

Education

Overview and background

1. Education's contribution to socioeconomic development cannot be overemphasised. In a young democracy like South Africa's, education plays a particularly critical role in transformation, reinforcing initiatives aimed at creating equity and equal opportunities. It can also contribute to social cohesion. For South Africa's historically disadvantaged communities, greater access to quality education is important for alleviating poverty and inequality and the creation of possibilities to achieve a better life.
2. The formal education system in South Africa comprises three bands namely general education and training (grade R to 9 and an equivalent ABET component), further education and training (grades 10 – 12 in schools and the national vocational certificates in FET Colleges – equivalent to NQF levels 2 to 4) and higher education (certificates, diplomas, and degrees, including post-graduate degrees).
3. In terms of the Constitution, Education is a concurrent function of national and provincial government, except for higher education, which is the exclusive responsibility of the national sphere. The national Department of Education is responsible for formulating overall education policy, setting norms and standards for education provisioning and is responsible for monitoring and supporting the provision of education. Provincial education departments are responsible for the funding and delivery of public school education and for further education and training.

Highlights

4. A steady increase in improving access to school education:
 - a. Nearly 12 million children are enrolled in the public schooling system compared to around 8 million in 1985. In addition, over-age enrolment in schools has gradually been managed downwards while more and more learners are staying in school longer – as evidenced by the increasing numbers writing the Grade 12 examinations.
 - b. There are currently over 367 000 educators employed in 25 194 public schools at an average learner educator ratio of 33:1 compared to an average ratio of over 50:1 in 1994.
 - c. Trends show that KwaZulu-Natal, Eastern Cape and Limpopo accommodate more than 50 per cent of learners, educators and schools. Significant progress has been made in reducing the high learner educator ratios in poorer provinces with the ratios ranging from 29:1 in North West to 35:1 in Mpumalanga.
5. Provincial education expenditure increased by 9,4 per cent (4,8 per cent in real terms) per year from R60.3 billion in 2003/04 to R79 billion in 2006/07 and is budgeted to grow by a further 10,8 per cent (5,8 per cent in real terms) per year to reach R107,3 billion by 2009/10. This level of growth is driven by key interventions aimed at improving various aspects of the system:
 - a. The no-fee schools policy was introduced in 2007. This allows the poorest 40 per cent of learners to enrol at no-fee schools without the burden of having to pay school fees. By effectively removing school fees as a barrier to school attendance, access and opportunities for poorer learners are significantly improved. Over R3 billion is to be spent on no-fee schools in 2007/08.

- b. Personnel spending continues to take up the largest share of provincial education budgets. As a percentage of total provincial education budgets, personnel spending decreased from 82,4 per cent in 2003/04 to 79,3 per cent in 2006/07 and is budgeted to decrease further to 76,6 per cent by 2009/10. The trend has allowed space for other key inputs needed to improve the quality of education. However, despite personnel's declining share of provincial budgets, the personnel budget has still shown significant growth at 8 per cent (3,5 per cent real growth) from 2003/04 to 2006/07 and 9,5 per cent (4,6 per cent real) from 2006/07 to 2009/10. Various personnel interventions over the review period drive these increases. They include pay progression for educators, additional administrative staff at schools and district offices and an occupation specific dispensation for educators.
- c. Capital spending grows sharply from R2,6 billion in 2003/04 to R3,7 billion in 2006/07 and is budgeted to reach R5,2 billion by 2009/10. This reflects government's commitment to ensure that school infrastructure backlogs are addressed and that each child be accommodated in fully equipped classrooms. Through its Infrastructure Delivery and Improvement Programme government seeks to ensure that provincial education departments have the capacity to speed up the delivery of school infrastructure.

