

TO: Mr Mathanzima Mweli
Director General
National Department of Basic Education
By email: Mweli.M@dbe.gov.za; Tom.N@dbe.gov.za

AND TO: Mr Dondo Mogajane
Director General
National Treasury
By email: DGRegistry@treasury.gov.za

AND TO: Mr Cyril Ramaphosa
President
Republic of South Africa
By email: presidentrsa@presidency.gov.za; Desmoreen@presidency.gov.za;
Roshene@presidency.gov.za

1 June 2020

JOINT LETTER TO THE DEPARTMENT OF BASIC EDUCATION AND NATIONAL TREASURY ON THE IMPACTS OF COVID-19 ON THE EDUCATION SECTOR BUDGET

1. The undersigned organisations are concerned about the impact of COVID-19 on the basic education sector budget. In particular, we are concerned that no commitment has been made by government to provide additional funds to the basic education sector to cover its considerable COVID-19 mitigation needs.
2. Moreover, we are concerned about the rationality and implications of up to 100% of the Education Infrastructure Grant¹ (EIG) being targeted for reprioritisation in circumstances where many COVID-19 related needs centre on the provision of adequate water and sanitation and other school structures.²

¹ Constituting R11 billion in the current financial year.

² The Public Service Accountability Monitor (PSAM) has previously commented that the reduction in the EIG, which has a history of underperformance, will result in projects that are currently underway being delayed. <http://psam.org.za/wp-content/uploads/2016/11/Education-Brief-1.pdf>

3. We are aware that the Special Adjustments Budget Process is already underway and that negotiations between National Departments, Technical Committees, Cabinet and National Treasury are proceeding apace. We are concerned that decisions may be taken which have long term negative impacts on schooling and school infrastructure without adequate consultation between government and stakeholders, including civil society organisations that work in this sector.
4. We ask you to reply to our letter by no later than 04 June 2020 so that we can give consideration to the content of your reply while the Special Adjustment Budget (SAB) process has not yet been concluded.
5. We wish to assist and work with government to find sustainable and equitable solutions to the very difficult budget adjustments process that COVID-19 requires and hope that a meaningful dialogue may take place on these matters.

The basic education sector was experiencing a funding crisis prior to COVID-19 and cannot afford to absorb COVID-19 related expenditure without additional budgetary support

6. Analysis by education researcher Nic Spaull has shown that education spending per learner has been steadily decreasing for years, when the real inflation rate of the sector is accounted for.³ In recent years this trend has intensified with the basic education sector being targeted for baseline reductions and budget cuts in government's fiscal consolidation strategy, which have impacted the sector's ability to provide a quality, basic education to all.⁴
7. It is in this context that the statement made by the Director-General of the Department of Basic Education ("DBE"), in a presentation to the Portfolio Committee on Basic Education on 05 May 2020 is alarming. The Director-General stated that "[d]ue to budget cuts, education would lose R135 billion over the [MTEF]⁵". Whilst there is no clarity as to the breakdown of this figure, this is an extremely large loss, amounting to approximately half the current year's basic education sector budget.
8. At the same time, it appears that basic education is not mentioned as a sector in need of support in either the Special Adjustments Budget Guidelines or the Treasury Economic Relief Plan.

³ There has been an average real terms reduction in spending from R17 822 per learner in 2010 to R16 435 in 2017. This represents an 8% decline since 2010. This is a result of education allocations failing to increase in line with personnel compensation which has increased at a rate well above average inflation. Nic Spaull "Basic education thrown under the bus – and it shows up in test results," Business Day, April 16, 2018.

⁴ The 2020 budget deepened this trend with a proposal to cut the overall basic education funding envelope by -2.8% in real terms. Yet already in 2017, five provinces were not able to fund no-fee schools at the minimum per learner threshold established by the National Norms and Standards for School Funding.

