

### A Review of National and Provincial Education Budgets 2007

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#### EXECUTIVE SUMMARY

National and provincial spending on education is approximately R105 billion in the present financial year, while at the end of the present MTEF, the claim of the education sector is projected to be R127 billion. In the present financial year, expenditure on national and provincial education represents 19.5 per cent of consolidated national and provincial government expenditure and 5.4 per cent of the Gross Domestic Product (GDP). In 2009/10, national and provincial education expenditure represents 19.8 per cent of consolidated national and provincial government expenditure and 5.3 per cent of GDP. Education clearly represents a significant portion of overall government expenditure, which further justifies the need for a thorough review of the distribution of such expenditures. In this review, we consider the finances of the national education department and provincial education departments separately, even though the connections are clearly there and are spelled out in the review.

The national education budget is projected to grow by 7 per cent in 2007/08 while sustaining a real average annual growth rate of 5.9 per cent over the medium term. In absolute terms, the national education budget is projected to increase from R14.3 billion in 2006/07 to R19.4 billion at the end of the present MTEF. Grant-making to provincial education departments is projected to grow by 6.1 per cent in 2007/08, but over the medium-term, this allocation is projected to decline at a real average rate of 6.1 per cent. The completion of the first instalment of spending on the re-capitalisation programme explains this negative decline over the medium term. While a conditional grant funding system paid for the re-capitalisation process, by the end of the present MTEF (2009/10), such funding will be phased into the provincial equitable share. The grant framework of the previous MTEF is still intact in that both the life skills grant and the nutrition grant have made space for the FET re-capitalisation grant. The school nutrition grant is projected to grow at a real average rate of 1.7 per cent over the medium term, while the life skills and HIV/AIDS grant is projected to grow by 2.3 per cent over the same period. While a slow rate of growth can be justified for the life skills grant because of its already universal coverage of learners, the same cannot be said for the school nutrition grant. Allocations to this grant still face the challenge of delivering funding benefits to poor secondary school learners. This is unlikely to materialise in the present MTEF, which means a consolidation of existing beneficiary schools. Other interesting developments in the national education budget concern the development of an integrated education management information system as well as the first allocations to adult basic education and training programmes. The benefits to the latter programme are projected to be R850 million in 2009/10 and are intended to fund the planning, research and roll-out of “mass adult literacy programmes.”

Provincial education budgets are projected to grow by 5.1 per cent in 2007/08 while projections indicate a 5.2 per cent real average annual gain over the medium term. In absolute terms, provincial education budgets are projected to grow from R80.4 billion in 2006/07 to R107.3 billion at the end of the present MTEF. In the present financial year, Limpopo and the North West experience real declines of 0.1 per cent and 25.1 per cent respectively. Limpopo reverses this trend over the medium term, but the North West education budget is projected to decline at a real average annual rate of 4.8 per cent. In the case of the North West, the re-demarcation of municipal and provincial boundaries entailed a significant loss in population numbers, which in turn led to a downward revision of the province's equitable share. The province estimates that it has lost as much as R1.4 billion in 2007/08, R1.6 billion in 2008/09, and R1.9 billion in 2009/10. Apart from the North West, the budgets of the remaining provincial education departments are projected to grow robustly over the medium term. The largest positive real average annual growth rate is recorded for the Northern Cape (14 per cent), while the Eastern Cape records the smallest positive average rate (5.5 per cent). KwaZulu Natal and Mpumalanga project real average annual growth rates of 6.5 per cent and 9.4 per cent respectively. Provincial education expenditure is projected to decline from a share of 44.4 per cent of provincial resources to 41.8 per cent in 2009/10. This represents a 3 per cent decline over the six-year period. As expected, the largest decline takes place in the North West where education expenditure decreases from 43.7 per cent in 2006/07 to 35.6 per cent in 2009/10. This amounts to an eight per cent decline over a three-year period, thus raising serious questions about education service delivery in that province. The severe reduction in the education budget of the North West reduces the department's overall share of provincial resources to a level comparable to that of Gauteng and the Western Cape.

One of this review's primary questions is to understand how the resources available to provincial education departments are distributed over the various expenditure categories. In absolute terms, provision for compensation increases from R49.6 billion in 2003/04 to R69.2 billion in 2007/08. By the end of the present MTEF, total allocations to compensation are projected to be R82.3 billion. Compensation is projected to decline from 83.1 per cent in 2003/04 to 78 per cent in 2007/08. Thereafter, over the present MTEF, compensation is projected to decline to 76.6 per cent in 2009/10. Thus, over the six-year period, compensation has declined by approximately six percentage points. This is indicative of the relentless re-orientation in provincial education budgets towards an increasing share for non-personnel expenditures. In this regard, we notice that goods and services are projected to grow from 11.3 per cent in 2007/08 to 12.2 per cent in 2009/10. Transfers to non-profit organisations have almost doubled from 3.5 per cent in 2003/04 to 5.9 per cent in 2009/10, while total transfers constitute 6.4 per cent of total provincial education in 2007/08 and over the rest of the present MTEF. Payments for capital assets are projected to decline by 3.7 per cent in 2007/08, while sustaining a real average annual growth rate of 6.1 per cent over the medium-term. In absolute terms, provision for capital payments increases from R2.3 billion in 2003/04 to R3.8 billion in 2007/08. By the end of the present MTEF, total allocations to capital payments are projected to be R5.2 billion.

Province-specific information shows that the North West education department projects a 26 per cent decline in compensation in 2007/08 and a 4.4 real average decline over the medium term. In absolute terms, provision for compensation declined from R5.2 billion in 2006/07 to R4 billion in 2007/08. By 2009/10, the province projects to spend R5 billion, which is still marginally smaller than the corresponding allocation in 2006/07. The remaining provinces all project positive real average annual growth rates and the largest growth rate is projected for the Northern Cape (11.8 per cent). Mpumalanga projects an 8.4 per cent growth over the same period, while KwaZulu Natal projects an average growth rate of 6.1 per cent. Payments for *goods and services* are projected to grow by 7.4 per cent in 2007/08, while sustaining a real average annual growth rate of 8.6 per cent over the medium-term. In absolute terms, provision for goods and services increases from R5.2 billion in 2003/04 to R10 billion in 2007/08. By the end of the present MTEF, provision for goods and services are projected to be R13 billion. In the present financial year, three provinces, namely the Eastern Cape, Free State and the North West province project negative growth rates. The North West is hit the hardest and projects a real average

annual decline of 10.2 per cent over the medium term, while the Eastern Cape and Free State project corresponding declines of approximately 1 per cent over the same period. The largest real average annual growth rate for this item is recorded in the Northern Cape, which boasts an average growth rate of 34.4 per cent.

Payments for *transfers to non-profit organisations* are projected to grow by 21.6 per cent in 2007/08, while sustaining a real average annual growth rate of 10.7 per cent over the medium term. In absolute terms, provision for transfers to non-profit organisations increases from R2.1 billion in 2003/04 to R5.3 billion in 2007/08. By the end of the present MTEF, total allocations to transfers to non-profit organisations are projected to be R 6.4 billion. In the main, transfers to non-profit organisations represent expenditure on public schools via the funding norms (section 21 and non-section 21 schools), funding for the school nutrition programme, as well as transfers to public FET institutions for the re-capitalisation effort. Given the emphasis on fee-free schools and the re-capitalisation of public FET colleges, one should see strong positive increases to this item in most provincial education departments. Gauteng projects the largest real average annual increases over the medium term (22.8 per cent) and is closely followed by the Eastern Cape (19.9 per cent). Furthermore, Mpumalanga (11.5 per cent), Northern Cape (16.8 per cent) and North West (19.3 per cent) all achieve double-digit increases over the same period. The Western Cape projects a real average annual decline of approximately 2 per cent over the medium term.

The largest real declines in projected capital expenditure over the medium-term takes place in the Western Cape (25.4 per cent) and the North West (16.8 per cent). In the case of the Western Cape, the provincial treasury's financial advance to the education department in an earlier MTEF is now literally being paid back through lower real allocations to capital expenditure. In the North West, the immediate impact of the demarcation process explains the sharp decline in the capital budget. Gauteng also experiences a negative real average annual decline over this period (7.9 per cent) and Mpumalanga projects the smallest average positive gain over the same period (4.1 per cent). The Eastern Cape projects the largest real average gain (24.7 per cent) followed closely by Free State with 21.6 per cent real average growth in the latter province's capital budget over the next three years. In the case of the Free State, improved spending on fixed capital investments should go some way in compensating the education department for the reductions in capital budgets it had suffered in the last few years.

Transversal expenditure trends in provincial education budget 2007 do not deviate from previous years' expenditure frameworks. Personnel expenditure is still on a tight leash and both recurrent and non-recurrent non-personnel expenditures are on the rise. However, allocations to capital expenditure in provincial education departments are highly variable and in this regard, also mirror the patterns of previous years. How do these resource patterns affect input inequality at the provincial education level? In 2005, provincial education departments spent approximately R5 500 on average on each of the learners enrolled in the education system. The Northern Cape spent at a rate that is more than 25 per cent higher than the national per learner average (R6871 per learner). The Northern Cape is followed closely by the North West and Free State that spent 17 per cent and 15 per cent respectively above the national per learner average. The present reduction in the budget of the North West will have a profound impact on per learner expenditure in that province. Gauteng and the Western Cape, once leading spenders, are now trailing many of the traditionally poorer provinces. Gauteng spent 2 per cent below the national average in 2005, while the Western Cape spent a Rand amount that is 7 per cent above the national per learner average. Learners in Mpumalanga gained 15 per cent in real terms in 2005, whereas learners in Mpumalanga and the North West gained 15 per cent and 20 per cent respectively in 2005.

If one uses summary inequality measures to characterise the distribution of provincial education expenditure in 2005, one notices that the mean absolute deviation indicates greater levels of inequality in 2005, but this can be attributed to the sudden jump in the per learner expenditure of the North West. Also, the coefficient of variation indicates a marginally higher level of inequality in provincial education per learner expenditures. Once spending in the North West is excluded,

the average position of the poor and rich provinces remains unchanged during 2004 and 2005. Poor provincial education departments have obtained parity with the national per capita average, but such levels are overwhelmingly supported by the high levels of per learner spending in the Free State. Provinces such as KwaZulu Natal and Limpopo still spent three per cent and eight per cent respectively below the national per learner average in 2005. The same story applies to the rich provinces where the Northern Cape's 25 per cent gain on the national average more than compensates for the Gauteng province's sub-national per learner spending level. Per capita expenditure levels are in constant flux and are also heavily influenced by events outside of the scope and control of education departments such is the case in the North West. This reinforces the belief that per learner expenditure levels converge at an essentially arbitrary level, which suggests little or no information about pre-set adequacy or efficiency levels.

What does the present distribution of expenditure mean for programme level allocations and are there major deviations from the programme framework of the previous years? We compared provincial education programmes at three levels, using absolute levels of investment, real annual growth in programmes, and programmes' budget share profile over a six-year period. The largest level of investment is made in public ordinary schools where allocations are projected to increase from R67.2 billion in 2006/07 to R89.5 billion in 2009/10. The status of the second largest investment in provincial education changes over the medium term. In 2007/08, special needs education budgets were the second largest budgets totalling R2.7 billion while allocations to the further education and training colleges stood at R2.5 billion. However, from 2008/09 onwards, the further education and training college budget exceeds that of special needs education largely due to the re-capitalisation of further education and training colleges. At the end of the present MTEF, the allocation to further education and training colleges amounts to R2.8 billion while allocations to special needs education budgets are projected to be R2.7 billion. The status of the fourth largest programme also changes over the medium term. Allocations to adult basic education and training budgets total R779 million in 2006/07 while spending on early childhood development was R686 million in the same year. However, from the present financial year onwards, early childhood development expenditure exceeds that of adult basic education and training. By the end of the present MTEF, allocations to early childhood development budgets are projected to be R1.3 billion while the corresponding allocation for adult basic education and training budgets is R1.1 billion.

Adjustment to the wage bill results in a public school average growth rate of 5.1 per cent. This is notable because in the preceding years' budgets, public school real growth was slower than the overall growth rate. Although the public schooling programme achieves parity with the consolidated provincial education growth rate in some years, it is not allowed to grow much faster than the overall provincial education growth rate. The public further education and training programme is projected to grow by 5.8 per cent over the same period, while the early childhood development projects a 17.7 per cent increase. The adult basic education and training programme is projected to grow by 6.1 per cent in real terms on average over the medium term. This reflects expenditures for the planned new programmes that get underway towards the end of the present MTEF. The adult basic education and training programme continues its variable spending trends and it appears that allocations to this programme in 2007/08 are largely responsible for the hike in real average spending levels. The programme that is projected to achieve the slowest real average annual growth rate is the special needs education programme (1.8 per cent on average). This continues earlier funding trends and confirms the low funding priority that this crucial programme enjoys.

Programme shares of consolidated provincial expenditure are a further indicator of funding priorities over the medium term. The interesting story here is undoubtedly the doubling of the shares of the public further education and training and early childhood development programmes. The public further education and training programmes increases its share of provincial education resources from 1.9 per cent in 2003/04 to 2.6 per cent in 2009/10 while the early childhood development programme doubles its shares from 0.6 per cent in 2003/04 to 1.2 per cent at the end of the MTEF. Although both programmes remain relatively small at the end

of the new MTEF, important shifts are intended with the doubling of such expenditures. The remaining programmes appear to maintain their shares over the six-year period. Although the public ordinary school programme maintains its shares of provincial education (approximately 83 per cent), administrative expenditures are projected to decline from 7.4 per cent in 2003/04 to 6.8 per cent in 2009/10.

One can summarise expenditure trends in the provincial education 2007 MTEF thus: the containment of personnel expenditure continues and produces consequences for both the transversal and programme expenditure frameworks. At the transversal expenditure level, other non-personnel expenditures such as allocations to poor schools, the strengthening of public further education and training (transfers) and capital expenditure are boosted. This framework is achieved at the expense of meaningful further increases for teachers in public schools. From a programme expenditure framework, the slow rate of growth of compensation in public schools opens the space for the growth in further education and training and early childhood development budgets. The adult basic education and training, and especially special needs education programmes have been left behind in the re-organised spending stakes of late.

Whereas the expenditure framework in provincial education 2007 would have made sense in the late 1990s, its almost mechanical and routine implementation today conjures up the image of a ship that has been left without leadership. The so-called emergency responses of yesteryear have now made way for expenditure allocations that are rigid and stuck in habit, instead of confronting fundamental issues in education finance at the provincial level. It is business as usual.

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## SECTION 1: INTRODUCTION

Annually, we undertake a review of national and provincial education budgets with the following main aims in mind:

- To survey the main trends in national education and consolidated provincial education expenditure.
- To understand something of the social and fiscal contexts within which provincial education budgets are made.
- To quantify the progress provincial education makes in addressing the apartheid legacy of input inequality.
- To provide a description and explanation of actual spending trends of conditional grants.

Our analyses are oriented towards providing a rigorous description of the main trade-offs in education budgets and how these decisions are likely to affect learners from poor communities. We are aware of the limitations of examining financial inputs only, but we believe that an updated statement of the main assumptions governing education budgets remains important.

### Method of Analysis

Our primary purpose in conducting these analyses is to develop an accurate description of the main expenditure trends in the national education budget and provincial education budgets. We rely almost exclusively on published budget documentation in the national and provincial spheres. Information on actual spending on conditional grants is obtained directly from the national Department of Education. In exceptional instances, we consult

provincial education departments to provide contextual explanations for irregular financial trends.

In the national sphere, we used two main documents, namely the *Estimates of National Expenditure* and National Treasury's *Budget Review*. The former provides detailed exposition of the budgets of national votes. In this paper, we used the *Estimates of National Expenditure 2006* and *2007* to obtain information on the national education budget and to examine possible links with provincial education funding. The *Budget Review* provides an exposition of the national economy, government's macro-economic and fiscal framework, the medium term expenditure framework, as well as detailed discussions of provincial and local government finances. In this paper, we used *Budget Review 2006* and *2007* to obtain information on the main budget, consolidated national and provincial expenditure<sup>1</sup>, main macro-economic indicators, government's overall fiscal stance, and the division of revenue across the three spheres of government. In the provincial sphere, we mainly used the *Provincial Budget Statements* that are published by the respective provincial treasuries. Because of the importance of accurate learner numbers, we have used the Department of Education publications "*Education Statistics At A Glance*" for the 2004 to 2006 academic years.

Our analyses of these budgets proceed in two steps: a detailed examination of the transversal expenditure framework and a programme analysis.

### *Transversal expenditure analysis*

Our **primary point of entry** concerns the distribution of expenditures common to all programmes and activities (personnel, goods and services, transfers, and capital), hence the term "transversal expenditure analysis." We contend that this is an absolutely necessary step to obtain conceptual purchase on the specific budget under examination. This is especially so in the case of education budgets where the precise combination of goods and services is critical from a service delivery point of view. Although we do not make it explicit in this paper, notions about the "credibility" of education budgets operate in the background. An analysis of transversal expenditures provides the framework within which all education funding activities have to be viewed. Since 2000, provincial education transversal expenditure frameworks required the containment of personnel expenditure and consequent growth in school-level types of expenditures as well as capital expenditure. This framework relegated redress to school-level types of expenditure (norms and standards for school funding) while allowing the slow accumulation of school-level essentials and capital stock contingent upon resource availability and service delivery capacity. We have an obvious interest in any significant addition or deviation from this framework and how that affects our understanding of redress and re-distribution within education budgets.

### *Programme analysis*

We consider the analysis of programmes as the "second bite of the cherry", because it examines how the same total amount of resources are distributed across programmes. One can more or less predict various programme allocations once a transversal expenditure analysis has been conducted. If there is a massive injection of capital expenditure in provincial education budgets, one would naturally be led to review capital expenditure for the public schooling programme. This is the case because there is presently no other programme that has the ability to absorb large capital expenditure

increases. Our analyses of programme expenditure take place in two stages. In the first stage, we examine consolidated education programmes at the provincial level and probe prioritisation trends and key trade-offs in the present medium-term. Because budget data are available for the period 2003/04 to 2009/10, we often refer to the pre-2006/07 period, even though these numbers are not reflected in the budget tables in this publication. In the second stage, we add provinces as a variable and consider similarities and differences among provinces in the prioritisation of the main service delivery programmes. Although sub-programmes within the main programmes are clearly important, our focus is restricted to programme totals and how these differ across provinces.

For two programmes, namely public ordinary schools and public further education and training, we undertake transversal expenditure analyses. The reason for doing this is two-fold and concerns issues relating to size of budgets and recent policy innovations. Because of the sheer size of public school budgets, changes in the funding of categories of expenditure (such as personnel for example) register an impact that is not confined to this budget only. In the case of public further education and training institutions, we would like to examine how the introduction of the further education and training re-capitalisation grant affects the distribution of expenditure within this programme.

### *Limitations of the present paper*

As was indicated earlier, we used data from the national and provincial budgets as our primary sources of analyses. Because our target date of release of this publication is June, National Treasury will have published more recent data on both the national and provincial budgets for the past financial year (2006/07). However, because these data are restricted to grand totals for provinces, provincial education departments, current and capital expenditure, there is not sufficient information to conduct a full-length analysis of national and provincial budgets. This means that we cannot incorporate this information into our present analyses because there is no detailed province-specific information on key service delivery programmes for 2006/07. There is also the additional problem of under-spending and how that would inflate our calculation of averages. For these reasons, we continue using “revised estimates”<sup>ii</sup> for 2006/07 as they appear in both national and provincial budgets. This may make these numbers dated, but it is our belief that these numbers portray a much more realistic view of the overall resource envelope.