6. In terms of outputs and performance

- a. Matriculation pass rate improved from below 50 per cent in 1997 to 70,7 per cent in 2004. It has declined slightly since then to 68,3 per cent in 2005 and 66,6 per cent in 2006. However, the numbers passing matric have actually increased from 330 717 in 2004 to 351 503 in 2006.
- b. The number of learners who passed with endorsement increased by over 10 000 between 1999 and 2006. While the number of endorsements has increased over this period, there has been a slight decrease in the endorsement rate from 18,6 per cent in 2003 to 16,3 per cent in 2006. The number of endorsements has implications for South Africa's ability to meet its skills requirements and the current endorsement rate is therefore a concern.
- c. Trends in results for mathematics and science are also of concern, considering that only 7,9 per cent of learners who wrote the mathematics exam passed on the higher grade. The situation is somewhat better for science where 17,8 per cent of science learners passed on the higher grade.

Challenges

- 7. Despite major improvements in access to education, high relative levels of expenditure, improved equity and growing real allocations, the quality of education at many schools remains a concern.
- 8. Backlogs in terms of water, sanitation, electricity and other physical resources continue to exist. At the same time, spending on capital does not keep pace with available resources. Steps need to be taken to improve capital spending capacity. Government's Infrastructure Delivery and Improvement Programme government seeks to ensure that there is capacity to speed up the delivery of school infrastructure.
- 9. Supply chain management processes are not always effective in ensuring that learner support materials are procured and delivered to all schools ahead of the start of the school year.

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Health

Overview and Background

Over the past few years a number of interventions have improved access to health services:

- Primary health care services have expanded significantly with 20 million more patient visits annually than eight years ago;
- The number of health personnel employed in the public sector has increased by 7 160 over the past year and by 31 710 since 2004. The scarce skills and rural allowance strategy is likely to have contributed to this and resulted in the recruitment of a further 3 253 doctors, 13 202 nurses, 5 433 ambulance personnel and 531 pharmacists since 2002;
- By March 2007, the comprehensive HIV and Aids programme had 264 423 patients on treatment at 313 sites across 53 health districts, compared to 143 434 patients treated one year earlier. This is in addition to the persons treated in the private sector and by non-governmental organisations (NGOs). Mother-to-child transmission prevention programmes and voluntary counselling and testing programmes also expanded coverage over the last year and are now available in virtually all public sector facilities. However, coverage within facilities requires improvement;
- The hospital maintenance, rehabilitation and construction programme is currently contributing to the revitalisation of over 40 hospitals, of which eight have been completed since 2004/05, with two currently on retention.

The following initiatives aim to strengthen the sector in the forthcoming years:

- The sector aims to recruit 30 000 health professionals over the next five years. This is to be achieved through funding additional posts, an improved remuneration dispensation for nurses from July 2007 (with other health professionals to follow), and increasing numbers of nursing students.
- Implementation of the national strategic plan against HIV and Aids will continue.
- The hospital revitalisation programme, which is receiving more funds to cover a greater number of hospitals, is being evaluated by the National Department of Health and National Treasury to improve its functioning.
- The national emergency medical service is being strengthened to shorten response time in medical emergencies and improve training of personnel.

Spending Outcomes 2006/07

- Provinces collectively overspent their budgets by R379 million, with particular pressure on the non-personnel non-capital portion (R836million)
- While spending on conditional grants have been fairly strong, there is still under spending on the Hospital Revitalisation grant (R142million) and the Forensic Pathology Services grant (R270million) due to delays in recruiting personnel and tendering for capital projects. Rollovers have been requested for most of these amounts

Budget Trends

- Real annual growth of 6,7 per cent from 2003/04 to 2009/10, with strong real growth on goods and services (8 per cent), payments for capital assets (13,2 per cent) and compensation of employees (6,1 per cent).

- Personnel accounts for approximately 53, 6 per cent of total budget, with R8 billion higher spending in 2006/07 than in 2003/04. There are policy initiatives in place to increase the number of health personnel in the sector as well as improve remuneration of health professionals via a new wage dispensation. This will increase the compensation budget by 10, 8 per cent annually, from 28, 7 billion in 2006/07 to R39, 1 billion in 2009/10. Of the 24 9597 employed in the sector, 14 6727 were health professionals (58, 8 per cent).