⁵ <https://pmg.org.za/committee-meeting/30135/>

9. While we recognise that COVID-19's impacts include adverse economic shocks that will include a huge revenue shortfall of almost R300 billion for the current financial year, we believe that the failure to include basic education as a frontline service in the economic relief package is, on the face of it, irrational. The right to basic education is an immediately realisable right, the sector serves millions of children every day, and its tens of thousands of teachers should be considered frontline workers once schools re-open.
10. COVID-19 adaptation in the basic education sector will be very costly. Education departments and schools need to provide adequate water and sanitation in a context where more than 3 000 schools lack this. Hand sanitisers, thermometers, PPE, home learning frameworks and platforms, additional scholar transport services (to account for distancing on buses) and temporary structures will be required at significant expense. Furthermore there needs to be consideration for additional teaching staff to facilitate physical distancing in classrooms.
11. We cannot understand why the basic education sector has not been included as a sector requiring extra budgetary support in the economic relief package and, as noted below, we request that reasons be provided for this exclusion.

Education Infrastructure Grant must be spared from budget cuts

12. In his presentation to the Portfolio Committee on Basic Education on 5 May 2020, the Director-General of Basic Education indicated that R11 billion would be reprioritised from the Education Infrastructure Grant (EIG) and R600 million from the School Infrastructure Backlogs Grant (SIBG) to cover the cost of Covid-19 provisioning.
13. It is irrational to target the EIG for reprioritisation when the need for adequate infrastructure, as per the Minimum Norms and Standards for School Infrastructure, is more urgent than ever to ensure school readiness for COVID-19 adaptation.
14. Moreover, the medium and long-term impact of such cuts will negatively impact the rights of learners. Children have continued to attend schools with unsafe and illegal plain pit latrines since the deadline for the provision of lawful sanitation facilities, provided in the Minimum Norms and Standards for School Infrastructure, expired in 2016. This state of unlawfulness has persisted partly because of funding cuts to the EIG over the past three years.⁶

⁶ The 2018 budget proposals reduced EIG and School Infrastructure Backlogs Grant (SIBG) allocations by a combined R7 billion and the 2020 budget proposals reduced the baseline available to the EIG by a further R1.7 billion.

15. Due to broader funding shortfalls, analysis of the Estimates of Provincial Revenue and Expenditure shows that many Provincial Education Departments now no longer spend any portion of their equitable share allocation on routine maintenance and repair of schools – relying on the EIG instead. By cutting the EIG, schools are at risk of not having sufficient funds to cover their immediate maintenance costs, as well as their longer-term infrastructure plans. This could result in serious safety breaches that put learners and teachers rights at risk.
16. Forcing schools to cover COVID-19 expenditure from their existing 2020 Norms and Standards funding allocations will likely exacerbate the position schools find themselves in, as impossible choices are made between fixing a toilet, buying more furniture, setting up temporary structures and other urgent tasks often thrust upon principals and SGBs.
17. The Treasury’s SAB Guidelines provide that Departments must not affect the longevity of programmes through the reprioritisation of their budgets. We argue that cuts to school infrastructure will do exactly this.
18. The Regulation 9(4)(b) of the Disaster Management Regulations⁷ also states that Departments must, as far as possible, not compromise service delivery in relation to the realisation of the rights contemplated in sections 26 to 29 of the Constitution when shifting funds from within their budgets. Yet that is what we believe will happen if the sector is not provided with additional funding and the EIG is targeted for cuts.
19. As set out further below, we would like to know whether the EIG is indeed being targeted for reprioritisation, by how much, and the extent to which alternative sources of financing Covid-19 related expenditure in the basic education sector have been considered.

Transparency and engagement needed

20. The scale of the challenges posed by COVID-19 require greater collaboration between all sectors of society for the common good. The SAB process however is not open to public scrutiny until the final budget proposals are tabled in Parliament. There is little precedent for changes to be made to these

⁷ Published under Government Notice 480 of 29 April 2020 in *Government Gazette* No. 43258 as amended by Government Notice 608 in *Government Gazette* 43364.

proposals, once they are tabled, even when there is widespread opposition to them. They are therefore at that point essentially a *fait accompli*.

