

# Vote 5

## Education

| R thousand                             | 2018/19            |                        |           |               |
|--|--------------------|------------------------|-----------|---------------|
|  | Main appropriation | Adjusted appropriation | Decrease  | Increase      |
| Operational budget                     | 50 901 704         | 50 981 659             |           | 79 955        |
| MEC remuneration <sup>1</sup>          | 1 978              | 1 978                  |           |               |
| <b>Total amount to be appropriated</b> | <b>50 903 682</b>  | <b>50 983 637</b>      |           | <b>79 955</b> |
| <i>of which:</i>                       |                    |                        |           |               |
| Current payments                       | 47 154 751         | 47 443 465             |           | 288 714       |
| Transfers and subsidies                | 1 988 164          | 1 754 420              | (233 744) |               |
| Payments for capital assets            | 1 760 767          | 1 785 752              |           | 24 985        |
| Payments for financial assets          | -                  | -                      |           |               |
| Responsible MEC                        | MEC for Education  |                        |           |               |
| Administering department               | Education          |                        |           |               |
| Accounting Officer                     | Head: Education    |                        |           |               |

### 1. Vision and mission

#### Vision

The vision of the Department of Education (DOE) is: *A well-educated, skilled and highly developed citizenry.*

#### Mission

The department's mission is: *To provide equitable access to quality education for the people of KZN.*

### 2. Strategic objectives

**Strategic policy directions:** These are directly linked to the 14 national outcomes, which also inform the department's strategic goals and objectives, as listed below:

- Quality basic education.
- Skilled and capable workforce to support an inclusive growth path.

In line with the new strategic plan, the strategic goals have decreased to four and encapsulate the department's contribution toward the achievement of national and provincial goals, and all other international mandates within the context of MTSF 2014-2019 for the current electoral cycle, and national and provincial action plans. Hereunder are the strategic goals:

- Strengthen and sustain good corporate governance to promote an efficient and effective administration.
- Develop human capacity and achieve excellent levels of performance.
- Broaden access and develop offices and schools into centres of excellence and improve learner performance in all grades.
- Develop schools into centres of community focus, care and support in promoting national identity and social cohesion.<sup>1</sup>

### 3. Summary of adjusted estimates for the 2018/19 financial year

The main appropriation of the DOE was R50.904 billion in 2018/19. During the year, the department received an additional allocation totalling R79.955 million, increasing the budget to R50.984 billion.

<sup>1</sup> At the time of going to print, the proclamation determining the 2018 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2018/19 EPRE.

The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

In line with cost-cutting measures and efforts to reduce the projected pressures against *Compensation of employees*, the department has undertaken measures or strategies to manage the 2018/19 personnel budget. This turnaround strategy mainly addresses the various areas that have shown spending pressures recently. The department is endeavouring to curtail spending pressures on various items, as well as addressing inefficiencies in the appointment of temporary educators, leave management, etc. This includes managing the Personnel Provisioning Norm (PPN) in schools where there are excess educators based on the school enrolment. The department reports that the strategy of redeploying surplus educators to substantive posts that become vacant, shows a reduction in the number of surplus educators. In September, 978 educators were reported to be surplus as opposed to the initial figure of 1 798 reported in June. The controls which have been implemented as part of the turnaround strategy include filling temporary educator posts from the list of surplus educators.

- *Roll-overs*: A roll-over of R136.585 million was approved by National Treasury in respect of the following conditional grants:
  - R129.337 million was rolled-over against *Goods and services* in Programme 2: Public Ordinary School Education in respect of the National School Nutrition Programme (NSNP) grant. This relates to unpaid March 2018 invoices in respect of procurement of cooking equipment and utensils, as well as feeding costs for March which were paid in April.
  - R6.148 million was rolled-over against *Goods and services* in Programme 2 in respect of funds under-spent against the Maths, Science and Technology (MST) grant. This is attributed to late receipt of invoices related to equipment and training and development under the MST grant. The department indicated that the commitments pertain to travel and subsistence costs with regard to the training of 360 educators in respect of Technical Mathematics and Technical Science in technical schools. This also includes the payment of a management fee for the installation of computer equipment in various schools.
  - R1.100 million was rolled-over against *Goods and services* in Programme 4: Public Special School Education in respect of the Learners with Profound Intellectual Disabilities (LPID) grant relating to commitments for the purchase of inventory: learner teacher support materials (LTSM) toolkits for the development of fine motor skills (puzzles, crayons, beads, etc.), gross motor skills (skipping rope, jungle gyms, tennis rackets, etc.) and communication skills (textbooks, tea-sets, toy cars, bells, music instruments, etc.) for learners with intellectual disabilities.
- *Virement between programmes*: The department undertook various virements across programmes. This also affected various economic classifications and sub-programmes, as detailed later:
  - Programme 1: Administration was decreased by a net amount of R240 million as follows:
    - Savings realised against *Compensation of employees* (R250 million) due to unfilled vacant funded posts, such as Senior Management Services (SMS) posts, Deputy Directors: HR and Finance in districts, Office-Based Educators and Circuit Managers in various district offices. The savings were realised from the implementation of the turnaround strategy implemented to fill district posts in order to increase internal controls. These posts have been advertised and are anticipated to be filled later in-year. The savings were moved to offset pressures against *Compensation of employees* in Programme 2.
    - This reduction was offset by funds that moved from *Goods and services* in Programme 4 (R5 million) and Programme 5: Early Childhood Development (R5 million) related to the implementation of the turnaround strategy to reduce pressures within the Vote. In line with this strategy, enforced savings were implemented on training and development in both programmes to offset pressures against the same economic category in respect of property payments for higher than budgeted domestic account costs.
  - The increase of R335.656 million against Programme 2, was allocated as follows:
    - R250 million from Programme 1 against *Compensation of employees* to the same economic category and this was utilised to offset spending pressures mainly under the sub-programme:

Public Secondary Level in respect of the below inflationary cost of living adjustment budget growth while preparing the 2018/19 MTEF budget. In terms of National Treasury guidelines, the prescribed cost of living adjustment growth rate, including pay progression, was 8 per cent, however, the department provided for only 5.9 per cent.

- R4.746 million from Programme 5 against *Transfers and subsidies to: Non-profit institutions* was allocated to *Compensation of employees* to offset spending pressures in respect of the below inflationary cost of living adjustment budget growth while preparing the 2018/19 MTEF budget, as previously explained. The department indicated that there was an unallocated amount in respect of transfers to schools. This relates to funds which were temporarily allocated to be surrendered to the Provincial Revenue Fund (PRF) as part of the 2018/19 budget cuts. However, these cuts were withdrawn during 2018/19 in line with a Provincial Executive Council (PEC) decision. Therefore, this amount did not form part of the gazetted list for transfers to schools.
- R73.910 million from Programme 7: Examination and Education Related Services against *Transfers and subsidies to: Departmental agencies and accounts* related to enforced savings from the non-transfer to the Education Training and Development Practices Sector Education and Training Authority (ETDP SETA). This relates to the implementation of the turnaround strategy to reduce pressures within the Vote. These savings were utilised to offset pressures in respect of higher than budgeted staff exit costs and were allocated to *Transfers and subsidies to: Households*.
- R7 million from Programme 3: Independent School Subsidies against *Transfers and subsidies to: Non-profit institutions* was moved to offset pressures against *Goods and services* in respect of under budgeted activities for the sub-programme: School Sport, Culture and Media Services. This includes catering for departmental activities, transport provided for departmental activities, etc. The savings were realised from non-transfer of subsidies to new independent schools. This relates to funds which were temporarily allocated to be surrendered to the PRF as part of the 2018/19 budget cuts. However, these cuts were withdrawn during 2018/19 in line with a PEC decision. Therefore, these did not form part of the gazetted list of transfers to schools.
- o Programme 4: Public Special School Education was increased by a net amount of R45 million. These funds were moved from Programme 5 to offset pressures against *Compensation of employees* (R50 million) under the sub-programme: Schools in respect of the below inflationary cost of living adjustment budget growth while preparing the 2018/19 MTEF budget. In terms of National Treasury guidelines, the prescribed cost of living adjustment growth rate, including pay progression, was 8 per cent, however, the department provided for only 5.9 per cent. This was moved from Programme 5 related to vacant posts for Grade R educators. Also, as already mentioned, funds of R5 million were moved from this programme within *Goods and services* to offset spending pressures against Programme 1 in respect of domestic account costs.

These virements are permissible in terms of the PFMA and Treasury Regulations. Where necessary, the required Treasury approval was obtained. In addition to the above virements, the department undertook virements across sub-programmes and economic categories within programmes and these are discussed in more detail in Section 4. Some of the virements undertaken at programme level require Legislature approval, and this is highlighted in grey shading under the relevant programmes.

Legislature approval is required for the reduction in *Transfers and subsidies to: Non-profit institutions* and *Departmental agencies and accounts* relating to transfers to schools (that were not gazetted to any particular school, though), as well as the transfer to ETDP SETA. Also, the reduction in *Payments for capital assets* resulted in a net decrease in the capital budget and this also requires Legislature approval. This is further detailed in Section 4.

- *Shifts*: The department undertook no shifting of funds across programmes, however, funds were shifted across economic categories and sub-programmes within Programmes 1 and 2, as detailed in Section 4.

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- **Other adjustments:** The department's budget allocation was decreased by a net amount of R56.630 million, as explained below:
  - o An amount of R206.630 million was reduced from Programme 2 against *Goods and services*. This relates to the learner transport function that was moved to the department when the 2018/19 main budget was prepared. This function now moves back to the Department of Transport (DOT) in the 2018/19 Adjustments Estimate in line with a PEC resolution taken in June 2018. This is due to the challenges the department is facing, including objections, grievances and appeals from unsuccessful bidders, capacity constraints and lack of expertise, among others. As this is a function shift, funds must also follow function, hence R206.630 million is moved from the department and allocated to DOT to cater for this function.
  - o Additional funding of R150 million was allocated to Programme 6: Infrastructure Development against *Buildings and other fixed structures (Refurbishment and rehabilitation: Capital)* in respect of the flood disaster that occurred in the province mainly affecting the uMlazi, Pinetown and Ugu districts, in October 2017. This additional funding was received from National Treasury via the Education Infrastructure Grant (EIG) and supplements the R63.800 million allocated from the provincial fiscus for disaster relief which was included in the 2018/19 Main Budget. It should be noted that there were 19 schools where construction was already underway and tenders were awarded in the eThekweni Region when National COGTA was conducting site verification prior to the approval of the business plan for additional funding. Therefore, the business plan containing only 87 projects was approved by National COGTA, while the balance of 19 are funded from the provincial fiscus.

Tables 5.1 and 5.2 reflect a summary of the 2018/19 adjusted appropriation of the department, summarised according to programme and economic classification. Note that further details of adjustments at economic classification level are provided in *Annexure – Vote 5: Education*.

**Table 5.1 : Summary by programmes**

| R thousand                                    | Main appropriation | Adjustments appropriation |                           |           |          |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|---------------------------|-----------|----------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/unavoidable | Virement  | Shifts   | Other adjustments |                                 |                        |
| 1. Administration                             | 1 984 826          | -                         | -                         | (240 000) | -        | -                 | (240 000)                       | 1 744 826              |
| 2. Public Ordinary School Education           | 42 626 473         | 135 485                   | -                         | 335 656   | -        | (206 630)         | 264 511                         | 42 890 984             |
| 3. Independent School Subsidies               | 91 028             | -                         | -                         | (7 000)   | -        | -                 | (7 000)                         | 84 028                 |
| 4. Public Special School Education            | 1 167 951          | 1 100                     | -                         | 45 000    | -        | -                 | 46 100                          | 1 214 051              |
| 5. Early Childhood Development                | 1 280 418          | -                         | -                         | (59 746)  | -        | -                 | (59 746)                        | 1 220 672              |
| 6. Infrastructure Development                 | 2 186 607          | -                         | -                         | -         | -        | 150 000           | 150 000                         | 2 336 607              |
| 7. Examination and Education Related Services | 1 566 379          | -                         | -                         | (73 910)  | -        | -                 | (73 910)                        | 1 492 469              |
| <b>Total</b>                                  | <b>50 903 682</b>  | <b>136 585</b>            | <b>-</b>                  | <b>-</b>  | <b>-</b> | <b>(56 630)</b>   | <b>79 955</b>                   | <b>50 983 637</b>      |
| Amount to be voted                            |                    |                           |                           |           |          |                   | 79 955                          | 79 955                 |

**Table 5.2 : Summary by economic classification**

| R thousand  | Main appropriation | Adjustments appropriation |                           |                  |                  |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|---------------------------|------------------|------------------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/unavoidable | Virement         | Shifts           | Other adjustments |                                 |                        |
| <b>Current payments</b>                             | <b>47 154 751</b>  | <b>136 585</b>            | <b>-</b>                  | <b>170 077</b>   | <b>188 682</b>   | <b>(206 630)</b>  | <b>288 714</b>                  | <b>47 443 465</b>      |
| Compensation of employees                           | 42 890 943         | -                         | -                         | 1 794            | -                | -                 | 1 794                           | 42 892 737             |
| Goods and services                                  | 4 263 808          | 136 585                   | -                         | 166 283          | 188 682          | (206 630)         | 284 920                         | 4 548 728              |
| Interest and rent on land                           | -                  | -                         | -                         | 2 000            | -                | -                 | 2 000                           | 2 000                  |
| <b>Transfers and subsidies to:</b>                  | <b>1 988 164</b>   | <b>-</b>                  | <b>-</b>                  | <b>(45 062)</b>  | <b>(188 682)</b> | <b>-</b>          | <b>(233 744)</b>                | <b>1 754 420</b>       |
| Provinces and municipalities                        | 1 287              | -                         | -                         | 1 000            | -                | -                 | 1 000                           | 2 287                  |
| Departmental agencies and accounts                  | 93 910             | -                         | -                         | (93 910)         | -                | -                 | (93 910)                        | -                      |
| Higher education institutions                       | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Foreign governments and international organisations | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Public corporations and private enterprises         | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Non-profit institutions                             | 1 805 150          | -                         | -                         | (26 062)         | (188 682)        | -                 | (214 744)                       | 1 590 406              |
| Households  | 87 817             | -                         | -                         | 73 910           | -                | -                 | 73 910                          | 161 727                |
| <b>Payments for capital assets</b>                  | <b>1 760 767</b>   | <b>-</b>                  | <b>-</b>                  | <b>(125 015)</b> | <b>-</b>         | <b>150 000</b>    | <b>24 985</b>                   | <b>1 785 752</b>       |
| Buildings and other fixed structures                | 1 736 691          | -                         | -                         | (122 533)        | -                | 150 000           | 27 467                          | 1 764 158              |
| Machinery and equipment                             | 20 076             | -                         | -                         | (2 482)          | -                | -                 | (2 482)                         | 17 594                 |
| Heritage assets                                     | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Specialised military assets                         | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Biological assets                                   | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Land and subsoil assets                             | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Software and other intangible assets                | 4 000              | -                         | -                         | -                | -                | -                 | -                               | 4 000                  |
| <b>Payments for financial assets</b>                | <b>-</b>           | <b>-</b>                  | <b>-</b>                  | <b>-</b>         | <b>-</b>         | <b>-</b>          | <b>-</b>                        | <b>-</b>               |
| <b>Total</b>  | <b>50 903 682</b>  | <b>136 585</b>            | <b>-</b>                  | <b>-</b>         | <b>-</b>         | <b>(56 630)</b>   | <b>79 955</b>                   | <b>50 983 637</b>      |
| Amount to be voted                                  |                    |                           |                           |                  |                  |                   | 79 955                          | 79 955                 |

#### 4. Changes to programme purposes and service delivery measures

The department has not changed the purpose of any of its programmes, which conform to the sector specific programme and budget structure for the Education sector for 2018/19. The non financial information currently reflected in the 2018/19 EPRE largely corresponds to the department's 2018/19 APP with a few discrepancies between the EPRE and the APP. According to the department, when the EPRE was finalised, it was still in the process of finalising the APP. As such, a few of the targets were amended and these changes were not brought into the EPRE. The department is now aligning the non financial information in the 2018/19 EPRE to the information in the APP.