Health Spending By Programme

- District Health Services is the largest programme, with strong growth going forward (11, 5 per cent), taking spending to R29.2 billion in 2009/10. This growth can be attributed to the additional R1.7 billion allocated in the 2007 Budget for HIV and Aids.
- Health Sciences and Training, Health Facilities Management, and Emergency Medical Services also experience rapid growth

Health Spending By Functional Classification

- Public Hospitals show real growth of 4 per cent from 2003/04 – 2009/10, although growth varies by category. TB hospitals grow strongly (8, 6 per cent real growth) reflecting the sectors commitment to dealing with the current problems with MDR and XDR-TB. All other categories except Central Hospitals (which is relatively flat at 0, 8 per cent real growth) show positive growth. However, the data for central hospitals could be misleading due to Western Cape's decision to re-classify some of its expenditure.
- Spending on Primary Health Care continues to grow sharply over the next three years. Despite the increase in funding, visits have levelled off over the past two years at 101 million. This may reflect a levelling of demand as access improves. Utilisation rates vary by province, from 2, 2 in Gauteng and KZN to 3, 7 in Western Cape. Despite the national norm of R256 per capita per year on PHC services set by the national department, a number of districts spend less than R200 per capita per annum. However, funding in the poorest districts has improved substantially since 2001/02
- Spending on HIV & Aids continues to grow sharply from 2003/04 – 2009/10, both through the conditional grant (30,4per cent) and provinces own allocations (28,8per cent), and the TB cure rate is still unsatisfactory
- The large growth in the budget is to expand coverage of HIV and Aids treatment programmes over the next three years. It is expected that a further 100 000 patients will be on treatment in 2007/08, and this numbers is set to rise to over 600 000 patients by 2009/10. The increase in patients on ARV treatment reflects ongoing rollout as sites are accredited and testing, counselling, human resources and laboratory infrastructure are put in place. There has also been a rapid increase in numbers of HIV, CD4 and viral load tests performed by National Health Laboratory Service. HIV and Aids programmes will continue to strengthen under the national strategic plan, alongside an expansion of prevention programmes.
- The Health Facilities programme provides for the construction rehabilitation and maintenance of clinics and hospitals. The hospital facilities budget grew from R2,1 billion in 2003/04 to R4,3 billion in 2006/97 and is budgeted to grow by 12,8 per cent annually to reach R5,9 billion by 2009/10.
- Emergency Medical Services (EMS) increases to R3, 2 billion by 2009/10, due to an additional R863 million injection in the 2007 Budget. This is to aid the rollout of the new EMS model which aims to shorten response times to medical emergencies, expand and improve communication and information systems, improve basic training of Basic Emergency Assistants, provide air ambulances and replace older vehicles. Government aims to have this in place by the 2010 FIFA World Cup.

Funding Trends and Inter-provincial Equity

- Health spending will reach new peaks in 2009/10, with public sector health spending amounting to around R500 per uninsured family per month
- Per capita spending per province grows by 5, 3 per cent in real terms from 2003/04 – 2009/10, with an average of R1 727 per province by 2009/10.

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Social Development

Overview and background

The shifting of the social security grant function to the South African Social Security Agency (SASSA) three years ago created an entirely different social development sector in the provincial sphere, whose primary focus is now social welfare services. These are services aimed at supporting the aged, needy children, people with disabilities and victims of crime. While provinces have been performing these services in the past, their focus tended to be more on the rising demands of social security, which took up a lot of their time, and financial and other resources.

The sharp focus on social welfare services is evident on a number of fronts. First, there is increased attention given to formulating policies and writing up legislation that supports developmental welfare. Second, increased amounts of resources are being allocated to the sector in line with developmental welfare imperatives. Over the seven year period under review, provincial social development budgets will treble. There is greater recognition of the role of non-governmental organisations (NGOs) as partners in meeting the challenge of delivering improved welfare services to those who need them. Finally, because the delivery of these services requires professional social workers, government has set a target of providing bursaries to at least 1 000 students a year in this field of study over the next three years.

At the national level, social assistance now reaches more than 12 million beneficiaries, the majority of whom are children. Old age pensions are also paid to approximately 2,2 million beneficiaries, up from 2 million in April 2003.

