequities in the distribution of public resources for education, both across provinces and within provinces. The logical direction of policy is that personnel allocation costs to schools should be funded, eventually, on the basis of an equitable cost per learner, in order to address more efficiently the aim of redress and equity in the provision of quality education. However, these norms and the funding practices of PEDs are not yet based on a strict equitable cost per learner.

### **Non-teaching personnel at school level**

29. The allocation of non-teaching staff to schools, including administrative and support staff, is extremely uneven. The provision of such personnel has been severely lacking in historically disadvantaged and small schools. Inequalities in the provision of such staff members is almost certainly associated with major inefficiencies in schools which serve poor communities.
30. The Minister of Education is responsible for determining norms for the provision of non-educator personnel, including non-teaching personnel at school level.

### **Targeting expenditure for redress, equity and quality**

31. Effecting redress and equity in school funding, with a view to progressively improving the quality of school education, within a framework of greater efficiency in organising and providing education services, are matters of urgent priority for the Ministry of Education. The Preamble to the South African Schools Act, 1996 states that:

"...this country requires a new national system for schools which will redress past injustices in educational provision, provide an education of progressively high quality for all learners and in so doing lay a strong foundation for the development of all our people's talents and capabilities...."

32. To achieve these objectives in a systematic manner requires new systems of budgeting and spending for schools.
33. In terms of our Constitution and the government's budgeting procedure, the Ministry of Education does not decide on the amounts to be allocated annually for Provincial Education Departments. This is the responsibility of provincial governments and legislatures, which must make appropriations to their education departments from the total revenue resources available to their provinces. Thus, each province determines its own level of spending on education, in relation to its overall assessment of needs and resources.

34. It follows that national norms for funding schools cannot prescribe actual minimum amounts in Rands to be spent per learner, however desirable that might be.
35. From the 1998/99 financial year, the national and provincial budgets have been prepared within the MTEF, which enables government outlays to be planned on a three-year rolling basis.
36. An important assumption underlying these national norms is that the national and provincial levels of government will honour the state's duty, in terms of the Constitution and the SASA, to progressively provide resources to safeguard the right to education of all South Africans. However, educational needs are always greater than the budgetary provision for education. To effect redress and improve equity, therefore, public spending on schools must be specifically targeted to the needs of the poorest. This will apply to both the General Education (grades 1-9) and the Further Education and Training (grades 10-12) phases.

## **Fee charging and exemption policy in public schools**

### **School fees and equity**

37. The SASA imposes a responsibility on all public school governing bodies to do their utmost to improve the quality of education in their schools by raising additional resources to supplement those which the state provides from public funds (Section 36). All parents, but particularly those who are less poor or who have good incomes, are thereby encouraged to increase their own direct financial and other contributions to the quality of their children's education in public schools. The Act does not interfere unreasonably with parents' discretion under the law as to how to spend their own resources on their children's education.
38. Ironically, given the emphasis on redress and equity, the funding provisions of the Act appear to have worked thus far to the advantage of public schools patronised by middle-class and wealthy parents. The apartheid regime favoured such communities with high-quality facilities, equipment and resources. Vigorous fund-raising by parent bodies, including commercial sponsorships and fee income, have enabled many such schools to add to their facilities, equipment and learning resources, and expand their range of cultural and sporting activities. Since 1995, when such schools have been required to down-size their staff establishments, many have been able to recruit additional staff on governing body contracts, paid from the school fund.
39. Poor people, on the other hand, especially in former homeland areas, have contributed a disproportionate share of their incomes over many decades to the building, upkeep and improvement of schools, through school funds and other contributions, including physical labour. All too many schools in poor rural and urban working-class communities still suffer the legacy of large classes, deplorable physical conditions, and absence of learning resources, despite various school building

programmes. Yet the educators and learners in poor schools are expected to achieve the same levels of learning and teaching as their compatriots.

40. Such contradictions within the same public school system reflect past discriminatory investment in schooling, and vast current disparities in the personal income of parents. The present document addresses these inequalities by establishing a sharply progressive state funding policy for ordinary public schools, which favours poor communities.

### **Parents' responsibility**

41. All public school governing bodies are obliged by the Act to support their schools financially as best they can. The Act provides that a governing body must -

"take all reasonable measures within its means to supplement the resources provided by the State in order to improve the quality of education provided by the school to all learners at the school" (Section 36).

42. However, in fulfilling their obligation to raise supplementary resources, governing bodies are not required to charge school fees. Whether or not to charge school fees is a matter for the parents of the schools, where schools have not been declared no fee schools in terms of these norms and Section 39(7) of the Act<sup>1</sup>. The Act links the question of fees to the budget of the school, which the governing body must present to a general meeting of parents for approval. The intention is that the governing body will give the parents all necessary information about the school's income, from the state and other sources, and its educational needs. Parents will then decide what additional revenue the school needs for educational purposes, and how that revenue is to be raised, including whether or not fees are to be charged.
43. At the parents' general meeting, any resolution that proposes fee payment must include the amount of fees to be charged, and "equitable criteria and procedures for the total, partial or conditional exemption of parents who are unable to pay" the fees (Section 39(2)). In making its decisions, therefore, the parent body must take into account, as far as is practicable, the financial circumstances of all the parents, taken as a whole. The Ministry expects that more affluent, or less poor, parent communities will contribute proportionally more, because state funding per learner in their schools will be less than in schools serving poorer communities. In no fee schools, parents may not set compulsory school

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<sup>1</sup> Section 1(xiv) of the Act defines "parent" as-

- (a) the parent or guardian of a learner;
- (b) the person legally entitled to custody of a learner; or
- (c) the person who undertakes to fulfil the obligations of a person referred to in paragraphs (a) or (b) towards the learner's education at school.

fees, and the school may not levy such fees. This is to protect households in the socio-economically least advantaged sections of society.

44. A parent body, taking into account its circumstances, may decide to charge no fees at all, even if parents have the right to determine compulsory school fees. In such a case the question of exemptions does not arise. Another parent body may decide to set a small fee, so that no parent needs to be exempted. In most public schools where parents decide to charge fees, parents' ability to pay fees may vary considerably. In such cases, difficult decisions must be taken about the level of fees, and an equitable threshold for exemption from fee-paying.
45. Parents of learners at a public school, therefore, carry serious responsibilities with respect to the determination of a school's budget, its sources of revenue, and (if fees are charged) the level of fees and the conditions for exemption of parents from fee paying. Furthermore, if a majority of parents vote in favour of school fees, each parent is responsible for paying the required fee, unless an exemption has been granted, and unless the school has been declared a no fee school. But no learner can be denied admission, or otherwise discriminated against, on grounds of the parent's inability or failure to pay fees.
46. The Ministry of Education monitors all aspects of the implementation of the South African Schools Act, 1996, in order to assess to what extent its objectives are being met. In particular, the effect of the new budget allocation policy on the current inequalities in school provision, the levels of fee charging by public schools, and the uses to which such income is put, are all important matters of legitimate concern to the Ministry and the public, which must be kept under review.

## **State subsidies to independent schools**

### **The independent school sector**

47. Independent schools vary substantially in age, size, location, socio-economic status, facilities, staff, mission, governance, representivity, religious or secular identity, community service, cost structure, endowments, financial viability, rates of fees, and quality of teaching and learning. It is impossible to generalise about them. Many deliver valuable educational services and have loyal clienteles. Others deliver services of low quality and exploit the ignorance of parents. Some pride themselves on conservative principles of governance and teaching. Others value innovation. Some have an inward focus. Others have a deliberate mission of social concern and professional co-operation with public schools serving the poor.
48. Independent school enrolment amounts to about two percent of total school enrolment nation-wide. This percentage may be increasing. Within provinces, independent school enrolments vary from a fraction of a percent of total school enrolment, to several times the national average. If all learners were to transfer to public schools, the cost of public education in certain provinces might increase by as much as five percent.

49. The practice of granting state subsidies to registered independent schools (previously known as private schools) is well established in South Africa. Subsidies have typically been calculated as a defined fraction of the cost per learner in the public school system. Before 1994, independent schools were required to register with the respective education departments of the apartheid state, among which the cost per learner was grossly unequal. Therefore, state subsidies to independent schools reflected the pattern of race-based inequality in the public (state and state-aided) school systems under apartheid.
50. Race-based inequalities in subsidies to independent schools have been eliminated since 1994. Since then, subsidy levels have differed somewhat by province. But extreme pressure on the non-salary components of provincial education budgets, especially in 1997/98 and 1998/99, has resulted in a sharp decline in the per learner value of independent school subsidies, and considerable uncertainty as to the future trend of independent school funding by provincial education authorities.
51. Fees in independent schools have tended to rise in response to subsidy cuts. Some independent school proprietors have applied for schools to be taken over by Provincial Education Departments, as public schools on private property, in terms of Section 14 of the Act. PEDs have been slow to comply.
52. The Government is grappling with the necessity to stabilise and reprioritise provincial education budgets, in terms of the Medium Term Expenditure Framework. The serious reality underlying the new policy for school funding is that, for the foreseeable future, provincial education budgets will be extremely constrained, especially with respect to non-personnel allocations, out of which subsidies are paid.