##### 4.1 Programme 1: Administration

The main objective of Programme 1 is to provide overall management of the education system in the province, including the functioning of the Office of the MEC for Education, education management services for the education system, human resource development for office-based staff and the Education Management Information System (EMIS).

Tables 5.3 and 5.4 reflect a summary of the 2018/19 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in a net decrease of R240 million, are provided in the paragraphs following the tables.

**Table 5.3 : Programme 1: Administration**

| R thousand  | Main appropriation | Adjustments appropriation |                           |                  |          |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|---------------------------|------------------|----------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/unavoidable | Virement         | Shifts   | Other adjustments |                                 |                        |
| 1. Office of the MEC                              | 40 464             |                           |                           |                  | (23 276) |                   | (23 276)                        | 17 188                 |
| 2. Corporate Services                             | 1 072 660          |                           |                           | (126 289)        | 24 608   |                   | (101 681)                       | 970 979                |
| 3. Education Management                           | 797 834            |                           |                           | (105 711)        | (1 332)  |                   | (107 043)                       | 690 791                |
| 4. Human Resource Development                     | 14 784             |                           |                           | (8 000)          |          |                   | (8 000)                         | 6 784                  |
| 5. Education Management Information System (EMIS) | 59 084             |                           |                           |                  |          |                   | -                               | 59 084                 |
| <b>Total</b>                                      | <b>1 984 826</b>   | <b>-</b>                  | <b>-</b>                  | <b>(240 000)</b> | <b>-</b> | <b>-</b>          | <b>(240 000)</b>                | <b>1 744 826</b>       |
| <b>Amount to be voted</b>                         |                    |                           |                           |                  |          |                   |                                 | <b>(240 000)</b>       |

**Table 5.4 : Summary by economic classification**

| R thousand  | Main appropriation | Adjustments appropriation |                           |                  |          |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|---------------------------|------------------|----------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/unavoidable | Virement         | Shifts   | Other adjustments |                                 |                        |
| <b>Current payments</b>                             | <b>1 947 309</b>   | <b>-</b>                  | <b>-</b>                  | <b>(247 000)</b> | <b>-</b> | <b>-</b>          | <b>(247 000)</b>                | <b>1 700 309</b>       |
| Compensation of employees                           | 1 508 404          |                           |                           | (250 000)        |          |                   | (250 000)                       | 1 258 404              |
| Goods and services                                  | 438 905            |                           |                           | 1 000            |          |                   | 1 000                           | 439 905                |
| Interest and rent on land                           |                    |                           |                           | 2 000            |          |                   | 2 000                           | 2 000                  |
| <b>Transfers and subsidies to:</b>                  | <b>36 185</b>      | <b>-</b>                  | <b>-</b>                  | <b>1 000</b>     | <b>-</b> | <b>-</b>          | <b>1 000</b>                    | <b>37 185</b>          |
| Provinces and municipalities                        | 1 287              |                           |                           | 1 000            |          |                   | 1 000                           | 2 287                  |
| Departmental agencies and accounts                  |                    |                           |                           |                  |          |                   | -                               | -                      |
| Higher education institutions                       |                    |                           |                           |                  |          |                   | -                               | -                      |
| Foreign governments and international organisations |                    |                           |                           |                  |          |                   | -                               | -                      |
| Public corporations and private enterprises         |                    |                           |                           |                  |          |                   | -                               | -                      |
| Non-profit institutions                             |                    |                           |                           |                  |          |                   | -                               | -                      |
| Households  | 34 898             |                           |                           |                  |          |                   | -                               | 34 898                 |
| <b>Payments for capital assets</b>                  | <b>1 332</b>       | <b>-</b>                  | <b>-</b>                  | <b>6 000</b>     | <b>-</b> | <b>-</b>          | <b>6 000</b>                    | <b>7 332</b>           |
| Buildings and other fixed structures                |                    |                           |                           |                  |          |                   | -                               | -                      |
| Machinery and equipment                             | 1 332              |                           |                           | 6 000            |          |                   | 6 000                           | 7 332                  |
| Heritage assets                                     |                    |                           |                           |                  |          |                   | -                               | -                      |
| Specialised military assets                         |                    |                           |                           |                  |          |                   | -                               | -                      |
| Biological assets                                   |                    |                           |                           |                  |          |                   | -                               | -                      |
| Land and subsoil assets                             |                    |                           |                           |                  |          |                   | -                               | -                      |
| Software and other intangible assets                |                    |                           |                           |                  |          |                   | -                               | -                      |
| <b>Payments for financial assets</b>                |                    |                           |                           |                  |          |                   | -                               | -                      |
| <b>Total</b>  | <b>1 984 826</b>   | <b>-</b>                  | <b>-</b>                  | <b>(240 000)</b> | <b>-</b> | <b>-</b>          | <b>(240 000)</b>                | <b>1 744 826</b>       |
| <b>Amount to be voted</b>                           |                    |                           |                           |                  |          |                   |                                 | <b>(240 000)</b>       |

##### Virement – Programme 1: Administration: (R240 million)

The main appropriation of Programme 1 was decreased by a net amount of R240 million as a result of the following virements, which affected three sub-programmes:

- Savings of R250 million were identified under this programme in the sub-programmes: Corporate Services, Education Management and Human Resource Development against *Compensation of employees*. This was attributed to the non-filling of vacant posts in various district. These savings were moved to Programme 2, largely to offset pressures in respect of the below inflationary cost of living adjustment budget growth while preparing the 2018/19 MTEF budget, as mentioned.
- This reduction was offset by funds that moved from *Goods and services* in Programme 4 (R5 million) and Programme 5 (R5 million) against training and development due to enforced savings related to the implementation of the turnaround strategy to reduce pressures within the Vote. These savings were utilised to offset pressures against property payments for higher than budgeted domestic account costs.

In addition to the above virements, the following virements were undertaken within Programme 1:

- Further savings of R9 million were identified within the sub-programme: Corporate Services against *Goods and services* in respect of bursaries for employees due to enforced savings related to the implementation of the turnaround strategy to reduce pressures within the Vote. These funds were moved within the programme as follows:
  - R2 million was moved to offset pressures against *Interest and rent on land* in respect of interest charges incurred on overdue accounts, such as domestic accounts.
  - R1 million was moved to offset pressures against *Transfers and subsidies to: Provinces and municipalities* for the renewal of motor vehicle licence fees.
  - R6 million was moved to *Machinery and equipment* for the replacement of tools of trade such as office furniture and laptops, as well as to offset pressures due to payment made for vehicles, office furniture and equipment which were ordered in 2017/18 and paid for in 2018/19.
- Although, not visible in Table 5.4, a virement of R3.400 million was undertaken from the sub-programme: Education Management against *Households* resulting from lower than expected staff exit costs. These savings were utilised to defray pressures against the sub-programme: Corporate Services in respect of *Other transfers to households* to cater for bursaries awarded to non-employees in respect of the youth empowerment programme to assist students from disadvantaged backgrounds to study towards an education-related qualification in Maths and Science. The department indicated that this relates to students already on the programme and no new bursaries were awarded. These bursaries were not initially adequately budgeted for.

These virements are permissible in terms of the PFMA and Treasury Regulations.

### **Shifts – Programme 1: Administration**

The following shifts were undertaken within Programme 1, for which the original purpose of the funds remains unchanged. These shifts were undertaken across sub-programmes, but within the same economic categories, hence they are not visible in Table 5.4.

- An amount of R23.276 million was shifted from *Goods and services* under the sub-programme: Office of the MEC in respect of bursaries for employees to the same economic category under the sub-programme: Corporate Services. This was undertaken to align the budget to where the expenditure was incurred in respect of bursaries for employees which are centralised against the sub-programme: Corporate Services.
- An amount of R1.332 million was shifted from the sub-programme: Education Management against *Machinery and equipment* to the sub-programme: Corporate Services in the same economic category. This was undertaken to align the budget to where the expenditure was incurred in respect of purchases of office equipment, such as computers and office furniture.

### **Service delivery measures – Programme 1: Administration**

Table 5.5 shows the main service delivery measures relevant to Programme 1. It must be noted that two of the performance indicators are reported on annually rather than quarterly, due to a decision taken by

the Education sector. This is indicated by “Annual” in the table. The service delivery measures reflected in the 2018/19 EPRE were not fully aligned to those in the department’s 2018/19 APP. The department revised the wording for the output and two performance indicators to align them with the published 2018/19 APP, and these are indicated by bold italics and in the 2018/19 Revised target column.

**Table 5.5 : Service delivery measures – Programme 1: Administration**

| Outputs   | Performance indicators  | Performance targets     |                         |                        |
|---|---|-------------------------|-------------------------|------------------------|
|   |   | 2018/19 Original target | 2018/19 Mid-year actual | 2018/19 Revised target |
| <b><i>To bring about effective management at all levels</i></b> | <i>No. of public schools that use the school administration and management systems to electronically provide data</i> | 5 995                   | 5 872                   | 5 957                  |
|   | No. of public schools that can be contacted electronically (e-mail)   | 5 995                   | 4 398                   | 5 957                  |
|   | <b><i>% of education expenditure going towards non-personnel items</i></b>  | 8.04%                   | Annual                  |                        |
|   | <b><i>% of schools visited at least twice a year by district officials for monitoring and support purposes</i></b>    | 100%                    | Annual                  |                        |

## 4.2 Programme 2: Public Ordinary School Education

This programme houses the core functions of the department, and its aim is the provision of public ordinary schools from Grades 1 to 12, in accordance with the South African Schools Act. The objectives remain unchanged from the EPRE. Tables 5.6 and 5.7 summarise the 2018/19 adjusted appropriation of Programme 2 according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R264.511 million, are given in the paragraphs after the tables.

**Table 5.6 : Programme 2: Public Ordinary School Education**

| R thousand  | Main appropriation | Adjustments appropriation |                           |                |          | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|---------------------------|----------------|----------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/unavoidable | Virement       | Shifts   |                                 |                        |
| 1. Public Primary Level                                 | 24 613 295         |                           |                           | 44 346         |          | (103 315)                       | 24 554 326             |
| 2. Public Secondary Level                               | 16 222 290         |                           |                           | 284 310        |          | (103 315)                       | 16 403 285             |
| 3. Human Resource Development                           | 130 917            |                           |                           |                |          | -                               | 130 917                |
| 4. School Sport, Culture and Media Services             | 34 886             |                           |                           | 7 000          |          | 7 000                           | 41 886                 |
| 5. Conditional grants                                   | 1 625 085          | 135 485                   | -                         | -              | -        | -                               | 1 760 570              |
| <i>National School Nutrition Programme (NSNP) grant</i> | 1 534 878          | 129 337                   |                           |                |          |                                 | 1 664 215              |
| <i>EPWP Integrated Grant for Provinces</i>              | 2 000              |                           |                           |                |          | -                               | 2 000                  |
| <i>Social Sector EPWP Incentive Grant for Provinces</i> | 27 004             |                           |                           |                |          | -                               | 27 004                 |
| <i>Maths, Science and Technology (MST) grant</i>        | 61 203             | 6 148                     |                           |                |          | 6 148                           | 67 351                 |
| <b>Total</b>  | <b>42 626 473</b>  | <b>135 485</b>            | <b>-</b>                  | <b>335 656</b> | <b>-</b> | <b>(206 630)</b>                | <b>42 890 984</b>      |
| <b>Amount to be voted</b>                               |                    |                           |                           |                |          |                                 | <b>264 511</b>         |