Throughout this paper, we rely heavily on the calculation of three-year and six-year averages. To facilitate our understanding of national and provincial budgets, we use government-provided estimates of inflation. We use CPIX deflators and more specifically CPIX deflators using 2006/07 as the base year. These CPIX deflators are 2003/04 (0.879677), 2004/05 (0.915743), 2005/06 (0.953289), 2006/07 (1), 2007/08 (1.049000), 2008/09 (1.098303), and 2009/10 (1.147727). We use these deflators to calculate three useful numbers:

- real change from the previous financial year (2006/07 to 2007/08);
- real average annual change over a three-year period (2006/07 to 2009/10) and;
- real average annual change over a six-year period (2003/04 to 2009/10).

Throughout these analyses we place greater emphasis on averages, although we often present real annual changes where changes between each year in a time-series are calculated. This enables us to determine more precisely the actual strength or weaknesses

of financial flows to expenditure items and programmes. This analysis of annual changes is crucial in the present publication.

## A roadmap of the occasional paper

The rest of the occasional paper is structured in the following way. Section 2 provides a description of aggregate expenditure patterns in the national education and provincial education budgets. We consider transversal expenditure analyses for both the national and provincial education sectors. In the national education budget, the main emphasis is on understanding the link between the national budget and provincial education. For the latter, we are interested in a description of the present funding framework that governs the distribution of education expenditure at the provincial level. Through the discussion of the transversal expenditure framework, we aim to assess the main trade-offs and the overall direction of provincial education budgets. Section 3 considers programmes as sites of service delivery and provides information per programme by province. We attempt to develop an understanding of the winners and losers of the present provincial education MTEF and speculate as to possible service delivery implications. Section 4 provides concluding remarks and re-states the main findings of our review of national and provincial education budgets.

## SECTION 2: AN AGGREGATE VIEW OF THE PROPOSED NATIONAL AND PROVINCIAL EDUCATION MEDIUM-TERM EXPENDITURE PLANS

### Analysis of the national education budget 2007

Table 1 provides information on the type of expenditures in the national education budget for the period 2006/07 to 2009/10.

**Table 1: The national education budget by type of expenditure, 2006/07 to 2009/10**

Type of expenditure	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	Real change, 2006/07/- 2007/08 (%)	Real ave. annual change, 2006/07- 2009/10 (%)	Real ave. annual change, 2003/04- 2009/10 (%)
<b>Current payments</b>	<b>547823</b>	<b>731023</b>	<b>1067842</b>	<b>1177316</b>	<b>27.2</b>	<b>24.1</b>	<b>16.5</b>
Compensation	212967	263295	255621	250589	17.9	1.5	3.3
Goods and services	334856	467728	812221	926727	33.2	36.1	25.4
<b>Transfers/subsidies</b>	<b>13700515</b>	<b>15265892</b>	<b>17153881</b>	<b>18218866</b>	<b>6.2</b>	<b>5.1</b>	<b>5.5</b>
Provinces and municipalities	1712650	1905633	2201392	1501344	6.1	-6.1	2.9
Departmental agencies	995813	1405487	1631678	2038872	34.5	21.7	18.2
Tertiary institutions	10977201	11944151	13309708	14666997	3.7	5.2	5.1
Foreign governments. and international organisations	9749	10621	11103	11653	3.9	1.4	0.9
Households	5102				-100.0	-	-
<b>Payment for capital assets</b>	<b>6838</b>	<b>4008</b>	<b>4548</b>	<b>4763</b>	<b>-44.1</b>	<b>-11.8</b>	<b>-14.4</b>
Machinery and equipment	6344	3573	3879	4075	-46.3	-14.0	-2.2
Other	494	435	669	688	-16.1	9.7	49.7
<b>Total</b>	<b>14255176</b>	<b>16000923</b>	<b>18226271</b>	<b>19400945</b>	<b>7.0</b>	<b>5.9</b>	<b>5.9</b>

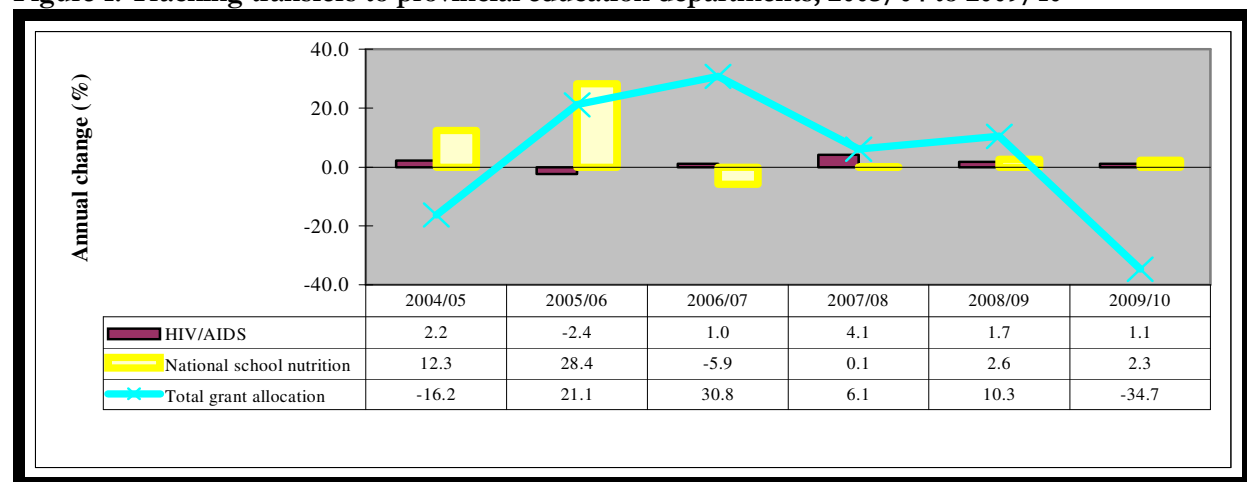
Source: Estimates of National Expenditure (2007)



The national education budget is projected to grow by 7 per cent in the new financial year (2007/08) and sustains a real average annual growth rate of 5.9 per cent over the medium term. Grant-making to provincial education departments is projected to grow by 6.1 per cent in 2007/08, but over the medium-term, this allocation is projected to decline at a real average rate of 6.1 per cent. The completion of the first instalment of spending on the re-capitalisation programme explains this negative decline over the medium term. While a conditional grant funding system paid for the re-capitalisation process until now, by the end of the present MTEF (2009/10), such funding will be phased into the provincial equitable share.

Figure 1 provides information about the real annual growth of two of the long-standing national responsibilities, namely the life skills education and the national school nutrition grants.

**Figure 1: Tracking transfers to provincial education departments, 2003/04 to 2009/10**



Source: Estimates of National Expenditure (2007)

Figure 1 provides strong evidence of the impact of the re-capitalisation of public FET colleges on grant-making to provinces. Since the introduction of this grant in 2006/07, total grant allocation to provinces grew by 31 per cent in 2006/07, 6.1 per cent in 2007/08, and 10.3 per cent in 2008/09. Because this grant is planned to be phased into the provincial equitable share, a large negative decline of 35 per cent is projected for 2009/10. Further evidence of the strength of spending on the FET re-capitalisation grant can also be seen in the annual growth of the life skills and school nutrition grants. The growth rates of these grants were severely curtailed over the medium-term period and we notice a relatively large decline of approximately 6 per cent in the school nutrition grant in 2006/07. Thereafter, it grows gradually over the remaining years casting doubt about the ability of provincial education departments to extend this grant successfully to poor secondary learners. The same funding patterns can be observed in the case of the life skills grant, but education departments may argue that they have succeeded in covering the entire population of learners. This would therefore justify a maintenance allocation that preserves the present funding benefits.

Table 2 provides information about the allocations to education programmes in the budget of the national Department of Education over the period 2003/04 to 2009/10. The table below answers the questions of how additional increases in the present MTEF are distributed across the various programmes.

**Table 2: The national education budget by programme, 2006/07 to 2009/10**

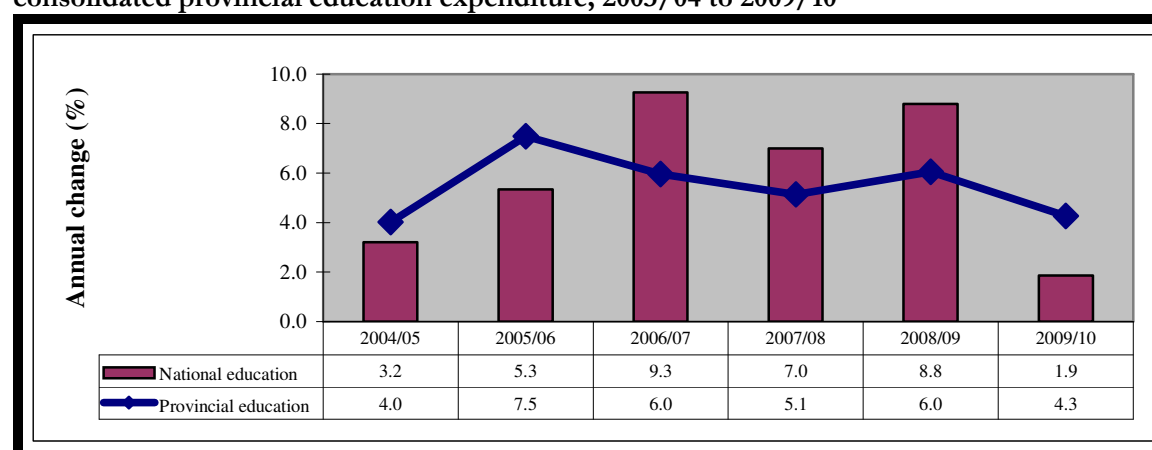
<b>Programmes</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Administration	114207	180855	188126	202428	51.0	17.8	11.1
System planning and monitoring	48636	89864	94412	105843	76.1	27.9	17.1
General education	244700	281291	334316	319622	9.6	4.9	-3.1
Further education and training	698684	864822	1016137	197654	18.0	-17.1	35.2
Quality promotion and development	1156643	1213390	1630754	1848226	0.0	12.3	11.0
Higher education	11937570	13330873	14920801	16683586	6.5	6.8	6.1
Auxiliary and associated services	54736	39828	41725	43586	-30.6	-10.2	-14.3
<b>Total</b>	<b>14255176</b>	<b>16000923</b>	<b>18226271</b>	<b>19400945</b>	<b>7.0</b>	<b>5.9</b>	<b>5.9</b>

Source: Estimates of National Expenditure (2007)

- The relatively large increases in expenditure on the *System planning and monitoring programme* are due to the spending on an integrated education management information system. A large portion of such increases pays for technical consultants who have devised the system and who will help with the implementation of the new system (Estimates of National Expenditure, 2007: 249).
- The *further education and training* branch budget is projected to decline at a real average annual rate of 17.1 per cent mainly because of the phasing-out of the FET re-capitalisation grant.
- The *higher education* budget is projected to grow at a real average annual rate of 6.8 per cent over the medium-term. Increases in this budget finance targeted interventions in specific scarce skills areas as well as increases in government-provided student financial aid.
- The *auxiliary and associated services programme* projects a real average decline of 10.2 per cent over the medium term primarily because of the phasing-out of the financial management and quality enhancement grant.

While grant funding support to provinces is decreased over the medium term, education budget 2007 sets aside conservative amounts for the “adult mass literacy campaign.” A total amount of R850 million will be set aside to fund the planning and research as well as the actual roll-out of the campaign in 2009/10 (Estimates of National Expenditure, 2007: 246).

**Figure 2: Comparing the real year-on-year growth of the national education budget and consolidated provincial education expenditure, 2003/04 to 2009/10**



Source: Estimates of National Expenditure (2007) and Provincial Budget Statements (2007)

Note: Resource flows between the Department of Education and provincial education departments were not netted out.

The relative advantage of the national education budget over the consolidated provincial education budget in annual growth rates corresponds neatly to the period since the introduction of the FET re-capitalisation grant. Consolidated provincial education budgets recorded stronger annual growth in 2004/05 and 2005/06 and are also projected to grow at a higher rate at the end of the present MTEF. Over the present MTEF, the growth in provincial education budgets is strongly related to targeted personnel increases and the furtherance of the objectives of fee-free schools. In order to understand these growth patterns better, the next section offers a more detailed account of the distribution of increases across provinces and expenditure categories.

### Analysis of provincial education budgets 2006

Table 3 provides information about total spending on education at the provincial level for the period 2006/07 to 2009/10.

**Table 3: Total education expenditure by province, 2006/07 to 2009/10**

Province	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	Real change, 2006/07/- 2007/08 (%)	Real ave. annual change, 2006/07- 2009/10 (%)	Real ave. annual change, 2003/04- 2009/10 (%)
Eastern Cape	13122087	14726061	16616075	17680951	7.0	5.5	5.0
Free State	5333400	5692455	6330671	7012556	1.7	4.7	4.9
Gauteng	12458959	14543467	15966587	17130956	11.3	6.3	5.7
KwaZulu Natal	16264847	18576821	20384512	22533275	8.9	6.5	6.6
Limpopo	11398658	11948413	13638328	15022432	-0.1	4.8	5.7
Mpumalanga	6314328	7956022	8601009	9372959	20.1	9.4	8.3
Northern Cape	1653643	2266871	2534610	2771420	30.7	14.0	9.1
North West	6779976	5323945	5936416	6462130	-25.1	-4.8	1.2
Western Cape	7115861	7684658	8497205	9340516	2.9	4.6	5.1
<b>Total</b>	<b>80441759</b>	<b>88718713</b>	<b>98505413</b>	<b>107327195</b>	<b>5.1</b>	<b>5.2</b>	<b>5.5</b>

Source: Provincial Budget Statements (2007)

Provincial education budgets are projected to grow by 5.1 per cent in 2007/08 while growing at a real average annual rate of 5.2 per cent over the medium term. In absolute terms, these budgets increase from R80.4 billion in 2006/07 to R107.3 billion at the end of the present MTEF. In the present financial year, Limpopo and the North West experience real declines of 0.1 per cent and 25.1 per cent respectively. Limpopo reverses this trend over the medium term, but the North West education budget is projected to decline at a real average annual rate of 4.8 per cent. In the case of the North West, the re-demarcation of municipal and provincial boundaries entailed a significant loss in population numbers, which in turn led to a downward revision of the province's equitable share. The province estimates that it has lost as much as R1.4 billion in 2007/08, R1.6 billion in 2008/09, and R1.9 billion in 2009/10 (North West Provincial Budget Statement 2007: 2 and 10). This education department has been hard hit and later sections of this paper explore the expenditure consequences in greater detail.

Apart from the North West, the budgets of the remaining provincial education departments are projected to grow robustly over the medium term. The largest positive real average annual growth rate is recorded for the Northern Cape (14 per cent), while the Eastern Cape records the smallest positive average rate (5.5 per cent). KwaZulu Natal and Mpumalanga project real average annual growth rates of 6.5 per cent and 9.4 per cent respectively.

Table 4 provides information about the claims of education on total provincial budgetary resources.

**Table 4: Provincial education expenditure as a percentage of provincial budgets, 2003/04 to 2009/10**

Province	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Eastern Cape	46.8%	49.4%	48.4%	48.2%	47.5%	47.6%	47.7%
Free State	35.4%	34.0%	34.6%	43.9%	42.8%	42.1%	41.9%
Gauteng	40.1%	39.7%	39.3%	34.6%	36.1%	36.5%	36.5%
KwaZulu Natal	46.4%	46.5%	45.1%	43.3%	42.7%	41.6%	41.2%
Limpopo	50.1%	51.3%	49.6%	47.4%	47.2%	47.6%	47.3%
Mpumalanga	49.4%	48.2%	49.1%	49.6%	49.1%	48.3%	47.9%
Northern Cape	41.1%	41.9%	39.5%	36.3%	40.0%	39.9%	39.4%
North West	47.5%	46.7%	45.3%	43.7%	36.9%	36.3%	35.6%
Western Cape	40.5%	39.0%	38.5%	36.7%	37.1%	36.5%	37.3%
<b>Total</b>	<b>44.4%</b>	<b>44.6%</b>	<b>43.8%</b>	<b>42.5%</b>	<b>42.2%</b>	<b>41.9%</b>	<b>41.8%</b>

Source: Provincial Budget Statements (2007)

Provincial education expenditure is projected to decline from a share of 44.4 per cent of provincial resources in 2003/04 to 41.8 per cent in 2009/10. This represents a 3 per cent decline over the six-year period. As expected, the largest relative decline takes place in the North West where education expenditure decreases from 43.7 per cent in 2006/07 to 35.6 per cent in 2009/10. This amounts to an 8 per cent decline over a three-year period, thus raising serious questions about education service delivery in that province. The 36-37 per cent budget share in that province is now equivalent to shares in the Gauteng and the Western Cape provinces. The latter provinces have maintained education shares well below 40 per cent even prior to the function shift of social security to the national level. In Mpumalanga, the share of education expenditure remains close to the 50 per cent level, while the Eastern Cape shows similar levels of investment.

How are the positive funding gains distributed across the various expenditure categories that define provincial education budgets? Table 5 provides information on allocations to different types of expenditures in consolidated provincial education budgets for the period 2006/07 to 2009/10.

**Table 5: Consolidated provincial education budget by type of expenditure, 2006/07 to 2009/10 (see complete tables for main types of expenditure by province in the appendix)**

Type of expenditure	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	Real change, 2006/07/- 2007/08 (%)	Real ave. annual change, 2006/07- 2009/10 (%)	Real ave. annual change, 2003/04- 2009/10 (%)
<b>Current payments</b>	<b>72096057</b>	<b>79189199</b>	<b>87542143</b>	<b>95308742</b>	<b>4.7</b>	<b>4.8</b>	<b>4.9</b>
Compensation	63201042	69182823	75929290	82259608	4.4	4.3	4.1
Goods and service	8879465	10001679	11607954	13044015	7.4	8.6	11.9
Other	15550	4697	4899	5119	-71.2	-23.9	259.5
<b>Transfers/subsidies</b>	<b>4539932</b>	<b>5684131</b>	<b>6508014</b>	<b>6832485</b>	<b>19.4</b>	<b>9.7</b>	<b>12.0</b>
NGOs	4128955	5267526	6074670	6369601	21.6	10.7	15.3
Households	301435	377224	390382	416984	19.3	6.8	4.1
Other	109542	39381	42962	45900	-28.6	-7.4	-18.7
<b>Payments for capital assets</b>	<b>3805770</b>	<b>3845383</b>	<b>4455258</b>	<b>5185970</b>	<b>-3.7</b>	<b>6.1</b>	<b>10.2</b>
Buildings	3467009	3485771	4000796	4552678	-4.2	4.8	14.4
Machinery and equipment	336268	355757	450435	629225	0.9	18.5	-0.9
Other	2493	3855	4027	4067	47.4	14.6	1224.3
<b>Grand total</b>	<b>80441759</b>	<b>88718713</b>	<b>98505415</b>	<b>107327197</b>	<b>5.1</b>	<b>5.1</b>	<b>5.5</b>

Source: Provincial Budget Statements (2007)

Given the centrality of the table above for our entire analysis, we discuss the various expenditure categories under separate headings. Province-specific information is also provided to better illuminate the overall trends in education expenditure.

### *Current payments*

Current payments are projected to grow by 4.7 per cent in 2007/08, while sustaining a real average annual growth rate of 4.8 per cent over the medium-term. In absolute terms, provision for current payments increases from R54.8 billion in 2003/04 to R79.2 billion in 2007/08. By the end of the present MTEF, total allocations to current payments are projected to be R95.3 billion.