### **Subsidy policy**

53. The Ministry of Education cannot determine subsidy levels in monetary (Rand) terms because, under our Constitution, budget decisions of that kind are made within provincial governments. For this reason, the national norms for independent school subsidies are expressed as criteria of eligibility for subsidy, and principles of allocation. These criteria and principles are consistent with the values underlying the Constitution and the Act.
54. The Ministry of Education bases its subsidy policy on the fiscal argument, and on social grounds. The fiscal argument is as follows. The state has a constitutional and statutory responsibility to provide school education to all learners. However, the right of reputable, registered independent schools to exist is protected by the Constitution, and the payment of subsidies to them is not precluded. Such independent schools perform a service to their learners that would otherwise have to be performed by the Provincial Education Departments. Public subsidies to such schools cost the state considerably less per learner than if the same learners



enrolled in public schools. It is, therefore, cost efficient for the state to provide a subsidy.

55. In South Africa, the fiscal argument is an important but not a sufficient basis for national policy. Given the extreme inequalities and backlogs in the provision of public education and the pressure on public education budget allocations, the national policy on public subsidies to independent schools must serve explicit social purposes.
56. Subsidy allocations, therefore, must show preference for independent schools that are well managed, provide good education, serve poor communities and individuals, and are not operated for profit. Such criteria must be capable of measurement according to objective, transparent, and verifiable criteria.

### 3. IMPLEMENTATION

#### **Developing capacity for intensive data use**

##### **Data needs**

57. Most PEDs manage budgets of many billions of Rands. Targeting redress, and improving equity in public funding of public schools in an efficient manner, requires the DoE and PEDs to undertake serious budgetary and financial analysis, and to use information intensively.
58. In order to make progress towards equity in school funding, each Provincial Education Department must
  - (a) use relevant provincial data much more intensively in budgeting and planning decisions;
  - (b) develop the necessary data systems to guide planning and allocations; and
  - (c) be able to demonstrate to the DoE that progress is being made.
59. The SASA provides that all public schools are budget and cost centres (Sections 37, 38 and 42). These norms and standards therefore require the use of certain data that have not previously been necessary in budgeting for public schools.
60. Schools must provide information to Provincial Education Departments (Section 59 of the Act). On their part, departments must ensure that information is received on time from schools, so that the necessary analysis can be undertaken, and resource allocation decisions made on time.
61. PEDs must annually provide public schools with sufficient information so that the schools' governing bodies can develop their budgets as required by Section 34 of the Act.
62. PEDs must annually provide independent schools by 30 September of each year with sufficient indicative information, at least the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools, and an indication of the subsidy category under which the school is grouped in Figure 4 of paragraph 187, to enable them to plan their budgets and fee schedules for the following year. It should be noted that this subsidy amount is merely for planning purposes and might differ from the actual subsidy amount allocated.
63. Initially, the budget information provided to schools by PEDs may be indicative, rather than fully detailed. In time, such information should include the current year's expenditures at each school, and the guideline amount of the total allocation by the Provincial Education Department to the school for the coming school year, including all guideline personnel costs. Such costs should be expressed both in absolute and per learner terms. This is necessary so that schools become accustomed to thinking

about their total costs per learner. The aim is to improve each PED's accounting and information processing systems so that each school's costs for personnel and non-personnel can be identified by item.

64. Comprehensive data on schools have been created through the national School Register of Needs survey, whose databases have been incorporated in provincial data systems, and the new, provincially-based national Education Management Information System (EMIS). The 1996 national Census reports will provide reliable and up-to-date demographic information. Provincial Education Departments may have access to other data sources, and the national Department will augment these wherever possible.
65. The MTEF provides a co-operative mechanism for improving the accuracy of budget-related data, and undertaking relevant analytic studies. The DoE and PEDs are active participants in these processes.

### **Skill requirements**

66. To attempt to accomplish the new tasks without high-level skills is absolutely unrealistic, especially given the size of provincial education budgets. Each Provincial Education Department must, therefore, acquire the services of:
  - (a) At least one, and preferably several, highly-skilled strategic financial analysts who understand the use of data-intensive planning and analysis techniques in public financial management. If not already deeply familiar with education issues and policies, they must be willing to make a careful study and acquire the necessary knowledge.
  - (b) Several high-level accounting experts who understand the national computerised public financial and management information systems. Both accounting expertise and strategic financial management expertise are necessary if PEDs are to apply the norms satisfactorily.
  - (c) Several highly-skilled information systems experts to improve the functioning of the education databases (including the EMIS). This will include the decentralisation or devolution of such functions and the training of regional and district officers.
  - (d) At least one senior statistician or applied numerical analyst.
  - (e) At least one person skilled in educational planning and forecasting techniques.
  - (f) Computer systems and databases.
67. Provinces that have difficulty making the necessary appointments should explore:
  - (a) the use of existing donor-funded arrangements with consulting firms and NGOs;

- (b) secondments from other public sector organisations (e.g., financial or scientific);
  - (c) secondments from the private sector;
  - (d) consultancies or other contracted services; and
  - (e) the use of DoE personnel with financial and EMIS expertise, to assist with the induction of the new, high-level analysts.
68. Each Provincial Education Department should plan the work of such specialists as follows:
- (a) Assess the tasks that must be accomplished, taking into account financial regulations, sound financial management procedures, and the National funding norms described in this document
  - (b) Proceed to appoint, or cause to be seconded, or out-source with own or donor funds, persons with the skills listed above to undertake the tasks identified in step (a).
  - (c) Clarify the relationship of the new specialists to existing work units. Lines of accountability and working relationships must be very clear.
  - (d) Ensure that the new specialists have the necessary operating budget, status, and support personnel, such as data entry personnel, to get the work done.
  - (e) Ensure that they interact with colleagues in similar posts in other provinces and with DoE officials working on these tasks, as a means of assisting with their familiarisation with the policy environment.
  - (f) Ensure that they have a written Scope of Work or task description. Draft lists of technical tasks consistent with the funding norms and other ongoing financial management tasks are available from the DoE.
  - (g) The Scope of Work must include budgeted plans for financial capacity building in provincial, district and other offices of the PED (depending on their actual responsibilities), school management teams and SGBs.
69. A Provincial Education Department that is not technically ready to apply the norms in full, will be expected to present to the DoE a detailed management plan for the acquisition of the necessary capacity to implement. This plan must be consistent with paragraphs 58-60 of this document. The DoE will assist PEDs to develop the capacity they need.

### **Implementing the norms**

70. Certain tasks have priority, and must be undertaken or continued even before the norms and standards come into effect. These are:
- (a) creating a computerised method of tracking and documenting the targeted allocations and subsidies, according to the norms;

- (b) creating appropriate accounting and financial mechanisms to allocate and track funds in terms of the norms, and to inform schools of their allocations as required by Section 34 of the Act;
  - (c) helping SGBs, in schools that have not been declared no fee schools in terms of SASA Section 39(7), to understand how to advise parents on whether to set fees, to calculate the level of fees, to determine exemption criteria and procedures, and to handle appeals (SASA, Sections 38-40).
71. Analytical and budgetary preparation for January of year n+1 must start not later than the beginning of the school year of year n. Figure 1 outlines key aspects or functions of the norms that pertain to the school and fiscal years, or that are ongoing. The entries are presented in approximate chronological order during the year, except for the "ongoing" column. There is no time-wise correspondence across the three lists. Details and explanations of the activities listed in Figure 1 may be found in Part 2 of this document.

Figure 1. Sequencing the application of the norms during the school and state financial years		
School Financial Year	State Financial Year	Ongoing
1. Determination of Rand value of subsidies to independent schools (term by term) for current school year.	1. Availability of guideline, preliminary, and final budgetary information which can be used to determine school-level budgets and inform schools.	1. Ensure that personnel, teams, and systems needed to accomplish the tasks in this table and in these norms are available.
2. Determination of which public schools will be able to receive direct transfer payments for certain items for next school year and of which public schools will be no fee schools.	2. Availability of budgeted funds.	2. Improve databases for targeting of public schools according to poverty and school conditions criteria
3. Targeting of public schools according to targeting criteria for next school year and development of master targeting list.		3. Improve criteria for determining which public schools receive direct transfer payments for certain items.
4. Provide guideline budget information to public schools on their level of financial support for next year, including personnel, other directly-provided items, and transfer payments.		4. Improve financial and physical planning for new construction requirements, including analysis for targeting priorities.
5. Determination of percentage subsidy levels for independent schools for next school year.		5. Improve accounting, financial, and EMIS tracking methods ensure that individual school costs and personnel allocations can be tracked, cross-indexed and made more accurate.
6. Fee determination and exemptions at public schools for next school year. (The PED is not necessarily directly involved in these processes, but bears a responsibility of supervision and ensuring that governing bodies are well prepared.)		6. Provide financial management training to governing bodies and school leadership
		7. Ensure audited status of public schools.
		8. Ensure well-functioning process of appeal from parents over school fee exemptions.