**Table 5.7 : Summary by economic classification**

| R thousand  | Main appropriation | Adjustments appropriation |                           |                 |                  | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|---------------------------|-----------------|------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/unavoidable | Virement        | Shifts           |                                 |                        |
| <b>Current payments</b>                             | <b>41 028 695</b>  | <b>135 485</b>            | <b>-</b>                  | <b>271 928</b>  | <b>188 682</b>   | <b>(206 630)</b>                | <b>41 418 160</b>      |
| Compensation of employees                           | 38 152 894         |                           |                           | 244 746         |                  | 244 746                         | 38 397 640             |
| Goods and services                                  | 2 875 801          | 135 485                   |                           | 27 182          | 188 682          | (206 630)                       | 3 020 520              |
| Interest and rent on land                           |                    |                           |                           |                 |                  | -                               | -                      |
| <b>Transfers and subsidies to:</b>                  | <b>1 579 596</b>   | <b>-</b>                  | <b>-</b>                  | <b>73 910</b>   | <b>(188 682)</b> | <b>-</b>                        | <b>1 464 824</b>       |
| Provinces and municipalities                        |                    |                           |                           |                 |                  | -                               | -                      |
| Departmental agencies and accounts                  |                    |                           |                           |                 |                  | -                               | -                      |
| Higher education institutions                       |                    |                           |                           |                 |                  | -                               | -                      |
| Foreign governments and international organisations |                    |                           |                           |                 |                  | -                               | -                      |
| Public corporations and private enterprises         |                    |                           |                           |                 |                  | -                               | -                      |
| Non-profit institutions                             | 1 528 502          |                           |                           |                 | (188 682)        | (188 682)                       | 1 339 820              |
| Households  | 51 094             |                           |                           | 73 910          |                  | 73 910                          | 125 004                |
| <b>Payments for capital assets</b>                  | <b>18 182</b>      | <b>-</b>                  | <b>-</b>                  | <b>(10 182)</b> | <b>-</b>         | <b>-</b>                        | <b>8 000</b>           |
| Buildings and other fixed structures                |                    |                           |                           |                 |                  | -                               | -                      |
| Machinery and equipment                             | 14 182             |                           |                           | (10 182)        |                  | (10 182)                        | 4 000                  |
| Heritage assets                                     |                    |                           |                           |                 |                  | -                               | -                      |
| Specialised military assets                         |                    |                           |                           |                 |                  | -                               | -                      |
| Biological assets                                   |                    |                           |                           |                 |                  | -                               | -                      |
| Land and subsoil assets                             |                    |                           |                           |                 |                  | -                               | -                      |
| Software and other intangible assets                | 4 000              |                           |                           |                 |                  | -                               | 4 000                  |
| <b>Payments for financial assets</b>                |                    |                           |                           |                 |                  |                                 |                        |
| <b>Total</b>  | <b>42 626 473</b>  | <b>135 485</b>            | <b>-</b>                  | <b>335 656</b>  | <b>-</b>         | <b>(206 630)</b>                | <b>42 890 984</b>      |
| <b>Amount to be voted</b>                           |                    |                           |                           |                 |                  |                                 | <b>264 511</b>         |

**Roll-overs – Programme 2: Public Ordinary School Education: R135.485 million**

The main appropriation of Programme 2 increased by R135.485 million due to roll-overs from 2017/18, which increased the sub-programme: Conditional grants and *Goods and services*, as follows:

- A roll-over of R129.337 million was approved by National Treasury for the NSNP grant. This relates to unpaid March 2018 invoices in respect of procurement of cooking equipment and utensils, as well as feeding costs for March which were paid in April.
- A roll-over of R6.148 million was approved in respect of MST grant. This relates to the late receipt of invoices related to purchases of equipment, as well as training and development. The commitments pertain to travel and subsistence costs with regard to training 360 educators in respect of Technical Mathematics and Technical Science in technical schools. This also includes the commitment for the payment of a management fee for the installation of computer equipment in various schools.

**Virement – Programme 2: Public Ordinary School Education: R335.656 million**

The main appropriation of Programme 2 was increased by R335.656 million as follows:

- *Compensation of employees* was increased by R254.746 million from Programmes 1 and 5 to offset spending pressures in respect of the below inflationary cost of living adjustment budget growth while preparing the 2018/19 MTEF budget. In terms of National Treasury guidelines, the prescribed cost of living adjustment growth rate, including pay progression, was 8 per cent, however, the department provided for only 5.9 per cent. These savings were realised from *Compensation of employees* (R250 million) in Programme 1 and *Transfers and subsidies to: Non-profit institutions* (R4.746 million) in Programme 5, as previously explained.
- *Transfers and subsidies to: Households* was increased by R73.910 million from Programme 7 due to enforced savings implemented against *Transfers and subsidies to: Departmental agencies and accounts* from the non-transfer to the ETDP SETA. This relates to the previously mentioned implementation of the turnaround strategy to reduce pressures within the Vote. These savings were utilised to offset pressures in respect of higher than budgeted staff exit costs.
- *Goods and services* was increased by R7 million from Programme 3 due to non-transfer of subsidies to new independent schools. This relates to funds which were temporarily allocated to be surrendered to the PRF as part of the 2018/19 budget cuts. However, these cuts were withdrawn during 2018/19 in line with a PEC decision. Therefore, these did not form part of the gazetted list of transfers to schools.
- Further savings were undertaken within the sub-programme: Conditional grants against the NSNP and MST grants. These funds were moved within the programme as follows:
  - o Savings of R10 million were realised within the NSNP grant against *Compensation of employees* due to delays in filling vacant posts. The department indicated that 28 posts remained vacant at mid-year, namely Field Workers, Deputy Directors, as well as Assistant Directors in various districts and head office. These savings were moved to *Goods and services* (R6 million) to adequately provide for payment of stipends to 11 579 volunteer Food Handlers in various schools. Also, funds were moved to *Machinery and equipment* (R4 million) for the anticipated purchase of tools of trade such as motor vehicles and office equipment for employees appointed against the grant.
  - o Savings of R14.182 million were realised within the MST grant, against *Machinery and equipment* due to delays in SCM processes for the maintenance and supply of workshop equipment, refurbishment and equipping science laboratories in MST focus schools. These funds were moved to *Goods and services* towards the supply of computer hardware, including training of ICT integration and purchase of ICT tablets for 23 schools. Also, the intent is to supply natural sciences and technology kits to 139 MST focus schools. These changes result in a reduction in the *Payments for capital assets* budget. This change results in a deviation to the grant framework guidelines allocation for activities, which is permissible provided the transferring officer



approves all deviations. The department therefore submitted a revised business plan to the NDBE for approval.

These virements are permissible in terms of the PFMA and Treasury Regulations.

The decrease against *Payments for capital assets (Machinery and equipment)* requires Legislature approval in line with Section 43(4) (c) of the PFMA, as *Payments for capital assets* for the Vote as a whole decreased.

### Shifts – Programme 2: Public Ordinary School Education

An amount of R188.682 million was moved from *Transfers and subsidies to: Non-profit institutions to Goods and services* within the sub-programmes: Public Primary Level and Public Secondary Level in respect of S21 schools with function (c) who opted to purchase inventory: LTSM through the management agent instead of procuring this on their own. It is noted that, in terms of the South African Schools Act, S21 (c), the Head of Department can allocate the function to purchase education material to the school governing body. The purpose of the funds remains unchanged and therefore this decrease in a transfer payment does not require Legislature approval.

### Other adjustments – Programme 2: Public Ordinary School Education: (R206.630 million)

As previously explained, the main appropriation of Programme 2 was decreased by R206.630 million against *Goods and services* under the sub-programmes: Public Primary Level (R103.315 million) and Public Secondary Level (R103.315 million). This relates to the learner transport function that was moved to the department when the 2018/19 main budget was prepared. This function now moves back to DOT in the 2018/19 Adjustments Estimate in line with a PEC resolution taken in June 2018. This is due to the challenges DOE is facing, including objections, grievances and appeals from unsuccessful bidders, capacity constraints and lack of expertise, among others. As this is a function shift, funds must also follow function, hence R206.630 million was moved from the department and allocated to DOT to cater for this function.

### Service delivery measures – Programme 2: Public Ordinary School Education

Table 5.8 shows the service delivery information for Programme 2.

It must be noted that most of the performance indicators in this programme are reported on annually, rather than quarterly, due to a decision taken by the Education sector. These are indicated by “Annual” in the table. The service delivery information reflected in the 2018/19 *EPRE* was not fully aligned to that in the department’s 2018/19 APP, with the department having to revise the wording in respect of the output, and this is shown in bold italics in the table.

**Table 5.8 : Service delivery measures – Programme 2: Public Ordinary School Education**

| Outputs   | Performance indicators  | Performance targets           |                               |                              |
|---|---|-------------------------------|-------------------------------|------------------------------|
|   |   | 2018/19<br>Original<br>target | 2018/19<br>Mid-year<br>actual | 2018/19<br>Revised<br>target |
| <b><i>To provide access in the public ordinary schooling system</i></b> | • No. of full service schools servicing learners with learning barriers   | 101                           | Annual                        |                              |
|   | • % of children who turned 9 in the previous year and who are currently enrolled in Grade 4 (or a higher grade) | 69%                           | Annual                        |                              |
|   | • % of children who turned 12 in the preceding year and who are currently enrolled in Grade 7 (or higher grade) | 62.5%                         | Annual                        |                              |
|   | • No. of schools provided with multi-media resources  | 700                           | Annual                        |                              |
|   | • Learner absenteeism rate  | 1.2%                          | 2.3%                          |                              |
|   | • Teacher absenteeism rate  | 0.2%                          | 1.5%                          |                              |
|   | • No. of learners in public ordinary schools benefitting from the “No Fee Schools” policy                       | 1 990 795                     | Annual                        |                              |
|   | • No. of educators trained in Literacy/Language content and methodology   | 39 228                        | Annual                        |                              |
|   | • No. of educators trained in Numeracy/Mathematics content and methodology                                      | 27 478                        | Annual                        |                              |

### 4.3 Programme 3: Independent School Subsidies

The purpose of this programme is to support independent schools, in accordance with the South African Schools Act. One of the main aims of this programme is to ensure timeous and orderly registration of independent schools in terms of the South African Schools' Act, as well as other legislative frameworks. These schools are evaluated and monitored by the department, and their capacity is developed to ensure the effective functioning of these schools and their governing bodies.

Tables 5.9 and 5.10 reflect a summary of the 2018/19 adjusted appropriation of Programme 3, summarised according to sub-programmes and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R7 million, are provided in the paragraphs following the tables.

**Table 5.9 : Programme 3: Independent School Subsidies**

| R thousand         | Main appropriation | Adjustments appropriation |                           |                |        |                   | Total adjustments appropriation | Adjusted appropriation |
|--------------------|--------------------|---------------------------|---------------------------|----------------|--------|-------------------|---------------------------------|------------------------|
|                    |                    | Roll-overs                | Unforeseeable/unavoidable | Virement       | Shifts | Other adjustments |                                 |                        |
| 1. Primary Level   | 55 861             |                           |                           | (2 100)        |        |                   | (2 100)                         | 53 761                 |
| 2. Secondary Level | 35 167             |                           |                           | (4 900)        |        |                   | (4 900)                         | 30 267                 |
| <b>Total</b>       | <b>91 028</b>      | -                         | -                         | <b>(7 000)</b> | -      | -                 | <b>(7 000)</b>                  | <b>84 028</b>          |
| Amount to be voted |                    |                           |                           |                |        |                   |                                 | <b>(7 000)</b>         |

**Table 5.10 : Summary by economic classification**

| R thousand  | Main appropriation | Adjustments appropriation |                           |                |        |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|---------------------------|----------------|--------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/unavoidable | Virement       | Shifts | Other adjustments |                                 |                        |
| <b>Current payments</b>                             | -                  | -                         | -                         | -              | -      | -                 | -                               | -                      |
| Compensation of employees                           |                    |                           |                           |                |        |                   | -                               | -                      |
| Goods and services                                  |                    |                           |                           |                |        |                   | -                               | -                      |
| Interest and rent on land                           |                    |                           |                           |                |        |                   | -                               | -                      |
| <b>Transfers and subsidies to:</b>                  | <b>91 028</b>      | -                         | -                         | <b>(7 000)</b> | -      | -                 | <b>(7 000)</b>                  | <b>84 028</b>          |
| Provinces and municipalities                        |                    |                           |                           |                |        |                   | -                               | -                      |
| Departmental agencies and accounts                  |                    |                           |                           |                |        |                   | -                               | -                      |
| Higher education institutions                       |                    |                           |                           |                |        |                   | -                               | -                      |
| Foreign governments and international organisations |                    |                           |                           |                |        |                   | -                               | -                      |
| Public corporations and private enterprises         |                    |                           |                           |                |        |                   | -                               | -                      |
| Non-profit institutions                             | 91 028             |                           |                           | (7 000)        |        |                   | (7 000)                         | 84 028                 |
| Households  |                    |                           |                           |                |        |                   | -                               | -                      |
| <b>Payments for capital assets</b>                  | -                  | -                         | -                         | -              | -      | -                 | -                               | -                      |
| Buildings and other fixed structures                |                    |                           |                           |                |        |                   | -                               | -                      |
| Machinery and equipment                             |                    |                           |                           |                |        |                   | -                               | -                      |
| Heritage assets                                     |                    |                           |                           |                |        |                   | -                               | -                      |
| Specialised military assets                         |                    |                           |                           |                |        |                   | -                               | -                      |
| Biological assets                                   |                    |                           |                           |                |        |                   | -                               | -                      |
| Land and subsoil assets                             |                    |                           |                           |                |        |                   | -                               | -                      |
| Software and other intangible assets                |                    |                           |                           |                |        |                   | -                               | -                      |
| <b>Payments for financial assets</b>                | -                  | -                         | -                         | -              | -      | -                 | -                               | -                      |
| <b>Total</b>  | <b>91 028</b>      | -                         | -                         | <b>(7 000)</b> | -      | -                 | <b>(7 000)</b>                  | <b>84 028</b>          |
| Amount to be voted                                  |                    |                           |                           |                |        |                   |                                 | <b>(7 000)</b>         |

#### Virement – Programme 3: Independent School Subsidies: (R7 million)

The main appropriation of Programme 3 was reduced by R7 million against *Transfers and subsidies to: Non-profit institutions* under the sub-programmes: Primary Level and Secondary Level. This relates to the non-transfer of subsidies to new schools attributed to the temporary allocation that was to be surrendered to the PRF as part of the 2018/19 budget cuts. However, these cuts were withdrawn during 2018/19 in line with a PEC decision. The department indicated that these transfers were not part of the gazetted school transfers. These funds were moved to Programme 2 to offset under-budgeted activities such as catering for departmental activities, transport provided for departmental activities, etc.

Legislature approval is required for the reduction in *Transfers and subsidies to: Non-profit institutions*, relating to transfers to schools. These transfers were not gazetted to any particular school, though.

### Service delivery measures – Programme 3: Independent School Subsidies

Table 5.11 shows the service delivery information for Programme 3. It must be noted that most of the performance indicators in this programme are reported on annually rather than quarterly, due to a decision taken by the Education sector, as indicated in the table by “Annual”. The service delivery measures in the 2018/19 EPRE were not fully aligned to those in the tabled 2018/19 APP. The department revised the wording for one performance indicator and this is shown in bold italics to align it with the published 2018/19 APP.

**Table 5.11 : Service delivery measures – Programme 3: Independent School Subsidies**

| Outputs  | Performance indicators   | Performance targets           |                               |                              |
|--|--|-------------------------------|-------------------------------|------------------------------|
|  |  | 2018/19<br>Original<br>target | 2018/19<br>Mid-year<br>actual | 2018/19<br>Revised<br>target |
| To ensure that quality education occurs in independent schools | • % of registered independent schools receiving subsidies                        | 53%                           | Annual                        |                              |
|  | • No. of subsidised learners <i>at subsidised</i> registered independent schools | 29 314                        | Annual                        |                              |
|  | • % of registered independent schools visited for monitoring and support         | 100%                          | 66%                           |                              |

### 4.4 Programme 4: Public Special School Education

The purpose of this programme is to provide compulsory public education in special schools in accordance with the South African Schools Act and White Paper 6 on Inclusive Education.