Payments for *compensation* are projected to grow by 4.4 per cent in 2007/08, while sustaining a real average annual growth rate of 4.3 per cent over the medium term. In absolute terms, provision for compensation increases from R49.6 billion in 2003/04 to R69.2 billion in 2007/08. By the end of the present MTEF, total allocations to compensation are projected to be R82.3 billion. Province-specific information shows that the North West education department projects a 26 per cent decline in 2007/08 and a 4.4 real average decline over the medium term. In absolute terms, provision for compensation declined from R5.2 billion in 2006/07 to R4 billion in 2007/08. By 2009/10, the province projects to spend R5 billion, which is still marginally smaller than the corresponding allocation in 2006/07. The remaining provinces all project positive

real average annual growth rates and the largest growth rate is projected for the Northern Cape (11.8 per cent). Mpumalanga projects an 8.4 per cent growth over the same period, while KwaZulu Natal projects an average growth rate of 6.1 per cent. The Eastern Cape, Free State and Gauteng project growth rates in the region of 4.2 per cent to 4.4 per cent over the medium term.

Payments for *goods and services* are projected to grow by 7.4 per cent in 2007/08, while sustaining a real average annual growth rate of 8.6 per cent over the medium-term. In absolute terms, provision for goods and services increases from R5.2 billion in 2003/04 to R10 billion in 2007/08. By the end of the present MTEF, provision for goods and services are projected to be R13 billion. In the present financial year, three provinces, namely the Eastern Cape, Free State and the North West province project negative growth rates. The North West has been hit the hardest and projects a real average annual decline of 10.2 per cent over the medium term, while the Eastern Cape and Free State project corresponding declines of approximately 1 per cent over the same period. The largest real average annual growth rate for this item is recorded in the Northern Cape, which boasts an average growth rate of 34.4 per cent. These increases are in line with that province's overall growth in current expenditure.

### *Transfer payments*

Transfer payments are projected to grow by 19.4 per cent in 2007/08, while sustaining a real average annual growth rate of 9.7 per cent over the medium-term. In absolute terms, provision for transfer payments increases from R2.7 billion in 2003/04 to R5.7 billion in 2007/08. By the end of the present MTEF, total allocations to transfer payments are projected to be R6.8 billion. The hike in transfer payments reflects the introduction of the public FET re-capitalisation grant as well as provisions for fee-free schools. At the end of the present MTEF (2009/10), the public FET grant will be phased into the provincial equitable shares, thus explaining the smaller rate of growth in the final year of the present MTEF.

Payments for *transfers to non-profit organisations* are projected to grow by 21.6 per cent in 2007/08, while sustaining a real average annual growth rate of 10.7 per cent over the medium term. In absolute terms, provision for transfers to non-profit organisations increases from R2.1 billion in 2003/04 to R5.3 billion in 2007/08. By the end of the present MTEF, total allocations to transfers to non-profit organisations are projected to be R6.4 billion. Gauteng projects the largest real average annual increase over the medium term (22.8 per cent) and is closely followed by the Eastern Cape (19.9 per cent). Furthermore, Mpumalanga (11.5 per cent), Northern Cape (16.8 per cent) and North West (19.3 per cent) all achieve double-digit increases over the same period. The Western Cape projects a real average annual decline of approximately 2 per cent over the medium term.

*Transfers to households* make up a relative small part of the overall transfer payments in provincial education departments and most provinces have no expenditure records for this item in 2003/04. For this reason, we only report on the aggregate patterns and do not discuss province-specific trends. Payments for *transfers to households* are projected to grow by 19.3 per cent in 2007/08, while sustaining a real average annual growth rate of 6.8 per cent over the medium term. In absolute terms, provision for transfers to households increases from R258 million in 2003/04 to R377 million in 2007/08. By the

end of the present MTEF, total allocations to transfers to households are projected to be R417 million.

### *Payments for capital assets*

Payments for capital assets are projected to decline by 3.7 per cent in 2007/08, while sustaining a real average annual growth rate of 6.1 per cent over the medium-term. In absolute terms, provision for capital payments increases from R2.3 billion in 2003/04 to R3.8 billion in 2007/08. By the end of the present MTEF, total allocations to capital payments are projected to be R5.2 billion. The largest real declines in projected capital expenditure over the medium-term take place in the Western Cape (25.4 per cent) and the North West (16.8 per cent). In the case of the Western Cape, the provincial treasury's financial advance to the education department in an earlier MTEF is now literally being paid back through lower real allocations to capital expenditure, while the demarcation process in the North West and the attendant loss of income explains the adjustment in this budget. Gauteng also experiences a negative real average annual decline over this period (7.9 per cent) and Mpumalanga projects the smallest average positive gain over the same period (4.1 per cent). The Eastern Cape projects the largest real average gain (24.7 per cent) followed closely by Free State with a 21.6 per cent real average growth in the latter province's capital budget over the next three years.

Payments for capital assets mostly reflect investment in buildings and fixed structures. Provision for *building and fixed structures* are projected to decline by 4.2 per cent in 2007/08, while sustaining a positive real average annual growth rate of 4.8 per cent over the medium term. In absolute terms, provision for building and fixed structures increases from R1.6 billion in 2003/04 to R3.5 billion in 2007/08. By the end of the present MTEF, total allocations to buildings and fixed structures are projected to be R4.6 billion. As expected, Gauteng, North West and the Western Cape project real average annual declines on their capital investments while the Eastern Cape projects a positive average gain of approximately 19 per cent over the same period. Free State projects the largest positive average gain (19.1 per cent) and KwaZulu Natal and Limpopo project positive gains of approximately 11 per cent. In the case of the Free State, improved spending on fixed capital investments should go some way in compensating the education department for the reductions in capital budgets it had suffered in the last few years.

Provision for *machinery and equipment* are projected to increase by 0.9 per cent in 2007/08, while sustaining a positive real average annual growth rate of 18.5 per cent over the medium term. In absolute terms, provision for machinery and equipment decreases from R654 million in 2003/04 to R356 million in 2007/08. By the end of the present MTEF, total allocations to machinery and equipment are projected to be R629 million.

Table 6 displays each of the main expenditure categories as a share of consolidated provincial education expenditure for the period 2003/04 to 2009/10.

**Table 6: The type of expenditure expressed as a percentage of consolidated provincial education expenditure, 2003/04 to 2009/10**

Type of expenditure	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Current payments</b>	<b>91.7%</b>	<b>91.1%</b>	<b>90.6%</b>	<b>89.6%</b>	<b>89.3%</b>	<b>88.9%</b>	<b>88.8%</b>
Compensation	83.1%	82.6%	80.8%	78.6%	78.0%	77.1%	76.6%
Goods and service	8.6%	8.5%	9.8%	11.0%	11.3%	11.8%	12.2%
Other	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Transfers/subsidies</b>	<b>4.5%</b>	<b>5.0%</b>	<b>5.4%</b>	<b>5.6%</b>	<b>6.4%</b>	<b>6.6%</b>	<b>6.4%</b>
Provinces and municipalities	0.2%	0.3%	0.3%	0.1%	0.0%	0.0%	0.0%
NGOs	3.5%	4.2%	4.7%	5.1%	5.9%	6.2%	5.9%
Households	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Other	0.3%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
<b>Payments for capital assets</b>	<b>3.8%</b>	<b>3.9%</b>	<b>4.0%</b>	<b>4.7%</b>	<b>4.3%</b>	<b>4.5%</b>	<b>4.8%</b>
Buildings	2.7%	3.3%	3.5%	4.3%	3.9%	4.1%	4.2%
Machinery and equipment	1.1%	0.5%	0.4%	0.4%	0.4%	0.5%	0.6%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Grand total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

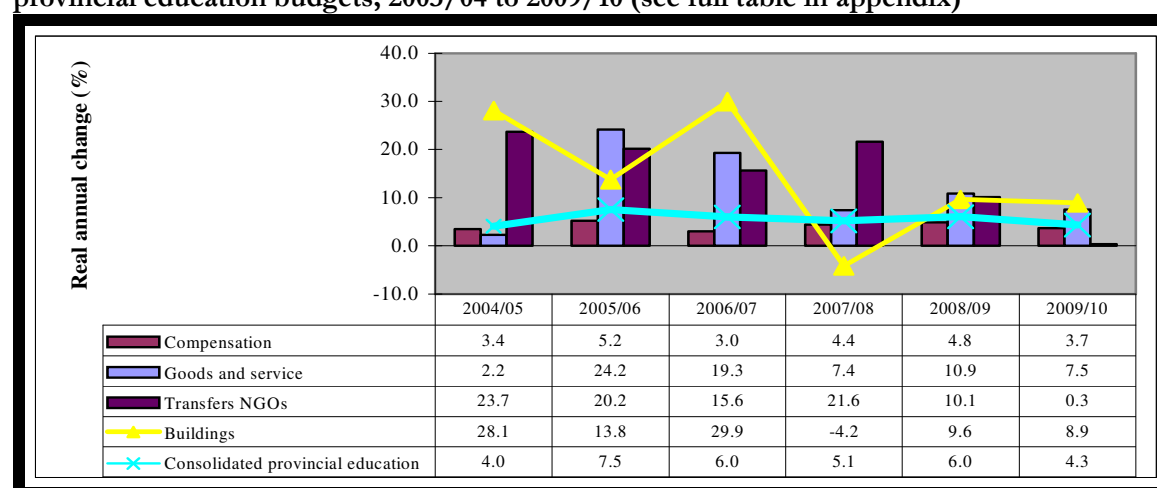
Source: Provincial Budget Statements (2007)

Compensation is projected to decline from 83.1 per cent in 2003/04 to 78 per cent in 2007/08. Thereafter, over the present MTEF, compensation is projected to decline to the level of 76.6 per cent in 2009/10. Thus, over the six-year period, compensation has declined by more than 6 percentage points. This is indicative of the relentless re-orientation in provincial education budgets towards an ever increasing share for non-personnel expenditures. In this regard, we notice that goods and services are projected to grow from 11.3 per cent in 2007/08 to 12.2 per cent in 2009/10. Transfers to non-profit organisations have almost doubled from 3.5 per cent in 2003/04 to 5.9 per cent in 2009/10, while total transfers constitute 6.4 per cent of total provincial education in 2007/08 and over the rest of the present MTEF. The expenditure trends for capital investments would have been affected by events in the North West and the Western Cape and this explains the slow growth of capital expenditure as a share of consolidated provincial education expenditure. The same rate of growth is projected for the buildings and fixed structure investment sub-category.

Our analysis thus far has focused on average growth rates and absolute investment levels in the provincial education budget. We now examine the annual resource flows of these expenditure categories over the period 2003/04 to 2009/10.



**Figure 3: Real year-on-year growth of selected categories of expenditure in consolidated provincial education budgets, 2003/04 to 2009/10 (see full table in appendix)**



Source: Provincial Budget Statements (2007)

Much has been made of the increases to teachers over the present medium-term period but Figure 3 confirms that the old framework of maintaining compensation increases lower than the consolidated provincial education growth rate still applies. For each of the annual changes in allocations, compensation consistently achieved or is projected to increase at a rate lower than that of overall education expenditure. The exact opposite applies to other expenditure categories: with the exception of capital expenditure in 2007/08, all the remaining categories achieved or project positive annual growth above the overall education rate. These numbers reinforce the belief that lower rates of growth in compensation have enabled other expenditure categories to grow faster than the overall education rate.

How have these developments affected per learner expenditures in provincial education departments? Table 7 provides information about per learner expenditures in provincial education departments for the 2004 and 2005 financial years.

**Table 7: Total per learner expenditure by provincial education department, 2004/05 to 2005/06**

Province	2004 (Rands)	Factor of national average	2005 (Rands)	Factor of national average	Nominal growth in per learner expenditure (%)	Real growth in per learner expenditure (%)
Eastern Cape	4718	0.96	5010	0.91	6.2%	2.0%
Free State	5734	1.16	6292	1.15	9.7%	5.4%
Gauteng	5062	1.03	5400	0.98	6.7%	2.5%
KwaZulu Natal	4603	0.93	5305	0.97	15.2%	10.7%
Limpopo	4816	0.98	5045	0.92	4.7%	0.6%
Mpumalanga	4933	1.00	5908	1.08	19.8%	15.0%
Northern Cape	6039	1.22	6871	1.25	13.8%	9.3%
North West	5159	1.05	6442	1.17	24.9%	20.0%
Western Cape	5171	1.05	5847	1.07	13.1%	8.6%
<b>National</b>	<b>4930</b>	<b>1.00</b>	<b>5483</b>	<b>1.00</b>	<b>11.2%</b>	<b>6.8%</b>

Source: Statistics At A Glance, 2004 and 2005 (Department of Education) and Provincial Budget Statements (2007)

In 2005, provincial education departments spent approximately R5 500 on average on each of the learners enrolled in the education system. The Northern Cape spent 25 per cent above the national per learner average (R6871 per learner). This represents a spending level that is three percentage points higher than its corresponding level in 2004. The Northern Cape is followed closely by the North West and Free State, which spent 17 per cent and 15 per cent above the national per learner average. The present reduction in the budget of the North West will have a profound impact on per learner expenditure in that province. Gauteng and the Western Cape, once leading spenders, are now trailing many of the traditionally poorer provinces. Gauteng spent 2 per cent below the national average in 2005, while the Western Cape spent only 7 per cent above the national per learner average. Learners in Mpumalanga gained 15 per cent in real terms in 2005, whereas learners in Mpumalanga and the North West gained 15 per cent and 20 per cent respectively in 2005.

Table 8 compares rich and poor provinces' per capita spending in 2004 and 2005 and focuses on three measures, namely the coefficient of variation, the mean absolute deviation, and the average per learner spending.

**Table 8: Descriptive inequality measures indicating the relative position of "rich" and "poor" provincial education departments, 2004/05 and 2005/06**

Inequality measure	2004	2005
Simple mean	5137	5791
Coefficient of Variation	0.09	0.11
Mean absolute deviation	345	534
Average per-learner spending of poor provinces as factor of national average	1.01	1.01
Average per-learner spending of rich provinces as factor of national average	1.10	1.10

Source: Statistics At A Glance, 2004 and 2005 (Department of Education) and Provincial Budget Statements (2007)

*Note: The "poor" provinces are defined as Eastern Cape, Free State, KwaZulu Natal, Limpopo and Mpumalanga. The "rich" provinces are defined as Gauteng, Northern Cape and the Western Cape.*

One of the measures, namely the mean absolute deviation indicates greater levels of inequality in 2005, but this can be attributed to the sudden jump in the per learner expenditure of the North West. Also, the coefficient of variation indicates a marginally higher level of inequality in provincial education per learner expenditures. Once the North West is excluded, we note that the average position of the poor and rich provinces remains unchanged during the two years. Poor provincial education departments have obtained parity with the national per capita average, but such levels are overwhelmingly supported by the high levels of per learner spending in the Free State. Provinces such as KwaZulu Natal and Limpopo still spent three per cent and eight per cent respectively below the national per learner average in 2005. The same story applies to the rich provinces where the Northern Cape's 25 per cent gain on the national average more than compensates for the Gauteng province's sub-national per learner spending level.

Per capita expenditure levels are in constant flux and in addition learner averages are also strongly influenced by events outside the scope of provincial education departments. We

see this especially in the North West in the present financial year. This reinforces the belief that per learner expenditure levels converge at an essentially arbitrary level, which suggests little or no information about pre-set adequacy or efficiency levels.

### **SECTION 3: AN ANALYSIS OF THE PROPOSED EXPENDITURE PLANS BY PROGRAMME AT THE PROVINCIAL EDUCATION LEVEL**

Section 3 is divided into two sub-sections. The first offers a global picture of programme expenditures and examines consolidated programme growth rates over the present MTEF. No province-specific information is provided as we are merely interested in describing the expenditure trade-offs among the main service delivery programmes. The second examines each of the main service delivery programmes by provincial education department. We examine total spending per province, real growth rates, per learner expenditures, and for some programmes, we present transversal expenditure analyses and summary inequality measures.

#### **General overview**

Table 9 provides information about consolidated programme expenditures for the period 2006/07 to 2009/10.

**Table 9: Consolidated provincial education expenditure by programmes, 2006/07 to 2009/10**

<b>Programme</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Administration	5279162	6144694	6756221	7333303	11.0	6.6	4.2
Public ordinary schools	67228964	73517813	81501760	89452072	4.2	5.1	5.4
Independent schools	375135	458391	523347	558612	16.5	9.2	8.4
Special needs schools	2270690	2461727	2718404	2740053	3.3	1.8	5.1
Further education and training	2074096	2386961	2757631	2806329	9.7	5.8	11.4
Adult basic education and training	779341	908051	993407	1067075	11.1	6.1	7.7
Early childhood development	686208	983397	1201132	1253428	36.6	17.7	18.2
Auxiliary and associated services	1748162	1857679	2053511	2116323	1.3	1.8	4.0
<b>Total</b>	<b>80441758</b>	<b>88718713</b>	<b>98505413</b>	<b>107327195</b>	<b>5.1</b>	<b>5.1</b>	<b>5.5</b>

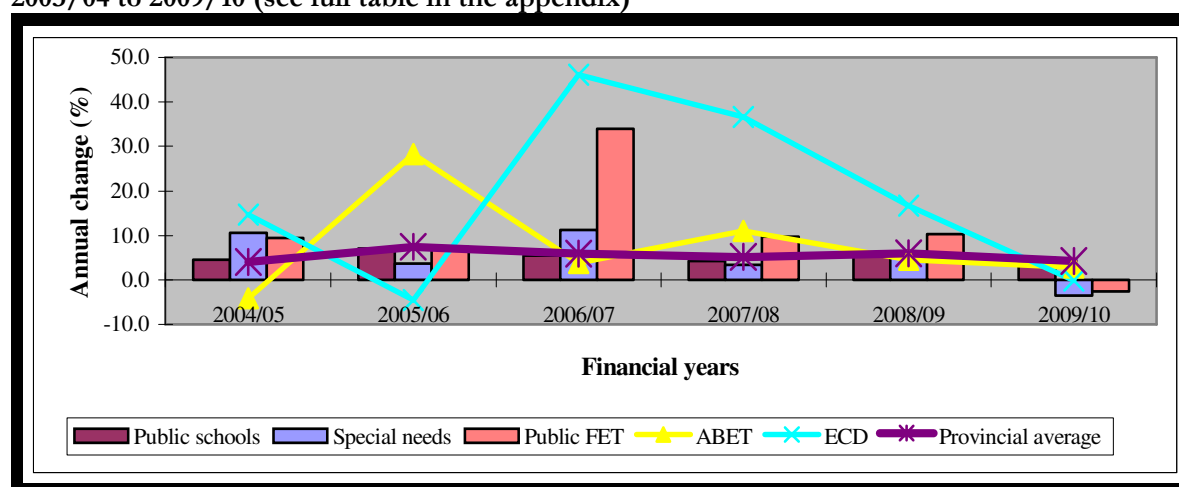
Source: Provincial Budget Statements (2007)

Provincial education budgets are projected to grow at a real average annual rate of 5.1 per cent. Adjustment in the wage bill results in a public school average growth rate of 5.1 per cent. This is notable because in the preceding years' budgets, public school real growth was slower than the overall growth rate. The public further education and training programme is projected to grow by 5.8 per cent over the same period, while the early childhood development projects a 17.7 per cent increase. The adult basic education and training programme is projected to grow by 6.1 per cent on average in real terms

over the medium term. This reflects expenditures for the planned new programmes that get underway towards the end of the present MTEF. The programme that is projected to achieve the slowest real average annual growth rate is special needs education programme (1.8 per cent on average). This continues earlier funding trends and confirms the low funding priority that this crucial programme enjoys. Important as these aggregate numbers are, it will be even more useful to see how such programmes expenditures are distributed across provincial education departments.

Figure 4 visually represents the main service delivery programmes and records their real annual growth rates over the period 2003/04 to 2009/10.