21. In line with the principles of transparency and public participation, we request that the National Treasury reconsider this approach by creating space for public consultation *prior* to the tabling of the budget proposals.
22. We are aware of the extremely pressured timeframes under which the National Treasury and provincial treasuries are working to support departments to adjust their appropriated budgets according to areas of expenditure specified in Section 30(2) of the Public Finance Management Act (“**PFMA**”).⁸ We appreciate, too, that much of what would happen in alignment with ‘normal’ fiscal timelines has been upended. We seek clarity from you on how and when recommendations on COVID-19 related budget adjustments will be issued by Medium Term Expenditure Committees (MTECs).
23. Departments are required to defend any proposed increases or decreases to their allocations, and the details within these defences are pertinent for public debate. Will MTEC hearings be held to evaluate MTEF submissions by National and Provincial Departments, as would happen under normal circumstances? If yes - we request an invitation to observe the proceedings to obtain clarity on the fiscal prioritisation process, the rationale for decisions proposed and in order to give effect to the constitutional right of access to information.
24. In addition, we would also like to request that the budget submission of the DBE as well as the narrative report required by the SAB guidelines be sent to us. We further request that the same logic be applied by publishing the same reports and submissions for all Departments and entities on the Treasury website for public scrutiny.
25. Finally, in line with the principles of transparency and accountability, and having regard to the context set out above, we request a response to the following specific queries.
 - (i) We would like clarity on the R135 billion figure that the Director General of the DBE referred to in his presentation to the Portfolio Committee on Basic Education on 5 May 2020. In particular:
 - a. Does the figure apply to the basic education sector only, or to both the basic education and higher education sectors combined?

⁸ 1 of 1999

- b. What does the R135 billion figure relate to? Please provide a breakdown (approximates if necessary) of the programmes, sub-programmes and grants that are included in this figure. Please also indicate whether the amounts relate to the cuts already announced in the 2020 budget proposals, or to the total value of budget cuts that could emerge from the adjusted MTEF after the SAB process?
- (ii) Kindly provide reasons as to why the basic education sector has not been included in the Covid-19 economic relief package announced by government, despite the high costs of Covid-19 that must be absorbed to ensure the safety and rights of learners, parents and teachers?
- (iii) Has the EIG in fact been targeted for reprioritisation? If so:
- a. How much has been targeted and what is the justification for this?
- b. Has an assessment been undertaken on the impact of such reprioritisation on both long term projects and immediate in-year infrastructure needs, such as maintenance and repair. If so, kindly provide us details of the contents and outcomes of this assessment. In the long-run, will existing infrastructure projects be cancelled or postponed? How many are affected?
- (iv) Within the basic education sector budget, what sources, other than the EIG, have been considered for reallocation to fund COVID-19 provisioning and how much is available from each source?
- (v) In relation to the MTEC deliberations - we seek the clarity on the following that we anticipate would be addressed by the relevant Treasury and DBE specialists:
- a. What alternative sources of financing, other than using existing allocated funds, have been considered by the National Treasury and the DBE, to fund the basic education sector COVID-19 provisioning? Please include in this response whether funding from the International Monetary Fund, the World Bank, New Development Bank or African Development Bank has been, or will be, received to support the education sector's emergency response to COVID-19, and whether there are conditions attached to such funding.
- b. How will proposed revisions to Departments' medium-term plans connect to government's key socio-economic policy priorities – particularly those aimed at addressing massive inequalities in the education sector, further exposed by COVID-19?

- c. What reports/input informing the prioritisation of fiscal responses to challenges such as water and sanitation backlogs at schools?
- d. How are decisions pertaining to the costing of interventions arrived at?
- e. How are Departments' capacities to implement new budget proposals assessed and addressed to ensure effective COVID-19 responses?
- f. How do Departments' past performance and expenditure trends inform budget priorities and special adjustments (for instance - some Provincial Education Departments continue to exhibit sub-optimal trends where infrastructure spending is concerned).

26. We request a response to the above requests and queries by Thursday, 4 June 2020.

Yours sincerely,

Faranaaz Veriava
Head of the Education Rights Programme
SECTION27
veriava@section27.org.za

Nurina Ally
Executive Director
Equal Education Law Centre
nurina@eelawcentre.org.za

Noncedo Madubedube
General Secretary
Equal Education
noncedo@equaleducation.org.za

Jay Kruuse
Director
Public Service Accountability Monitor
jkruuse@ru.ac.za