Tables 5.12 and 5.13 summarise the 2018/19 adjusted appropriation of Programme 4 according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R46.100 million, are provided in the paragraphs following the tables.

**Table 5.12 : Programme 4: Public Special School Education**

| R thousand  | Main appropriation | Adjustments appropriation |                               |               |          |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|-------------------------------|---------------|----------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/<br>unavoidable | Virement      | Shifts   | Other adjustments |                                 |                        |
| 1. Schools  | 1 132 330          |                           |                               | 50 000        |          |                   | 50 000                          | 1 182 330              |
| 2. Human Resource Development                                 | 8 391              |                           |                               | (5 000)       |          |                   | (5 000)                         | 3 391                  |
| 3. Conditional grants   | 27 230             | 1 100                     |                               | -             | -        | -                 | 1 100                           | 28 330                 |
| <i>Learners with Profound Intellectual Disabilities grant</i> | 27 230             | 1 100                     |                               |               |          |                   | 1 100                           | 28 330                 |
| <b>Total</b>  | <b>1 167 951</b>   | <b>1 100</b>              | <b>-</b>                      | <b>45 000</b> | <b>-</b> | <b>-</b>          | <b>46 100</b>                   | <b>1 214 051</b>       |
| <b>Amount to be voted</b>                                     |                    |                           |                               |               |          |                   | <b>46 100</b>                   |                        |

**Table 5.13 : Summary by economic classification**

| R thousand  | Main appropriation | Adjustments appropriation |                               |                 |          |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|-------------------------------|-----------------|----------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/<br>unavoidable | Virement        | Shifts   | Other adjustments |                                 |                        |
| <b>Current payments</b>                             | <b>1 009 403</b>   | <b>1 100</b>              | <b>-</b>                      | <b>57 616</b>   | <b>-</b> | <b>-</b>          | <b>58 716</b>                   | <b>1 068 119</b>       |
| Compensation of employees                           | 996 044            |                           |                               | 57 048          |          |                   | 57 048                          | 1 053 092              |
| Goods and services                                  | 13 359             | 1 100                     |                               | 568             |          |                   | 1 668                           | 15 027                 |
| Interest and rent on land                           |                    |                           |                               |                 |          |                   | -                               | -                      |
| <b>Transfers and subsidies to:</b>                  | <b>153 986</b>     | <b>-</b>                  | <b>-</b>                      | <b>(14 316)</b> | <b>-</b> | <b>-</b>          | <b>(14 316)</b>                 | <b>139 670</b>         |
| Provinces and municipalities                        |                    |                           |                               |                 |          |                   | -                               | -                      |
| Departmental agencies and accounts                  |                    |                           |                               |                 |          |                   | -                               | -                      |
| Higher education institutions                       |                    |                           |                               |                 |          |                   | -                               | -                      |
| Foreign governments and international organisations |                    |                           |                               |                 |          |                   | -                               | -                      |
| Public corporations and private enterprises         |                    |                           |                               |                 |          |                   | -                               | -                      |
| Non-profit institutions                             | 152 161            |                           |                               | (14 316)        |          |                   | (14 316)                        | 137 845                |
| Households  | 1 825              |                           |                               |                 |          |                   | -                               | 1 825                  |
| <b>Payments for capital assets</b>                  | <b>4 562</b>       | <b>-</b>                  | <b>-</b>                      | <b>1 700</b>    | <b>-</b> | <b>-</b>          | <b>1 700</b>                    | <b>6 262</b>           |
| Buildings and other fixed structures                |                    |                           |                               |                 |          |                   | -                               | -                      |
| Machinery and equipment                             | 4 562              |                           |                               | 1 700           |          |                   | 1 700                           | 6 262                  |
| Heritage assets                                     |                    |                           |                               |                 |          |                   | -                               | -                      |
| Specialised military assets                         |                    |                           |                               |                 |          |                   | -                               | -                      |
| Biological assets                                   |                    |                           |                               |                 |          |                   | -                               | -                      |
| Land and subsoil assets                             |                    |                           |                               |                 |          |                   | -                               | -                      |
| Software and other intangible assets                |                    |                           |                               |                 |          |                   | -                               | -                      |
| <b>Payments for financial assets</b>                |                    |                           |                               |                 |          |                   | -                               | -                      |
| <b>Total</b>  | <b>1 167 951</b>   | <b>1 100</b>              | <b>-</b>                      | <b>45 000</b>   | <b>-</b> | <b>-</b>          | <b>46 100</b>                   | <b>1 214 051</b>       |
| <b>Amount to be voted</b>                           |                    |                           |                               |                 |          |                   | <b>46 100</b>                   |                        |

#### **Roll-overs – Programme 4: Public Special School Education: R1.100 million**

The main appropriation of Programme 4 increased by R1.100 million due to roll-overs from 2017/18, which increased the sub-programme: Conditional grants and the economic classification *Goods and services*, as follows:

- An amount of R1.100 million was allocated as a roll-over in respect of LPID grant and this relates to the previously mentioned commitments for the purchase of inventory: LTSM toolkits for the development of fine motor skills (puzzles, crayons, beads, etc.), gross motor skills (skipping rope, jungle gyms, tennis rackets, etc.) and communication skills (textbooks, tea-sets, toy cars, bells, music instruments, etc.) for learners with intellectual disabilities.

#### **Virement – Programme 4: Public Special School Education: R45 million**

The main appropriation of Programme 4 was increased by net amount of R45 million as a result of the following virements, which affected two sub-programmes:

- An amount of R50 million was moved to this programme as a result of savings realised against Programme 5 due to vacant Grade R educator posts. These savings were moved to the sub-programme: Schools to offset pressures against *Compensation of employees* in respect of the below inflationary cost of living adjustment budget growth while preparing the 2018/19 MTEF budget. In terms of National Treasury guidelines, the prescribed cost of living adjustment growth rate, including pay progression, was 8 per cent, however, the department provided for only 5.9 per cent.
- An amount of R5 million was reduced against *Goods and services* due to enforced savings implemented on training and development in the sub-programme: Human Resource Development. These savings were moved to offset spending pressures in respect of property payments for higher than budgeted domestic account costs in Programme 1.

In addition to the above virements, the following virements were undertaken within Programme 4:

- Savings of R6.963 million were moved from *Compensation of employees* in respect of the LPID grant due to the late filling of 20 vacant posts, namely five Physiotherapists, five Speech Therapists, five Occupational Therapists, two Psychologists and three Social Workers which were only filled in August. These savings were moved to *Goods and services* (R5.263 million) to provide for the procurement of inventory: LTSM such as toolkits, as well as *Machinery and equipment* (R1.700 million) for the purchase of tools of trade such as vehicles and office equipment.
- Savings of R14.316 million were moved from *Transfers and subsidies to: Non-profit institutions* in the sub-programme: Schools. The department indicated that there was an unallocated amount in respect of transfers to schools. This relates to funds which were temporarily allocated to be surrendered to the PRF as part of the 2018/19 budget cuts. However, these cuts were withdrawn during 2018/19 in line with a PEC decision. Therefore, these did not form part of the gazetted list of transfers to schools. These were moved to offset spending pressures as follows:
  - *Compensation of employees* (R14.011 million) in respect of the below inflationary cost of living adjustment budget growth while preparing the 2018/19 MTEF budget. In terms of National Treasury guidelines, the prescribed cost of living adjustment growth rate, including pay progression, was 8 per cent, however, the department provided for only 5.9 per cent.
  - *Goods and services* (R305 000) in respect of travel and subsistence costs which were not adequately budgeted for.

These virements are permissible in terms of the PFMA and Treasury Regulations.

Legislature approval is required for the reduction in *Transfers and subsidies to: Non-profit institutions*, relating to transfers to schools. These transfers were not gazetted to any particular school, though.

## Service delivery measures – Programme 4: Public Special School Education

Table 5.14 shows the service delivery information for Programme 4. It is noted that most of the performance indicators in this programme are reported on annually rather than quarterly, due to a decision taken by the Education sector, as indicated in the table by “Annual”. The service delivery measures reflected in the 2018/19 EPRE were not fully aligned to those in the department’s 2018/19 APP and this is corrected by showing the revised target in the 2018/19 Revised target column. The department made a minor revision to the wording for the output, and this is shown in bold italics.

**Table 5.14 : Service delivery measures – Programme 4: Public Special School Education**

| Outputs  | Performance indicators   | Performance targets           |                               |                              |
|--|--|-------------------------------|-------------------------------|------------------------------|
|  |  | 2018/19<br>Original<br>target | 2018/19<br>Mid-year<br>actual | 2018/19<br>Revised<br>target |
| To provide access to mainstream schools, full service schools and special schools in accordance with policy and the principles of Inclusive <i>Education</i> | • % of special schools serving as <i>resource centres</i>      | 37%                           | Annual                        |                              |
|  | • No. of learners in public special schools                    | 19 020                        | Annual                        | 20 192                       |
|  | • No. of therapists/specialist staff in public special schools | 198                           | 207                           |                              |

## 4.5 Programme 5: Early Childhood Development

The purpose of this programme is to provide for Early Childhood Development (ECD) at the Grade R and earlier levels in accordance with White Paper 5 on ECD.

Tables 5.15 and 5.16 reflect a summary of the 2018/19 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R59.746 million, are given in the paragraphs below the tables.

**Table 5.15 : Programme 5: Early Childhood Development**

| R thousand  | Main appropriation | Adjustments appropriation |                               |                 |          |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|-------------------------------|-----------------|----------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/<br>unavoidable | Virement        | Shifts   | Other adjustments |                                 |                        |
| 1. Grade R in Public Schools                      | 1 185 324          |                           |                               | (54 746)        |          |                   | (54 746)                        | 1 130 578              |
| 2. Grade R in Early Childhood Development Centres | 23 907             |                           |                               |                 |          |                   | -                               | 23 907                 |
| 3. Pre-Grade R Training                           | 64 745             |                           |                               |                 |          |                   | -                               | 64 745                 |
| 4. Human Resource Development                     | 6 442              |                           |                               | (5 000)         |          |                   | (5 000)                         | 1 442                  |
| <b>Total</b>                                      | <b>1 280 418</b>   | <b>-</b>                  | <b>-</b>                      | <b>(59 746)</b> | <b>-</b> | <b>-</b>          | <b>(59 746)</b>                 | <b>1 220 672</b>       |
| <b>Amount to be voted</b>                         |                    |                           |                               |                 |          |                   | <b>(59 746)</b>                 |                        |

**Table 5.16 : Summary by economic classification**

| R thousand  | Main appropriation | Adjustments appropriation |                               |                 |          |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|-------------------------------|-----------------|----------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/<br>unavoidable | Virement        | Shifts   | Other adjustments |                                 |                        |
| <b>Current payments</b>                             | <b>1 246 959</b>   | <b>-</b>                  | <b>-</b>                      | <b>(55 000)</b> | <b>-</b> | <b>-</b>          | <b>(55 000)</b>                 | <b>1 191 959</b>       |
| Compensation of employees                           | 1 120 137          |                           |                               | (50 000)        |          |                   | (50 000)                        | 1 070 137              |
| Goods and services                                  | 126 822            |                           |                               | (5 000)         |          |                   | (5 000)                         | 121 822                |
| Interest and rent on land                           |                    |                           |                               |                 |          |                   | -                               | -                      |
| <b>Transfers and subsidies to:</b>                  | <b>33 459</b>      | <b>-</b>                  | <b>-</b>                      | <b>(4 746)</b>  | <b>-</b> | <b>-</b>          | <b>(4 746)</b>                  | <b>28 713</b>          |
| Provinces and municipalities                        |                    |                           |                               |                 |          |                   | -                               | -                      |
| Departmental agencies and accounts                  |                    |                           |                               |                 |          |                   | -                               | -                      |
| Higher education institutions                       |                    |                           |                               |                 |          |                   | -                               | -                      |
| Foreign governments and international organisations |                    |                           |                               |                 |          |                   | -                               | -                      |
| Public corporations and private enterprises         |                    |                           |                               |                 |          |                   | -                               | -                      |
| Non-profit institutions                             | 33 459             |                           |                               | (4 746)         |          |                   | (4 746)                         | 28 713                 |
| Households  |                    |                           |                               |                 |          |                   | -                               | -                      |
| <b>Payments for capital assets</b>                  | <b>-</b>           | <b>-</b>                  | <b>-</b>                      | <b>-</b>        | <b>-</b> | <b>-</b>          | <b>-</b>                        | <b>-</b>               |
| Buildings and other fixed structures                |                    |                           |                               |                 |          |                   | -                               | -                      |
| Machinery and equipment                             |                    |                           |                               |                 |          |                   | -                               | -                      |
| Heritage assets                                     |                    |                           |                               |                 |          |                   | -                               | -                      |
| Specialised military assets                         |                    |                           |                               |                 |          |                   | -                               | -                      |
| Biological assets                                   |                    |                           |                               |                 |          |                   | -                               | -                      |
| Land and subsoil assets                             |                    |                           |                               |                 |          |                   | -                               | -                      |
| Software and other intangible assets                |                    |                           |                               |                 |          |                   | -                               | -                      |
| <b>Payments for financial assets</b>                | <b>-</b>           | <b>-</b>                  | <b>-</b>                      | <b>-</b>        | <b>-</b> | <b>-</b>          | <b>-</b>                        | <b>-</b>               |
| <b>Total</b>  | <b>1 280 418</b>   | <b>-</b>                  | <b>-</b>                      | <b>(59 746)</b> | <b>-</b> | <b>-</b>          | <b>(59 746)</b>                 | <b>1 220 672</b>       |
| <b>Amount to be voted</b>                           |                    |                           |                               |                 |          |                   | <b>(59 746)</b>                 |                        |

**Virement – Programme 5: Early Childhood Development: (R59.746 million)**

The main appropriation of Programme 5 was decreased by R59.746 million to offset pressures against Programmes 1, 2 and 4 as a result of the following virements, which affected two sub-programmes:

- R54.746 million were realised as savings against *Compensation of employees* (R50 million) and *Transfers and subsidies to: Non-profit institutions* (R4.746 million) in the sub-programme: Grade R in Public Schools due to vacant Grade R educator posts, while, the savings against transfers relate to an unallocated amount in respect of transfers to schools. This relates to funds which were temporary allocated to this category to be surrendered to the PRF as part of the 2018/19 budget cuts. However, these cuts were withdrawn during 2018/19 in line with a PEC decision. Therefore, these did not form part of the gazetted list of transfers to schools. These savings were moved to Programmes 2 and 4 to offset pressures against *Compensation of employees* in respect of the below inflationary cost of living adjustment budget growth while preparing the 2018/19 MTEF budget. In terms of National Treasury guidelines, the prescribed cost of living adjustment growth rate, including pay progression, was 8 per cent, however, the department provided for only 5.9 per cent.
- An amount of R5 million was realised due to enforced savings as a result of the implementation of the turnaround strategy to absorb pressures within the Vote. These enforced savings were identified against *Goods and services* in the sub-programme: Human Resource Development in respect of training and development, and was moved to Programme 1 under *Goods and services* for pressures in domestic accounts.