**Figure 4: The programme expenditure framework in provincial education for the period 2003/04 to 2009/10 (see full table in the appendix)**



Source: Provincial Budget Statements (2007)

The special needs education programme continues to be short-circuited in the annual round of expenditure allocations. Apart from 2004 and 2006, this programme achieved and is projected to achieve annual rates that are below the overall education growth rate. In 2009/10, its annual growth is projected to be negative, something it shares with the public FET programme. However, in the case of the public FET programme, 2009/10 marks the beginning of provincial funding of new public FET interventions and therefore the initial dip in expenditure is somewhat expected. Figure 4 also makes it clear that although the public schooling programme achieves parity in some years, it is not allowed to grow much faster than the overall consolidated provincial education growth rate. The adult basic education and training programme continues its variable spending trends and it appears that increases in the present financial year are largely responsible for the hike in real average levels of spending over the MTEF. The early childhood development budget shows large gains in 2006 and although positive gains are maintained over the medium term, its rate of growth slows down considerably after 2006. One would have expected a rising investment, or at worst, an even level of investment as we approach the policy goal of universal coverage in 2010, but until we examine provincial variations, we should avoid over-interpreting the provincial average growth rates.

Table 10 uses information about the size of each of these programmes and expresses it as a percentage of consolidated provincial education expenditure for the period 2003/04 to 2009/10.

**Table 10: Provincial education programmes as a percentage of consolidated provincial education budgets, 2003/04 to 2009/10**

<b>Programme</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Administration	7.4%	6.9%	7.0%	6.6%	6.9%	6.9%	6.8%
Public ordinary schools	83.9%	84.2%	83.9%	83.6%	82.9%	82.7%	83.3%
Independent schools	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%
Special needs schools	2.6%	2.8%	2.7%	2.8%	2.8%	2.8%	2.6%
Further education and training	1.9%	2.0%	2.0%	2.6%	2.7%	2.8%	2.6%
Adult basic education and training	0.9%	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
Early childhood development	0.6%	0.7%	0.6%	0.9%	1.1%	1.2%	1.2%
Auxiliary and associated services	2.2%	2.1%	2.3%	2.2%	2.1%	2.1%	2.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Estimates of National Expenditure 2007

The interesting story in this table is undoubtedly the doubling of the shares of the public further education and training and early childhood development programmes. The remaining programmes appear to maintain their budget shares over the six-year period. The public further education and training programme increases its share of provincial education resources from 1.9 per cent in 2003/04 to 2.6 per cent in 2009/10 while the early childhood development programme doubles its budget share from 0.6 per cent in 2003/04 to 1.2 per cent at the end of the MTEF. Although both programmes remain relatively small at the end of the new MTEF, important shifts are intended with the doubling of such expenditures. Although the public ordinary school programmes maintains its shares of provincial education, administrative expenditures are projected to decline from 7.4 per cent in 2003/04 to 6.8 per cent in 2009/10.

The next section tests these assertions by describing trends within each service delivery programme disaggregated by provincial education department.

## An analysis of service delivery programmes

### *Public Ordinary Schools (POS)*

Table 11 provides information on public ordinary school budgets by provincial education for the period 2006/07 to 2009/10.

**Table 11: Public ordinary school budgets by provincial education department, 2006/07 to 2009/10**

Province	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	Real change, 2006/07/- 2007/08 (%)	Real annual change, 2006/07- 2009/10 (%)	Real ave. annual change, 2003/04- 2009/10 (%)
Eastern Cape	11169342	12609444	14176744	15324441	7.6	6.1	5.1
Free State	4140151	4318895	4810912	5319494	-0.6	3.9	3.8
Gauteng	9761527	11588847	12631439	13596071	13.2	6.8	6.1
KwaZulu Natal	14284266	16078596	17629278	19605485	7.3	6.1	6.4
Limpopo	9799538	10111961	11527548	12881507	-1.6	4.7	6.3
Mpumalanga	5260121	6553830	7074869	7633998	19.0	8.4	7.1
Northern Cape	1283168	1772012	1998548	2203534	31.6	15.0	9.7
North West	5734509	4274277	4815018	5293604	-28.9	-5.4	0.5
Western Cape	5796342	6209951	6837404	7593938	2.1	4.5	4.7
<b>Total</b>	<b>67228964</b>	<b>73517813</b>	<b>81501760</b>	<b>89452072</b>	<b>4.3</b>	<b>5.1</b>	<b>5.4</b>

Source: Provincial Budget Statements (2007)

The public ordinary school budget programme is projected to grow by 4.3 per cent in 2007/08. Over the medium-term, this programme is projected to increase at a real average annual rate of 5.1 per cent. This rate is the same as the overall consolidated provincial education growth rate. In absolute terms, expenditure on public schools increases from R73.5 billion in 2007/08 to R89.5 billion in 2009/10. The budgets of three provincial education departments show a decline in the present financial year namely that of the Free State (0.6 per cent), Limpopo (1.6 per cent) and the North West (28.9 per cent). It is especially the negative change in the North West that requires greater examination. Over the medium term, the North West is the only province that projects a real average annual negative growth rate (5.4 per cent). The provincial education department that projects the largest real average increase is the Northern Cape (15 per cent) followed by Mpumalanga (8.4 per cent) and Gauteng (6.8 per cent). Table 13 provides greater detail and locates the points in the public school budget where the largest increases are aimed at.

**Table 12: Public ordinary school budgets as a percentage of consolidated provincial education budgets, 2003/04 to 2009/10**

Province	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Eastern Cape	85.9%	87.6%	86.9%	85.1%	85.6%	85.3%	86.7%
Free State	80.6%	79.8%	78.7%	77.6%	75.9%	76.0%	75.9%
Gauteng	77.3%	78.1%	79.5%	78.3%	79.7%	79.1%	79.4%
KwaZulu Natal	87.9%	88.3%	86.7%	87.8%	86.6%	86.5%	87.0%
Limpopo	83.1%	83.1%	83.3%	86.0%	84.6%	84.5%	85.7%
Mpumalanga	86.5%	85.0%	84.5%	83.3%	82.4%	82.3%	81.4%
Northern Cape	77.0%	77.1%	77.3%	77.6%	78.2%	78.9%	79.5%
North West	86.8%	86.3%	86.7%	84.6%	80.3%	81.1%	81.9%
Western Cape	83.3%	83.9%	82.9%	81.5%	80.8%	80.5%	81.3%
<b>Total</b>	<b>83.9%</b>	<b>84.2%</b>	<b>83.9%</b>	<b>83.6%</b>	<b>82.9%</b>	<b>82.7%</b>	<b>83.3%</b>

Source: Provincial Budget Statements (2007)

On average, the public ordinary school programme consumes approximately 83 per cent of provincial education resources in 2007/08. By the end of the present MTEF, the public school share of provincial education resources is projected to be 83.3 per cent. This figure is not that different from the post-2007 period and suggests stable shares over the 2003 to 2009 period. However, there are important provincial variations that we need to describe. In the present financial year, KwaZulu Natal spends the largest portion of its education budget on public schools (86.6 per cent) followed by the Eastern Cape (85.6 per cent) and Limpopo (84.2 per cent). Three provincial education project to spend less than 80 per cent of their education resources on public schools, namely Free State (75.9 per cent), Gauteng (79.7 per cent) and the Northern Cape (78.2 per cent).

Table 13 sets out the main types of expenditure in the consolidated public ordinary schools budgets for the period 2006/07 to 2009/10.

**Table 13: Consolidated provincial education public ordinary school budgets<sup>1</sup> by expenditure type, 2006/07 to 2009/10 (see complimentary tables in the appendix)**

Type of expenditure	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	Real change, 2006/07/- 2007/08 (%)	Real ave. annual change, 2006/07- 2009/10 (%)	Real ave. annual change, 2003/04- 2009/10 (%)
<b>Current payments</b>	<b>61547428</b>	<b>67212290</b>	<b>74360295</b>	<b>81225667</b>	<b>4.1</b>	<b>4.8</b>	<b>5.0</b>
Compensation	55413577	60450035	66535959	72309660	4.0	4.4	4.1
Goods and service	6133268	6762255	7824336	8916007	5.1	8.2	15.0
Other	583	0	0	0	-100.0	-	-
<b>Transfers/subsidies</b>	<b>2488953</b>	<b>3303777</b>	<b>3720268</b>	<b>4032592</b>	<b>26.5</b>	<b>12.6</b>	<b>11.0</b>
Non-profit	2189393	3063540	3461863	3761203	33.4	15.1	15.9
Households	242104	240237	258405	271389	-5.4	-0.7	2.2
Other	57456	0	0	0	-100.0	-	-
<b>Payments for capital assets</b>	<b>3192583</b>	<b>3001746</b>	<b>3421199</b>	<b>4193815</b>	<b>-10.4</b>	<b>5.3</b>	<b>9.4</b>
Buildings	3112773	2873629	3210453	3812983	-12.0	2.8	13.6
Machinery and equipment	79810	128077	210703	380785	53.0	61.0	16.8
Other	0	40	43	47	-	-	-
<b>Grand total</b>	<b>67228964</b>	<b>73517813</b>	<b>81501762</b>	<b>89452074</b>	<b>4.2</b>	<b>5.1</b>	<b>5.4</b>

Source: Provincial Budget Statements (2007)

Because of the centrality of the public ordinary school programme in provincial education finance, we provide a more detailed description of expenditure trends in the following paragraphs.

### *Current payments*

Current payments are projected to grow by 4.1 per cent in 2007/08 at a real average annual rate of 4.8 per cent over the medium term. In absolute terms, provision for current payments increases from R46.5 billion in 2003/04 to R67.2 billion in 2007/08. By the end of the present MTEF, total allocations to current payments are projected to be R81.2 billion.

Payments for *compensation* are projected to grow by 4 per cent in 2007/08, while sustaining a real average annual growth rate of 4.4 per cent over the medium term. In absolute terms, provision for compensation increases from R43.5 billion in 2003/04 to R60.5 billion in 2007/08. By the end of the present MTEF, total allocations to compensation are projected to be R72.3 billion. As expected, the North West projects the largest decline in 2007/08 (29.3 per cent), while Limpopo is projected to cut its wage bill by approximately 1 per cent in real terms in 2007/08. Over the medium term, the rate of decrease in the wage bill in the North West takes place at an average rate of 4.7 per cent annually but the Limpopo wage bill grows positively at an annual rate of 3.2 per cent. The largest positive gain in the wage bill is projected for the Northern Cape, thus locating changes in its personnel costs as the main reason for the large overall budgetary

<sup>1</sup> The consolidated provincial education totals in the table above differ by R1000 from the consolidated programme totals for 2007/08 and 2008/09. This has no impact on the calculation of real average growth rates.



increases. The Western Cape projects a real average annual growth rate of 5.4 per cent over the medium-term while the Free State projects a 4.4 per cent rate over the same period.

Payments for *goods and services* are projected to grow by 5.1 per cent in 2007/08, while sustaining a real average annual growth rate of 8.2 per cent over the medium term. In absolute terms, provision for goods and services increases from R3 billion in 2003/04 to R6.8 billion in 2007/08. By the end of the present MTEF, total allocations to goods and services are projected to be R8.9 billion. Three provinces project a negative annual growth rate in 2007/08 namely the Free State (15 per cent), North West (27.6 per cent) and the Western Cape (3.8 per cent). The Northern Cape leads the real increase stakes in 2007/08 (114.7 per cent) while the Gauteng province projects a 41.4 per cent increase. Over the medium term, Free State and the North West provinces sustain real average annual losses of 3.2 per cent and 12.7 per cent respectively. Northern Cape (42.6 per cent) and the Gauteng (23.2 per cent) lead the positive funding stakes over the medium term. The Western Cape also projects a positive growth rate over the medium term (15.8 per cent), further reinforcing the view that the reduction to its capital budget emerges as the main factor that prevents further growth in the education budget.

Overall, the Northern Cape and the Western Cape appear to have made clear gains in their current expenditure allocations. Furthermore, the pressure brought upon the budget of the North West province manifests itself in all aspects of current expenditure. This generates grave worries about the impact such stark reductions have on the department's ability to deliver services to poor schools in the province.

### *Transfer payments*

Transfer payments are projected to grow by 26.5 per cent in 2007/08, while sustaining a real average annual growth rate of 12.6 per cent over the medium-term. In absolute terms, provision for transfer payments increases from R1.7 billion in 2003/04 to R3.3 billion in 2007/08. By the end of the present MTEF, total allocations to transfer payments are projected to be more than R4 billion. All the provincial education departments project positive real annual average growth rates, although Limpopo projects a very low growth rate (0.5 per cent).

Payments for *transfers to non-profit organisations* are projected to grow by 33.4 per cent in 2007/08, while sustaining a real average annual growth rate of 15.1 per cent over the medium term. In absolute terms, provision for transfers to non-profit organisations increases from R1.2 billion in 2003/04 to R3.1 billion in 2007/08. By the end of the present MTEF, total allocations to transfers to non-profit organisations are projected to be R3.8 billion. In the main, transfers to non-profit organisations represent expenditure on public schools via the funding norms (section 21 and non-section 21 schools) and funding for the school nutrition programme. Given the emphasis on fee-free schools specifically and school-level transfers generally, one should see strong positive increases to this item in most provincial education departments. The largest relative increase over the medium term is projected for the Eastern Cape (56.5 per cent) where its allocation grows from R107.6 million in 2006/07 to R451 million in 2009/10. The Eastern Cape is followed by the Gauteng province, which projects a real average annual growth of 37.1 per cent over the medium term. Gauteng also spends the largest absolute amounts, which are projected to increase from R366 million in 2006/07 to R955 million in

2009/10. The Western Cape is the only province that projects a real average annual decline (7.4 per cent) over the medium term.

*Transfers to households* make up a relative small part of the overall transfer payments in provincial education departments and most provinces have no expenditure records for this item in 2003/04. For this reason, we only report on the aggregate patterns and do not discuss province-specific trends. Payments for *transfers to households* are projected to decline by 5.4 per cent in 2007/08, while sustaining a real average annual decline of 0.7 per cent per cent over the medium term. In absolute terms, provision for transfers to households increases from R183.7 million in 2003/04 to R240.2 million in 2007/08. By the end of the present MTEF, total allocations to transfers to households are projected to be R271.4 million.

### *Capital payments*

Payments for capital assets are projected to decline by 10.4 per cent in 2007/08, while sustaining a real average annual growth rate of 5.3 per cent over the medium-term. In absolute terms, provision for capital payments increases from R1.9 billion in 2003/04 to R3 billion in 2007/08. By the end of the present MTEF, total allocations to capital payments are projected to be R4.2 billion. The largest real declines in projected capital expenditure over the medium-term takes place in the Western Cape (27.3 per cent) and the North West (16.6 per cent). In the case of the Western Cape, the provincial treasury's financial advance to the education department in an earlier MTEF is now literally being paid back through lower real allocations to capital expenditure. In the North West, the immediate impact of the demarcation process explains the sharp decline in the capital budget. Gauteng also experiences a negative real average annual decline over this period (3.3 per cent) and Mpumalanga projects the smallest average positive gain over the same period (2.9 per cent). The Northern Cape's capital expenditure for public ordinary schools is located in another programme and is not fully taken into account in the calculation of the provincial capital expenditure averages. This leaves the Eastern Cape with the largest real average annual growth rate over the medium term (31.5 per cent). While Free State has the second largest real average annual rate in the overall provincial education budget, the public schools budget is projected to decrease annually at an average rate of 8.2 per cent. It would appear that the provision for capital expenditure in public ordinary schools for the Free State is split between the public ordinary schools programme and the auxiliary and associated services programme.<sup>2</sup>

Payments for capital assets largely reflect investment in buildings and fixed structures. Provision for *building and fixed structures* are projected to decline by 12 per cent in 2007/08, while sustaining a positive real average annual growth rate of 2.8 per cent over the medium term. In absolute terms, provision for building and fixed structures increases from R1.4 billion in 2003/04 to R2.9 billion in 2007/08. By the end of the present MTEF, total allocations to buildings and fixed structures are projected to be R3.8 billion. Provision for buildings and fixed structures does not appear on the public ordinary school programme for the Free State and the Northern Cape, which leaves the education departments of the Gauteng, North West and Western Cape as the sole entities that project real average annual decreases over the medium term. Gauteng projects a real

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<sup>2</sup> In the Free State, infrastructure expenditure refers to capital expenditure and some portion of current expenditure that is paid into the public ordinary school programme. The amount above reflects only capital expenditure in public schools and excludes any current payments to permanent or contract personnel involved with capital expenditure projects.

average annual decline of 3.8 per cent, while the North West and the Western Cape allocations decline by 12.4 per cent and 27.2 per cent respectively. The Eastern Cape projects the largest real average annual growth rate over the medium term (23.5 per cent) followed by KwaZulu Natal (7.7 per cent).

Provision for *machinery and equipment* are projected to increase by 53 per cent in 2007/08, while sustaining a positive real average annual growth rate of 61 per cent over the medium term. In absolute terms, provision for machinery and equipment decreases from R515 million in 2003/04 to R128.1 million in 2007/08. By the end of the present MTEF, total allocations to machinery and equipment are projected to be R381 million. Provincial education departments use this expenditure item whenever such needs arise and the absolute amounts involved are very small. We therefore do not attempt to interpret provincial variations in allocated expenditures to this item.

Table 14 indicates the relative size of each of the main types of expenditures in consolidated public ordinary school expenditure for the period 2003/04 to 2009/10.

**Table 14: Consolidated provincial education public ordinary school budgets by expenditure type as a percentage of total public school budgets, 2003/04 to 2009/10 (%)**

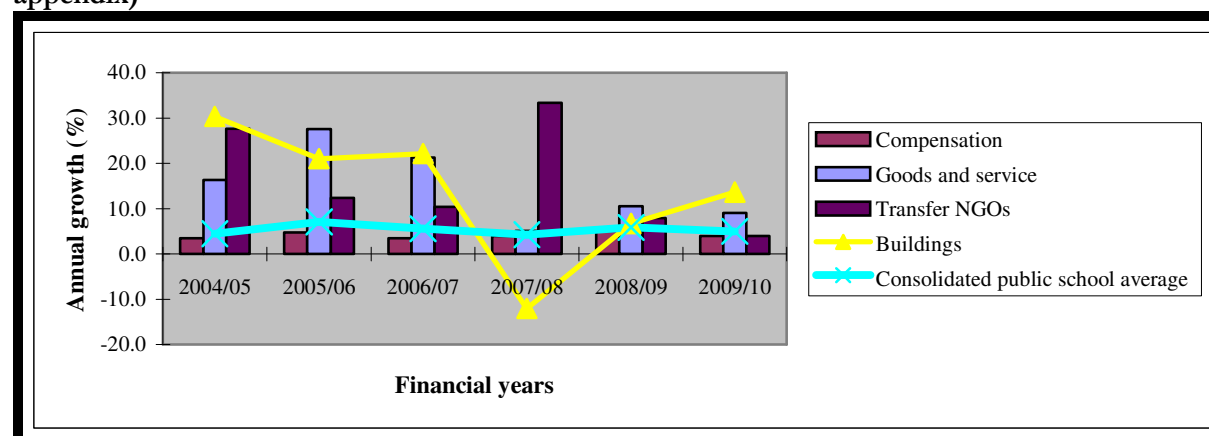
Type of expenditure	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Current payments</b>	<b>92.8%</b>	<b>92.6%</b>	<b>92.0%</b>	<b>91.5%</b>	<b>91.4%</b>	<b>91.2%</b>	<b>90.8%</b>
Compensation	86.8%	86.0%	84.1%	82.4%	82.2%	81.6%	80.8%
Goods and service	6.0%	6.7%	7.9%	9.1%	9.2%	9.6%	10.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Transfers/subsidies</b>	<b>3.4%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>4.5%</b>	<b>4.6%</b>	<b>4.5%</b>
NGOs	2.4%	3.0%	3.1%	3.3%	4.2%	4.2%	4.2%
Households	0.4%	0.4%	0.3%	0.4%	0.3%	0.3%	0.3%
Other	0.6%	0.3%	0.3%	0.1%	0.0%	0.0%	0.0%
<b>Payments for capital assets</b>	<b>3.9%</b>	<b>3.7%</b>	<b>4.2%</b>	<b>4.7%</b>	<b>4.1%</b>	<b>4.2%</b>	<b>4.7%</b>
Buildings	2.8%	3.5%	4.0%	4.6%	3.9%	3.9%	4.3%
Machinery and equipment	1.0%	0.2%	0.2%	0.1%	0.2%	0.3%	0.4%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Grand total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Provincial Budget Statements (2007)

Compensation in public ordinary schools is projected to decline from 86.8 per cent in 2003/04 to 80.8 per cent in 2009/10. This represents a 6 per cent decline in shares. There is therefore a direct relationship between smaller expenditure shares for compensation and the rise in non-personnel expenditures. The allocations to goods and services are projected to increase from 6 per cent of total budget share to 10 per cent at the end of the present MTEF. In the same vein, transfers to non-profit organisations are projected to grow from its 2.4 per cent budget share in 2003/04 to almost double that (4.2 per cent) in 2009/10. Finally, the allocations to buildings and fixed machinery are projected to increase from 2.8 per cent in 2003/04 to 4.3 per cent in 2009/10.