PART 2

## 4. CAPITAL COST ALLOCATIONS IN PUBLIC SCHOOLS

### **Scenario planning for new school construction**

72. "New classroom and other construction allocations" includes provision for water, electricity, sewage and telephone services on site, and connections to mains services where these are provided to the school site.
73. Provincial Education Departments must budget for this category in terms of their overall budget for education and for schools, and the relative flexibility or rigidity of other budget items.
74. The MEC for Education of each province must ensure that there are enough school places to enable each child living in the province to attend school during the compulsory phase (Section 3(3) of the Act). If an MEC cannot comply with this mandate, he or she must take steps to remedy the situation and must report annually to the Minister of Education on progress made (Section 3(4) of the Act).
75. Despite the current shortage of funds for capital development, as an aid to planning and decision-making, each PED must:
  - (a) maintain an accurate, prioritised, annually updated database of school construction needs, and
  - (b) undertake annually updated long-term projections of new school construction targets and funding requirements, based on these norms.
76. Part of the physical planning framework should include an analysis of the cost and educational need for schools that are smaller than is normally desirable. If they are very close to each other, and there are no economic or educational grounds for their separate existence, the options of merger or closure (in terms of Section 33 of the Act) should be considered. In the event of a merger or closure, the Provincial Education Department must ensure that all affected learners have access, on a reasonable basis, to alternative public school accommodation.
77. The scenario planning should initially estimate the requirements to eliminate backlogs and provide sufficient school places by the target year 2008. This must form part of the analytical work required for the MTEF, and should be adjusted annually in the light of new data and performance in new school construction. Depending on the availability of funds each year, and construction performance, the plan may require acceleration or deceleration.



## Target list

78. The construction of new schools or additional classrooms and learning facilities should be targeted to the neediest population. In this expenditure category, "need" is defined in terms of
- (a) lack of current schools, or
  - (b) overcrowding of existing ones.
79. No national norm for "crowding" is given in this document. Each PED must objectively determine where to site new schools and classrooms based on provincial norms and verifiable crowding and distance indicators (need indicators) developed from available data, including the School Register of Needs, Census data, and the department's own EMIS. Wherever possible, PEDs must aim to eliminate under-utilisation of physical space occurring concurrently with overcrowding, and must therefore also determine minimum per classroom occupation levels below which schools will be considered under-utilised.
80. Need indicators should refer to the proportion of children who are out of school or are in over-crowded schools. Preference should be given to areas where –
- (a) children are out of school and there is no uncrowded local or nearby school; or
  - (b) all eligible children are enrolled in school but the local or nearby schools are crowded; *and*
  - (c) an analysis of population movements demonstrates that the population concerned is resident and permanent.
81. Using these criteria, the PEDs must develop a ranking of geographical areas from neediest to least needy, based on the numbers of children out of school or in existing crowded schools. Backlogs must be eliminated by starting with the neediest, most crowded areas, and proceeding as quickly as possible down the list of priorities.
82. In the allocation of new school construction funds, preference must be given to-
- (a) facilities serving the compulsory education grades (grades 1-9) in order to ensure that all eligible learners have school places as soon as possible, and
  - (b) extensions to existing schools, rather than new schools, except where extensions would result in schools that are too large to be pedagogically sound, or would otherwise be uneconomical, impractical, or undesirable on educational grounds.

## **Hostel facilities**

83. New hostel facilities may be built if the following criteria are satisfied:

- (a) the crowding criteria in paragraphs 78 to 82, for construction of new schools or extensions; and
- (b) the transport time and poverty criteria in paragraph 148.

84. Other criteria may be used, provided that they give the same results in terms of equity and efficiency. Provincial Education Departments may be required to verify such results, in order to demonstrate that they have complied with this national norm for hostel construction.

## 5. THE SCHOOL ALLOCATION

85. This section describes the rights and obligations of schools and the state with regard to the school allocation that is granted by Government on an annual basis to public ordinary schools. This section also describes the hostel subsidy.
86. This section relates to public ordinary schools only. 'School' in this section must be taken to mean 'public ordinary school'.

### Key terms

87. The following terms have particular importance with regard to the school allocation.

**National poverty distribution table (or the 'poverty table').**

A table, provided in this policy, that describes the distribution of national poverty across the country.

**National quintile for public schools.** One of five groups into which all South African public ordinary schools are placed, and where the grouping is according to the poverty of the community around the school. Quintile one is the most poor quintile, quintile two is the second-poorest quintile, and so on. Each national quintile encompasses one-fifth of the learners enrolled in public ordinary schools. In this policy, 'national quintile' means 'national quintile for public schools'.

**National quintile for learners.** One of the five groups into which all South African public ordinary school learners are placed. The national quintile for any learner is always the same as the national quintile for the public school in which the learner is enrolled.

**National table of targets for the school allocation (or the 'targets table').** A table, provided in this policy, that lays down the per learner monetary targets for the school allocation in terms of national poverty quintiles.

**Resource targeting list.** A list of schools in a province with schools ranked according to poverty of the school community. Schools should be sorted from poorest to least poor on this list.

**School allocation.** An amount allocated by the state to each public ordinary school in the country on an annual basis in order to finance non-personnel non capital expenditure items.

**School allocation budget.** A provincial budget used exclusively to finance the school allocations in the province.

**School poverty score.** A score attached to each school that reflects the degree of poverty of the surrounding community.

## Introduction

88. The school allocation is intended to finance key inputs other than personnel and buildings in the education process. Key examples of inputs for which the school allocation is intended are textbooks, stationery and non-educational items such as cleaning materials and electricity. Such inputs are necessary if educators and other personnel in schools are to perform their functions properly. The school allocation is therefore an important instrument supporting Government's commitment to fulfilling the state's Constitutional obligation to provide education.
89. As there is a history within South Africa and in other countries of school fees being used to cover the items targeted by the school allocation, Government regards a school allocation that is adequate for at least the poor, as a key lever for ensuring that households suffering the effects of poverty enjoy schooling that is adequately funded by the state. A distributional approach that favours the poor in this regard is in keeping not only with Government's Constitutional obligation to redress the imbalances of the past, but also with South Africa's commitment to various regional and international agreements to combat poverty through increased access to quality education.
90. Government sees the school allocation as a key means of empowering school communities, and realising democracy at the level of the school. It is important for the local level to participate in decision-making relating to what non-personnel inputs to purchase for particular schools. For this reason, Government supports the gradual transfer to the school level of decision-making powers relating to the school allocation. This must obviously occur in a controlled manner, in accordance with the important Sections 19 to 22 of the SASA, and in such a way that public funds are not squandered, and are spent in a manner that fully supports the national curriculum.
91. Government will determine the level of the school allocation, and optimise the translation of the school allocation into resources that schools can utilise, on the basis of five key considerations:
- (a) The rights of learners with regard to schooling.
  - (b) What the minimum basic package of school inputs is in order to make quality education a possibility. With regard to this consideration, Government acknowledges that in striving for equity in education, there is a need to spend more on education for the poor, and that the basic minimum package may vary with factors such as socio-economic context.
  - (c) Prices of goods and services required by schools.
  - (d) The distribution of income and poverty in the country, including the greater ability of certain communities to make private contributions to the schooling process. With regard to

this consideration, it is recognised that the poor in South Africa are not all equally poor, and that it may be necessary for the state to deal with the problem of poverty differentially.

- (e) The overall budget of Government.

## **Background**

92. A school allocation for South African public ordinary schools was established through the 1998 publication of the National Norms and Standards for School Funding. It was first implemented in 2000 by PEDs, and represented a major innovation in South African school funding both in terms of financing systems and pro-poor resourcing.

93. During the period 2000 to 2003 major lessons were learnt with respect to the pro-poor school allocation. On the side of implementation, lessons were learnt regarding the required management training for schools, the required financial accounting systems, and the importance of understanding how best to use the allocation in the interests of school improvement and the support of the curriculum. On the side of policy, it became clear that though the 1998 policy was fundamentally correct, certain policy improvements were needed. In particular, inter-provincial equity emerged as a key policy concern. Two major assessments, in 2001 and 2003, focussing specifically on the school allocation were conducted. Moreover, in 2003 the DoE published an assessment of the overall system for the resourcing of schools. This assessment led to the 2003 Plan of Action: Improving access to free and quality basic education for all. These documents are milestones in our building of a post-apartheid schooling system, and they strongly inform this amended policy on the school allocation.

## **Inputs that may be covered by the school allocation**

94. This sub-section describes which items may be covered by the school allocation. The description is not intended to be unnecessarily restrictive or prescriptive. Nor does the description exclude the use of state funds other than the school allocation for the items mentioned. Instead, this description should guide the state in determining the level and distribution of the school allocation, and schools in determining the utilisation of the allocation. This sub-section does not in any way place the state under the obligation of ensuring that the cost of all the items listed here should be fully covered by the school allocation, given that the list covers the range of possibilities, and not a set of core items.

95. In general, the school allocations are intended to cover non-personnel recurrent items and small capital items required by the school as well as normal repairs and maintenance to all the physical

infrastructure of the school. Moreover, the school allocation is primarily and exclusively intended for the promotion of efficient and quality education in public ordinary schools.

96. The following list provides examples of items that the school allocation may cover, and a categorisation of these items. It should be noted that the items are mentioned serve as examples, and do not constitute all the possible items. The definition of a capital item is as per Treasury regulations (currently, any item exceeding a value of R5,000 per item is defined as a capital item).

