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GENERAL NOTICE

NOTICE 20 OF 2003

DEPARTMENT OF EDUCATION

SOUTH AFRICAN SCHOOLS ACT, 1996 (ACT NO. 84 OF 1996) AND NATIONAL EDUCATION POLICY ACT, 1996 (ACT NO. 27 OF 1996)

NATIONAL NORMS AND STANDARDS FOR SCHOOL FUNDING

The Minister of Education, after consultation with the Council of Education Ministers, the Financial and Fiscal Commission and the Minister of Finance, hereby amend the National Norms and Standards for School Funding as promulgated by General Notice 2362 Government Gazette No. 19347 of 12 October 1998, as set out in the Schedule.

Professor Kader Asmal, MP
Minister of Education

Schedule

1. Paragraph 15 of the National Norms and Standards for School Funding (hereinafter referred to as Norms and Standards) is amended by the substitution for paragraph 15 of the following paragraph:
 - “15(a) The national Department of Education (DoE) is responsible for monitoring the implementation of the norms in terms of section 8 of the National Education Policy Act, 1996 (No. 27 of 1996). The DoE is required to undertake its monitoring and evaluation role—

“in a reasonable manner, with a view to enhancing professional capacities in monitoring and evaluation throughout the national education system, and assisting the competent authorities by all practical means within the limits of available public resources to raise the standards of education provision and performance.” (section 8(4))
 - (b) For purposes of monitoring the DoE will determine reporting formats in consultation with PEDs.”
2. Paragraph 16 of the Norms and Standards is amended by the substitution for paragraph 16 of the following paragraph:
 - “16. Each Head of Department will be expected to verify that the national norms are being complied with in allocating funds, or that acceptable alternatives are being implemented after consultation with the DoE. PEDs must use, for this purpose, systems and software tools that have been made available by the DoE or alternative methods that will produce reports required by the DoE. If the PED is unable to comply with the norms because of a lack of expertise or for any other reason, the DoE must be informed without undue delay, so that the problem can be examined and remedies sought.”

3. Paragraph 69 of the Norms and Standards is amended by the substitution for paragraph 69 of the following paragraph:

“69(a) PEDs must annually provide public schools with sufficient information so that schools’ governing bodies can develop their budgets as required by section 34 of the Act. The recommended date for the provision of such information to public schools is 30 September each year.

- (b) PEDs must annually provide independent schools by 30 September of each year with sufficient indicative information, at least the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools, and an indication of the subsidy category under which the school is grouped in Figure 3 of paragraphs 151, to enable them to plan their budgets and fee schedules for the following year. It should be noted that this subsidy amount is merely for planning purposes and might differ from the actual subsidy amount allocated.”

4. Paragraph 141 of the Norms and Standards is amended by the substitution for paragraph 141 of the following:

“141. Every person has the right, in terms of the Constitution, to establish and maintain, at their own expense, an independent educational institution that does not discriminate on grounds of race and complies with section 9(4) of the Constitution, is registered with the state, and maintains standards that are not inferior to standards in comparable public educational institutions. The provision does not preclude state subsidies for such institutions (section 29(3) and (4)).”

5. Paragraph 146 of the Norms and Standards is amended by the substitution for paragraph 146 of the following paragraph:

“146. An independent school may be considered for subsidy if it—

- (a) is registered by the PED;
- (b) has made an application to the PED in the prescribed manner;
- (c) has been operational for one full school year;
- (d) is a registered non-profit organisation in terms of the non-profit organisations Act, Act No. 71 of 1997.
- (e) is managed successfully according to a management checklist determined by the PED, as described in paragraph 149;
- (f) agrees to unannounced inspection visits by officials of the PED or person duly authorized by the PED; and
- (g) has not been established in direct competition with a nearby uncrowded public school of equivalent quality.”

6. Paragraphs 147 of the Norms and Standards is amended by the substitution for paragraph 147 of the following paragraph:

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

- (a) its final grade 12 pass rate is 50% or more of full-time candidates writing the examination in the prior year ;

- (b) not more than 20% of Grade 11 learners are repeaters who took Grade 11 in the same school during the previous year;
 - (c) not more than 20% of Grade 12 learners are repeaters who took Grade 12 in the same school during the previous year; and
 - (d) it does not engage in practices that are calculated to artificially increase the school's grade 12 pass rate."
7. Paragraph 148 of the Norms and Standards is amended by the substitution for paragraph 148 of the following paragraph:
- "148. The Head of Department may vary conditions (a), (b) or (c) in the previous paragraph in response to good cause shown by a school to the Head of Department."
8. Paragraph 149 of the Norms and Standards is amended by the substitution for paragraph 149 of the following paragraph:
- "149. Each school requesting funding will be subject to a management checklist (which may be the same as, or based on, the checklist referred to in paragraph 107 above), which will be approved by the HOD after consultation with representatives of independent schools. In the event that the independent school sector could not agree regarding this checklist, the HOD will determine the checklist. This checklist will determine, amongst other things, whether the school is able to manage its finances responsibly. It must include indicators of sound management, such as whether the school keeps proper admissions and attendance registers, and maintains fee payment and other financial records. To be eligible for funding a school must subscribe to the checklist, and must allow unannounced inspections by officials of the PED, to ensure that the practices in the checklist are up-to-date. Refusal to allow an unannounced visit will result in forfeiture of further funding."