Figure 5 charts the real year-on-year growth rates of the key expenditure categories defining public school budgets for the period 2003/04 to 2009/10.

**Figure 5: Real year-on-year growth of selected categories of expenditure in consolidated provincial education public schools budgets, 2003/04 to 2009/10 (see full table in appendix)**



Source: Provincial Budget Statements (2007)

Figure 5 provides a clear indication of the established trends in provincial education budgets in the post-2000 period. Firstly, allocations to compensation have not been allowed to outstrip the real annual growth rates in consolidated provincial education budgets. Even in the present period of personnel increases in the present MTEF, projected real annual increases in compensation are predicted to remain within the overall provincial public ordinary school growth rate. Secondly, this containment of personnel expenditure continues to provide space to non-personnel expenditures. Thirdly, capital expenditure, which is represented by buildings and fixed structures, continues its erratic trend over the medium term. Real declines in the Gauteng, North West and the Western Cape have a major influence on these trends. Thus, as one would expect, public school expenditure trends closely mirror that of consolidated provincial education expenditure.

Table 15 presents information on per learner expenditure by provincial education department as a factor of the national per learner average for the period 2004/05 to 2006/07.

**Table 15: Per learner expenditure in public ordinary school budgets by provincial education department as a factor of the national per learner average, 2004/05 to 2006/07**

Province (Rands)	2004 (Rands)	Factor of national average	2005 (Rands)	Factor of national average	2006 (Rands)	Factor of national average
Eastern Cape	4375	0.95	4593	0.90	5229	0.93
Free State	5183	1.13	5903	1.16	6179	1.10
Gauteng	4919	1.07	5361	1.05	6036	1.07
KwaZulu Natal	4305	0.94	4869	0.95	5366	0.95
Limpopo	4270	0.93	4575	0.90	5151	0.92
Mpumalanga	4528	0.99	5470	1.07	5700	1.01
Northern Cape	5215	1.14	5822	1.14	6165	1.10
North West	5018	1.09	6167	1.21	6413	1.14
Western Cape	5026	1.10	5631	1.10	6107	1.09
<b>National</b>	<b>4587</b>	<b>1.00</b>	<b>5109</b>	<b>1.00</b>	<b>5620</b>	<b>1.00</b>

Source: Statistics At A Glance, 2004, 2005 and 2006 (Department of Education) and Provincial Budget Statements (2007)

In 2004, the national per learner average in public schools was R4587. Three provincial education departments, namely the Eastern Cape, KwaZulu Natal and the Limpopo spent below the national per learner average. Limpopo spent 7 per cent below the national average, whereas KwaZulu Natal and the Eastern Cape spent 6 per cent and 5 per cent respectively below the national average. Mpumalanga invests approximately the same amount per learner as the national average, while the traditionally affluent provinces managed to hold on to their small gains over the national average. Northern Cape managed to spend 14 per cent above the national average, while the Gauteng and the Western Cape managed gains of 7 per cent and 10 per cent respectively. Free State spent 13 per cent above the national average on each of its learners, and ranks second in the per capita stakes after the Northern Cape. By 2006, this overall picture is maintained, but now the North West, due to a large decline in learner numbers, headed the per learner stakes and spent 14 per cent above the national average on each of its learners. We now know that this situation would change again in 2007 due to the demarcation that affected public expenditures in the North West and the province is likely to have a much lower per learner expenditure.

Table 16 provides three summary measures of inequality for the period 2004 to 2006.

**Table 16 Descriptive inequality measures for the public ordinary schooling sector, 2004/05 to 2006/07**

Inequality measure	2004	2005	2006
Per learner expenditure simple mean	4760	5377	5816
Coefficient of Variation	0.08	0.10	0.08
Mean absolute deviation	347	469	404
Average per-learner spending of poor provinces as factor of national average	0.99	0.99	0.98
Average per-learner spending of rich provinces as factor of national average	1.10	1.10	1.09

Source: Statistics At A Glance, 2004, 2005 and 2006 (Department of Education) and Provincial Budget Statements (2007)

*Note: The "poor" provinces are defined as Eastern Cape, Free State, KwaZulu Natal, Limpopo and Mpumalanga. The "rich" provinces are defined as Gauteng, Northern Cape and the Western Cape.*

There has been little change in the overall position of poor and rich provinces over the three-year period. On the side of the poor provinces, the Free State's strong per capita spending has inched these provinces closer to spending parity with the national average. However, we know that the Eastern Cape, KwaZulu Natal and Limpopo were still spending below the national per capita average. On the side of the rich provinces, the strong per capita position of the Northern Cape education department maintained the overall gain of these provinces over the national per capita average. But here too the Western Cape and the Gauteng provinces are sliding closer towards the national per capita averages, which is indicative of their worsening financial predicaments.

## *Special needs schools programme*

Table 17 provides information about the real growth rates of special needs budgets by provincial education department for the period 2006/07 to 2009/10.

**Table 17: Special needs education budgets by provincial education department, 2006/07 to 2009/10**

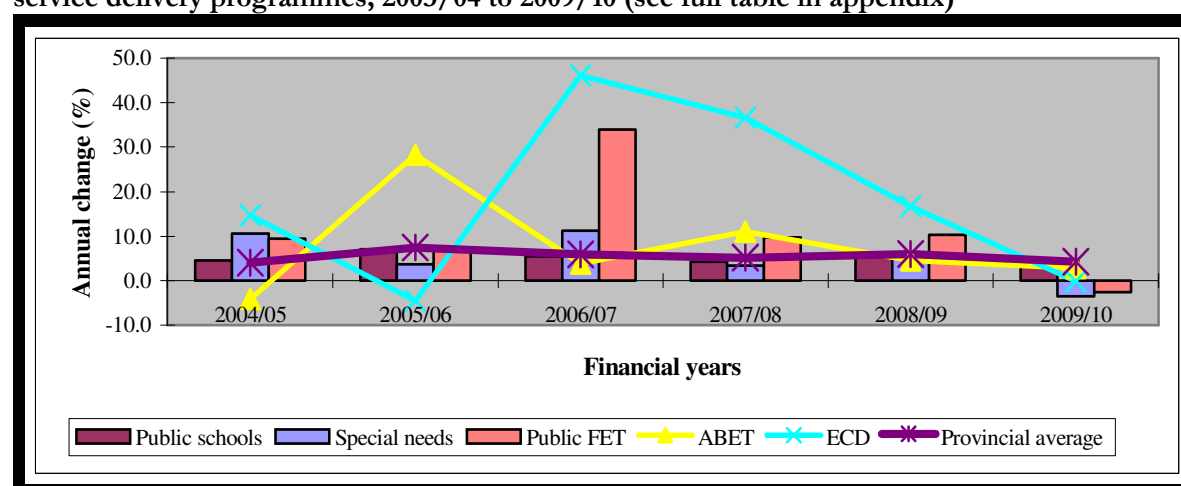
<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	312201	336880	461005	354298	2.9	2.4	8.7
Free State	163271	179345	194822	212921	4.7	4.4	4.2
Gauteng	657534	709353	752411	784180	2.8	1.3	6.7
KwaZulu Natal	310859	359296	386651	413454	10.2	5.1	5.3
Limpopo	163093	164072	174285	185509	-4.1	-0.3	8.0
Mpumalanga	98010	115360	116451	122397	12.2	3.1	5.0
Northern Cape	51605	51199	55612	58410	-5.4	-0.4	2.8
North West	128077	135776	142563	149529	1.1	0.6	9.7
Western Cape	386040	410446	434604	459355	1.4	1.2	1.3
<b>Total</b>	<b>2270690</b>	<b>2461727</b>	<b>2718404</b>	<b>2740053</b>	<b>3.3</b>	<b>1.8</b>	<b>5.1</b>

Source: Provincial Budget Statements (2007)

Special education needs budgets are projected to grow by 3.3 per cent in 2007/08 and sustain a real average annual rate of 1.8 per cent over the medium term. In absolute terms, these budgets grow from R2.3 billion in 2006/07 to R2.7 billion in 2009/10. Two provincial education departments, namely Limpopo (0.3 per cent) and the Northern Cape (0.4 per cent) project small real average declines on their budgets over the medium term. The largest real average annual change is projected in KwaZulu Natal (5.1 per cent) followed by the Free State, which projects a 4.4 per cent growth rates over the same period. Gauteng, which has the largest special needs education budget, projects to increase its special education needs budget by 1.3 per cent on average over the next three years.

Figure 6 provides information about the real annual growth of each of the main service delivery programmes relative to consolidated provincial education growth.

**Figure 6: The relative prioritisation of the special needs programme versus other main service delivery programmes, 2003/04 to 2009/10 (see full table in appendix)**



Source: Provincial Budget Statements (2007)

Special needs education budgets outpaced consolidated provincial education budgets in 2004/05 and 2006/07, but achieved and project lower rates of growth in the remaining years. The early childhood development curve, although sharply declining over the present MTEF, registers higher rates of growth than special needs education for five of the six years represented above. Similarly, the growth in the public further education and training programme outpaces that of the special education needs programme for most of the period above. What is even more interesting is that at the end of the MTEF when allocations to the public FET conditional grant are projected to be integrated into the provincial equitable share, the special education needs budgets also projects a negative growth rate. The trends above have been consistently re-produced in education funding frameworks in the post-2000 period, suggesting that provinces are very far from giving greater funding priority to special needs education as well as the broader project of inclusive education.

Table 18 breaks down the annual aggregate growth rates for consolidated provincial special education needs into individual provincial growth rates over the period 2003/04 to 2009/10.

**Table 18: Real year-on-year growth rate of special needs education budgets by provincial education department for the period 2003/04 to 2009/10 (%)**

Province	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Eastern Cape	-5.6	9.0	41.5	2.9	30.7	-26.5
Free State	0.0	6.5	5.4	4.7	3.8	4.6
Gauteng	25.2	7.2	4.0	2.8	1.3	-0.3
KwaZulu Natal	4.3	4.2	8.0	10.2	2.8	2.3
Limpopo	31.9	-20.8	37.8	-4.1	1.5	1.9
Mpumalanga	5.4	10.8	4.8	12.2	-3.6	0.6
Northern Cape	14.2	0.4	3.3	-5.4	3.7	0.5
North West	21.7	4.5	30.3	1.1	0.3	0.4
Western Cape	1.9	2.0	0.4	1.4	1.1	1.1
<b>Total</b>	<b>10.6</b>	<b>3.6</b>	<b>11.3</b>	<b>3.3</b>	<b>5.5</b>	<b>-3.5</b>

Source: Provincial Budget Statements (2007)

In the present financial year, two provincial education departments, Limpopo and the Northern Cape, project real declines of 4.1 per cent and 5.4 per cent respectively. For the remaining two outer years, both provinces manage positive growth rates, albeit very small. The Western Cape and the North West project annual positive gains that range from 0.3 per cent to 1.4 per cent. The dip in aggregate expenditure in 2009/10 is mainly caused by the relatively large decline of approximately 27 per cent in the Eastern Cape. In addition, six of the nine provinces project growth rates that range between 0.4 per cent and 2.3 per cent. This further reveals the extent of the neglect that characterises these budgets. Across the period represented above, provincial education departments achieved and project varying rates of investment. The Eastern Cape for example moved from a positive gain of 41.5 per cent in 2006/07 to 2.9 per cent gain in the following year, while projecting a real decline of 27 per cent in the final year of the present MTEF. This pattern is evident for many other provincial education departments over the six-year period.

How do these resource patterns affect average per learner spending? Table 19 shows the per capita amounts that were spent by provincial education departments in 2004 and 2005.

**Table 19: Per learner spending on special needs education budgets by provincial education department as a factor of consolidated per learner averages, 2004/05 and 2005/06**

Province (Rands)	2004 (Rands)	Factor of national average	2005 (Rands)	Factor of national average
Eastern Cape	22093	1.06	24691	1.12
Free State	22524	1.08	29418	1.33
Gauteng	16019	0.77	17881	0.81
KwaZulu Natal	23924	1.15	25940	1.17
Limpopo	23202	1.11	16946	0.77
Mpumalanga	31524	1.51	27713	1.25
Northern Cape	30346	1.45	37279	1.68
North West	21766	1.04	23679	1.07
Western Cape	24694	1.18	24549	1.11
<b>National</b>	<b>20870</b>	<b>1.00</b>	<b>22136</b>	<b>1.00</b>

Source: Statistics At A Glance, 2004/05 and 2005/06 (Department of Education) and Provincial Budget Statements (2007)

In 2004/05, the national per capita spending on special needs education was approximately R21 000. Only one province, namely Gauteng, spent below the national average. Gauteng spent 23 per cent below the national average while Mpumalanga and the Northern Cape spent 51 per cent and 45 per cent respectively above the national average. In 2005, Gauteng is joined by the Limpopo as the two provinces spending below the national average. Gauteng managed to spend 19 per cent below the national average, while Limpopo managed a 23 per cent deficit. The Northern Cape increased its gain on the national average and was spending 68 per cent above the national average. The Free State provincial education department, which managed to spend 8 per cent higher than the national average in 2004, spent 33 per cent higher than the national average in 2005.

Table 20 uses the same information in table 19 but now develops summary measures based on the grouping of provinces into poor and rich provinces.



**Table 20: Descriptive inequality measures for the public special needs sector, 2004/05 and 2005/06**

Inequality measure	2004	2005
Per learner expenditure mean	24010	25344
Coefficient of Variation	0.18	0.23
Mean absolute deviation	3230	4216
Average per-learner spending of poor provinces as factor of national average	1.18	1.13
Average per-learner spending of rich provinces as factor of national average	1.13	1.20

Source: Statistics At A Glance, 2004 and 2005 (Department of Education) and Provincial Budget Statements (2007)

Unlike the settled trends in public ordinary school budgets, per capita spending in special needs education does not rigidly follow the distinction between rich and poor provinces. That's why poor provinces spent on average more than the rich provinces in 2004. The strong per capita spending in Mpumalanga had edged poor provinces ahead of the rich provinces. However, in 2005, the Northern Cape's strong spending record meant that the rich provinces were now leading the spending stakes.

The data above make it clear that the special education needs programme is the most expensive programme if we consider unit costs at the individual learner level. In per learner costs, the special education needs programme invested approximately 4 times more than the public ordinary school programme. This requires a huge outlay and the fact that special needs education expenditure still represents only a fraction of public ordinary school expenditure, reflects on the truncated service delivery bases of this programme. Even if a small percentage of the projected 280 000 out of school learners is accommodated in special schools, then large additional expenditure outlays are required. There is very little in the projected budgets to suggest that provincial education departments are preparing for such an event. This confirms findings from our research that indicate that many provincial education departments were actively avoiding campaigning for the integration of out-of-school learners with disabilities in public ordinary or special schools.<sup>3</sup>

<sup>3</sup> See the occasional paper by Wildeman, RA and Nomdo C (2007) *Implementation of inclusive education: how far are we?* Cape Town: Idasa

*Public further education and training colleges (public FET)*

Table 21 provides information about public further education and training budgets for the period 2006/07 to 2009/10.

**Table 21: Public further education and training budgets by provincial education department, 2006/07 to 2009/10**

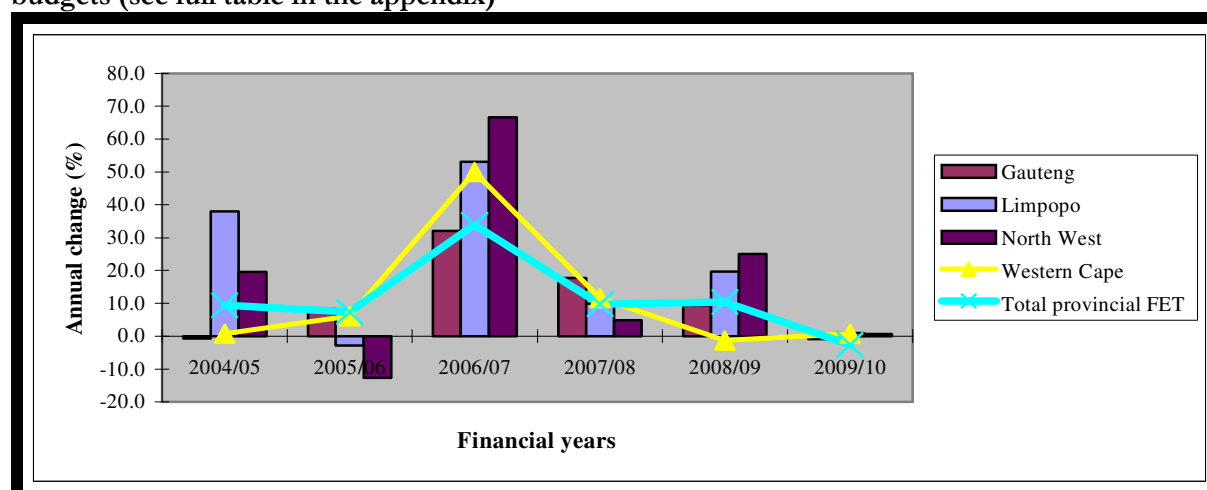
<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	246528	302200	362737	323147	16.9	-2.4	7.3
Free State	158150	187364	216627	231902	12.9	8.6	8.2
Gauteng	486354	600303	687589	711941	17.7	8.7	11.0
KwaZulu Natal	392302	401275	480216	513285	-2.5	4.7	12.7
Limpopo	217976	251284	314667	331913	9.9	10.1	19.8
Mpumalanga	169296	184126	185935	157598	3.7	-6.3	8.3
Northern Cape	32560	33797	36710	38557	-1.0	1.1	0.4
North West	106403	116975	153122	161143	4.8	10.2	17.3
Western Cape	264527	309637	320028	336843	11.6	3.7	11.3
<b>Total</b>	<b>2074096</b>	<b>2386961</b>	<b>2757631</b>	<b>2806329</b>	<b>9.7</b>	<b>4.8</b>	<b>10.8</b>

Source: Provincial Budget Statements (2007)

Public further education and training colleges are projected to grow by 9.7 per cent in 2007/08 and at a real average annual rate of 4.8 per cent over the medium term. In absolute terms, provision for public further education and training colleges are projected to grow from R2.1 billion in 2006/07 to R2.8 billion at the end of the present MTEF. Two provincial education departments, namely the Eastern Cape and Mpumalanga, project real average annual declines of 2.4 per cent and 6.3 per cent respectively over the medium term. For the remaining provincial education departments, public FET college budgets are projected to increase between 1.1 per cent and 10.2 per cent on average over the medium term. The largest real average annual growth rate is projected for the North West (10.2 per cent), which is closely followed by the Limpopo province (10.1 per cent). Free State and Gauteng project similar rates of growth over the medium term (8.6 per cent and 8.7 per cent respectively), while the lowest positive real average annual growth rate of 1.1 per cent is projected for the Northern Cape.