(i) Learning support materials (LSMs), including textbooks, library books, charts, models, computer hardware and software, televisions, video recorders, video tapes, home economics equipment, science laboratory equipment, musical instruments, learner desks, chairs. (These items, and the ones under (ii) to (iv) below, would typically support the SASA Section 21(c) function.) This category is subdivided into capital items and non-capital items.

(ii) Non-LSM equipment, including furniture other than learner desks and chairs, paper copier machines, telephone sets, fax machines, intercom systems, equipment for connectivity within the school and to the Internet, hardware tools, cleaning equipment, first aid kits, overalls for cleaners and ground staff, sporting equipment, electrical accessories. This category is subdivided into capital items and non-capital items.

(iii) Consumable items of an educational nature, including stationery for learners.

(iv) Consumable items of a non-educational nature, including stationery for office use, paper, cleaning materials, petrol, lubricants, food.

(v) Services relating to repairs and maintenance, including building repair work, equipment repairs and maintenance, light bulbs. (These items would typically support the SASA Section 21(a) function.)

(vi) Other services, including workshop fees, TV licences, Internet service providers, school membership of educational associations, postage, telephone calls, electricity, water, rates and taxes, rental of equipment, audit fees, bank charges, legal services, advertising, security services, public or scholar transport, vehicle hire, insurance, copying services. (These items would typically support the SASA Section 21(d) function.)

97. In view of the fact that schools are not equally subject to the legacy of apartheid inequities, population increases and unexpected calamities, the DoE and the PEDs must pursue resourcing

mechanisms other than the school allocation in order to deal with the following shortages of the items referred to in paragraph 96:

- (a) Shortages of LSMs and equipment where the shortage is clearly and directly linked to historical expenditure inequities.
- (b) Shortages of of LSMs and equipment, and in particular shortages of learner desks, learner chairs and textbooks, where the shortage is clearly and directly linked to a recent and significant increase in the enrolment of the school.
- (c) Urgent building repair needs which are clearly and directly linked to historical expenditure inequities.
- (d) Shortages resulting from calamities such as fire or floods.
- (e) Start-up resource requirements linked to the approved introduction of new grades into existing schools, or the establishment of completely new schools.

98. Nothing in this policy prevents PEDs or SGBs from devoting funds derived from the school allocation towards needs described in paragraph 97, if this is regarded as being in the interests of education in the school, and if this occurs in accordance with the general policy governing the school allocation. An SGB may, for instance, approve the use of the school allocation for urgent building repair needs arising out of a natural calamity. A PED may establish a system whereby schools are reimbursed at a future date for utilising funds from the school allocation for non-intended expenditure of a non-personnel nature. Such a system of reimbursement must be transparent and treat all schools equally. Schools do not have an automatic right to this type of reimbursement outside of, or in the absence of, such a system in the province.

99. The school allocation may not be used to cover the cost of personnel and new buildings.

### **The resource targeting list**

100. This sub-section describes the 'resource targeting lists' that PEDs must maintain as a basis for the pro-poor distribution of the school allocation budget. The resource targeting list is a list of all the public ordinary schools in the province, sorted from poorest to least poor. The principle is followed that, ideally, communities are best served by the schools closest to them. It is precisely for this reason that the preferential public funding of schools in poorer communities is regarded as a priority for Government. However, exceptions to this principle are also contemplated in this sub-section.

101. The PED must assign to each school a school poverty score that will allow the PED to sort all schools from poorest to least poor. The principles governing the determination of the school poverty score are the following:

- (a) The score should be based on the relative poverty of the community around the school, which in turn should depend on individual or household advantage or disadvantage with regard to income, wealth and/or level of education.
- (b) The score should be based on data from the national Census conducted by StatsSA, or any equivalent data set that could be used as a source. The beneficiaries of the school allocation, for example schools or districts, should never be the source of the data, in order to avoid undesirable incentives to distort information.
- (c) The derivation and calculation of the score should be sufficiently comprehensive to provide a reasonable measure of the relative poverty of the school community. However, it should not be the intention to incorporate the complete range of poverty indicators in the score. The score should moreover be constructed to be as transparent and generally understandable as possible.
- (d) The basic methodology behind the score should be national in order to promote a pro-poor funding framework that treats equally poor schools equally, regardless of the province they find themselves in.

102. The following steps should be followed in the determination of the school poverty score:

- (a) Each school must be linked to a specific geographical area that can be considered, for the purposes of these determinations, the catchment area of the school. Where Census data is used, the geographical area would be the set of enumerator areas or place names closest to the particular school. Different levels of the schooling system, for example primary schools and secondary schools, would be dealt with separately. The DoE may determine precise rules for this step after consultation with PEDs.
- (b) Variables from the data set relating to households or individuals must be selected to inform three different indicators of poverty: income; dependency ratio (or unemployment rate); and level of education of the community (or literacy rate). The DoE may change this set of indicators after consultation with the PEDs.
- (c) Variables from the data set, and the indicators of poverty, must be weighted, for the purposes of arriving at a final poverty score for each specific geographical area, corresponding to each school. The DoE will determine the weightings that should be used.

103. The Provincial Departments of Education must, as a first priority, aim to provide schooling to communities in quality schools that are



geographically accessible for learners. Linked to this priority, is the imperative to ensure that preferential school funding in poorer communities translates into effective interventions and optimal combinations of inputs that assist in combating historical disadvantage. However, PEDs may deviate from this principle, and may deviate from the school poverty score methodology described in paragraph 102, in the following circumstances:

- (a) There are inadequate places in local schools, and the PED has determined that the community should make use of schools at a distance from the local community.
- (b) The PED has requested parents to make use of a school other than the local school, where the local school is suffering severe and temporary problems relating to, for instance, the quality of teaching and learning.

104. The exceptional circumstances referred to in paragraph 103 may permit the use of an approach other than the one described in paragraph 102 in order to determine a school's poverty score. In particular, the provision that it is the poverty of the community around the school that should be the determining factor, might be waived. Where a PED has determined that learners should attend a school other than the local school, the PED could, for instance, expand the community of the receiving school so that it included households from the community from which learners originated. Any deviation from the approach described in paragraph 102 must be effected transparently, and uniform criteria must apply to all similar deviations within the same province. PEDs must register deviations in a provincial register that provides details on each deviation, including the justification for the deviation. Such a register must be available for scrutiny by the public and monitoring authorities such as the DoE.
105. A school may apply to the PED for a deviation of the type described in paragraph 103 to be effected for that school, where the school believes that it warrants special consideration. PEDs must establish transparent and fair procedures for dealing with such applications from schools, in line with paragraph 104.
106. A school may dispute the correctness of the poverty score assigned to it through representation to the Head of Department. PEDs must establish transparent and fair procedures to deal with such queries regarding technical accuracy. These procedures should not exceed six months in duration.
107. PEDs must on an annual basis, subject to the availability of new data which is sufficiently reliable, consider reviewing the poverty scores of schools and/or the poverty ranking of a school and make the necessary adjustments to effect equity. Those allocations of schools negatively affected by any such changes should be changed in a phased manner.

## The determination of nationally progressive school allocations

108. This sub-section describes how PEDs should use the resource targeting list, the table of targets for the school allocation (the 'targets table') and the national poverty distribution table (the 'poverty table') to determine the school allocation for each school.
109. The following 'table of targets for the school allocation' or 'targets table' establishes target per learner amounts for the school allocation. Column A provides the percentages that underlie the pro-poor funding approach. For example, the first national quintile (or one-fifth) of learners should receive 30% of funding, which is six times more than the 5% of funding which should go towards the least poor quintile. Column B specifies the target per learner school allocation amount in rands for each of the years 2007, 2008 and 2009. Column B furthermore specifies what the average per learner target value would be for the country as a whole. The 'no fee threshold' amount appearing in column B indicates the per learner amount that Government considers minimally adequate for each year. For 2007, the no fee threshold is set at R554, and for the following two years inflationary increments have been calculated to give R581 and R605. Column C indicates the maximum percentage of learners in each national quintile that could be funded to the no fee threshold level. Column C provides an indication of both the possibility of adequate resourcing without school fees, and the percentage of learners which could be exempted from the payment of school fees, given the existence of fees. For example, in 2007 in national quintile 5, if school fees were used to finance the needs of 78% of learners, then 22% of learners could be financed through the state's school allocation, in other words 22% of learners could be fully exempt from the payment of school fees.