Expenditure overview

Spending on social welfare services set to treble over the seven year period. Budgets grew by 17,3 per cent annually from R3,2 billion in 2003/04 to R5,2 billion in 2006/07. This trend continues over the MTEF period and will see social development budgets reaching R8,7 billion by 2009/10.

With budget increases of this magnitude, the sector is in a good position to scale up preventative programmes, as well as early intervention and protection services.

2006/07 budget outcome

In 2006/07, provinces spent R5,2 billion on social development activities. This represents underspending of R148,8 million or 2,8 per cent. The underspending was mainly on compensation of employees (which highlights the difficulty the department is having with attracting Social Workers).

Programme spending

Expenditure in the Social welfare services programme grew by 15 per cent annually from R2,0 billion in 2003/04 to R3,1 billion in 2006/07. By 2009/10, provinces are budgeting to spend R5,6 billion on these services. Spending on the programme will nearly treble over the seven year period.

While non-residential care is the preferred sentencing option, there is a greater demand for secure care facilities for both children awaiting trial and sentenced children. Spending on Child care and protection services grew sharply from R721 million in 2003/04 to R1,1 billion in 2006/07, and is budgeted to grow 20,6 per cent annually over the next three years to reach R1,8 billion by 2009/10

Spending on Care and services to older persons increases from R390 million in 2003/04 to R766 million in 2009/10. This provides funding for the implementation of the Older Persons Act (2006).

Crime prevention and support, which develops and implements social crime prevention programmes and probation services targeting children, young and adult offenders in the criminal justice system, is also prioritised. The budget grows from R145 million in 2003/04 to R664 million in 2009/10.

The budget for Substance abuse prevention and rehabilitation grows from R65 million in 2003/04 to R246 million in 2009/10. This is to support the prevention and treatment programmes and step up awareness campaigns focusing on drug addiction and abuse.

Transfers to non-profit organisations grew by 18,8 per cent annually, from R1,2 billion in 2003/04 to R2,1 billion in 2006/07. The growth in the budgets is sustained in the years ahead. Transfers to NGOs will amount to R3,7 billion by 2009/10.

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Housing

In ensuring the progressive realization of the right to adequate housing, Government has prioritised the provision of subsidised housing with budget allocations growing 20, 8 per cent annually and totaling R29, 6 billion over the 2007 MTEF. These budgetary commitments are in support of the Comprehensive Plan for the Creation of Sustainable Human Settlements in which Government committed itself to:

- Accelerate the delivery of housing as a key strategy for poverty alleviation and job creation
- Transfer assets to households in support of wealth creation and empowerment
- Promote social cohesion and improve the poor's quality of life
- Support the functioning of the entire residential market to create a single housing market, and
- Use housing to develop sustainable human settlements in support of spatial restructuring of South Africa's cities and towns.

Since its inception, the programme has delivered over 2, 3 million housing units and serviced sites with over 3 million subsidies approved. Whilst South Africa's rate of delivery in subsidised houses is unparalleled internationally, delivery in the affordable housing sector (below R200 000 units) needs to be stepped up to meet demand. Increased attention is needed to align the provision of credit-linked individual subsidies to goals of the Finance Sector Charter. Of the R2, 7 billion additional allocation over the 2007 MTEF, R1, 5 billion was made available to expand the provision of these subsidies.

A key challenge in the provision of integrated human settlements is developing planning processes which seek to:

- ensure socio-economic infrastructure and services are aligned with housing;
- address the racial and class divisions that continue to characterise our communities; and
- reduce the transport burden on communities in out lying areas.

With regards to the institutional arrangement in the delivery of housing, a greater role for municipalities in housing delivery could result in better alignment and speedy housing delivery. This will allow for better and more localised needs analysis; improved land identification, zoning and procurement; integrated and inclusionary residential areas; planning and procurement of public facilities and private investment; and the supply of bulk infrastructure and services. It will also lead to greater accountability at local level and broaden options for cross-subsidisation and funding.