Figure 7 provides information about real annual growth rates in the public FET college budgets of selected provincial education departments for the period 2003/04 to 2009/10.

**Figure 7: Real year-on-year growth rates of selected public further education and training budgets (see full table in the appendix)**



Source: Provincial Budget Statements (2007)

There are two features of this graph that stand out sharply and upon which we comment below. Firstly, since the introduction of the FET recapitalisation grant in 2006/07 and which is projected to run until 2008/09, public FET college budgets have grown in leaps and bounds. Whereas the North West had a negative rate of growth in 2005/06 (12.7 per cent), in 2006/07, its public FET college budget grew by approximately 67 per cent. Limpopo also experienced a negative growth rate in 2005/06 (2.8 per cent), but gained by as much as 53 per cent in 2006/07. The Western Cape recorded a growth rate of 6 per cent in 2005/06 but boosted its public FET budget by 50 per cent in the following financial year. These positive gains were maintained over the 2006/08 to 2008/09 period although the rate of growth steadily tapered off. Secondly, in 2009/10, when the conditional grant is phased-in into the provincial equitable shares, the graph above shows that provinces have not yet factored these calculations into their medium term budgets. This is likely to change in the next MTEF and is unlikely to indicate unwillingness or an inability to fund public FET colleges.

Table 22 provides further information about the consolidated public FET college budget for the period 2003/04 to 2009/10 and examines growth in the allocations to the main types of expenditures.

**Table 22: Consolidated public further education and training budgets by type of expenditure by provincial education department, 2006/07 to 2009/10**

Type of expenditure	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	Real change, 2006/07/- 2007/08 (%)	Real ave. annual change, 2006/07- 2009/10 (%)	Real ave. annual change, 2003/04- 2009/10 (%)
<b>Current payments</b>	<b>1245190</b>	<b>1357006</b>	<b>1478731</b>	<b>1567449</b>	<b>3.9</b>	<b>3.1</b>	<b>4.7</b>
Compensation	1214003	1333818	1456306	1544011	4.7	3.5	5.1
Goods and service	31187	23188	22425	23438	-29.1	-12.2	-1.9
<b>Transfers/subsidies</b>	<b>791872</b>	<b>993728</b>	<b>1235218</b>	<b>1148723</b>	<b>19.6</b>	<b>9.1</b>	<b>28.8</b>
NGOs	782271	939715	1171661	1076771	14.5	7.2	28.4
Households	6535	52364	61766	70071	663.9	228.4	1343.3
Other	3066	1649	1791	1881	-48.7	-14.8	-10.1
<b>Payments for capital assets</b>	<b>37034</b>	<b>36227</b>	<b>43682</b>	<b>90157</b>	<b>-6.7</b>	<b>35.3</b>	<b>123.0</b>
Buildings	36659	33978	41364	89245	-11.6	37.0	96.4
Machinery and equipment	375	2249	2318	912	471.7	135.9	5945.6
<b>Grand total</b>	<b>2074096</b>	<b>2386961</b>	<b>2757631</b>	<b>2806329</b>	<b>9.7</b>	<b>5.8</b>	<b>11.4</b>

Source: Provincial Budget Statements (2007)

In order to facilitate discussion of the main expenditure categories, we comment firstly on the aggregate patterns for each category and then introduce province-specific information.

### *Current payments*

Current payments are projected to grow by 3.9 per cent in 2007/08 at a real average annual rate of 3.1 per cent over the medium term. In absolute terms, provision for current payments increases from R915.1 million in 2003/04 to R1.4 billion in 2007/08. By the end of the present MTEF, total allocations to current payments are projected to be R1.6 billion. The largest real average annual growth rate is projected for the Eastern Cape (8.1 per cent) while Gauteng projects a corresponding rate of 5.8 per cent over the same period. Two provincial education departments, namely Limpopo and Mpumalanga project real average annual declines of 1.1 per cent and 2.6 per cent respectively.

Payments for *compensation* are projected to grow by 4.7 per cent in 2007/08, while sustaining a real average annual growth rate of 3.5 per cent over the medium term. In absolute terms, provision for compensation increases from R884.4 million in 2003/04 to R1.3 billion in 2007/08. By the end of the present MTEF, total allocations to compensation are projected to be R1.5 billion. The Eastern Cape projects the largest real average annual increase over the medium term (10.2 per cent) while Gauteng projects a 7 per cent increase over the same period. The lowest real gain is projected for the North West (0.9 per cent) and Limpopo (1.9 per cent), Mpumalanga (1.9 per cent) and the Northern Cape (2.4) project real average declines over the medium term. Only three provincial education departments, namely the Eastern Cape, Free State and Gauteng project real average growth rates above 2 per cent over the medium term. This suggests a major personnel squeeze over the medium term and raises questions about the expansion of public FET college services over the next three years. It also reminds us that the

expansion of public FET colleges happens largely because of national funding injection through the re-capitalisation conditional grant.

Payments for *goods and services* are projected to decline by 29.1 per cent in 2007/08, while sustaining a real average annual decline of 12.2 per cent over the medium term. In absolute terms, provision for goods and services decreases from R31 million in 2003/04 to R23.2 million in 2007/08. By the end of the present MTEF, total allocations to goods and services are projected to be R23.4 million. The data for this item show that six of the nine provincial education departments have expenditure data for the full six-year period, while KwaZulu Natal, Limpopo and the Western Cape do not have expenditure data for all the years. Also, even for provincial education departments that did allocate resources to this item over the full six-year term, there are large fluctuations in the allocated resources and we cannot discern any clear pattern of resource increases or decreases. Given the fact that these allocations largely reflect intra-departmental expenditures, and do not actually reflect what happens in public FET colleges, one should not over-interpret its significance. Expenditures on personnel, capital expenditures and the actual transfers received by public FET colleges are much more relevant in a discussion of the present state of FET college budgets.

### *Transfer payments*

Transfer payments are projected to increase by 19.6 per cent in 2007/08 and at a real average annual rate of 9.1 per cent. In absolute terms, transfer payments increase from R240.8 million in 2003/04 to R993.7 million in 2007/08. By the end of the present MTEF, total allocations to transfer payments are projected to be R1.1 billion.

*Transfer to non-profit organisations* are projected to grow by 14.5 per cent in 2007/08 while over the medium term, these transfers are projected to grow at a real average annual rate of 7.2 per cent. In absolute terms, transfers to non-profit organisations increase from R234.9 million in 2003/04 to R939.7 million in 2007/08. By the end of the present MTEF, total allocations to transfers for non-profit organisations are projected to be R1.1 billion. Over the medium-term, three provincial education departments project a real average annual decline, namely the Eastern Cape, Mpumalanga, and the Western Cape. The largest real average annual decline is projected for Mpumalanga (9.7 per cent) followed by the Eastern Cape (2.4 per cent). The largest real average increase is projected for the North West province (23 per cent) while Limpopo projects the second largest real increase over the medium term (19.3 per cent). It is interesting to note that provincial education departments that project positive gains over the medium term all register growth rates above the 10 per cent mark.

*Transfer to households* are projected to grow by 664 per cent 2007/08 while over the medium term, these allocations are projected to grow by 228 per cent. We do not discuss this expenditure item in detail because it does not affect service delivery directly. Also, the absolute amounts are very small and provinces have variable levels of payout to this item.

### *Capital payments*

Capital payments are projected to decline by 6.7 per cent in 2007/08 while sustaining a real average annual growth rate of 35.3 per cent over the medium term. It is clear from the data (see the full table in the appendix) that very few provincial education

departments actually make provision for capital expenditure from their own funds. The much-vaunted re-capitalisation funds are resources that are paid over as transfers to public FET colleges. Only the Eastern Cape has made provision for capital expenditure over the entire six-year period, while the data indicate that the Northern Cape allocated funds to capital budgets from the 2005/06 financial year until the end of the present MTEF.

Due to the non-existent nature of capital expenditure in public FET college budgets, we do not analyse the sparse expenditure data that reflect investments in *fixed structures and buildings* or *machinery and equipment*.

### *Adult basic education and training (ABET)*

Table 25 provides information about the allocations to provincial adult basic education and training budgets over the medium term.

**Table 25: Adult basic education and training budgets by provincial education department, 2006/07 to 2009/10**

<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	143069	149383	164262	173073	-0.5	1.8	-0.3
Free State	65210	69122	75087	82063	1.0	3.1	5.6
Gauteng	187474	223052	254602	294593	13.4	11.1	11.4
KwaZulu Natal	87161	106968	113912	122567	17.0	7.2	17.5
Limpopo	77979	118400	129148	124766	44.7	13.8	23.9
Mpumalanga	79456	87476	92598	98041	5.0	2.5	8.1
Northern Cape	24639	25523	27723	29118	-1.3	1.0	1.0
North West	90782	102071	108762	114200	7.2	3.1	10.3
Western Cape	23571	26056	27313	28654	5.4	2.0	3.0
<b>Total</b>	<b>779341</b>	<b>908051</b>	<b>993407</b>	<b>1067075</b>	<b>11.1</b>	<b>6.1</b>	<b>7.7</b>

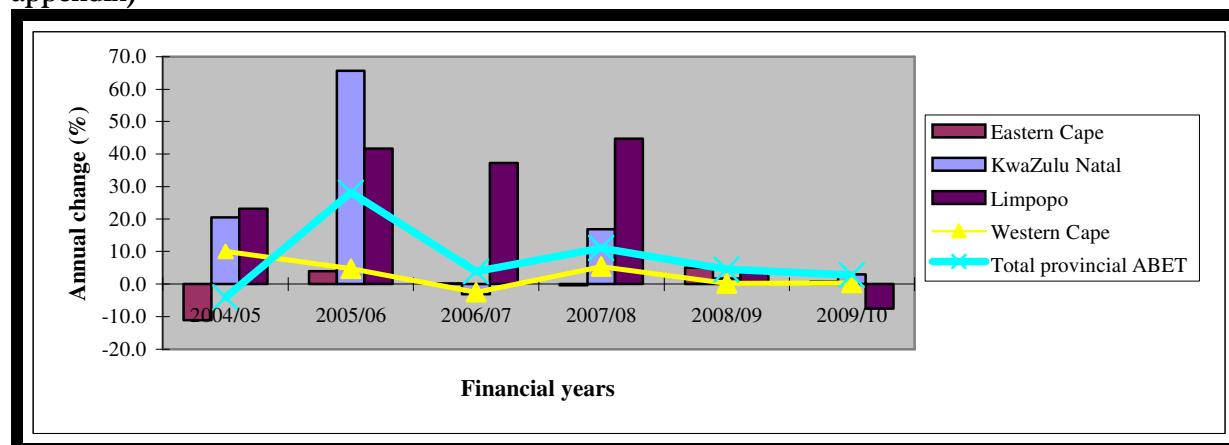
Source: Provincial Budget Statements (2007)

Adult basic education and training budgets are projected to grow by 11.1 per cent in 2007/08 while sustaining a real average annual rate of 6.1 per cent over the medium term. In absolute terms, adult basic education and training budgets increase from R779.3 million in 2006/07 to R1.1 billion at the end of the present MTEF. All the provincial education departments project positive real average gains over the medium term. The largest real average annual growth rate is projected for Limpopo (13.8 per cent) while the Gauteng province projects the second largest real average rate (11.1 per cent). Although Gauteng projects the second largest real average gain over the medium term, it has the largest absolute investment in adult basic education and training. In the present financial year, Gauteng projects to spend R223.1 million and at the end of the present MTEF, this allocation is projected to be R294.6 million. The smallest real average gain is projected for the Northern Cape (1 per cent) but the Western Cape is not far behind with an average growth rate of only 2 per cent. Also, while the Western Cape has a larger average growth rate over the medium term, it has the smallest absolute budget. In 2007/08, the Western Cape projects to spend R26.1 million on adult basic education and training

services, while the comparable level of projected investment in 2009/10 is R28.7 million. The budget of the Western Cape is almost 10 times smaller than that of Gauteng.

Figure 9 provides information about the real annual growth of selected provincial adult basic education and training budgets over the period 2003/04 to 2009/10.

**Figure 9: Real year-on-year growth of adult basic education and training budgets for selected provincial education departments, 2003/04 to 2009/10 (see full table in appendix)**



Source: Provincial Budget Statements (2007)

Apart from the relatively large upswing in expenditure in 2005/06, the annual rate of growth of these budgets has been consistently lower than the consolidated provincial education growth rate. In 2004/05, consolidated adult basic education and training budgets declined by 4.1 per cent while recording a large gain of 28 per cent in the following financial year. By the end of the present MTEF, consolidated adult basic education and training budgets are projected to increase by 4.5 per cent in 2008/09 and 2.8 per cent in 2009/10. In the present financial year, Limpopo projects the largest real growth (44.7 per cent) while the KwaZulu department of education increases its budget by 17 per cent. The Eastern Cape projects to decline its budget by 0.5 per cent. At the end of the MTEF, Limpopo projects a decline of 7.6 per cent while the Western Cape manages a positive gain of 0.4 per cent. Because of the neglected status of these budgets, there is often very little relationship between allocations in two consecutive financial years. It would be very harsh to accuse provincial education departments of lack of planning given the increasing policy support and attention that this sector enjoys. The variable levels of investment simply reflect the poor prioritisation that this programme budget enjoys at the provincial level.

How are these variable levels of investment in adult basic education and training programmes reflected in per capita expenditures for the nine provincial education departments? Table 26 provides information on the per learner spending in adult basic education and training budgets in 2004 and 2005

**Table 26: Per learner expenditure on adult basic education and training budgets as a factor of the national average, 2004/05 to 2005/06**

Province (Rands)	2004 (Rands)	Factor of national average	2005 (Rands)	Factor of national average
Eastern Cape	2694	1.37	2978	1.12
Free State	1609	0.82	3631	1.37
Gauteng	1990	1.01	2667	1.00
KwaZulu Natal	4144	2.11	7146	2.69
Limpopo	1068	0.54	1369	0.51
Mpumalanga	4931	2.51	3487	1.31
Northern Cape	4066	2.07	3225	1.21
North West	1218	0.62	2185	0.82
Western Cape	723	0.37	831	0.31
<b>National</b>	<b>1965</b>	<b>1.00</b>	<b>2659</b>	<b>1.00</b>

Source: Provincial Budget Statements (2007)

Nationally, provincial education departments spent R1 965 on average on each learner who participated in adult basic education and training programmes in 2004/05. Four provincial education departments spent Rand amounts below the national per learner average, namely the Free State, Limpopo, North West and the Western Cape. The Western Cape spent 63 per cent below the national average while Limpopo spent 46 per cent below the national per learner average in 2004/05. The data indicate that Mpumalanga spent Rand amounts that are 151 per cent above the national average while the Northern Cape's per learner expenditure is 107 per cent above the national average. In 2005/06, the national per learner average was R2 659 and only three provincial education departments spent Rand amounts below the national per learner average. The Limpopo, North West and the Western Cape departments of education spent between 18 per cent and 69 per cent below the national average. The leading spender in 2005/06 was the KwaZulu Natal department of education (169 per cent above the national average) while the gains of the Mpumalanga department of education had been reduced to 31 per cent above the national average.

Table 27 uses three summary inequality measures to describe inter-provincial inequality in investment in adult basic education and training services in 2004/05 and 2005/06.

**Table 27: Descriptive inequality measures for the adult basic education and training sector in 2004/05 and 2005/06**

Inequality measure	2004	2005
Per learner expenditure simple mean	2494	3058
Coefficient of Variation	0.58	0.56
Mean absolute deviation	1302	1169
Average per-learner spending of poor provinces as factor of national average	1.47	1.40
Average per-learner spending of rich provinces as factor of national average	1.15	0.84

Source: Statistics At A Glance, 2004 and 2005 (Department of Education) and Provincial Budget Statements (2007)



The provision of adult basic education and training services does not follow the resource pattern in consolidated provincial education budgets because poor provinces provide a higher level of service delivery. In 2004/05, poor provinces managed to spend 47 per cent above the national per learner average, while rich provinces' gain over the national average was only 15 per cent. Given the Western Cape's appalling record of investment in adult basic education and training, these numbers largely reflect the position of the Northern Cape. In 2005/06, poor provinces' gain over the national average was 40 per cent while the rich provinces were now spending 16 per cent below the national average. This is in large part due to falling levels of investment in adult basic education and training in the Western Cape.

### *Early Childhood Development (ECD)*

Table 28 provides information about allocations to early childhood development budgets by provincial education department for the period 2006/07 to 2009/10.

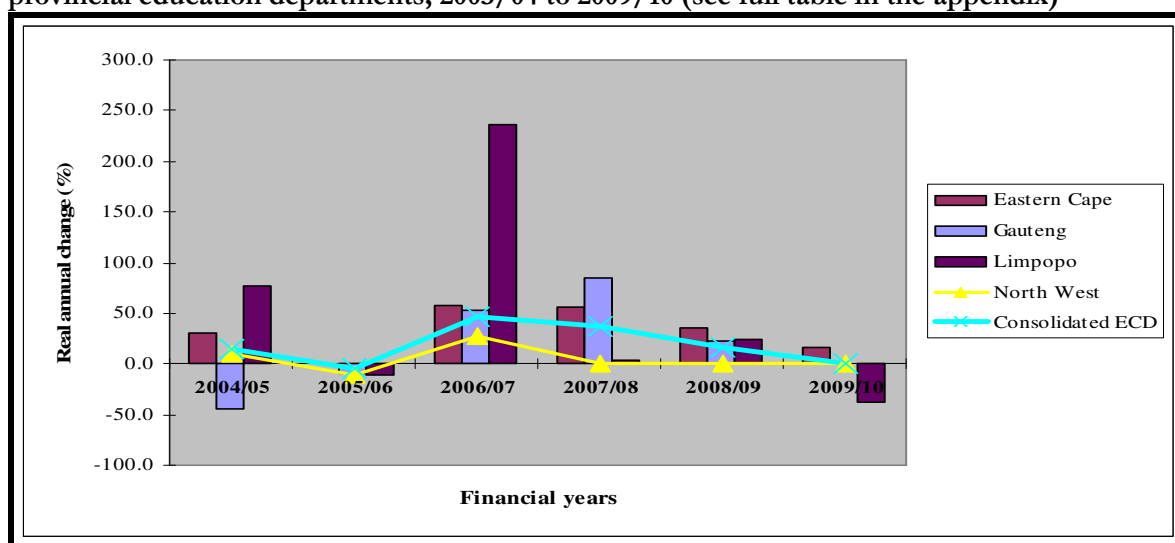
**Table 28: Early childhood development budgets by provincial education department, 2006/07 to 2009/10**

Province	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	Real change, 2006/07/- 2007/08 (%)	Real ave. annual change, 2006/07- 2009/10 (%)	Real ave. annual change, 2003/04- 2009/10 (%)
Eastern Cape	64346	105753	150343	181550	56.7	36.0	32.8
Free State	49637	58038	63047	68856	11.5	6.6	24.3
Gauteng	79000	152739	197471	207546	84.3	36.1	18.2
KwaZulu Natal	96757	167697	178851	192098	65.2	23.3	55.4
Limpopo	77715	83935	108593	70627	3.0	-3.7	48.6
Mpumalanga	41827	67297	83319	94086	53.4	26.6	14.5
Northern Cape	18019	35772	37655	39539	89.3	30.1	21.1
North West	151510	159127	167071	173922	0.1	0.0	4.3
Western Cape	107397	153039	214782	225204	35.8	23.4	21.5
<b>Total</b>	<b>686208</b>	<b>983397</b>	<b>1201132</b>	<b>1253428</b>	<b>36.6</b>	<b>17.7</b>	<b>18.2</b>

Source: Provincial Budget Statements (2007)

Early childhood development budgets are projected to grow by 36.6 per cent in 2007/08 while sustaining a real average annual growth rate of 17.7 per cent over the medium term. In absolute terms, ECD budgets grow from R686.2 million in 2006/07 to R1.3 billion in 2009/10. Only one provincial education department, the Limpopo department of education, projects a real average annual decline of 3.7 per cent over the medium term. The real average gain in the North West is on par with inflation over the medium term while the Free State projects a real average gain of 6.6 per cent over the medium term. Gauteng, which is a late starter in the investment into ECD, projects the largest real average annual growth rate over the medium term (36.1 per cent) followed by the Eastern Cape (36 per cent).