Figure 2. The targets table  
National table of targets for the school allocation (2007-2009)

	A	2007		2008		2009	
		B	C	B	C	B	C
NQ1	30.0	R 738	100%	R 775	100%	R 807	100%
NQ2	27.5	R 677	100%	R 711	100%	R 740	100%
NQ3	22.5	R 554	100%	R 581	100%	R 605	100%
NQ4	15.0	R 369	67%	R 388	67%	R 404	67%
NQ5	5.0	R 123	22%	R 129	22%	R 134	22%
Overall	100.0	R 492	89%	R 517	89%	R 538	89%
No fee threshold		R 554		R 581		R 605	

110. The table appearing in paragraph 109 covers the school allocation targets to the year 2009 only. The Minister, in consultation with the Minister of Finance, will release targets relating to years beyond

2009, and may change previously released targets, depending on circumstances. The Minister would publish in the Government Gazette, on an annual basis, the new column B targets for the new outer year. For instance, in 2007 the Minister would publish the column B targets applicable to 2010. This is to promote predictability and better medium term planning in the schooling system. Changes to previously released targets could be made to deal with factors such as unexpected changes in the inflation rate. The Minister may revise the distribution between national quintiles contained in column A. The Minister may revise the no fee threshold amounts, after consultation with the Minister of Finance. Revisions should occur on the basis of emerging research into the costs of schooling in different socio-economic contexts, changes in the socio-economic profile of the country and the overall budget of Government. The Minister will release for public comment a report on the methodology employed whenever the no fee threshold is altered, and will take into consideration the ensuing comments. The Department of Education must actively promote research that can inform optimal school allocation budgets, and an optimal distribution of this budget. Should research into costs, in combination with imperatives around equity, efficiency and compulsory schooling, indicate a need for a no fee threshold that is differentiated by grade, the Minister may implement such differentiation in the targets table.

111. Considering that poverty is unevenly spread across South Africa, and that it is Government's intention to establish targets that treat equally poor learners equally, regardless of the province they find themselves in, province-specific poverty data should be taken into account. The following 'national poverty distribution table' or 'poverty table' should be used by PEDs in determining how the target table in paragraph 109 finds expression in each province. For example, Eastern Cape must consider the national quintile 1 target to be applicable to as many schools on the resource targeting list as it takes to cover 34% of learners, starting from the poorest school. The national quintile 2 target would be applicable to the following schools on the resource targeting list, up to the point at which the next 26% of learners would be covered. The national quintile 5 target would be applicable to only as many schools on the non-poor end of the resource targeting list as it takes to cover 11% of learners. The data in this table is based on household income data supplied by National Treasury.

Figure 3. The poverty table  
National poverty distribution table

	National quintiles					Total
	1 (poorest)	2	3	4	5 (least poor)	
Eastern Cape	34.8%	21.6%	21.0%	11.6%	10.9%	100%
Free State	30.8%	14.9%	20.1%	18.8%	15.4%	100%
Gauteng	10.5%	11.4%	27.4%	27.2%	23.6%	100%
KwaZulu...Natal	24.2%	18.8%	25.6%	17.3%	14.1%	100%
Limpopo	34.0%	22.3%	24.9%	11.6%	7.2%	100%
Mpumalanga	16.7%	20.2%	29.8%	19.9%	13.5%	100%
Northern Cape	26.3%	17.7%	21.6%	14.8%	19.6%	100%
North West	22.7%	15.2%	30.5%	20.5%	11.0%	100%
Western Cape	6.5%	8.0%	23.1%	27.7%	34.6%	100%
South Africa	20.0%	20.0%	20.0%	20.0%	20.0%	100%

112. The Minister, in consultation with the Minister of Finance, will review the national poverty distribution table on an annual basis and, when necessary, will publish updated versions of this table in the Government Gazette.
113. In order to calculate the target school allocation for each individual school for the following year, the PED must multiply the relevant per learner target from the targets table by the enrolment of the school in the current year. For example, a school serving 100 national quintile 2 learners (defined as such according to the criteria laid out in paragraph 111) in 2007, would have a target school allocation of 100 multiplied by R711 or R71,100, in 2008.
114. Each PED must, as part of its ongoing MTEF budgeting process, calculate the school allocation budget implied by the national targets, and compare this amount to the actual school allocation budget amount available in the MTEF budgets. If the target amount is not equal to the actual amount, one of the following sets of procedures should be followed:
- (a) If the actual amount exceeds the target amount, the PED must ensure that, as a minimum, each school receives the school allocation implied by the national targets. A PED may use the difference between the actual amount and the target amount to create a smoother distribution, or a continuous curve, so that less abrupt per learner funding shifts occur between one school on the resource targeting list and the next. However, such smoothing should not result in any school receiving less than the target per learner amount applicable to that school.
  - (b) If the target amount exceeds the actual amount, the PED and the DoE, in collaboration with the National and Provincial Treasuries, must jointly devise a plan for attaining the targets in the earliest possible year. This plan must include details on

how, in the interim, the actual budget will be distributed across the national quintiles. Such a plan must prioritise the attainment of targets in quintiles 1 and 2, and for learners in Grades 1 to 9.

115. Each PED must provide a recommended breakdown of the school allocation, for each school, according to the three Section 21 functions of SASA that imply expenditure and according to the breakdown provided in paragraph 96. This breakdown should be communicated in all official letters to schools indicating what their school allocations are. The three relevant Section 21 functions are restated here, with some comments:

Section 21(a) of SASA: To maintain and improve the school's property, and buildings and grounds occupied by the school.

Section 21(c) of SASA: To purchase textbooks, educational materials or equipment for the school.

Section 21(d) of SASA: To pay for services to the school.

It should be noted that though school hostels are mentioned in Section 21(a) of SASA, funding of school hostels is dealt with in the next section of this policy, titled 'Hostel costs'.

116. In addition to the breakdown referred to in the previous paragraph, and apart from the financial directions issued in terms of Section 37 of SASA, PEDs may determine other conditions governing the use of the school allocation where this is deemed necessary for the promotion of better school management. The other conditions would apply to all schools, whether they have SASA Section 21 functions or not. All these conditions must be communicated to schools in the official letters referred to in the previous paragraph.

### **The school allocation and accountability**

117. The effective implementation and monitoring of the school allocation requires timely provision of accurate information by the DoE, PEDs and schools. This sub-section explains key obligations in terms of information provisioning and accountability, and provides some important timeframes.
118. The DoE must provide the Minister with sufficient data and research to enable the Minister to publish, in the Government Gazette, school allocation information (as described in paragraph 109) for the next three years, by 1 August of each year. Moreover, by this date, the Minister should publish information on what quintiles or parts of quintiles will comprise no fee schools in the following school year, in terms of paragraph 157, and Section 39(7) of SASA.
119. PEDs must process enrolment data, school poverty data (as described in paragraph 101), provincial budget data and the school allocation data released by the Minister in order to determine provisional school allocations for each school for the next three

years. The provisional school allocations for the next three years must be communicated to schools by 30 September of each year. This communication must include information on which national quintile individual schools find themselves in, what the national per learner target amount applicable to that national quintile is, what the rationale is for the national targets published by the Minister, what the national no fee threshold is and what calculations were performed by the PED to arrive at each school's school allocation amount. PEDs must furthermore submit to the DoE the data and calculations used to arrive at the provisional school allocations for each school, so that the DoE can be in a position to monitor policy compliance, make inter-provincial comparisons, and advise PEDs of national best practice. The submission of the information to the DoE must occur by 30 September.

120. By 30 September of each year, MECs must publish in the provincial Government Gazette the entire resource targeting list for the province. This list must include, as a minimum, school EMIS numbers, names of schools, the poverty score of each school, and the national quintile in which each school is situated. The list must also include SASA Section 21 functions allocated to each school in terms of paragraphs 125 to 130. If the national determination, in terms of paragraph 161, of the finalised list of no fee schools has occurred, and a formal communication to the MEC has occurred in this regard, the provincial resourcing targeting list should specify which schools are no fee schools. It is important that MECs and PEDs should not release any information on no fee schools that deviates from the national list. PEDs must furthermore make all of this information available to the public and schools on an ongoing and updated basis through a medium such as the Departmental website.
121. Due to the fact that the school year and the Government financial year are different, the final school allocation for any school year can only be determined during the course of the school year in question, after the Provincial Legislature has approved the budget for the PED. The final school allocation for the current year must be communicated to schools during the two weeks following the finalisation of the PED budget by the Provincial Legislature. In order to facilitate proper planning, PEDs should strive to ensure that the final school allocation communicated to schools in terms of this paragraph deviates as little as possible from the provisional figures provided on 30 September of the previous year.
122. The DoE, PEDs and schools must report on the usage of the school allocation, and the DoE and PEDs must furthermore report on the determination of the school allocation, within their respective annual reports. Reports produced by schools must explain how the spending of the school allocation supports the school development plan, quality education and learner performance. The DoE and PEDs must also produce analyses and proposals on how the school allocation

can further enhance education delivery, including school effectiveness and learner performance. Analyses must moreover be produced on the impact of the school allocation on general socio-economic transformation, including black empowerment amongst manufacturers and suppliers of school materials. These analyses and proposals must be widely disseminated to encourage public debate and participation.

123. The DoE and PEDs must work with National Treasury and its provincial counterparts to ensure that the charts of account governing PED and school finances support the implementation of these norms. In particular, it must be clear from PED accounts what non-personnel non-capital expenditure on schools was occurring outside the framework of the school allocation, for instance in terms of paragraph 97. Furthermore, school accounting systems should allow for differentiation of expenditure according to SASA Section 21 functions, and any other required classifications, partly in order for the provisions in paragraph 140 below to be implemented.
124. The DoE and PEDs will collaborate to ensure that every school in the country has a set of policy implementation manuals and tools relating to the school allocation. This set must include, for example, the policy documents themselves, explanatory manuals, and tools for educating the school community about the purpose of the school allocation. Materials must be available in all official languages. Materials applicable to all provinces will be made available on the website of the DoE. The DoE and PEDs must design and roll out training programmes in the use of the policy implementation tools.