This virement is permissible in terms of the PFMA and Treasury Regulations.

Legislature approval is required for the reduction in *Transfers and subsidies to: Non-profit institutions*, relating to transfers to schools. These transfers were not gazetted to any particular school, though.

**Service delivery measures – Programme 5: Early Childhood Development**

Table 5.17 shows the service delivery information for Programme 5. It is noted that all performance indicators in this programme are reported on annually rather than quarterly, due to a decision taken by the Education sector, as indicated in the table by “Annual”. Several service delivery measures in the 2018/19 *EPRE* were not fully aligned to those in the department’s tabled 2018/19 APP and this is corrected by showing the revised targets in the 2018/19 Revised target column. The department revised the wording for two performance indicators and this is shown in bold italics in the table.

**Table 5.17 : Service delivery measures – Programme 5: Early Childhood Development**

| Outputs  | Performance indicators  | Performance targets           |                               |                              |
|--|---|-------------------------------|-------------------------------|------------------------------|
|  |   | 2018/19<br>Original<br>target | 2018/19<br>Mid-year<br>actual | 2018/19<br>Revised<br>target |
| To provide publicly funded Grade R in accordance with policy | • No. of public schools that offer Grade R  | 3 996                         | Annual                        | 4 010                        |
|  | • % of Grade 1 learners who have received formal Grade R education in <b><i>public ordinary and/or special schools and registered independent schools/ECD sites</i></b> | 97.2%                         | Annual                        | 97.3%                        |
|  | • No of <b><i>Grade R practitioners with NQF level 6 and above qualification each year</i></b>  | 1 651                         | Annual                        |                              |

**4.6 Programme 6: Infrastructure Development**

The aim of this programme is to provide and maintain infrastructure facilities for the administration and schools. It thus reflects the implementation of infrastructure across all affected programmes. Tables 5.18 and 5.19 summarises the 2018/19 adjusted appropriation of Programme 6: Infrastructure Development, according to sub-programme and economic classification. Details of the main adjustments, which resulted in an increase of R150 million, are given in the paragraphs below the tables.

Table 5.18 : Programme 6: Infrastructure Development

| R thousand                     | Main appropriation | Adjustments appropriation |                           |          |        |                   | Total adjustments appropriation | Adjusted appropriation |
|--------------------------------|--------------------|---------------------------|---------------------------|----------|--------|-------------------|---------------------------------|------------------------|
|                                |                    | Roll-overs                | Unforeseeable/unavoidable | Virement | Shifts | Other adjustments |                                 |                        |
| 1. Administration              | 85 519             |                           |                           |          |        |                   | -                               | 85 519                 |
| 2. Public Ordinary Schools     | 1 923 386          |                           |                           |          |        | 150 000           | 150 000                         | 2 073 386              |
| 3. Special Schools             | 128 908            |                           |                           |          |        |                   | -                               | 128 908                |
| 4. Early Childhood Development | 48 794             |                           |                           |          |        |                   | -                               | 48 794                 |
| <b>Total</b>                   | <b>2 186 607</b>   | -                         | -                         | -        | -      | 150 000           | 150 000                         | <b>2 336 607</b>       |
| <b>Amount to be voted</b>      |                    |                           |                           |          |        |                   |                                 | <b>150 000</b>         |

Table 5.19 : Summary by economic classification

| R thousand  | Main appropriation | Adjustments appropriation |                           |           |        |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|---------------------------|-----------|--------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/unavoidable | Virement  | Shifts | Other adjustments |                                 |                        |
| <b>Current payments</b>                             | <b>449 916</b>     | -                         | -                         | 122 533   | -      | -                 | 122 533                         | 572 449                |
| Compensation of employees                           | 29 916             |                           |                           |           |        |                   | -                               | 29 916                 |
| Goods and services                                  | 420 000            |                           |                           | 122 533   |        |                   | 122 533                         | 542 533                |
| Interest and rent on land                           |                    |                           |                           |           |        |                   | -                               | -                      |
| <b>Transfers and subsidies to:</b>                  | <b>-</b>           | -                         | -                         | -         | -      | -                 | -                               | -                      |
| Provinces and municipalities                        |                    |                           |                           |           |        |                   | -                               | -                      |
| Departmental agencies and accounts                  |                    |                           |                           |           |        |                   | -                               | -                      |
| Higher education institutions                       |                    |                           |                           |           |        |                   | -                               | -                      |
| Foreign governments and international organisations |                    |                           |                           |           |        |                   | -                               | -                      |
| Public corporations and private enterprises         |                    |                           |                           |           |        |                   | -                               | -                      |
| Non-profit institutions                             |                    |                           |                           |           |        |                   | -                               | -                      |
| Households  |                    |                           |                           |           |        |                   | -                               | -                      |
| <b>Payments for capital assets</b>                  | <b>1 736 691</b>   | -                         | -                         | (122 533) | -      | 150 000           | 27 467                          | 1 764 158              |
| Buildings and other fixed structures                | 1 736 691          |                           |                           | (122 533) |        | 150 000           | 27 467                          | 1 764 158              |
| Machinery and equipment                             |                    |                           |                           |           |        |                   | -                               | -                      |
| Heritage assets                                     |                    |                           |                           |           |        |                   | -                               | -                      |
| Specialised military assets                         |                    |                           |                           |           |        |                   | -                               | -                      |
| Biological assets                                   |                    |                           |                           |           |        |                   | -                               | -                      |
| Land and subsoil assets                             |                    |                           |                           |           |        |                   | -                               | -                      |
| Software and other intangible assets                |                    |                           |                           |           |        |                   | -                               | -                      |
| <b>Payments for financial assets</b>                | <b>-</b>           |                           |                           |           |        |                   | -                               | -                      |
| <b>Total</b>  | <b>2 186 607</b>   | -                         | -                         | -         | -      | 150 000           | 150 000                         | <b>2 336 607</b>       |
| <b>Amount to be voted</b>                           |                    |                           |                           |           |        |                   |                                 | <b>150 000</b>         |

### Virement – Programme 6: Infrastructure Development

The main appropriation of Programme 6 remained unchanged after the following virement was undertaken within the programme:

- An amount of R122.533 million was moved from *Buildings and other fixed structures* largely in respect of *New infrastructure assets: Capital*. The savings related to poor performance by contractors for projects, such as Illovu secondary school in the uMlazi district which resulted in the cancellation of the project, Siphumelele secondary school in the King Cetshwayo district due to community unrest resulting in slow progress on site, Ntshongo secondary school in the Harry Gwala district due to legal disputes between the implementing agent (IDT) and the contractor, as well as Bhevu secondary school in the uThukela district because the contractor had cashflow challenges which resulted in delays in supplying materials on site. The funds resulting from these delays were moved to *Goods and services* for the maintenance of existing infrastructure. A large number of schools require maintenance to ensure they are conducive for teaching and learning. Also, a resolution was taken by the department to stop the construction of new public ordinary schools and to rather focus on completing new schools already on site and this also influenced the decision to move savings from discontinuing implementing new school construction to maintenance projects.

These virements are permissible in terms of the PFMA and Treasury Regulations.

The decrease against *Payments for capital assets (Buildings and other fixed structures)* requires Legislature approval in line with Section 43(4)(c) of the PFMA, as *Payments for capital assets* for the Vote as a whole decreased.

### Shifts – Programme 6: Infrastructure Development

The department undertook shifts within sub-programmes and *Buildings and other fixed structures*, but these are not visible in Tables 5.18 and 5.19. The purpose of the funds remains unchanged, and these shifts are discussed in Section 7 below.

**Other adjustments – Programme 6: Infrastructure Development: R150 million**

Additional funding of R150 million was allocated to Programme 6 against *Buildings and other fixed structures* in respect of the flood disaster that occurred in the province, mainly affecting the uMlazi, Pinetown and Ugu districts, in October 2017. This additional funding from National Treasury was received *via* the EIG and supplements the R63.800 million allocated from the provincial fiscus for disaster relief included in the 2018/19 Main Budget. It should be noted that there were 19 schools where construction was already underway and tenders were awarded in the eThekweni Region when National COGTA was conducting site verification, prior to the approval of the business plan for additional funding. Therefore, the business plan containing only 87 projects was approved by National COGTA. The 19 projects on site are funded from the provincial fiscus since National COGTA indicated that the inclusion of the already funded projects was prohibited, as previously explained.

**Service delivery measures – Programme 6: Infrastructure Development**

Table 5.20 shows the service delivery information for Programme 6. It must be noted that all of the performance indicators in this programme are reported on annually rather than quarterly, due to a decision taken by the Education sector, as indicated in the table by “Annual”. The service delivery information in the 2018/19 *EPRE* was not fully aligned to that in the department’s tabled 2018/19 APP. The department revised the wording of the output and this is shown in bold italics. The department also amended three targets and the amended targets are shown in the Revised target column, to align them with the published 2018/19 APP.

**Table 5.20 : Service delivery measures – Programme 6: Infrastructure Development**

| Outputs   | Performance indicators  | Performance targets           |                               |                              |
|---|---|-------------------------------|-------------------------------|------------------------------|
|   |   | 2018/19<br>Original<br>target | 2018/19<br>Mid-year<br>actual | 2018/19<br>Revised<br>target |
| <b><i>To provide adequate infrastructure for schools</i></b>  | • No. of public ordinary schools provided with water supply                                       | 150                           | Annual                        |                              |
|   | • No. of public ordinary schools provided with electricity supply                                 | 100                           | Annual                        |                              |
|   | • No. of public ordinary schools supplied with sanitation facilities                              | 150                           | Annual                        |                              |
|   | • No. of additional classrooms built in public ordinary schools                                   | 350                           | Annual                        | 200                          |
|   | • No. of additional specialist rooms built in public ordinary schools (incl. replacement schools) | 110                           | Annual                        | 100                          |
|   | • No. of new schools completed and ready for occupation (incl. replacement schools)               | 10                            | Annual                        |                              |
|   | • No. of new schools under construction (incl. replacement schools)                               | 15                            | Annual                        |                              |
|   | • No. of new or additional Grade R classrooms built (incl. replacement schools)                   | 70                            | Annual                        | 50                           |
|   | • No. of hostels built  | 2                             | Annual                        |                              |
| • No. of schools in which scheduled maintenance was completed | 320   | Annual                        |                               |                              |

**4.7 Programme 7: Examination and Education Related Services**

The purpose of this programme is to provide examination support services to learners in the relevant grades, and ensure quality in the provision of education, through quality assurance. The objectives remain unchanged from the *EPRE*. Tables 5.21 and 5.22 summarise the 2018/19 adjusted appropriation of Programme 7 according to sub-programme and economic classification. Details of the main adjustments, which resulted in the net reduction of R73.910 million in the main appropriation, are provided in the paragraphs below the tables.

**Table 5.21 : Programme 7: Examination and Education Related Services**

| R thousand  | Main appropriation | Adjustments appropriation |                           |                 |          |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|---------------------------|-----------------|----------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/unavoidable | Virement        | Shifts   | Other adjustments |                                 |                        |
| 1. Payments to SETA                               | 93 910             |                           |                           | (93 910)        |          |                   | (93 910)                        | -                      |
| 2. Professional Services                          | 661 589            |                           |                           |                 |          |                   | -                               | 661 589                |
| 3. External Examinations                          | 751 958            |                           |                           | 20 000          |          |                   | 20 000                          | 771 958                |
| 4. Conditional Grants                             | 58 922             | -                         | -                         | -               | -        | -                 | -                               | 58 922                 |
| <i>HIV and AIDS (Life-Skills Education) grant</i> | 58 922             |                           |                           |                 |          |                   | -                               | 58 922                 |
| <b>Total</b>                                      | <b>1 566 379</b>   | <b>-</b>                  | <b>-</b>                  | <b>(73 910)</b> | <b>-</b> | <b>-</b>          | <b>(73 910)</b>                 | <b>1 492 469</b>       |
| <b>Amount to be voted</b>                         |                    |                           |                           |                 |          |                   |                                 | <b>(73 910)</b>        |



Table 5.22 : Summary by economic classification

| R thousand  | Main appropriation | Adjustments appropriation |                           |                 |        | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|---------------------------|-----------------|--------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/unavoidable | Virement        | Shifts |                                 |                        |
| <b>Current payments</b>                             | 1 472 469          | -                         | -                         | 20 000          | -      | 20 000                          | 1 492 469              |
| Compensation of employees                           | 1 083 548          |                           |                           |                 |        | -                               | 1 083 548              |
| Goods and services                                  | 388 921            |                           |                           | 20 000          |        | 20 000                          | 408 921                |
| Interest and rent on land                           |                    |                           |                           |                 |        | -                               | -                      |
| <b>Transfers and subsidies to:</b>                  | <b>93 910</b>      | -                         | -                         | <b>(93 910)</b> | -      | <b>(93 910)</b>                 | -                      |
| Provinces and municipalities                        |                    |                           |                           |                 |        | -                               | -                      |
| Departmental agencies and accounts                  | 93 910             |                           |                           | (93 910)        |        | (93 910)                        | -                      |
| Higher education institutions                       |                    |                           |                           |                 |        | -                               | -                      |
| Foreign governments and international organisations |                    |                           |                           |                 |        | -                               | -                      |
| Public corporations and private enterprises         |                    |                           |                           |                 |        | -                               | -                      |
| Non-profit institutions                             |                    |                           |                           |                 |        | -                               | -                      |
| Households  |                    |                           |                           |                 |        | -                               | -                      |
| <b>Payments for capital assets</b>                  | -                  | -                         | -                         | -               | -      | -                               | -                      |
| Buildings and other fixed structures                |                    |                           |                           |                 |        | -                               | -                      |
| Machinery and equipment                             |                    |                           |                           |                 |        | -                               | -                      |
| Heritage assets                                     |                    |                           |                           |                 |        | -                               | -                      |
| Specialised military assets                         |                    |                           |                           |                 |        | -                               | -                      |
| Biological assets                                   |                    |                           |                           |                 |        | -                               | -                      |
| Land and subsoil assets                             |                    |                           |                           |                 |        | -                               | -                      |
| Software and other intangible assets                |                    |                           |                           |                 |        | -                               | -                      |
| <b>Payments for financial assets</b>                | -                  |                           |                           |                 |        | -                               | -                      |
| <b>Total</b>  | <b>1 566 379</b>   | -                         | -                         | <b>(73 910)</b> | -      | <b>(73 910)</b>                 | <b>1 492 469</b>       |
| Amount to be voted                                  |                    |                           |                           |                 |        |                                 | <b>(73 910)</b>        |

### Virement – Programme 7: Examination and Education Related Services: (R73.910 million)

The sub-programme: Payments to SETA decreased by R93.910 million against *Transfers and subsidies to: Departmental agencies and accounts*. The decrease was due to enforced savings in respect of the transfer to the ETDP SETA. The department implemented a turnaround strategy to manage pressures within the Vote and the department therefore took a decision to reduce its transfer to the SETA in viewing of pressing competing priorities. These funds were moved as follows:

- R73.910 million was moved to Programme 2 to offset pressures in respect of higher than budgeted staff exit costs, and this resulted in a net decrease of R73.910 million in the main appropriation of Programme 7.
- The balance of R20 million was moved within the programme from the sub-programme: Payments to SETA to offset pressures against *Goods and services* in the sub-programme: External Examinations. This relates to operating payments in respect of printing and publication costs for the NSC exam papers, supplementary exams, Gr R – 12 continuous assessments, etc.