**Figure 10: Real year-on-year growth of early childhood development budgets for selected provincial education departments, 2003/04 to 2009/10 (see full table in the appendix)**



Source: Provincial Budget Statements (2007)

The Limpopo department of education managed a large real increase in 2006/07 (236 per cent) but this was annulled in the present financial year where a growth rate of only 3 per cent is projected. Because we rely on revised estimates, it could be that the 2006/07 figure represents over-spending and/or the addition of new sites that were not planned. By the end of the present MTEF, Limpopo projects a decline of 38 per cent, thus averaging an overall 3.7 per cent decline. In the case of the Eastern Cape, positive gains are projected for each of the three years of the MTEF. In 2007/08, the Eastern Cape's budget is projected to increase by 57 per cent while at the end of the MTEF, the projected increase is 16 per cent. The North West education department projects to merely maintain ECD allocations in 2007/08 and 2008/09, while in 2009/10, it actually projects a real decline of 0.4 per cent. These numbers explain why the real average gain in this province is on par with inflation. The demarcation process could therefore seriously affect the implementation of universal access to Grade R by 2010. The late starter, which is Gauteng, appears to be making up lost ground. In the present financial year, its ECD allocation is projected to grow by 84 per cent followed by another positive gain in 2008/09 (23.5 per cent).

Due to the uncertain status of learner numbers in Grade R in public schools and community centres, we do not present per learner expenditures for this programme.

## SECTION 4: CONCLUDING REMARKS

National and provincial spending on education is approximately R105 billion in the present financial year, while at the end of the present MTEF, the claim of the education sector is projected to be R127 billion. In the present financial year, expenditure on national and provincial education represents 19.5 per cent of consolidated national and provincial government expenditure and 5.4 per cent of the Gross Domestic Product (GDP). In 2009/10, national and provincial education expenditure represents 19.8 per cent of consolidated national and provincial government expenditure and 5.3 per cent of GDP. Education clearly represents a significant portion of overall government expenditure, which further justifies the need for a thorough review of the distribution of such expenditures. In this review, we consider the finances of the national education

department and provincial education departments separately, even though the connections are clearly there and are spelled out in the review.

The national education budget is projected to grow by 7 per cent in 2007/08 while sustaining a real average annual growth rate of 5.9 per cent over the medium term. In absolute terms, the national education budget is projected to increase from R14.3 billion in 2006/07 to R19.4 billion at the end of the present MTEF. Grant-making to provincial education departments is projected to grow by 6.1 per cent in 2007/08, but over the medium-term, this allocation is projected to decline at a real average rate of 6.1 per cent. The completion of the first instalment of spending on the re-capitalisation programme explains this negative decline over the medium term. While a conditional grant funding system paid for the re-capitalisation process, by the end of the present MTEF (2009/10), such funding will be phased into the provincial equitable share. The grant framework of the previous MTEF is still intact in that both the life skills grant and the nutrition grant have made space for the FET re-capitalisation grant. The school nutrition grant is projected to grow at a real average rate of 1.7 per cent over the medium term, while the life skills and HIV/AIDS grant is projected to grow by 2.3 per cent over the same period. While a slow rate of growth can be justified for the life skills grant because of its already universal coverage of learners, the same cannot be said for the school nutrition grant. Allocations to this grant still face the challenge of delivering funding benefits to poor secondary school learners. This is unlikely to materialise in the present MTEF, which means a consolidation of existing beneficiary schools. Other interesting developments in the national education budget concern the development of an integrated education management information system as well as the first allocations to adult basic education and training programmes. The benefits to the latter programme are projected to be R850 million in 2009/10 and are intended to fund the planning, research and roll-out of “mass adult literacy programmes.”

Provincial education budgets are projected to grow by 5.1 per cent in 2007/08 while projections indicate a 5.2 per cent real average annual gain over the medium term. In absolute terms, provincial education budgets are projected to grow from R80.4 billion in 2006/07 to R107.3 billion at the end of the present MTEF. In the present financial year, Limpopo and the North West experience real declines of 0.1 per cent and 25.1 per cent respectively. Limpopo reverses this trend over the medium term, but the North West education budget is projected to decline at a real average annual rate of 4.8 per cent. In the case of the North West, the re-demarcation of municipal and provincial boundaries entailed a significant loss in population numbers, which in turn led to a downward revision of the province’s equitable share. The province estimates that it has lost as much as R1.4 billion in 2007/08, R1.6 billion in 2008/09, and R1.9 billion in 2009/10. Apart from the North West, the budgets of the remaining provincial education departments are projected to grow robustly over the medium term. The largest positive real average annual growth rate is recorded for the Northern Cape (14 per cent), while the Eastern Cape records the smallest positive average rate (5.5 per cent). KwaZulu Natal and Mpumalanga project real average annual growth rates of 6.5 per cent and 9.4 per cent respectively. Provincial education expenditure is projected to decline from a share of 44.4 per cent of provincial resources to 41.8 per cent in 2009/10. This represents a 3 per cent decline over the six-year period. As expected, the largest decline takes place in the North West where education expenditure decreases from 43.7 per cent in 2006/07 to 35.6 per cent in 2009/10. This amounts to an eight per cent decline over a three-year period, thus raising serious questions about education service delivery in that province. The severe reduction in the education budget of the North West reduces the department’s overall

share of provincial resources to a level comparable to that of Gauteng and the Western Cape.

One of this review's primary questions is to understand how the resources available to provincial education departments are distributed over the various expenditure categories. In absolute terms, provision for compensation increases from R49.6 billion in 2003/04 to R69.2 billion in 2007/08. By the end of the present MTEF, total allocations to compensation are projected to be R82.3 billion. Compensation is projected to decline from 83.1 per cent in 2003/04 to 78 per cent in 2007/08. Thereafter, over the present MTEF, compensation is projected to decline to 76.6 per cent in 2009/10. Thus, over the six-year period, compensation has declined by approximately six percentage points. This is indicative of the relentless re-orientation in provincial education budgets towards an increasing share for non-personnel expenditures. In this regard, we notice that goods and services are projected to grow from 11.3 per cent in 2007/08 to 12.2 per cent in 2009/10. Transfers to non-profit organisations have almost doubled from 3.5 per cent in 2003/04 to 5.9 per cent in 2009/10, while total transfers constitute 6.4 per cent of total provincial education in 2007/08 and over the rest of the present MTEF. Payments for capital assets are projected to decline by 3.7 per cent in 2007/08, while sustaining a real average annual growth rate of 6.1 per cent over the medium-term. In absolute terms, provision for capital payments increases from R2.3 billion in 2003/04 to R3.8 billion in 2007/08. By the end of the present MTEF, total allocations to capital payments are projected to be R5.2 billion.

Province-specific information shows that the North West education department projects a 26 per cent decline in compensation in 2007/08 and a 4.4 real average decline over the medium term. In absolute terms, provision for compensation declined from R5.2 billion in 2006/07 to R4 billion in 2007/08. By 2009/10, the province projects to spend R5 billion, which is still marginally smaller than the corresponding allocation in 2006/07. The remaining provinces all project positive real average annual growth rates and the largest growth rate is projected for the Northern Cape (11.8 per cent). Mpumalanga projects an 8.4 per cent growth over the same period, while KwaZulu Natal projects an average growth rate of 6.1 per cent. Payments for *goods and services* are projected to grow by 7.4 per cent in 2007/08, while sustaining a real average annual growth rate of 8.6 per cent over the medium-term. In absolute terms, provision for goods and services increases from R5.2 billion in 2003/04 to R10 billion in 2007/08. By the end of the present MTEF, provision for goods and services are projected to be R13 billion. In the present financial year, three provinces, namely the Eastern Cape, Free State and the North West province project negative growth rates. The North West is hit the hardest and projects a real average annual decline of 10.2 per cent over the medium term, while the Eastern Cape and Free State project corresponding declines of approximately 1 per cent over the same period. The largest real average annual growth rate for this item is recorded in the Northern Cape, which boasts an average growth rate of 34.4 per cent.

Payments for *transfers to non-profit organisations* are projected to grow by 21.6 per cent in 2007/08, while sustaining a real average annual growth rate of 10.7 per cent over the medium term. In absolute terms, provision for transfers to non-profit organisations increases from R2.1 billion in 2003/04 to R5.3 billion in 2007/08. By the end of the present MTEF, total allocations to transfers to non-profit organisations are projected to be R 6.4 billion. In the main, transfers to non-profit organisations represent expenditure on public schools via the funding norms (section 21 and non-section 21 schools), funding for the school nutrition programme, as well as transfers to public FET

institutions for the re-capitalisation effort. Given the emphasis on fee-free schools and the re-capitalisation of public FET colleges, one should see strong positive increases to this item in most provincial education departments. Gauteng projects the largest real average annual increases over the medium term (22.8 per cent) and is closely followed by the Eastern Cape (19.9 per cent). Furthermore, Mpumalanga (11.5 per cent), Northern Cape (16.8 per cent) and North West (19.3 per cent) all achieve double-digit increases over the same period. The Western Cape projects a real average annual decline of approximately 2 per cent over the medium term.

The largest real declines in projected capital expenditure over the medium-term takes place in the Western Cape (25.4 per cent) and the North West (16.8 per cent). In the case of the Western Cape, the provincial treasury's financial advance to the education department in an earlier MTEF is now literally being paid back through lower real allocations to capital expenditure. In the North West, the immediate impact of the demarcation process explains the sharp decline in the capital budget. Gauteng also experiences a negative real average annual decline over this period (7.9 per cent) and Mpumalanga projects the smallest average positive gain over the same period (4.1 per cent). The Eastern Cape projects the largest real average gain (24.7 per cent) followed closely by Free State with 21.6 per cent real average growth in the latter province's capital budget over the next three years. In the case of the Free State, improved spending on fixed capital investments should go some way in compensating the education department for the reductions in capital budgets it had suffered in the last few years.

The transversal expenditure trends in education budget 2007 do not deviate from previous years' expenditure frameworks. Personnel expenditure is still on a tight leash and both recurrent and non-recurrent non-personnel expenditures are on the rise. However, allocations to capital expenditure in provincial education departments are highly variable and in this regard, also mirror the patterns of previous years. How do these resource patterns affect input inequality at the provincial education level? In 2005, provincial education departments spent approximately R5 500 on average on each of the learners enrolled in the education system. The Northern Cape spent at a rate that is more than 25 per cent higher than the national per learner average (R6871 per learner). The Northern Cape is followed closely by the North West and Free State that spent 17 per cent and 15 per cent respectively above the national per learner average. The present reduction in the budget of the North West will have a profound impact on per learner expenditure in that province. Gauteng and the Western Cape, once leading spenders, are now trailing many of the traditionally poorer provinces. Gauteng spent 2 per cent below the national average in 2005, while the Western Cape spent a Rand amount that is 7 per cent above the national per learner average. Learners in Mpumalanga gained 15 per cent in real terms in 2005, whereas learners in Mpumalanga and the North West gained 15 per cent and 20 per cent respectively in 2005.

If one uses summary inequality measures to characterise the distribution of provincial education expenditure in 2005, one notices that the mean absolute deviation indicates greater levels of inequality in 2005, but this can be attributed to the sudden jump in the per learner expenditure of the North West. Also, the coefficient of variation indicates a marginally higher level of inequality in provincial education per learner expenditures. Once spending in the North West is excluded, the average position of the poor and rich provinces remains unchanged during the two years. Poor provincial education departments have obtained parity with the national per capita average, but such levels are overwhelmingly supported by the high levels of per learner spending in the Free State.

Provinces such as KwaZulu Natal and Limpopo still spent three per cent and eight per cent respectively below the national per learner average in 2005. The same story applies to the rich provinces where the Northern Cape's 25 per cent gain on the national average more than compensates for the Gauteng province's sub-national per learner spending level. Per capita expenditure levels are in constant flux and are also heavily influenced by events outside of the scope and control of education departments such is the case in the North West. This reinforces the belief that per learner expenditure levels converge at an essentially arbitrary level, which suggests little or no information about pre-set adequacy or efficiency levels.

What does the present distribution of expenditure mean for programme level allocations and are there major deviations from the programme framework of the previous years? We compared provincial education programmes at three levels, namely absolute levels of investment, real annual growth in programmes, and programmes' budget share profile over a six-year period. The largest level of investment is made in public ordinary schools where allocations are projected to increase from R67.2 billion in 2006/07 to R89.5 billion in 2009/10. The status of the second largest investment in provincial education changes over the medium term. In 2007/08, special needs education budgets were the second largest budgets totalling R2.7 billion while allocations to the further education and training colleges stood at R2.5 billion. However, from 2008/09 onwards, the further education and training college budget exceeds that of special needs education largely due to the re-capitalisation of further education and training colleges. At the end of the present MTEF, the allocation to further education and training colleges amounts to R2.8 billion while allocations to special needs education budgets are projected to be R2.7 billion. The status of the fourth largest programme also changes over the medium term. Allocations to adult basic education and training budgets total R779 million in 2006/07 while spending on early childhood development was R686 million in the same year. However, from the present financial year onwards, early childhood development expenditure exceeds that of adult basic education and training. By the end of the present MTEF, allocations to early childhood development budgets are projected to be R1.3 billion while the corresponding allocation for adult basic education and training budgets is R1.1 billion.

Adjustment to the wage bill results in a public school average growth rate of 5.1 per cent. This is notable because in the preceding years' budgets, public school real growth was slower than the overall growth rate. Although the public schooling programme achieves parity with the consolidated provincial education growth rate in some years, it is not allowed to grow much faster than the overall provincial education growth rate. The public further education and training programme is projected to grow by 5.8 per cent over the same period, while the early childhood development projects a 17.7 per cent increase. The adult basic education and training programme is projected to grow by 6.1 per cent in real terms on average over the medium term. This reflects expenditures for the planned new programmes that get underway towards the end of the present MTEF. The adult basic education and training programme continues its variable spending trends and it appears that allocations to this programme in 2007/08 are largely responsible for the hike in real average spending levels. The programme that is projected to achieve the slowest real average annual growth rate is the special needs education programme (1.8 per cent on average). This continues earlier funding trends and confirms the low funding priority that this crucial programme enjoys.

Programme shares of consolidated provincial expenditure are a further indicator of funding priorities over the medium term. The interesting story here is undoubtedly the doubling of the shares of the public further education and training and early childhood development programmes. The public further education and training programmes increases its share of provincial education resources from 1.9 per cent in 2003/04 to 2.6 per cent in 2009/10 while the early childhood development programme doubles its shares from 0.6 per cent in 2003/04 to 1.2 per cent at the end of the MTEF. Although both programmes remain relatively small at the end of the new MTEF, important shifts are intended with the doubling of such expenditures. The remaining programmes appear to maintain their shares over the six-year period. Although the public ordinary school programme maintains its shares of provincial education (approximately 83 per cent), administrative expenditures are projected to decline from 7.4 per cent in 2003/04 to 6.8 per cent in 2009/10.

One can summarise expenditure trends in the provincial education 2007 MTEF thus: the containment of personnel expenditure continues and produces consequences for both the transversal and programme expenditure frameworks. At the transversal expenditure level, other non-personnel expenditures such as allocations to poor schools, the strengthening of public further education and training (transfers) and capital expenditure are boosted. This framework is achieved at the expense of meaningful further increases for (mostly) teachers in public schools. From a programme expenditure framework, the slow rate of growth of compensation in public schools opens the space for the growth in further education and training and early childhood development budgets. The adult basic education and training, and especially special needs education programmes have been left behind in the re-organised spending stakes of late.

Whereas the expenditure framework in provincial education 2007 would have made sense in the late 1990s, its almost mechanical and routine implementation today conjures up the image of a ship that has been left without leadership. The so-called emergency responses of yesteryear have now made way for expenditure allocations that are rigid and stuck in habit, instead of confronting fundamental issues in education finance at the provincial level. It is business as usual.

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## APPENDIX

**Table A1: Personnel expenditure in provincial education departments for the period 2003/04 to 2009/10**

Province	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	Real change, 2006/07/- 2007/08 (%)	Real ave. annual change, 2006/07- 2009/10 (%)	Real ave. annual change, 2003/04- 2009/10 (%)
Eastern Cape	10447980	11836246	12982373	13638500	8.0	4.4	3.1
Free State	4163679	4411890	4921752	5440561	1.0	4.4	3.5
Gauteng	9726166	11006051	11912090	12611751	7.9	4.2	4.9
KwaZulu Natal	13160079	14767800	16258675	18046483	7.0	6.1	5.5
Limpopo	9205046	9684741	10643756	11588826	0.3	3.2	3.9
Mpumalanga	4611047	5847664	6334939	6679707	20.9	8.4	6.4
Northern Cape	1313531	1688607	1913794	2090811	22.5	11.8	8.2
North West	5185489	4036185	4451987	4996008	-25.8	-4.4	-0.9
Western Cape	5388025	5903639	6509924	7166961	4.5	5.0	4.1
<b>Total</b>	<b>63201042</b>	<b>69182823</b>	<b>75929290</b>	<b>82259608</b>	<b>4.4</b>	<b>4.3</b>	<b>4.1</b>

Source: Provincial Budget Statements (2007)

**Table A2: Goods and services by provincial education department for the period 2003/04 to 2009/10**

Province	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	Real change, 2006/07/- 2007/08 (%)	Real ave. annual change, 2006/07- 2009/10 (%)	Real ave. annual change, 2003/04- 2009/10 (%)
Eastern Cape	1571537	1602357	1804196	1839005	-2.8	0.8	14.7
Free State	521489	498168	528694	577635	-8.9	-1.0	10.2
Gauteng	1186024	1609893	1853082	2254349	29.4	18.6	13.0
KwaZulu Natal	1449590	1720555	1887435	1981572	13.1	6.1	11.2
Limpopo	1218757	1310303	1743338	2086506	2.5	14.7	14.2
Mpumalanga	1124560	1391768	1533237	1896253	18.0	13.9	16.4
Northern Cape	169435	344463	371152	413507	93.8	34.4	20.9
North West	896927	734133	767421	733380	-22.0	-10.2	10.6
Western Cape	741146	790039	1119399	1261808	1.6	14.9	14.8
<b>Total</b>	<b>8879465</b>	<b>10001679</b>	<b>11607954</b>	<b>13044015</b>	<b>7.4</b>	<b>8.6</b>	<b>11.9</b>

Source: Provincial Budget Statements (2007)



**Table A3: Transfers to non-profit organisations by provincial education department for the period 2003/04 to 2009/10**

<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	349305	457407	643556	675099	24.8	19.9	15.7
Free State	424121	458488	517730	559060	3.1	4.7	14.5
Gauteng	790186	1279128	1541196	1594653	54.3	22.8	12.3
KwaZulu Natal	876866	1007384	1144665	1215295	9.5	6.5	24.1
Limpopo	434758	500221	570135	599125	9.7	6.4	56.3
Mpumalanga	223029	327435	357151	337790	40.0	11.5	16.9
Northern Cape	115324	176395	192315	202057	45.8	16.8	9.9
North West	237749	298313	411012	458195	19.6	19.3	39.5
Western Cape	677617	762755	696910	728327	7.3	-1.8	8.8
<b>Total</b>	<b>4128955</b>	<b>5267526</b>	<b>6074670</b>	<b>6369601</b>	<b>21.6</b>	<b>10.7</b>	<b>15.3</b>