### **The list of Section 21 status**

125. This sub-section deals with the SASA Section 21 functions that may be allocated to schools by the Head of Department, and the maintenance by the PED of the list of Section 21 status used for determining mode of resourcing to schools with respect to the school allocation.
126. The SASA makes provision for public school governing bodies to become progressively more responsible for managing aspects of recurrent expenditure. Section 21 provides that, subject to the Act, a School Governing Body may apply in writing to the Head of Department to be allocated any of the SASA Section 21 functions.
127. The HOD must approve a governing body's application for Section 21 functions, conditionally or unconditionally, unless the SOB does not have sufficient capacity to undertake the functions effectively.
128. A MEC may determine that some governing bodies may exercise one or more functions under Section 21, even if they have not applied for them. This is permitted only if the governing bodies have the capacity to perform the functions effectively, and there is a

reasonable and equitable basis for allocating the functions to them (Section 21(6) of the Act).

129. In order to guide the actions of the MEC, the HOD and an affected SGB, it is necessary to establish an objective test of governing body capacity in terms of Section 21 of the Act. DoE, in consultation with PEDs must, therefore, devise a managerial capacity checklist, for approval by the HOD. The checklist will include items relating to the capacity to handle and account for public funds, the capacity to meet ongoing contractual obligations to suppliers of goods and services, and the ability to make financial decisions that are educationally sound. The criteria used in developing such a list must be transparent and public.
130. Each PED must maintain a 'list of Section 21 status' containing all public ordinary schools in the province. This list must specify the Section 21 status of each school on the list, in other words what Section 21 functions have been officially allocated to each school. All the Section 21 functions of SASA, including additional functions introduced through amendments, must be considered in the list of Section 21 status. The list must be updated each time functions are granted to or withdrawn from schools, and must be easily accessible to the public. The number of schools with one or more Section 21 functions is expected to grow as more schools acquire the requisite capacity.

### **Resource transfer procedures where SASA Section 21 functions have been allocated**

131. This sub-section deals with the resource transfer procedures relating to the school allocation, where SASA Section 21 functions (a), (c) and/or (d) have been allocated.
132. Schools which, according to the list of Section 21 status, have been allocated one or more of the three SASA Section 21 functions, will receive a single transfer in accordance with their national quintile, their enrolment, the national table of targets for the school allocation, and the SASA Section 21 functions that have been allocated to the respective schools. A recommended breakdown into cost categories, in terms of paragraph 115, must accompany the transfer. If a school has not been allocated all of the three SASA functions in question, the transfer will only include funds for the allocated functions, determined in terms of paragraph 115.
133. School governing bodies that have been allocated the relevant SASA Section 21 functions may carry out their own procurement and may deal directly with suppliers and contractors for the relevant budgeted items in accordance with standard procurement procedures, the financial directions issued in terms of Section 37 of the SASA and paragraph 116 of this policy. They must keep documents as evidence of correct dealing with such suppliers and contractors, and records of



how the materials and services were used, and produce such documents or records at the request of officials from the PED and for audit purposes.

### **Resource transfer procedures where SASA Section 21 functions have not been allocated**

134. Although it is Government's aim to improve school management capacity, and to make the assumption of Section 21 functions possible across all schools in the country, Government also recognises that this is a long-term task, and that the system will continue to include many schools without Section 21 functions, or so-called non-Section 21 schools, for many years. It will therefore continue to be necessary for the DoE and PEDs to work together to improve the systems and procedures that resource non-Section 21 schools with respect to the school allocation.
135. There is no single solution for the resourcing of non-Section 21 schools. Many different approaches are pursued by PEDs, and a number of different improvements to current practice have been proposed. A common approach is for PEDs to procure resources in bulk for schools, relative to the size of the school allocations, and to manage the delivery of items to schools. This approach can involve varying degrees of determination by the schools regarding what resources are procured. Where this approach is pursued, it is important for schools to receive adequate information regarding the monetary value of the resources they receive. This need will increase with the establishment of national targets for the school allocation, as school communities will in many cases have a clearer idea than before of what the size of the school allocation is. The DoE and PEDs must collaborate to improve accounting systems that can provide schools with the required expenditure data.
136. The DoE and PEDs must continue to explore innovative solutions to improve the resourcing of non-Section 21 schools. Joint control by schools and the PED over individual school accounts, or special district-level accounts, must be considered. Moreover, solutions whereby the PED pays suppliers from whom schools have ordered goods should be considered. The aim should be to develop the capacity of the school to determine its own resource mix within the policy framework, to ensure that goods reach schools on time, and to combat the inefficient utilisation of resources, as well as excessive prices for school inputs. These aims should be pursued within the overall policy intention of a pro-poor school allocation, as expressed in this policy.
137. PEDs must take adequate measures to ensure that expenditure occurs according to school budgets within the relevant MTEF financial year, where SASA Section 21 allocations have not been allocated. This is in view of the fact that Provincial Treasuries generally do not

allow the roll-over of funds from one financial year to the next. In this regard, it is important that non-section 21 schools should not be disadvantaged relative to those schools that receive the transfer in terms of paragraph 132. In order to facilitate the purchase of, for instance, equipment, which may necessitate some saving from one year to the next, PEDs should explore budgetary solutions that allow schools to plan upfront for such expenditure without necessitating roll-overs at the Provincial Treasury level.

138. Schools with some, but not all, of the SASA Section 21 functions (a), (c) and (d) must be resourced on the basis of this sub-section (paragraphs 134 to 138) and the previous sub-section (paragraphs 131 to 133).

### **Financial controls where Section 21 functions have been allocated**

139. Schools which receive the school allocation as a monetary transfer into the school fund must administer this money in accordance with the SASA. The PEDs must ensure that the financial management directions issued to all schools in terms of Section 37 of the SASA are adequate, and that schools comply with these directions.
140. Schools must be guided by the breakdown in the school allocation determined in terms of paragraph 115. PEDs must monitor compliance with, and deviations from these breakdowns. Where schools spend substantial amounts of private income, in addition to income from the school allocation, PEDs must ensure that total expenditure according to the breakdowns is at least as great as what was determined in terms of paragraph 115. In particular, PEDs must promote adequate expenditure on educational items, and strive to ensure that the SASA Section 21(c) function relating to educational inputs is not under-funded. Schools that deviate from the PED-determined breakdown, must have justifiable reasons for doing so, and should only under-budget for the educational items relative to the recommended breakdown after consultation with and approval from the PED. Where PEDs observe substantial deviations from the recommended breakdowns in the school allocation, in particular deviations where the educational inputs suffer and proper schooling is consequently placed at risk, PEDs should seriously consider implementing SASA Section 22, dealing with the withdrawal of SASA Section 21 functions.

### **Transition and commencement issues**

141. This sub-section contains recommendations regarding the transition from previous to new policy imperatives with respect to the school allocation.

142. It is important that in the planning around the school allocation, all the various items linked to this fund, as described in paragraphs 95 to 99, be taken into account. For example, if utility charges had been excluded from the school allocation in the past, it would be important for these items to begin to become included.
143. The resource targeting lists of the PEDs should undergo a gradual transition with respect to the new policy imperatives. Poverty scores according to the new methodology should be determined during 2007. However, changes in the position of schools on the resource targeting list, in particular movement from one national quintile to another, should be phased in over some years. It should be noted that this principle of gradual change should apply even without changes to the methodology, as the relative poverty of communities does not remain static.
144. In the interests of stability, the implementation of this policy should not result in any school receiving a smaller school allocation in nominal rand terms than it did in the past, or than it was promised for the future.
145. The amended policy provisions relating to the school allocation become applicable from 1 January 2007.

### **Hostel costs**

146. **Records.** Schools with hostels must keep a separate account for all recurrent costs associated with hostels, and a record of the number of learners staying at each hostel. Such accounts and records will be subject to unannounced audits by officials of the PED.
147. **Hostel fee.** The school must charge each learner staying in the hostel a hostel fee equal to the average running cost per learner in the hostel. No blanket cross-subsidisation of hostel costs from fee income is permitted. However, if the SOB wishes to exempt particular learners from hostel fees, it may do so by recording the necessary book-keeping transfer.
148. **Hostel subsidy.** The PED must, in turn, set aside a budget item for hostel subsidies. These hostel subsidies are not a part of the school allocation referred to in paragraphs 85 to 145. Schools with hostels will be paid pro rata out of this budget for each of their learners
- (a) whose transport time to the school is greater than 1½ hours;
  - (b) if there are no available school places near the learner's parents' place of residence; and
  - (c) whose parents cannot afford the per-child hostel cost.
149. The PED may adjust these criteria in order to ensure that the subsidy per learner is meaningful, while recognising that this may decrease the number of learners thus covered, requiring a tightening of the targeting criteria.

150. Subsidies for hostel costs incurred by learners with special education needs enrolled in ordinary public schools will be provided by the Provincial Education Department in accordance with the overall funding approach used for such learners.

## 6. FEE EXEMPTIONS IN PUBLIC SCHOOLS

151. The SASA requires the Minister of Education to make regulations about the equitable criteria and procedures for exemption of parents who are unable to pay school fees, and to identify schools that will be no fee schools (Section 39). This section provides the basic principles governing school fee exemptions and the principles and procedures with respect to no fee schools, whilst the regulations, provide details on the exemptions calculations and how the exemptions policy should be implemented.