This virement is permissible in terms of the PFMA and Treasury Regulations. However, Legislature approval is required for the reduction in *Transfers and subsidies*.

### Service delivery measures – Programme 7: Examination and Education Related Services

Table 5.23 shows the service delivery information for Programme 7. The service delivery measures in the 2018/19 *EPRE* were fully aligned to those in the department's tabled 2018/19 APP. It must be noted that all of the performance indicators in this programme are reported on annually, rather than quarterly, due to a decision taken by the Education sector, and these are indicated in the table by "Annual".

Table 5.23 : Service delivery measures – Programme 7: Examination and Education Related Services

| Outputs   | Performance indicators   | Performance targets     |                         |                        |
|---|--|-------------------------|-------------------------|------------------------|
|   |  | 2018/19 Original target | 2018/19 Mid-year actual | 2018/19 Revised target |
| To attain the highest possible educational outcomes among learners in public ordinary schools | • % of learners who passed NSC                                     | 80%                     |                         | Annual                 |
|   | • % of Grade 12 learners passing at bachelor level                 | 30%                     |                         | Annual                 |
|   | • % of Grade 12 learners achieving 50% or more in Mathematics      | 22%                     |                         | Annual                 |
|   | • % of Grade 12 learners achieving 50% or more in Physical Science | 24%                     |                         | Annual                 |
|   | • No. of secondary schools with NSC pass rate of 60% and above     | 1 655                   |                         | Annual                 |

## 5. Specifically and exclusively appropriated allocations

Table 5.24 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act, 2018. Note that conditional grants, as well as transfers to local government (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Sections 8 and 9 below.

Details of the main adjustments, which resulted in an overall decrease of R206.630 million in respect of the specifically and exclusively appropriated funds, are provided in the paragraph following the table.

**Table 5.24 : Summary of specifically and exclusively appropriated funding**

| R thousand  | Main appropriation | Adjustments appropriation |                               |          |        |                   | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|-------------------------------|----------|--------|-------------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/<br>unavoidable | Virement | Shifts | Other adjustments |                                 |                        |
| 1. Prog. 1: Improving Infrastructure support              | 11 937             |                           |                               |          |        |                   | -                               | 11 937                 |
| 2. Prog. 2: Learner Transport function                    | 206 630            |                           |                               |          |        | (206 630)         | (206 630)                       | -                      |
| 3. Prog. 6: Disaster relief - Wind storms in Sept 2017    | 20 000             |                           |                               |          |        |                   | -                               | 20 000                 |
| 4. Prog. 6: Disaster relief - Flooding of 10 October 2017 | 63 800             |                           |                               |          |        |                   | -                               | 63 800                 |
| <b>Total</b>  | <b>302 367</b>     | -                         | -                             | -        | -      | (206 630)         | (206 630)                       | <b>95 737</b>          |
| <b>Amount to be voted</b>                                 |                    |                           |                               |          |        |                   |                                 | <b>(206 630)</b>       |

- *Other adjustments*: An amount of R206.630 million was reduced from Programme 2 against *Goods and services*. As previously mentioned, this relates to the learner transport function that was moved to the department when the 2018/19 main budget was prepared. This function now moves back to DOT in the 2018/19 Adjustments Estimate in line with a PEC resolution taken in June 2018. This is due to the challenges the department is facing, including objections, grievances and appeals from unsuccessful bidders, capacity constraints and lack of expertise, among others. As this is a function shift, funds must also follow function, hence R206.630 million is moved from the department and allocated to DOT to cater for this function.

## 6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donation and sponsorships in excess of R100 000 during the current financial year.

## 7. Infrastructure

Table 5.25 shows the summary of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall increase of R150 million, are provided in the paragraphs following the tables.

**Table 5.25 : Summary of infrastructure payments by category**

| R thousand   | Main appropriation | Adjustments appropriation |                               |           |          |                   | Total adjustments appropriation | Adjusted appropriation |
|--|--------------------|---------------------------|-------------------------------|-----------|----------|-------------------|---------------------------------|------------------------|
|  |                    | Roll-overs                | Unforeseeable/<br>unavoidable | Virement  | Shifts   | Other adjustments |                                 |                        |
| <b>Existing infrastructure assets</b>                | <b>1 810 334</b>   | -                         | -                             | 122 072   | -        | 150 000           | 272 072                         | 2 082 406              |
| Maintenance and repair: Current                      | 395 000            |                           |                               | 122 533   |          |                   | 122 533                         | 517 533                |
| Upgrades and additions: Capital                      | 1 061 108          |                           |                               | 11 609    | (83 800) |                   | (72 191)                        | 988 917                |
| Refurbishment and rehabilitation: Capital            | 354 226            |                           |                               | (12 070)  | 83 800   | 150 000           | 221 730                         | 575 956                |
| <b>New infrastructure assets: Capital</b>            | <b>321 357</b>     |                           |                               | (122 072) |          |                   | (122 072)                       | 199 285                |
| <b>Infrastructure transfers</b>                      | <b>-</b>           | -                         | -                             | -         | -        | -                 | -                               | -                      |
| Infrastructure transfers: Capital                    | -                  |                           |                               |           |          |                   | -                               | -                      |
| Infrastructure transfers: Current                    | -                  |                           |                               |           |          |                   | -                               | -                      |
| <b>Infrastructure: Payments for financial assets</b> | <b>-</b>           |                           |                               |           |          |                   | -                               | -                      |
| <b>Infrastructure: Leases</b>                        | <b>44 000</b>      |                           |                               |           |          |                   | -                               | 44 000                 |
| <b>Non infrastructure</b>                            | <b>54 916</b>      |                           |                               |           |          |                   | -                               | 54 916                 |
| Capital infrastructure                               | 1 736 691          |                           |                               | (122 533) |          | 150 000           | 27 467                          | 1 764 158              |
| Current infrastructure                               | 439 000            |                           |                               | 122 533   |          | -                 | 122 533                         | 561 533                |
| <b>Total</b>   | <b>2 230 607</b>   | -                         | -                             | -         | -        | 150 000           | 150 000                         | <b>2 380 607</b>       |
| <b>Amount to be voted</b>                            |                    |                           |                               |           |          |                   |                                 | <b>150 000</b>         |

Note:

1. *Non infrastructure* is a stand-alone item, and is therefore excluded from *Capital infrastructure* and *Current infrastructure*, but it is included in the overall total

- *Virement*: The department undertook the following virements affecting the infrastructure allocation:
  - o Savings of R12.070 million were realised from *Refurbishment and rehabilitation: Capital* due to delays in undertaking refurbishment projects as a result of poor contractor performance. These

savings were utilised to defray pressures against *Upgrades and additions: Capital* (R11.609 million) in respect of addressing the demand of over-crowding in schools, including provisions of ablution facilities. The balance of R461 000 was utilised to defray excess spending against *Maintenance and repair: Current*. The department indicated that a large number of schools require maintenance, to ensure they are conducive for teaching and learning. Also, a resolution was taken by the department to stop the construction of new public ordinary schools and to rather focus on completing new schools already on site and this also influenced the decision to move savings from discontinuing implementing new school construction to maintenance projects.

- o Savings of R122.072 million were realised in respect of *New infrastructure assets: Capital* due to poor performance by contractors on projects such as Illovu secondary school in uMlazi district which resulted in the cancellation of the project, Siphumelele secondary school in King Cetshwayo district due to community unrest resulting in slow progress on site, Ntshongo secondary school in Harry Gwala district due to legal disputes between the implementing agent (IDT) and the contractor, as well as Bhevu secondary school in uThukela district because the contractor had cashflow challenges which resulted in delays in supplying materials on site. The savings from these delays were moved to *Maintenance and repair: Current* in respect of maintaining existing infrastructure, as mentioned.

The reduction in *Capital infrastructure* to defray current expenditure requires Legislature approval in terms of Section 43(4)(c) of the PFMA, as *Capital infrastructure* for the Vote as a whole has decrease.

- *Shifts*: The department moved R83.800 million from *Upgrades and additions: Capital* to *Refurbishment and rehabilitation: Capital*. This relates to the equitable share additional funds allocated to the department in respect of the wind storms disaster of September 2017 and flooding disaster of October 2017. These funds were inadvertently allocated against *Upgrades and additions: Capital* in the *EPRE* and are now correctly allocated. The purpose of the funds remains unchanged, and this is within the economic category *Buildings and other fixed structures*, hence this shift is not visible in other tables.
- *Other adjustments*: The infrastructure budget was increased by R150 million in Programme 6 against *Refurbishment and rehabilitation: Capital* in respect of the flood disaster that occurred in October 2017, mainly affecting the uMlazi, Pinetown and Ugu districts. This additional allocation is from the National Disaster Relief Fund and is specifically for the 86 projects verified by National COGTA and forms part of the EIG, as mentioned.

## 8. Conditional grants

Tables 5.26 and 5.27 provide a summary of changes to conditional grants. Details of the main adjustments, which resulted in a net increase of R286.585 million in the conditional grant allocation, is given in the paragraphs below the tables.

**Table 5.26 : Summary of changes to conditional grants**

| R thousand   | Main appropriation | Adjustments appropriation |                           |          |        |                   | Total adjustments appropriation | Adjusted appropriation |
|--|--------------------|---------------------------|---------------------------|----------|--------|-------------------|---------------------------------|------------------------|
|  |                    | Roll-overs                | Unforeseeable/unavoidable | Virement | Shifts | Other adjustments |                                 |                        |
| <b>2. Public School Education</b>                      | <b>1 625 085</b>   | <b>135 485</b>            | -                         | -        | -      | -                 | <b>135 485</b>                  | <b>1 760 570</b>       |
| National School Nutrition Programme grant              | 1 534 878          | 129 337                   |                           |          |        |                   | 129 337                         | 1 664 215              |
| EPWP Integrated Grant for Provinces                    | 2 000              |                           |                           |          |        |                   | -                               | 2 000                  |
| Social Sector EPWP Incentive Grant for Provinces       | 27 004             |                           |                           |          |        |                   | -                               | 27 004                 |
| Maths, Science and Technology grant                    | 61 203             | 6 148                     |                           |          |        |                   | 6 148                           | 67 351                 |
| <b>4. Public Special School Education</b>              | <b>27 230</b>      | <b>1 100</b>              | -                         | -        | -      | -                 | <b>1 100</b>                    | <b>28 330</b>          |
| Learners with Profound Intellectual Disabilities grant | 27 230             | 1 100                     |                           |          |        |                   | 1 100                           | 28 330                 |
| <b>6. Infrastructure Development</b>                   | <b>1 866 435</b>   | -                         | -                         | -        | -      | <b>150 000</b>    | <b>150 000</b>                  | <b>2 016 435</b>       |
| Education Infrastructure grant                         | 1 866 435          |                           |                           |          |        | 150 000           | 150 000                         | 2 016 435              |
| <b>7. Examination and Education Related Services</b>   | <b>58 922</b>      | -                         | -                         | -        | -      | -                 | -                               | <b>58 922</b>          |
| HIV and AIDS (Life-Skills Education) grant             | 58 922             |                           |                           |          |        |                   | -                               | 58 922                 |
| <b>Total</b>   | <b>3 577 672</b>   | <b>136 585</b>            | -                         | -        | -      | <b>150 000</b>    | <b>286 585</b>                  | <b>3 864 257</b>       |
| <b>Amount to be voted</b>                              |                    |                           |                           |          |        |                   |                                 | <b>286 585</b>         |