Source: Provincial Budget Statements (2007)

**Table A4: Transfers to households by provincial education department for the period 2003/04 to 2009/10**

<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	75659	58510	62519	65588	-26.3	-7.9	-12.9
Free State	27025	40636	44157	48258	43.3	17.2	-
Gauteng	22312	23372	24661	25972	-0.1	0.5	-
KwaZulu Natal	37044	46705	31792	34177	20.2	-4.0	-
Limpopo	54645	68353	80919	91228	19.2	13.4	-
Mpumalanga	16124	28290	29711	31197	67.3	22.7	-
Northern Cape	11992	20163	21902	23002	60.3	21.5	498.0
North West	33427	40200	41471	41918	14.6	3.3	-
Western Cape	23207	50995	53250	55644	109.5	36.4	12.8
<b>Total</b>	<b>301435</b>	<b>377224</b>	<b>390382</b>	<b>416984</b>	<b>19.3</b>	<b>6.8</b>	<b>4.1</b>

Source: Provincial Budget Statements (2007)

**Table A5: Buildings and fixed structures by provincial education department for the period 2003/04 to 2009/10**

<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	646233	715715	986611	1219800	5.6	18.5	67.1
Free State	167945	230110	259484	322740	30.6	19.1	44.0
Gauteng	606679	599023	607560	614233	-5.9	-4.1	26.0
KwaZulu Natal	673309	902055	934514	1030216	27.7	10.7	11.6
Limpopo	450738	365841	575575	631914	-22.6	10.9	11.4
Mpumalanga	326279	346667	331028	412212	1.3	3.9	13.1
Northern Cape	21705	30029	27609	33814	31.9	12.3	9.1
North West	326905	148656	191500	192200	-56.7	-12.5	11.8
Western Cape	247216	147675	86915	95549	-43.1	-27.2	7.1
<b>Total</b>	<b>3467009</b>	<b>3485771</b>	<b>4000796</b>	<b>4552678</b>	<b>-4.2</b>	<b>4.8</b>	<b>14.4</b>

Source: Provincial Budget Statements (2007)

**Table A6: Total capital expenditure by provincial education department for the period 2003/04 to 2009/10**

<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	662691	764191	1115765	1454748	9.9	24.7	54.7
Free State	188842	279861	313543	381820	41.3	21.6	29.3
Gauteng	723924	625023	635560	644233	-17.7	-7.9	-0.7
KwaZulu Natal	709068	1034377	1061945	1255748	39.1	16.8	11.8
Limpopo	469918	374341	588934	644854	-24.1	10.3	10.6
Mpumalanga	332493	357097	341980	423712	2.4	4.1	11.9
Northern Cape	26465	32246	30019	36343	16.2	7.0	3.4
North West	418341	211026	260210	227659	-51.9	-16.8	12.7
Western Cape	274028	167221	107302	116853	-41.8	-25.4	0.7
<b>Total</b>	<b>3805770</b>	<b>3845383</b>	<b>4455258</b>	<b>5185970</b>	<b>-3.7</b>	<b>6.1</b>	<b>10.2</b>

Source: Provincial Budget Statements (2007)

**Table A7: Real annual growth rates of the main types of expenditures in consolidated provincial education budgets for the period 2003/04 to 2009/10 (%)**

Type of expenditure	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Current payments</b>	<b>3.4</b>	<b>6.9</b>	<b>4.8</b>	<b>4.7</b>	<b>5.6</b>	<b>4.2</b>
Compensation	3.4	5.2	3.0	4.4	4.8	3.7
Goods and service	2.2	24.2	19.3	7.4	10.9	7.5
Other	1704.5	-62.1	-14.2	-71.2	-0.4	0.0
<b>Transfers/subsidies</b>	<b>15.9</b>	<b>16.0</b>	<b>11.1</b>	<b>19.4</b>	<b>9.4</b>	<b>0.5</b>
Provinces and municipalities	45.3	8.9	-72.2	-100.0	-	-
NGOs	23.7	20.2	15.6	21.6	10.1	0.3
Households	-8.5	-0.9	13.4	19.3	-1.2	2.2
Other	-55.8	-53.8	19.5	-28.6	4.2	2.2
<b>Payments for capital assets</b>	<b>6.0</b>	<b>10.4</b>	<b>26.3</b>	<b>-3.7</b>	<b>10.7</b>	<b>11.4</b>
Buildings	28.1	13.8	29.9	-4.2	9.6	8.9
Machinery and equipment	-48.3	-11.2	-1.3	0.9	20.9	33.7
Other	5735.7	1611.3	-45.1	47.4	-0.2	-3.4
<b>Grand total</b>	<b>4.0</b>	<b>7.5</b>	<b>6.0</b>	<b>5.1</b>	<b>6.0</b>	<b>4.3</b>

Source: Provincial Budget Statements (2007)

**Table A8: Real annual growth rates of consolidated provincial education programmes for the period 2003/04 to 2009/10 (%)**

Programme	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Administration	-3.3	9.0	-0.5	11.0	5.0	3.9
Public ordinary schools	4.5	7.1	5.6	4.2	5.9	5.0
Independent schools	3.4	16.6	3.0	16.5	9.0	2.1
Special needs schools	10.6	3.6	11.3	3.3	5.5	-3.5
Further education and training	9.4	7.4	33.9	9.7	10.3	-2.6
Adult basic education and training	-4.1	28.3	3.8	11.1	4.5	2.8
Early childhood development	14.7	-4.5	46.1	36.6	16.7	-0.1
Auxiliary and associated services	-0.3	19.0	-0.2	1.3	5.6	-1.4
<b>Total</b>	<b>4.0</b>	<b>7.5</b>	<b>6.0</b>	<b>5.1</b>	<b>6.0</b>	<b>4.3</b>

Source: Provincial Budget Statements (2007)

**Table A9: Compensation in public ordinary school budgets by provincial education department for the period 2003/04 to 2009/10**

<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	9332100	10577455	11618345	12196093	8.1	4.5	3.1
Free State	3605965	3798542	4251665	4708293	0.4	4.4	3.5
Gauteng	8013934	9109545	9824043	10424512	8.4	4.3	4.9
KwaZulu Natal	11952908	13381850	14774331	16464408	6.7	6.3	5.6
Limpopo	8151009	8492748	9392895	10259665	-0.7	3.2	4.4
Mpumalanga	4017279	5131585	5581603	5884021	21.8	8.8	6.1
Northern Cape	1125242	1455700	1660845	1825136	23.3	12.5	8.5
North West	4516082	3348619	3731991	4238841	-29.3	-4.7	-1.3
Western Cape	4699058	5153991	5700241	6308691	4.6	5.4	4.4
<b>Total</b>	<b>55413577</b>	<b>60450035</b>	<b>66535959</b>	<b>72309660</b>	<b>4.0</b>	<b>4.4</b>	<b>4.1</b>

Source: Provincial Budget Statements (2007)

**Table A10: Goods and services in public ordinary school budgets by provincial education department for the period 2003/04 to 2009/10**

<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	1166627	1236219	1386949	1396831	1.0	1.5	23.1
Free State	226008	201409	212779	232546	-15.0	-3.2	16.1
Gauteng	738741	1096135	1238500	1555171	41.4	23.2	21.5
KwaZulu Natal	1005661	1084355	1153592	1214587	2.8	1.7	11.0
Limpopo	891042	987735	1315495	1714558	5.7	19.2	19.8
Mpumalanga	810983	917628	981252	1146868	7.9	7.3	14.4
Northern Cape	80544	181416	191178	224504	114.7	42.6	34.2
North West	670980	509484	540634	498887	-27.6	-12.7	10.9
Western Cape	542682	547874	803957	932055	-3.8	15.8	14.1
<b>Total</b>	<b>6133268</b>	<b>6762255</b>	<b>7824336</b>	<b>8916007</b>	<b>5.1</b>	<b>8.2</b>	<b>15.0</b>

Source: Provincial Budget Statements (2007)

**Table A11: Transfers to non-profit organisations in public ordinary school budgets by provincial education department for the period 2003/04 to 2009/10**

<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	107592	219490	345933	450561	94.5	56.5	21.5
Free State	236560	271089	294484	321841	9.2	5.9	9.9
Gauteng	365864	743393	917469	955288	93.7	37.1	16.2
KwaZulu Natal	604820	719598	785663	829594	13.4	6.2	37.9
Limpopo	268169	284259	301314	317886	1.0	1.1	-
Mpumalanga	89892	151849	170191	178851	61.0	22.9	22.1
Northern Cape	65014	115542	125502	131814	69.4	24.6	9.3
North West	165479	215668	293539	337081	24.2	21.4	44.4
Western Cape	286003	342652	227768	238287	14.2	-7.4	1.1
<b>Total</b>	<b>2189393</b>	<b>3063540</b>	<b>3461863</b>	<b>3761203</b>	<b>33.4</b>	<b>15.1</b>	<b>15.9</b>

Source: Provincial Budget Statements (2007)

**Table A12: Transfers to households in public ordinary schools by provincial education department for the period 2003/04 to 2009/10**

<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	64509	49314	52691	55278	-27.1	-8.2	-11.5
Free State	24351	17076	18550	20273	-33.2	-8.3	-
Gauteng	18855	19751	20869	21869	-0.1	0.4	-
KwaZulu Natal	31175	25000	30000	32250	-23.6	-2.0	-
Limpopo	36016	37632	40269	42484	-0.4	0.9	-
Mpumalanga	12566	22681	23815	25006	72.1	24.3	-
Northern Cape	10968	19000	20638	21676	65.1	23.1	-
North West	27061	32495	33541	33710	14.5	3.1	-
Western Cape	16603	17288	18032	18843	-0.7	-0.4	-3.0
<b>Total</b>	<b>242104</b>	<b>240237</b>	<b>258405</b>	<b>271389</b>	<b>-5.4</b>	<b>-0.7</b>	<b>2.2</b>

Source: Provincial Budget Statements (2007)

**Table A13: Buildings and fixed structures in public ordinary schools by provincial education department, 2003/04 to 2009/10**

<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real ave. annual change, 2006/07- 2009/10 (%)</b>	<b>Real ave. annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	485612	503766	662826	1010169	-1.1	23.5	68.1
Free State	37606	29662	32222	35216	-24.8	-5.5	1.8
Gauteng	601679	599023	607560	614233	-5.1	-3.8	23.6
KwaZulu Natal	659825	823412	852347	938650	19.0	7.7	10.8
Limpopo	447738	309587	477575	546914	-34.1	7.6	10.6
Mpumalanga	326279	330087	318008	399252	-3.6	2.9	12.6
North West	307418	130417	173000	173000	-59.6	-12.4	10.7
Western Cape	246616	147675	86915	95549	-42.9	-27.2	7.1
<b>Total</b>	<b>3112773</b>	<b>2873629</b>	<b>3210453</b>	<b>3812983</b>	<b>-12.0</b>	<b>2.8</b>	<b>13.6</b>

Source: Provincial Budget Statements (2007)

Note: The Northern Cape makes provision for capital expenditure in public schools in another programme. That is why we have excluded it from this table.

**Table A14: Real annual growth in the main types of expenditures in consolidated public ordinary schools by provincial education department for the period 2003/04 to 2009/10 (%)**

<b>Type of expenditure</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
<b>Current payments</b>	<b>4.3</b>	<b>6.4</b>	<b>5.0</b>	<b>4.1</b>	<b>5.7</b>	<b>4.5</b>
Compensation	3.5	4.7	3.5	4.0	5.1	4.0
Goods and service	16.3	27.5	21.3	5.1	10.5	9.0
Other	-72.4	-35.6	28.9	-100.0	-	-
<b>Transfers/subsidies</b>	<b>14.4</b>	<b>9.1</b>	<b>4.4</b>	<b>26.5</b>	<b>7.6</b>	<b>3.7</b>
NGOs	27.6	12.3	10.4	33.4	7.9	4.0
Households	3.3	-0.8	13.1	-5.4	2.7	0.5
Other	-36.0	-7.9	-69.2	-100.0	-	-
<b>Payments for capital assets</b>	<b>0.0</b>	<b>21.9</b>	<b>19.1</b>	<b>-10.4</b>	<b>8.9</b>	<b>17.3</b>
Buildings	30.4	21.0	22.1	-12.0	6.7	13.7
Machinery and equipment	-84.0	41.5	-39.7	53.0	57.1	72.9
Other	-	-	-100.0	-	2.7	4.6
<b>Grand total</b>	<b>4.5</b>	<b>7.1</b>	<b>5.6</b>	<b>4.2</b>	<b>5.9</b>	<b>5.0</b>

Source: Provincial Budget Statement 2007

**Table A15: Real annual growth in the FET College budgets of provincial education departments for the period 2003/04 to 2009/10 (%)**

Province	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Eastern Cape	16.4	-5.0	39.9	16.9	14.6	-14.8
Free State	12.3	-15.0	25.8	12.9	10.4	2.4
Gauteng	-0.7	8.3	32.1	17.7	9.4	-0.9
KwaZulu Natal	7.4	37.0	17.7	-2.5	14.3	2.3
Limpopo	38.0	-2.8	53.1	9.9	19.6	0.9
Mpumalanga	17.3	17.7	33.5	3.7	-3.6	-18.9
Northern Cape	-6.3	14.8	-9.3	-1.0	3.7	0.5
North West	19.5	-12.7	66.6	4.8	25.0	0.7
Western Cape	0.8	6.0	49.9	11.6	-1.3	0.7
<b>Total</b>	<b>9.4</b>	<b>7.4</b>	<b>33.9</b>	<b>9.7</b>	<b>10.3</b>	<b>-2.6</b>

Source: Provincial Budget Statements (2007)

**Table A16: Compensation in FET College budgets by provincial education departments for the period 2003/04 to 2009/10**

Province	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	Real change, 2006/07/- 2007/08 (%)	Real ave. annual change, 2006/07- 2009/10 (%)	Real ave. annual change, 2003/04- 2009/10 (%)
Eastern Cape	103551	139058	148583	155879	28.0	10.2	6.8
Free State	101156	116860	126945	138739	10.1	6.2	1.5
Gauteng	340644	401645	455532	477969	12.4	7.0	5.5
KwaZulu Natal	213039	217011	237299	252218	-2.9	1.1	5.6
Limpopo	131219	127492	136070	145339	-7.4	-1.1	15.4
Mpumalanga	85017	81555	86796	91928	-8.6	-1.9	6.5
Northern Cape	30054	27913	30318	31844	-11.5	-2.4	2.8
North West	54601	57389	59562	64382	0.2	0.9	2.3
Western Cape	154722	164895	175201	185713	1.6	1.5	3.7
<b>Total</b>	<b>1214003</b>	<b>1333818</b>	<b>1456306</b>	<b>1544011</b>	<b>4.7</b>	<b>3.5</b>	<b>5.1</b>

Source: Provincial Budget Statements (2007)

**Table A17: Total current payments in FET College budgets by provincial education departments for the period 2003/04 to 2009/10**

Province	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	Real change, 2006/07/- 2007/08 (%)	Real ave. annual change, 2006/07- 2009/10 (%)	Real ave. annual change, 2003/04- 2009/10 (%)
Eastern Cape	110219	141051	150662	158051	22.0	8.1	4.4
Free State	102186	117010	127108	138917	9.2	5.8	0.8
Gauteng	345644	407174	461100	483577	12.3	6.9	5.5
KwaZulu Natal	218443	217011	237299	252218	-5.3	0.3	5.5
Limpopo	131219	127492	136070	145339	-7.4	-1.1	15.2
Mpumalanga	90341	86163	89993	95580	-9.1	-2.6	4.9
Northern Cape	30660	31249	33942	35650	-2.8	0.5	1.9
North West	61704	64961	67356	72404	0.4	0.8	3.4
Western Cape	154774	164895	175201	185713	1.6	1.5	3.7
<b>Total</b>	<b>1245190</b>	<b>1357006</b>	<b>1478731</b>	<b>1567449</b>	<b>3.9</b>	<b>3.1</b>	<b>4.7</b>

Source: Provincial Budget Statements (2007)

**Table A18: Transfers to non-profit organisation in FET College budgets by provincial education departments for the period 2003/04 to 2009/10**

<b>Province</b>	<b>2006/07 (R'000)</b>	<b>2007/08 (R'000)</b>	<b>2008/09 (R'000)</b>	<b>2009/10 (R'000)</b>	<b>Real change, 2006/07/- 2007/08 (%)</b>	<b>Real annual change, 2006/07- 2009/10 (%)</b>	<b>Real annual change, 2003/04- 2009/10 (%)</b>
Eastern Cape	97871	125709	169148	74212	22.4	-2.4	30.5
Free State	55216	62876	81396	84107	8.6	10.4	39.3
Gauteng	139000	191703	224995	226839	31.5	13.3	57.1
KwaZulu Natal	173193	183582	242201	260297	1.0	10.0	29.4
Limpopo	85556	112127	159730	161729	24.9	19.3	27.1
Mpumalanga	78312	95733	93606	59566	16.5	-9.7	16.2
North West	43813	49712	83418	87796	8.2	23.0	71.7
Western Cape	109310	118273	117167	122225	3.1	-0.8	34.7
<b>Total</b>	<b>782271</b>	<b>939715</b>	<b>1171661</b>	<b>1076771</b>	<b>14.5</b>	<b>7.2</b>	<b>28.4</b>

Source: Provincial Budget Statements (2007)

Note: there is no recorded expenditure for the Northern Cape for the entire period 2003/04 to 2009/10

**Table A19: Real annual growth rates in the adult basic education and training budgets by provincial education departments for the period 2003/04 to 2009/10 (%)**

<b>Province</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Eastern Cape	-11.2	3.9	0.0	-0.5	5.0	0.8
Free State	-38.0	95.6	-33.3	1.0	3.8	4.6
Gauteng	12.9	13.2	9.3	13.4	9.0	10.7
KwaZulu Natal	20.5	65.6	-3.1	17.0	1.7	3.0
Limpopo	23.2	41.7	37.3	44.7	4.2	-7.6
Mpumalanga	5.4	36.0	-0.3	5.0	1.1	1.3
Northern Cape	-12.5	-2.2	17.5	-1.3	3.7	0.5
North West	-21.5	37.7	36.1	7.2	1.8	0.5
Western Cape	10.0	4.7	-2.5	5.4	0.1	0.4
<b>Total</b>	<b>-4.1</b>	<b>28.3</b>	<b>3.8</b>	<b>11.1</b>	<b>4.5</b>	<b>2.8</b>

Source: Provincial Budget Statements (2007)

**Table A20: Real annual growth rates in the early childhood development budgets by provincial education department for the period 2003/04 to 2009/10 (%)**

<b>Province</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Eastern Cape	29.9	1.0	58.0	56.7	35.8	15.6
Free State	74.0	4.3	47.6	11.5	3.8	4.5
Gauteng	-43.6	-9.1	53.7	84.3	23.5	0.6
KwaZulu Natal	238.9	-25.6	49.3	65.2	1.9	2.8
Limpopo	76.5	-10.1	236.3	3.0	23.6	-37.8
Mpumalanga	-9.4	21.6	-4.8	53.4	18.3	8.1
Northern Cape	11.5	1.2	23.5	89.3	0.5	0.5
North West	9.8	-10.9	27.0	0.1	0.3	-0.4
Western Cape	2.6	19.0	37.5	35.8	34.0	0.3
<b>Total</b>	<b>14.7</b>	<b>-4.5</b>	<b>46.1</b>	<b>36.6</b>	<b>16.7</b>	<b>-0.1</b>

Source: Provincial Budget Statements (2007)