### **Introduction**

152. School fees provide two benefits for the schooling system. Firstly, they provide a mechanism for raising revenue amongst parents who can afford to make this contribution, which in turn provides fiscal space for the state to implement preferential funding for poor schools. Secondly, school fees, even if they are set at a low and nominal level, encourage parent participation in school governance, and promote accountability of schools to the communities they serve.

153. School fees must not be allowed to become an obstacle in the schooling process, or a barrier preventing access to schools, especially as far as the most marginalised are concerned. Government believes that in the schools serving the poorest communities, there should be no school fees. Moreover, where schools do charge school fees, proper parent participation in the fee-setting process is critical. Effective criteria determining which schools should not charge school fees, as well as an effective exemptions policy to protect those who are less advantaged economically within fee-charging schools, are of utmost importance.

154. The amended policy on school fee exemptions, contained in these norms and in the regulations governing fee exemptions, is informed by a rigorous and participatory process of re-assessment of the school fee situation, culminating in Report to the Minister: Review of the financing, resourcing and costs of education in public schools and Plan of Action: Improving access to free and quality basic education for all, both published in 2003 by the DoE. The DoE's commitment to the global Education for All goals strongly informs this amended policy.

### **No fee schools**

155. This sub-section deals with schools that may not levy compulsory school fees, referred to as 'no fee schools' in Section 1 of SASA. No fee schools are an integral part of Government's strategy to alleviate the effects of poverty and redress the imbalances of the past.

156. A school is a no fee school, and compulsory school fees may consequently not be charged in the school, if both of the following two criteria apply:
- (a) The school has, in terms of paragraph 111, been placed in a national quintile, or in a part of a quintile, that has been identified by the Minister, in terms of paragraph 157 and Section 39(7) of SASA, as being in need of a total prohibition on compulsory school fees.
  - (b) The school receives a per learner school allocation, as defined in paragraphs 87 and 113, that is greater than or equal to the no fee threshold for the year in question referred to in paragraph 109. This criterion is aimed at ensuring that a critical level of public funding is reached before private funding in the form of school fees is removed. The per learner school allocation amount that should be compared against the no fee threshold is the amount implicit in the communication made to schools in terms of paragraph 120.
157. The Minister shall, in terms of Section 39(7) of SASA, annually determine those quintiles or parts of quintiles where, subject to condition (b) in paragraph 156, schools may not implement compulsory school fees in the following school year. This information should be made public by 1 August of each year, concurrently with the school allocation information referred to in paragraph 118.
158. In order for the Minister to make the determination referred to in paragraph 159, whilst applying condition (b) of paragraph 156, MECs must supply certain background information relating to the financing of schools to the Minister in advance. Specifically, MECs must inform the Minister of the school allocation amounts budgeted for in the MTEF budgets by quintile. It should be clear from this information whether the province is able to afford the school allocation targets referred to in paragraph 109. The information should reach the Minister by 15 July.
159. The determination by the Minister referred to in paragraph 157 may involve the determination of schools with no fee grades, in other words the removal of compulsory school fees from certain grades only. This provision allows the Minister to take special measures that will support compulsory attendance of seven to fifteen year old learners in terms of Section 3 of SASA. The determination of no fee grades for certain schools will be subject to the condition of adequate state funding referred to in paragraph 156.
160. In accordance with Section 39(9) of SASA, MECs must identify which schools qualify as no fee schools, and must determine the details, if any, regarding no fee grades. The details of schools which are identified as no fee schools by the MEC must be submitted to the Minister of Education by 1 September. Details must include, as a

minimum, school EMIS numbers, names of schools, and physical addresses of schools.

161. In accordance with Section 39(10) of SASA, the Minister must assess the validity of the information on no fee schools submitted by MECs, and must publish a valid list of schools, organised by province, in the Government Gazette. This must occur by 30 September. The list of no fee schools published by the Minister is the definitive list of no fee schools in the country for the following school year.
162. In addition to the publication of the list described in paragraph 161, the Minister and MECs must ensure that additional communication strategies are implemented in order to make the identity of no fee schools, and the implications of this to parents, as clear as possible. MECs should ensure that the identity of no fee schools is specified in the provincial Government Gazette referred to in paragraph 120.
163. If, in spite of the planning steps outlined in paragraphs 157 and 158, a no fee school does not receive a school allocation that is at least as high as the no fee threshold then, in terms of Section 37(11) of SASA, the school may charge school fees up to an amount equal to the difference between the no fee threshold and the school allocation actually received. The planning process should be sufficiently rigorous to prevent any such contingencies. However, should the funding of no fee schools for some reason not reach the no fee threshold level, it would be important for parents to have a way of dealing with this contingency. Importantly, the school allocation that should be considered the received school allocation, is the sum of any monetary transfer of this allocation, and the monetary value of goods procured by the PED on behalf of the school, in line with paragraphs 134 to 138.

### **Automatic exemptions for individual learners**

164. This sub-section deals with instances where the status of the individual learner makes school fees with respect to that learner undesirable, and hence an automatic exemption for that learner a necessity. The provisions in this sub-section apply to all schools charging school fees in terms of SASA Section 40. Should a learner be subject to a no fee situation in terms of paragraphs 155 to 160, then this sub-section becomes redundant.
165. An automatic exemption applies to any learner who is an orphan or who has been abandoned by his or her parents.
166. An automatic exemption applies to any learner for whom a poverty-linked state social grant is paid. A poverty-linked state social grant is any state social grant distributed explicitly to alleviate poverty, and would include all social grants issued on the basis of a means test.
167. Details regarding, for instance, the procedures for establishing automatic exemptions, and for nullifying them when the conditions in

paragraphs 164 to 166 no longer apply, are explained in the exemptions regulations.

### **Calculations to determine total and partial exemptions**

168. Parents may be fully or partially exempted from the payment of school fees, even if they do not qualify for exemptions in terms of the foregoing two sub-sections. It is principally the income of individual parents and households, relative to school fees and other education expenses that is used to determine eligibility to such total or partial exemptions.
169. The formulas for total or partial exemptions, explained in the exemptions regulations, are informed, amongst other things, by two important equity principles:
- (a) Within any school, the income threshold in rands below which parents qualify for total exemption, should be the same for all parents, regardless of the number of learners for which parents have been charged school fees. It must not be possible for there to be two parents within the same school, with the same income, where one parent is fully exempt from school fees whilst the other is not.
  - (b) Within any school, the income threshold in rands below which parents qualify for partial exemption, should depend partly on the number of learners for which parents have been charged school fees. The greater financial burden of having more than one learner for whom school fees are charged, should be recognised, especially insofar as the less advantaged are concerned.

### **Other types of fee exemptions**

170. An SGB may grant fee exemptions in addition to the types referred to above, on condition that such exemptions are based on transparent and equitable criteria which take into account the need to alleviate the effects of poverty in the households of the school community.



## 7. SUBSIDIES TO INDEPENDENT SCHOOLS

### **Introduction**

171. Every person has the right, in terms of the Constitution, to establish and maintain, at their own expense, an independent educational institution that does not discriminate on grounds of race and complies with Section 9(4) of the Constitution, is registered with the state, and maintains standards that are not inferior to standards in comparable public educational institutions. The provision does not preclude state subsidies for such institutions (Section 29(3) and (4)).
172. The SASA provides for the right of persons to establish and maintain an independent school, and for the registration of an independent school by the Head of Department, under conditions consistent with the Constitution. The Act enables the provincial MEC to grant a subsidy to a registered independent school, in terms of norms and minimum standards determined by the Minister of Education (Sections 45-46, 48).
173. The norms that follow are the first uniform national norms for independent school subsidies. They are intended to provide a stable and principled basis for MECs in all provinces, to decide the eligibility for subsidy and the level of subsidies for registered independent schools.
174. The national norms apply uniformly in all provinces. However, a provincial MEC may vary them, so long as their intent and spirit is maintained. The Head of Department must consult the national DoE on this matter.
175. The following norms embody conditions of eligibility for subsidy, and funding criteria for allocating subsidies.

### **Conditions of eligibility**

176. An independent school may be considered for subsidy if it
- (a) is registered by the PED;
  - (b) has made an application to the PED in the prescribed manner;
  - (c) has been operational for one full school year;
  - (d) is a registered non-profit organisation in terms of the non-profit organisations Act, Act No. 71 of 1997.
  - (e) is managed successfully according to a management checklist determined by the PED, as described in paragraph 179;
  - (f) agrees to unannounced inspection visits by officials of the PED or person duly authorized by the PED; and
  - (g) has not been established in direct competition with a nearby uncrowded public school of equivalent quality.

177. In addition to the conditions in the previous paragraph, the following conditions apply to the secondary school phase. A secondary school phase may be considered for subsidy if–

- (a) its final grade 12 pass rate is 50% or more of full-time candidates writing the examination in the prior year ;
- (b) not more than 20% of Grade 11 learners are repeaters who took Grade 11 in the same school during the previous year;
- (c) not more than 20% of Grade 12 learners are repeaters who took Grade 12 in the same school during the previous year; and
- (d) it does not engage in practices that are calculated to artificially increase the school's grade 12 pass rate.