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Agriculture and land

Overview and Background

- Agriculture currently serves as an important catalyst in rural economic development and a means towards empowering rural communities through its land reform programmes.
- The Agriculture and land policy is driven nationally by two departments. Department of Land Affairs mainly drives the land reform programme, while the Department of Agriculture is responsible for, among others, farmer settlement and support. The land reform programme sees 1, 7 million hectares of land redistributed to 251 862 households, reducing the skewed land ownership. Agriculture budgets double from R3 billion in 2003/04 to R6 billion by 2009/10.

Budgets and expenditure trends in national agriculture

- The national Department of Agriculture's budget increased from R1, 2 billion in 2003/04 to R2, 3 billion in 2006/07 and is projected to reach R2, 4 billion in 2009/10.
- The *Livelihoods, economics and business development* programme are the fastest growing and command the largest share at 30, 3 per cent in 2006/07. The *Bio-security and disaster management* programme, *Production and resource management* programme and *Sector services and partnerships* programme respectively spent R530 million, R212 million R641 million in 2006/07.

Budgets and expenditure trends in land affairs

- South Africa's land reform programme focuses primarily on land restitution, tenure reform and land redistribution.
- The land reform and restitution budget more than doubled from R1, 3 billion in 2003/04 to R2, 8 billion in 2006/07. Approximately R7,1 billion is set aside to finalise all outstanding restitution claims and R7,9 billion to finalise and accelerate land redistribution for the programme over the next three years
- Of the 79 696 claims lodged in 1998, 74 417 claims had been settled. Some restitution claims, mostly urban claims, are settled through cash compensation.
- Soaring property costs saw compensation costs for land double from R2, 4 billion in 2006 to R5, 2 billion by the end of March 2007. The number of claims increased by 3, 9 per cent, while the number of households increased by 28, 1 per cent or 55 000 to just above 250 000. The number of beneficiaries increased by 26, 8 per cent or about 269 000, from 1 million to about 1, 3 million by the end of March 2007.

Provincial highlights

- Spending by the predominantly rural provinces like Eastern Cape, KwaZulu-Natal and Limpopo is relatively higher than in the more urban provinces. Collectively these three provinces spent 62, 9 per cent of total agriculture spending in 2006/07.

- Total agriculture expenditure doubles from R3 billion in 2003/04 to R6 billion by 2009/10. *Administration* and *Farmer support and development* account for approximately 66 per cent of provincial agriculture spending.
- Expenditure on *Sustainable resource management* by provinces in 2006/07 was R445 million increasing to R714 million in 2009/10. Expenditure on this programme ranges from 7, 4 per cent in Mpumalanga to 17, 4 per cent in Northern Cape.
- The *Farmer support and development* programme grow by 24, 3 per cent to R2, 9 billion between 2007/08 and 2009/10 and constitute 47, 3 per cent or R2, 1 billion of provincial agriculture budgets. Limpopo, KwaZulu-Natal and North West have the highest expenditure levels of above 49 per cent, while Gauteng and Western Cape are both below 30 per cent.
- *Veterinary services* programme was 8, 9 per cent or R385 million of total provincial spending by 2006/07.
- Spending on the *Technology, research and development services* was at R309 million in 2006/07. Expenditure per province ranges from 18, 5 per cent in Western Cape to 4, 1 per cent in Limpopo.
- The *Agricultural economics* programme serves has the lowest share of total expenditure on programmes, at R58 million or 1, 3 per cent in 2006/07.
- The *Structured agricultural training* programme expenditure rose substantially from R123 million in 2003/04 to R204 million in 2006/07.

Non-personnel expenditure

- Non-personnel expenditure funds farm infrastructure and sustainable resource management programmes such as land care and management of communal land. Its expenditure has more than doubled from R1, 1 billion in 2003/04 to R2, 2 billion in 2006/07. Spending on non-personnel continues to increase rapidly.
- Government is succeeding in bringing the historically disadvantaged section of the population into the mainstream of the agriculture sector. 1, 7 million hectares of land had been redistributed to over 250 000 households. The land reform programme guarantees vibrancy returns to South Africa's rural economies. Therefore government needs to continue with the stepping up of agricultural support to ensure sustained productive land use.