Table 5.27 : Summary of conditional grants by economic classification

| R thousand  | Main appropriation | Adjustments appropriation |                           |                  |                | Total adjustments appropriation | Adjusted appropriation |
|---|--------------------|---------------------------|---------------------------|------------------|----------------|---------------------------------|------------------------|
|   |                    | Roll-overs                | Unforeseeable/unavoidable | Virement         | Shifts         |                                 |                        |
| <b>Current payments</b>                             | <b>1 902 037</b>   | <b>136 585</b>            | -                         | <b>131 015</b>   | -              | <b>267 600</b>                  | <b>2 169 637</b>       |
| Compensation of employees                           | 120 515            | -                         | -                         | (16 963)         | -              | (16 963)                        | 103 552                |
| Goods and services                                  | 1 781 522          | 136 585                   | -                         | 147 978          | -              | 284 563                         | 2 066 085              |
| Interest and rent on land                           | -                  | -                         | -                         | -                | -              | -                               | -                      |
| <b>Transfers and subsidies to:</b>                  | <b>-</b>           | <b>-</b>                  | <b>-</b>                  | <b>-</b>         | <b>-</b>       | <b>-</b>                        | <b>-</b>               |
| Provinces and municipalities                        | -                  | -                         | -                         | -                | -              | -                               | -                      |
| Departmental agencies and accounts                  | -                  | -                         | -                         | -                | -              | -                               | -                      |
| Higher education institutions                       | -                  | -                         | -                         | -                | -              | -                               | -                      |
| Foreign governments and international organisations | -                  | -                         | -                         | -                | -              | -                               | -                      |
| Public corporations and private enterprises         | -                  | -                         | -                         | -                | -              | -                               | -                      |
| Non-profit institutions                             | -                  | -                         | -                         | -                | -              | -                               | -                      |
| Households  | -                  | -                         | -                         | -                | -              | -                               | -                      |
| <b>Payments for capital assets</b>                  | <b>1 675 635</b>   | <b>-</b>                  | <b>-</b>                  | <b>(131 015)</b> | <b>150 000</b> | <b>18 985</b>                   | <b>1 694 620</b>       |
| Buildings and other fixed structures                | 1 652 891          | -                         | -                         | (122 533)        | 150 000        | 27 467                          | 1 680 358              |
| Machinery and equipment                             | 18 744             | -                         | -                         | (8 482)          | -              | (8 482)                         | 10 262                 |
| Heritage assets                                     | -                  | -                         | -                         | -                | -              | -                               | -                      |
| Specialised military assets                         | -                  | -                         | -                         | -                | -              | -                               | -                      |
| Biological assets                                   | -                  | -                         | -                         | -                | -              | -                               | -                      |
| Land and subsoil assets                             | -                  | -                         | -                         | -                | -              | -                               | -                      |
| Software and other intangible assets                | 4 000              | -                         | -                         | -                | -              | -                               | 4 000                  |
| <b>Payments for financial assets</b>                | <b>-</b>           | <b>-</b>                  | <b>-</b>                  | <b>-</b>         | <b>-</b>       | <b>-</b>                        | <b>-</b>               |
| <b>Total</b>  | <b>3 577 672</b>   | <b>136 585</b>            | <b>-</b>                  | <b>-</b>         | <b>150 000</b> | <b>286 585</b>                  | <b>3 864 257</b>       |
| <b>Amount to be voted</b>                           |                    |                           |                           |                  |                |                                 | <b>286 585</b>         |

- *Roll-overs*: An amount of R136.585 million was approved as a roll-over by National Treasury for the NSNP grant, MST grant and LPID grant based on the audited under-spending against these grants. This was allocated as follows:
  - A roll-over of R129.337 million was approved by National Treasury for the NSNP grant. This was allocated against *Goods and services* and relates to unpaid March 2018 invoices in respect of procurement of cooking equipment and utensils, as well as feeding costs for March which were paid in April.
  - A roll-over of R6.148 million was approved in respect of MST grant. This was allocated against *Goods and services* and relates to late receipt of invoices related to purchases of equipment, as well as training and development under the MST grant. The commitments pertain to the travel and subsistence costs with regard to the training of 360 educators in respect of Technical Mathematics and Technical Science in technical schools. This also includes the commitment for the payment of a management fee for the installation of computer equipment in various schools.
  - R1.100 million was allocated against *Goods and services* as a roll-over in respect of LPID grant. This relates to the previously mentioned commitments for the purchase of inventory: LTSM toolkits for the development of fine motor skills (puzzles, crayons, beads, etc.), gross motor skills (skipping rope, jungle gyms, tennis rackets, etc.) and communication skills (textbooks, tea-sets, toy cars, bells, music instruments, etc.) for learners with intellectual disabilities.
- *Virements*: The following virements were undertaken, mainly against the NSNP and LPID grants:
  - Savings of R10 million were realised within the NSNP grant against *Compensation of employees* due to delays in filling vacant posts. The department indicated that 28 posts remained vacant at mid-year, namely Field Workers, Deputy Directors, as well as Assistant Directors in various districts and head office. These savings were moved to *Goods and services* (R6 million) to adequately provide for the payment of stipends to 11 579 volunteer Food Handlers in various schools. Also, funds were moved to *Machinery and equipment* (R4 million) for the anticipated purchase of tools of trade, such as motor vehicles and office equipment for employees appointed against the grant.
  - Savings of R14.182 million were realised within the MST grant against *Machinery and equipment* due to delays in the SCM processes for the maintenance and supply of workshop equipment, refurbishment and equipping science laboratories in MST focus schools. These funds were moved to *Goods and services* towards the supply of computer hardware, including training of ICT integration and purchase of ICT tablets for 23 schools. Also, the intent is to supply natural sciences and technology kits to 139 MST focus schools. These changes result in a reduction in the *Payments for capital assets* budget. This change results in a deviation to the grant framework

guidelines allocation for activities, which is permissible provided the transferring officer approves all deviations. The department therefore submitted a revised business plan to the NDBE for approval.

- o Savings of R6.963 million were moved from *Compensation of employees* in respect of the LPID grant due to the late filling of 20 vacant posts, namely five Physiotherapists, five Speech Therapists, five Occupational Therapists, two Psychologists and three Social Workers which were only filled in August. These savings were moved to *Goods and services* (R5.263 million) for the procurement of inventory: LTSM such as toolkits, as well as *Machinery and equipment* (R1.700 million) for the purchase of tools of trade such as vehicles and office equipment.
- o Savings of R122.533 million were moved from Buildings and other fixed structures related to poor performance by contractors. As mentioned, these savings were moved to *Goods and services* for the maintenance of existing infrastructure, due to the large number of schools which require maintenance.

## 9. Transfers and subsidies

Table 5.28 shows the summary of transfers and subsidies by programme and main category. Details of the main adjustments, which resulted in an overall decrease of R233.744 million in the transfers and subsidies allocation, are provided in the paragraphs below the tables.

**Table 5.28 : Summary of transfers and subsidies by programme and main category**

| R thousand   | Main appropriation | Adjustments appropriation |                           |          |           |                   | Total adjustments appropriation | Adjusted appropriation |
|--|--------------------|---------------------------|---------------------------|----------|-----------|-------------------|---------------------------------|------------------------|
|  |                    | Roll-overs                | Unforeseeable/unavoidable | Virement | Shifts    | Other adjustments |                                 |                        |
| <b>1. Administration</b>                             | <b>36 185</b>      | -                         | -                         | 1 000    | -         | -                 | 1 000                           | 37 185                 |
| Provinces and municipalities                         | 1 287              | -                         | -                         | 1 000    | -         | -                 | 1 000                           | 2 287                  |
| Motor vehicle licences                               | 1 287              | -                         | -                         | 1 000    | -         | -                 | 1 000                           | 2 287                  |
| Households   | 34 898             | -                         | -                         | -        | -         | -                 | -                               | 34 898                 |
| Staff exit costs                                     | 34 898             | -                         | -                         | (3 400)  | -         | -                 | (3 400)                         | 31 498                 |
| External bursaries                                   |                    | -                         | -                         | 3 400    | -         | -                 | 3 400                           | 3 400                  |
| <b>2. Public Ordinary School Education</b>           | <b>1 579 596</b>   | -                         | -                         | 73 910   | (188 682) | -                 | (114 772)                       | 1 464 824              |
| Non-profit institutions                              | 1 528 502          | -                         | -                         | -        | (188 682) | -                 | (188 682)                       | 1 339 820              |
| Section 21 schools                                   | 1 520 862          | -                         | -                         | -        | (188 682) | -                 | (188 682)                       | 1 332 180              |
| Section 20 schools                                   | 7 640              | -                         | -                         | -        | -         | -                 | -                               | 7 640                  |
| Households   | 51 094             | -                         | -                         | 73 910   | -         | -                 | 73 910                          | 125 004                |
| Staff exit costs                                     | 51 094             | -                         | -                         | 73 910   | -         | -                 | 73 910                          | 125 004                |
| <b>3. Independent School Subsidies</b>               | <b>91 028</b>      | -                         | -                         | (7 000)  | -         | -                 | (7 000)                         | 84 028                 |
| Non-profit institutions                              | 91 028             | -                         | -                         | (7 000)  | -         | -                 | (7 000)                         | 84 028                 |
| Independent schools                                  | 91 028             | -                         | -                         | (7 000)  | -         | -                 | (7 000)                         | 84 028                 |
| <b>4. Public Special School Education</b>            | <b>153 986</b>     | -                         | -                         | (14 316) | -         | -                 | (14 316)                        | 139 670                |
| Non-profit institutions                              | 152 161            | -                         | -                         | (14 316) | -         | -                 | (14 316)                        | 137 845                |
| Schools  | 152 161            | -                         | -                         | (14 316) | -         | -                 | (14 316)                        | 137 845                |
| Households   | 1 825              | -                         | -                         | -        | -         | -                 | -                               | 1 825                  |
| Staff exit costs                                     | 1 825              | -                         | -                         | -        | -         | -                 | -                               | 1 825                  |
| <b>5. Early Childhood Development</b>                | <b>33 459</b>      | -                         | -                         | (4 746)  | -         | -                 | (4 746)                         | 28 713                 |
| Non-profit institutions                              | 33 459             | -                         | -                         | (4 746)  | -         | -                 | (4 746)                         | 28 713                 |
| ECD centres  | 33 459             | -                         | -                         | (4 746)  | -         | -                 | (4 746)                         | 28 713                 |
| <b>6. Infrastructure Development</b>                 | <b>-</b>           | -                         | -                         | -        | -         | -                 | -                               | -                      |
| <b>7. Examination and Education Related Services</b> | <b>93 910</b>      | -                         | -                         | (93 910) | -         | -                 | (93 910)                        | -                      |
| Departmental agencies and accounts                   | 93 910             | -                         | -                         | (93 910) | -         | -                 | (93 910)                        | -                      |
| ETDP SETA  | 93 910             | -                         | -                         | (93 910) | -         | -                 | (93 910)                        | -                      |
| <b>Total</b>   | <b>1 988 164</b>   | -                         | -                         | (45 062) | (188 682) | -                 | (233 744)                       | 1 754 420              |
| <b>Amount to be voted</b>                            |                    |                           |                           |          |           |                   |                                 | <b>(233 744)</b>       |

- *Virements*: The following virements resulting in a net decrease of R45.062 million were undertaken under *Transfers and subsidies*:
  - o Programme 1 undertook virements within as follows:
    - R1 million was moved from *Goods and services* in respect of bursaries for employees due to enforced savings to *Provinces and municipalities* to offset pressures in respect of higher than budgeted renewal of motor vehicle licence fees.
    - R3.400 million was decreased from *Households* as a result of lower staff exit costs than expected. These savings were utilised to defray pressures within *Households* to cater for bursaries awarded to non-employees in respect of the youth empowerment programme to assist students from disadvantaged backgrounds to study towards an education-related

qualification in Maths and Science. As previously explained, the department indicated that this relates to students already on the programme and no new bursaries were awarded. These bursaries were not initially adequately budgeted for.

- o Programme 2 was increased by R73.910 million against *Households* to offset higher than budgeted pressures against staff exit costs which are difficult to accurately budget for. These savings were moved from Programme 7, as mentioned.
- o Programme 3 was reduced by R7 million against *Non-profit institutions*. This relates to the non-transfer of subsidies to new schools attributed to the temporary allocation that was to be surrendered to the PRF as part of the 2018/19 budget cuts. However, these cuts were withdrawn during 2018/19 in line with a PEC decision. The department indicated that these transfers were not part of the gazetted school transfers.
- o Programme 4 was decreased by R14.316 million against *Non-profit institutions* towards offsetting pressures against *Compensation of employees* and *Goods and services* within the programme. This relates to pressures due to below inflationary cost of living adjustment budget growth and travel and subsistence costs which were under-budgeted. The department indicated that this category provides for transfers to schools and that not all amounts were committed for this purpose and were therefore available to address spending pressures in other areas. These funds were not gazetted to be transferred to any school, as mentioned.
- o Programme 5 was decreased by R4.746 million against *Non-profit institutions* to offset pressures against *Compensation of employees* in Programme 2. The savings against transfers relate to an unallocated amount in respect of the transfers to schools. This relates to funds which were temporarily allocated against this category to be surrendered to the PRF as part of the 2018/19 budget cuts. However, these cuts were withdrawn during 2018/19 in line with a PEC decision. These did not form part of the gazetted list of transfers to schools.
- o Programme 7 was decreased by R93.310 million against *Departmental agencies and accounts*. These funds are from enforced savings in respect of the transfer to the ETDP SETA. The department implemented a turnaround strategy to manage pressures within the Vote and the department therefore took a decision to reduce its transfer to the SETA in viewing of pressing competing priorities. These funds were moved to Programme 2 (R73.910 million) to offset pressures in respect of higher than budgeted staff exit costs, as well as offset pressures within the programme against *Goods and services* (R20 million) in respect of high costs for operating payments for printing and publication of the NSC exam papers, supplementary exams, Gr R – 12 continuous assessments, etc.

This virement is permissible in terms of the PFMA and Treasury Regulations.

Legislature approval is required for the net reduction in *Transfers and subsidies to: Non-profit institutions* in respect of an amounts that were not gazetted to be transferred to any school, and *Departmental agencies and accounts* as highlighted in the table.

- *Shifts*: A shift, which resulted in a decrease of R188.682 million, was undertaken under *Non-profit institutions* within Programme 2 to *Goods and services* in respect of S21 schools with function (c) who opted to purchase inventory: LTSM through the management agent instead of procuring this on their own. It should be noted that, in terms of the South African Schools Act, S21 (c), the Head of Department can allocate the function to purchase education material to the governing body. As previously mentioned, the purpose of the funds remains unchanged and this shift therefore does not require Legislature approval.

## 10. Transfers to local government

The amounts against *Provinces and municipalities* in Table 5.28 above cater for motor vehicle licences. These funds will not be transferred to any municipality, and therefore the table for transfers to local government has not been included.

## 11. Actual payments and revised spending projections for the rest of 2018/19

Tables 5.29 and 5.30 reflect actual payments as at the end of September 2018, projected payments for the rest of the financial year and the total revised spending in Rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2017/18 Audited outcome.