178. The Head of Department may vary conditions (a), (b) or (c) in the previous paragraph in response to good cause shown by a school to the Head of Department.

179. Each school requesting funding will be subject to a management checklist (which may be the same as, or based on, the checklist referred to in paragraph 129 above), which will be approved by the HOD after consultation with representatives of independent schools. In the event that the independent school sector could not agree regarding this checklist, the HOD will determine the checklist. This checklist will determine, amongst other things, whether the school is able to manage its finances responsibly. It must include indicators of sound management, such as whether the school keeps proper admissions and attendance registers, and maintains fee payment and other financial records. To be eligible for funding a school must subscribe to the checklist, and must allow unannounced inspections by officials of the PED, to ensure that the practices in the checklist are up-to-date. Refusal to allow an unannounced visit will result in forfeiture of further funding.

## **Funding criteria**

### **Subsidies related to fees**

180. For the purpose of this national policy, "fees" means any form of payment for registration and tuition made by a parent in relation to a learner's enrolment or attendance at an independent school. It includes the present annualised value of any past or future once-off payment, using a market rate of interest for investments of equal certainty. It also includes any other form of payment by a parent, or equity in the school taken by a parent, as a form of fee payment-equivalent. The highest level of fees normally charged at the school, as opposed to fees discounted for once-off payment, will be taken as representative. Additional costs associated with the normal course of instruction which learners are expected to follow are to be

considered fees, even if they are not formally called fees. However, payments for extra items or services, or for school materials that are procured by the school instead of having to be purchased by the parent, are not to be considered fees, as long as the cost of such items is similar to their open-market value.

181. For purposes of these norms, "primary" phase comprises grades 1 to 7, and "secondary" phase comprises grades 8 to 12.
182. In what follows, the level of annual fees as defined in paragraph 180 charged at primary phases and secondary phases of independent schools as of the date stated in paragraph 183 below will be taken as indicators of the socio-economic status of a school's community.
183. The initial date is January 1998. This date will be amended from time to time by the DoE by way of Government Notices in the month of January of any year. This date must be retroactive to the date of publication.
184. The subsidy category of schools based on the date in paragraph 183 will remain until a new date is published.
185. When a new date in paragraph 183 is published the PED will inform the independent schools eligible for subsidy of their relevant subsidy category for the year subsequent to the date of publication referred to in paragraph 183 during April or earlier of the year in which the notice referred to in paragraph 183 is published. To determine the subsidy category per school the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools, and the learner numbers according to the 10th Day/Snap Survey in the different school phases of the year mentioned in paragraph 183 must be used.
186. Schools established after the date in paragraph 183 and which qualify for subsidy will have their subsidy category determined through paragraph 188.
187. The Ministry's policy is to enable subsidies to be granted in relation to the socio-economic circumstances of an eligible school's clientele. The level of school fees charged by the primary or secondary phases of an independent school is taken as an objective, publicly-available criterion that correlates well with the socio-economic circumstances of the school's clientele for each of those two phases. Subsidy levels are therefore related to fee levels on a five-point progressive scale, as shown in Figure 4 below. Eligible schools charging the lowest fees will qualify for the highest level of subsidy. Schools charging fees, in excess of 2.5 times the separate provincial average estimates per learner in primary or secondary phases of ordinary public schools respectively, are considered to serve a highly affluent clientele, and 0% subsidy will be paid to them from public funds.

Figure 4. Allocation table for independent school subsidies	
School fee level as on the date in Paragraph 183	Level of subsidy from the PED in school year n, where n is initially the school year 2003, is equal to:
1. Up to 0.5 times (50%) of the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools <sup>1)</sup> respectively in the fiscal year, following the date in paragraph 183.	60% of the separate provincial average estimate per learner in primary and secondary phases of ordinary public schools 2) respectively in the PED's fiscal year n/n+1.
2. Higher than 0.5 and up to 1.0 times the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools respectively in the fiscal year, following the date in paragraph 183.	40% of the separate provincial average estimate per learner in primary and secondary phases of ordinary public schools 2) respectively in the PED's fiscal year n/n+1.
3. Higher than 1.0 and up to 1.5 times the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools respectively in the fiscal year, following the date in paragraph 183.	25% of the separate provincial average estimate per learner in primary and secondary phases of ordinary public schools 2) respectively in the PED's fiscal year n/n+1.
4. Higher than 1.5 and up to 2.5 times the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools respectively in the fiscal year, following the date in paragraph 183.	15% of the separate provincial average estimate per learner in primary and secondary phases of ordinary public schools 2) respectively in the PED's fiscal year n/n+1.
5. Higher than 2.5 times the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools <sup>2)</sup> respectively in the fiscal year, following the date in paragraph 183.	0% subsidy.

Suffix 1) refers to the "Adjustments Estimates of Expenditure" (including planned increases in remuneration) as they apply to the sub programmes of primary and secondary phases of ordinary public schools separately as included in the programme structure of the same "Adjustments Estimates of Expenditure". The budget amounts included in the other sub-programmes under the programme: Public Ordinary Schools, must be added to the sub-programmes of primary and secondary ordinary public

schools in the ratio of the sub-programmes of primary and secondary ordinary public schools.

Suffix 2) refers to the provincial "Main Estimates of Expenditure Figures" (including planned adjustments to personnel costs) as they apply to the sub-programmes of primary and secondary phases of ordinary public schools separately and the learner numbers according to the 10th Day /Snap Survey of year n. The budget amounts included in the other sub-programmes under the programme: Public Ordinary Schools, must be added to the sub-programmes of primary and secondary ordinary public schools in the ratio of the sub-programmes of primary and secondary ordinary public schools.

188. PEDs will need to establish a procedure to deal with borderline situations. For example, if the average public school cost in a province is R2000, and an independent school charges fees of R1050, it will just miss being in the first (highest subsidy) category, even if its clientele is not different from that of a school charging, say, R950. PEDs may use the following criteria, in addition to any other relevant information submitted by the school, to judge whether a school falls into a certain category:
- (a) schools in the first (highest subsidy level) category would typically be located in townships, deep rural areas, or informal settlements and serving the residents in these areas.
  - (b) schools in the second category would typically be in inner city or transitional suburban areas, catering largely for township and informal sector clientele or the urban lower middle class.
  - (c) schools in the third and fourth categories would be middle and upper middle class schools with good facilities with a local clientele.
  - (d) schools in the fifth category would be well established schools with excellent facilities and a national or regional clientele and very low learner: educator ratios.
189. Subsidies may be paid only in respect of grades 1-12. No other grades are eligible for subsidy for the time being. If the fee structure varies by grade, the enrolment-weighted average of the fees in all relevant grades will be taken as representative of each level.
190. The fee levels applying to the primary and secondary sections of a combined school may differ. The principal of such a combined school can approach the HOD with a request to lower its fees in either the primary or secondary sections so that it is the same for both the primary and secondary sections of the school in order to qualify for the same percentage subsidy in both the primary and secondary sections. The HOD may recommend a subsidy, if it is deemed in the interest of the school and the Provincial Education Department.

### **Subsidies in relation to PED budgets**

191. The Ministry of Education is sensitive to the connection between the total cost of independent school subsidies and the overall budgetary position of a Provincial Education Department. Recent reductions in the overall funds available for independent school subsidies because of urgent budgetary expediency, should not become de facto policy by default. At the same time, PEDs must have latitude to vary budgetary allocations between programme areas, in relation to the total funds at their disposal, and the priorities established in terms of national and provincial policies.
192. A PED may, therefore, alter the fee levels and/or corresponding percentage subsidies levels except for the 0% subsidy level applicable to school fee level 5 in Figure 4 after consultation with the DoE, if the application of these norms would-
- (a) cause a PED's expenditure on subsidies to independent schools to deviate from a three-year historical moving average by more than 10 percent in real terms in any given year; or
  - (b) contribute to over-expenditure on the PED's budget in the year they are applied; or
  - (c) result in the total independent school programme receiving year-to-year budget cuts (or increases) in any given year that are significantly larger (or smaller) than other programme areas in the PED's budget.

### **Other deviations**

193. Aside from deviations already discussed in this document, a PED may deviate from the subsidy and fee levels in these norms only on good cause shown to the DoE (see paragraph 174 above).

### **Date of subsidy payments**

194. Subsidies will be calculated on a per learner basis according to the verified enrolment in the school at the beginning of each term.
195. PEDs must ensure that the first term's subsidy is paid no later than 1 April in each school year. Subsequent subsidies must be paid no later than six weeks after the beginning of each school term.

### **Monitoring and revision**

196. The Ministry of Education, in co-operation with PEDs and representatives of independent schools, will monitor the application of these norms in order to:

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- (a) monitor fee levels;
  - (b) monitor subsidy levels;
  - (c) ensure that the overall level of subsidy to independent schools is a reasonable percentage of the total education budget in a province, in relation to the relative size of the independent and public school sectors in the province, and other relevant considerations; and
  - (d) ensure that national education policy objectives are being well served by the norms and their application.

197. In the light of an analysis of these matters, the Ministry, after due consultation, may amend or revise the norms.

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