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Roads and Transport

Overview and background

Investment in transport infrastructure is critical for sustainable growth. An efficient transport system reduces transaction cost and ensures that the economy remains globally competitive, thus promoting international trade. The quality of the road network is important for the mobility of people, goods and services. As such, road construction and maintenance continue to be prioritised in the period ahead.

Roads infrastructure

National Roads: SANRAL represents 2, 9 per cent of the total road network and 14 per cent of the surfaced network.

- Of the 15 600 kilometres, 2 500 kilometres or 16 per cent is tolled.
- Toll roads represent 0, 5 per cent of the total network and 2, 3 per cent of the surfaced network.

Provincial Roads: The main feature of the secondary and tertiary road network falling under provincial control is the variance in standards and serviceability among and within provinces.

Municipalities are responsible for the construction and maintenance of roads and streets within cities and towns. Metropolitan transport advisory boards govern urban areas which have been declared metropolitan transport areas.

Number of vehicles and impact on roads

Total number of vehicles in South Africa was 7, 823 314 as at March 2007. 537 906 new cars were added to South African roads last year. This rate of growth contributes further to congestion and puts pressure on the country's road network. Heavy vehicles and high traffic volumes are some of the main factors putting great pressure on the road network.

Consolidated expenditure on roads

Road infrastructure budgets are increasing sharply to address the impact of high traffic volumes on the condition of the road network. National and provincial departments' roads budgets increased rapidly (17,6 per cent annually) from R7,0 billion in 2003/04 to R11,2 billion in 2006/07. Both spheres are set to grow 14,9 per cent annually to R19 billion by 2009/10. R13,4 billion or 70 per cent of this spending is by provinces, and in the period ahead, a significant proportion is intended for stepping up spending on EPWP.

Traffic management and safety expenditure trends

The need to improve road safety is priority. Provincial and local government are using their communication functions to support the Arrive Alive campaign. Provinces spent R1,7 billion on road traffic management and safety in 2006/07. Expenditure is projected to grow at an average annual rate of 5 per cent over the next three years reaching R2 billion by 2009/10. The highest spending level is in KwaZulu-Natal. Increased emphasis is being placed on safety on all transport modes.

Personnel

Provincial traffic officials are responsible for law enforcement on the rural road network, which at times is linked to the national road network, as well as provincial roads. Gauteng has the highest number of traffic personnel. This is because there are three metros in the province. Gauteng is followed by the Western Cape and Mpumalanga.

There is a severe shortage of technical skills in provincial departments of roads and transport. The average age of engineers is 50, so most senior engineers will be retiring in the next few years. Western Cape, Gauteng and KwaZulu-Natal are relatively well-resourced with senior engineers.

Public transport

Government's transport plan for the 2010 FIFA World Cup aim to ensure efficient and safe transport, especially sufficient air, road and rail transport operators and infrastructure for the event. As such, provincial public transport expenditure increased from R790 million in 2003/04 to R1,3 billion in 2006/07. This is budgeted to grow by an average annual rate of 4,2 per cent over the medium term to reach R1,5 billion in 2009/10. Spending is high in North West and low in the Northern Cape, reflecting its smaller population. The public transport infrastructure grant to municipalities provides R1,2 billion in 2007/08, R3,5 billion in 2008/09 and R2 billion in 2009/10 to accelerate planning; and to establish, construct and improve new and existing public transport infrastructure and systems. This includes R1,1 billion for commuter bus and rail transport.

Bus subsidies

Bus subsidies are earmarked to enable all South Africans, including the unemployed and poor, to enjoy greater access to economic and employment opportunities. Almost all public transport expenditure goes to bus subsidies. Bus services account for 22 per cent of public transport commuters and the rest are transported by train and minibus taxis.

Implementation of the taxi recapitalisation programme

By February 2007, almost 99 per cent of taxi operators had applied for their permits to be converted to operating licences. New taxis have been introduced since September 2006 with colour coding features and specific markings to help commuters and traffic enforcement officials identify them. The Siyazi Consortium Scrapping Agency finalised and set up facilities and infrastructure countrywide for scrapping taxis. This began in October 2006, coinciding with Transport Month.

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