**Table 5.29 : Actual payments and revised spending projections by programme**

|   | 2017/18 Audited outcome | Adjusted appropriation | Actual payments             |             | Projected payments        |             | Projected actual  |
|---|-------------------------|------------------------|-----------------------------|-------------|---------------------------|-------------|-------------------|
|   |                         |                        | April 2018 - September 2018 | % of budget | October 2018 - March 2019 | % of budget |                   |
| <b>R thousand</b>                             |                         |                        |                             |             |                           |             |                   |
| 1. Administration                             | 1 760 169               | 1 744 826              | 938 160                     | 53.8        | 806 666                   | 46.2        | 1 744 826         |
| 2. Public Ordinary School Education           | 40 228 039              | 42 890 984             | 21 326 662                  | 49.7        | 21 564 322                | 50.3        | 42 890 984        |
| 3. Independent School Subsidies               | 82 980                  | 84 028                 | 39 224                      | 46.7        | 44 804                    | 53.3        | 84 028            |
| 4. Public Special School Education            | 1 124 496               | 1 214 051              | 652 058                     | 53.7        | 561 993                   | 46.3        | 1 214 051         |
| 5. Early Childhood Development                | 971 251                 | 1 220 672              | 542 272                     | 44.4        | 678 400                   | 55.6        | 1 220 672         |
| 6. Infrastructure Development                 | 2 574 788               | 2 336 607              | 1 022 071                   | 43.7        | 1 314 536                 | 56.3        | 2 336 607         |
| 7. Examination and Education Related Services | 1 574 762               | 1 492 469              | 521 016                     | 34.9        | 971 453                   | 65.1        | 1 492 469         |
| <b>Total</b>                                  | <b>48 316 485</b>       | <b>50 983 637</b>      | <b>25 041 463</b>           | <b>49.1</b> | <b>25 942 174</b>         | <b>50.9</b> | <b>50 983 637</b> |

**Table 5.30 : Actual payments and revised spending projections by economic classification**

|   | 2017/18 Audited outcome | Adjusted appropriation | Actual payments             |             | Projected payments        |             | Projected actual  |
|---|-------------------------|------------------------|-----------------------------|-------------|---------------------------|-------------|-------------------|
|   |                         |                        | April 2018 - September 2018 | % of budget | October 2018 - March 2019 | % of budget |                   |
| <b>R thousand</b>                                   |                         |                        |                             |             |                           |             |                   |
| <b>Current payments</b>                             | <b>44 442 185</b>       | <b>47 443 465</b>      | <b>22 856 667</b>           | <b>48.2</b> | <b>24 586 798</b>         | <b>51.8</b> | <b>47 443 465</b> |
| Compensation of employees                           | 40 061 215              | 42 892 737             | 20 741 823                  | 48.4        | 22 150 914                | 51.6        | 42 892 737        |
| Goods and services                                  | 4 379 734               | 4 548 728              | 2 112 763                   | 46.4        | 2 435 965                 | 53.6        | 4 548 728         |
| Interest and rent on land                           | 1 236                   | 2 000                  | 2 081                       | 104.1       | (81)                      | (4.1)       | 2 000             |
| <b>Transfers and subsidies to:</b>                  | <b>1 884 913</b>        | <b>1 754 420</b>       | <b>1 358 644</b>            | <b>77.4</b> | <b>395 776</b>            | <b>22.6</b> | <b>1 754 420</b>  |
| Provinces and municipalities                        | 2 561                   | 2 287                  | 1 050                       | 45.9        | 1 237                     | 54.1        | 2 287             |
| Departmental agencies and accounts                  | 89 497                  | -                      | -                           | -           | -                         | -           | -                 |
| Higher education institutions                       | -                       | -                      | -                           | -           | -                         | -           | -                 |
| Foreign governments and international organisations | -                       | -                      | -                           | -           | -                         | -           | -                 |
| Public corporations and private enterprises         | -                       | -                      | -                           | -           | -                         | -           | -                 |
| Non-profit institutions                             | 1 621 649               | 1 590 406              | 1 259 740                   | 79.2        | 330 666                   | 20.8        | 1 590 406         |
| Households  | 171 206                 | 161 727                | 97 854                      | 60.5        | 63 873                    | 39.5        | 161 727           |
| <b>Payments for capital assets</b>                  | <b>1 957 495</b>        | <b>1 785 752</b>       | <b>826 152</b>              | <b>46.3</b> | <b>959 600</b>            | <b>53.7</b> | <b>1 785 752</b>  |
| Buildings and other fixed structures                | 1 946 262               | 1 764 158              | 816 366                     | 46.3        | 947 792                   | 53.7        | 1 764 158         |
| Machinery and equipment                             | 11 095                  | 17 594                 | 8 488                       | 48.2        | 9 106                     | 51.8        | 17 594            |
| Heritage assets                                     | -                       | -                      | -                           | -           | -                         | -           | -                 |
| Specialised military assets                         | -                       | -                      | -                           | -           | -                         | -           | -                 |
| Biological assets                                   | -                       | -                      | -                           | -           | -                         | -           | -                 |
| Land and subsoil assets                             | -                       | -                      | -                           | -           | -                         | -           | -                 |
| Software and other intangible assets                | 138                     | 4 000                  | 1 298                       | 32.5        | 2 702                     | 67.6        | 4 000             |
| <b>Payments for financial assets</b>                | <b>31 892</b>           | <b>-</b>               | <b>-</b>                    | <b>-</b>    | <b>-</b>                  | <b>-</b>    | <b>-</b>          |
| <b>Total</b>  | <b>48 316 485</b>       | <b>50 983 637</b>      | <b>25 041 463</b>           | <b>49.1</b> | <b>25 942 174</b>         | <b>50.9</b> | <b>50 983 637</b> |

The department spent 49.1 per cent of the adjusted appropriation in the first six months of the financial year and projects to spend 50.9 per cent in the remaining six months. The fairly high projections in the second half of the year are mainly due to additional funds allocated in the Adjustments Estimate, which are projected to be utilised in the second half of the year. The department is projecting a balanced budget after all these adjustments have been made.





Table 5.A : Summary by economic classification : Education

| R thousand   | Main appropriation | Adjustments appropriation |                           |                  |                  |                   | Total adjustments appropriation | Adjusted appropriation |
|--|--------------------|---------------------------|---------------------------|------------------|------------------|-------------------|---------------------------------|------------------------|
|  |                    | Roll-overs                | Unforeseeable/unavoidable | Virement         | Shifts           | Other adjustments |                                 |                        |
| <b>Current payments</b>                              | <b>47 154 751</b>  | <b>136 585</b>            | <b>-</b>                  | <b>170 077</b>   | <b>188 682</b>   | <b>(206 630)</b>  | <b>288 714</b>                  | <b>47 443 465</b>      |
| Compensation of employees                            | 42 890 943         | -                         | -                         | 1 794            | -                | -                 | 1 794                           | 42 892 737             |
| Salaries and wages                                   | 36 076 183         | -                         | -                         | 1 794            | 395 925          | -                 | 397 719                         | 36 473 902             |
| Social contributions                                 | 6 814 760          | -                         | -                         | -                | (395 925)        | -                 | (395 925)                       | 6 418 835              |
| Goods and services                                   | 4 263 808          | 136 585                   | -                         | 166 283          | 188 682          | (206 630)         | 284 920                         | 4 548 728              |
| Administrative fees                                  | 5 753              | -                         | -                         | 3 513            | -                | -                 | 3 513                           | 9 266                  |
| Advertising  | 4 021              | -                         | -                         | -                | -                | -                 | -                               | 4 021                  |
| Minor assets   | 99                 | -                         | -                         | 100              | -                | -                 | 100                             | 199                    |
| Audit cost: External                                 | 10 468             | -                         | -                         | (984)            | -                | -                 | (984)                           | 9 484                  |
| Bursaries: Employees                                 | 72 598             | -                         | -                         | (9 000)          | -                | -                 | (9 000)                         | 63 598                 |
| Catering: Departmental activities                    | 36 338             | -                         | -                         | (505)            | -                | -                 | (505)                           | 35 833                 |
| Communication (G&S)                                  | 12 181             | -                         | -                         | (2 016)          | -                | -                 | (2 016)                         | 10 165                 |
| Computer services                                    | 75 726             | 6 148                     | -                         | (8 751)          | -                | -                 | (2 603)                         | 73 123                 |
| Cons. & prof serv: Business and advisory services    | 92 290             | -                         | -                         | 2 000            | 88 494           | -                 | 90 494                          | 182 784                |
| Infrastructure and planning                          | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Laboratory services                                  | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Scientific and technological services                | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Legal costs  | 21 625             | -                         | -                         | 500              | -                | -                 | 500                             | 22 125                 |
| Contractors  | 800                | -                         | -                         | 14 000           | -                | -                 | 14 000                          | 14 800                 |
| Agency and support / outsourced services             | 1 377 254          | 129 337                   | -                         | 67 347           | -                | -                 | 196 684                         | 1 573 938              |
| Entertainment  | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Fleet services (incl gov't motor transport)          | 43 962             | -                         | -                         | (11 910)         | -                | -                 | (11 910)                        | 32 052                 |
| Housing  | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Inventory: Clothing material and accessories         | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Inventory: Farming supplies                          | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Inventory: Food and food supplies                    | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Inventory: Fuel, oil and gas                         | 353                | -                         | -                         | 78 164           | -                | -                 | 78 164                          | 78 517                 |
| Inventory: Learner and teacher support material      | 611 799            | -                         | -                         | 14 421           | 55 188           | -                 | 70 709                          | 682 508                |
| Inventory: Materials and supplies                    | 9 044              | -                         | -                         | 303              | -                | -                 | 303                             | 9 347                  |
| Inventory: Medical supplies                          | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Inventory: Medicine                                  | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Medsas inventory interface                           | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Inventory: Other supplies                            | 212 295            | -                         | -                         | 18 918           | 45 000           | -                 | 63 918                          | 276 213                |
| Consumable supplies                                  | 114 197            | -                         | -                         | (49 328)         | -                | -                 | (49 328)                        | 64 869                 |
| Consumable: Stationery, printing and office supplies | 39 565             | -                         | -                         | 1 273            | -                | -                 | 1 273                           | 40 838                 |
| Operating leases                                     | 91 329             | -                         | -                         | 700              | -                | -                 | 700                             | 92 029                 |
| Property payments                                    | 484 142            | -                         | -                         | 157 816          | -                | -                 | 157 816                         | 641 958                |
| Transport provided: Departmental activity            | 208 056            | -                         | -                         | 520              | -                | (206 630)         | (206 110)                       | 1 946                  |
| Travel and subsistence                               | 305 749            | -                         | -                         | (4 171)          | -                | -                 | (4 171)                         | 301 578                |
| Training and development                             | 147 410            | -                         | -                         | (30 778)         | -                | -                 | (30 778)                        | 116 632                |
| Operating payments                                   | 275 811            | -                         | -                         | (97 135)         | -                | -                 | (97 135)                        | 178 676                |
| Venues and facilities                                | 10 943             | -                         | -                         | 21 148           | -                | -                 | 21 148                          | 32 091                 |
| Rental and hiring                                    | -                  | -                         | -                         | 138              | -                | -                 | 138                             | 138                    |
| Interest and rent on land                            | -                  | -                         | -                         | 2 000            | -                | -                 | 2 000                           | 2 000                  |
| Interest   | -                  | -                         | -                         | 2 000            | -                | -                 | 2 000                           | 2 000                  |
| Rent on land   | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| <b>Transfers and subsidies to</b>                    | <b>1 988 164</b>   | <b>-</b>                  | <b>-</b>                  | <b>(45 062)</b>  | <b>(188 682)</b> | <b>-</b>          | <b>(233 744)</b>                | <b>1 754 420</b>       |
| Provinces and municipalities                         | 1 287              | -                         | -                         | 1 000            | -                | -                 | 1 000                           | 2 287                  |
| Provinces  | 1 287              | -                         | -                         | 1 000            | -                | -                 | 1 000                           | 2 287                  |
| Provincial Revenue Funds                             | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Provincial agencies and funds                        | 1 287              | -                         | -                         | 1 000            | -                | -                 | 1 000                           | 2 287                  |
| Municipalities                                       | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Municipalities                                       | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Municipal agencies and funds                         | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Departmental agencies and accounts                   | 93 910             | -                         | -                         | (93 910)         | -                | -                 | (93 910)                        | -                      |
| Social security funds                                | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Entities receiving funds                             | 93 910             | -                         | -                         | (93 910)         | -                | -                 | (93 910)                        | -                      |
| Higher education institutions                        | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Foreign governments and international organisations  | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Public corporations and private enterprises          | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Public corporations                                  | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Subsidies on production                              | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Other transfers                                      | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Private enterprises                                  | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Subsidies on production                              | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Other transfers                                      | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Non-profit institutions                              | 1 805 150          | -                         | -                         | (26 062)         | (188 682)        | -                 | (214 744)                       | 1 590 406              |
| Households   | 87 817             | -                         | -                         | 73 910           | -                | -                 | 73 910                          | 161 727                |
| Social benefits                                      | 87 817             | -                         | -                         | 70 510           | -                | -                 | 70 510                          | 158 327                |
| Other transfers to households                        | -                  | -                         | -                         | 3 400            | -                | -                 | 3 400                           | 3 400                  |
| <b>Payments for capital assets</b>                   | <b>1 760 767</b>   | <b>-</b>                  | <b>-</b>                  | <b>(125 015)</b> | <b>-</b>         | <b>150 000</b>    | <b>24 985</b>                   | <b>1 785 752</b>       |
| Buildings and other fixed structures                 | 1 736 691          | -                         | -                         | (122 533)        | -                | 150 000           | 27 467                          | 1 764 158              |
| Buildings  | 1 736 691          | -                         | -                         | (122 533)        | -                | 150 000           | 27 467                          | 1 764 158              |
| Other fixed structures                               | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Machinery and equipment                              | 20 076             | -                         | -                         | (2 482)          | -                | -                 | (2 482)                         | 17 594                 |
| Transport equipment                                  | 3 750              | -                         | -                         | 4 000            | -                | -                 | 4 000                           | 7 750                  |
| Other machinery and equipment                        | 16 326             | -                         | -                         | (6 482)          | -                | -                 | (6 482)                         | 9 844                  |
| Heritage assets                                      | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Specialised military assets                          | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Biological assets                                    | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Land and sub-soil assets                             | -                  | -                         | -                         | -                | -                | -                 | -                               | -                      |
| Software and other intangible assets                 | 4 000              | -                         | -                         | -                | -                | -                 | -                               | 4 000                  |
| <b>Payments for financial assets</b>                 | <b>-</b>           | <b>-</b>                  | <b>-</b>                  | <b>-</b>         | <b>-</b>         | <b>-</b>          | <b>-</b>                        | <b>-</b>               |
| <b>Total</b>   | <b>50 903 682</b>  | <b>136 585</b>            | <b>-</b>                  | <b>-</b>         | <b>-</b>         | <b>(56 630)</b>   | <b>79 955</b>                   | <b>50 983 637</b>      |
| <b>Amount to be voted</b>                            |                    |                           |                           |                  |                  |                   |                                 | <b>79 955</b>          |