Funding criteria

Subsidies related to fees

9. Paragraph 150 of the Norms and Standards is amended by the substitution for paragraph 150 of the following paragraph:
- "150(a) For the purpose of this national policy, "fees" means any form of payment for registration and tuition made by a parent in relation to a learner's enrolment or attendance at an independent school. It includes the present annualised value of any past or future once-off payment, using a market rate of interest for investments of equal certainty. It also includes any other form of payment by a parent, or equity in the school taken by a parent, as a form of fee payment-equivalent. The highest level of fees normally charged at the school, as opposed to fees discounted for once-off payment, will be taken as representative. Additional costs associated with the normal course of instruction which learners are expected to follow are to be considered fees, even if they are not formally called fees. However, payments for extra items or services, or for school materials that are procured by the school instead of having to be purchased by the parent, are not to be considered fees, as long as the cost of such items is similar to their open-market value.

- (b) For purposes of these norms, "primary" phase comprises grades 1 to 7, and "secondary" phase comprises grades 8 to 12.
 - (c) In what follows, the level of annual fees as defined in 150(a) charged at primary phases and secondary phases of independent schools as of the date stated in (d) below will be taken as indicators of the socio-economic status of a school's community.
 - (d) The initial date is January 1998. This date will be amended from time to time by the DoE by way of Government Notices in the month of January of any year. This date must be retroactive to the date of publication.
 - (e) The subsidy category of schools based on the date in (d) will remain until a new date is published.
 - (f) When a new date in (d) is published the PED will inform the independent schools eligible for subsidy of their relevant subsidy category for the year subsequent to the date of publication referred to in (d) during April or earlier of the year in which the notice referred to in (d) is published. To determine the subsidy category per school the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools, and the learner numbers according to the 10th Day/Snap Survey in the different school phases of the year mentioned in paragraph 150(d) must be used.
 - (g) Schools established after the date in (d) and which qualify for subsidy will have their subsidy category determined through par. 152."
10. Paragraph 151 of the Norms and Standards is amended by the substitution for paragraph 152 of the following paragraph:
- "151. The Ministry's policy is to enable subsidies to be granted in relation to the socio-economic circumstances of an eligible school's clientele. The level of school fees charged by the primary or secondary phases of an independent school is taken as an objective, publicly-available criterion that correlates well with the socio-economic circumstances of the school's clientele for each of those two phases. Subsidy levels are therefore related to fee levels on a five-point progressive scale, as shown in Figure 3 below. Eligible schools charging the lowest fees will qualify for the highest level of subsidy. Schools charging fees, in excess of 2.5 times the separate provincial average estimates per learner in primary or secondary phases of ordinary public schools respectively, are considered to serve a highly affluent clientele, and 0% subsidy will be paid to them from public funds."

Figure 3. Allocation table for independent school subsidies	
<i>School fee level as on the date in Paragraph 150(d)</i>	<i>Subsidy level Level of subsidy from the PED in school year n, where n is initially the school year 2003, is equal to:</i>
1. Up to 0.5 times (50%) of the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools ¹⁾ respectively in the fiscal year, following the date in paragraph 150(d).	60% of the separate provincial average estimate per learner in primary and secondary phases of ordinary public schools ²⁾ respectively in the PED's fiscal year n/n+1.
2. Higher than 0.5 and up to 1.0 times the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools respectively in the fiscal year, following the date in paragraph 150(d).	40% of the separate provincial average estimate per learner in primary and secondary phases of ordinary public schools ²⁾ respectively in the PED's fiscal year n/n+1.
3. Higher than 1.0 and up to 1.5 times the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools respectively in the fiscal year, following the date in paragraph 150(d).	25% of the separate provincial average estimate per learner in primary and secondary phases of ordinary public schools ²⁾ respectively in the PED's fiscal year n/n+1.
4. Higher than 1.5 and up to 2.5 times the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools respectively in the fiscal year, following the date in paragraph 150(d).	15% of the separate provincial average estimate per learner in primary and secondary phases of ordinary public schools ²⁾ respectively in the PED's fiscal year n/n+1.
5. Higher than 2.5 times the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools ¹⁾ respectively in the fiscal year, following the date in paragraph 150(d).	0% subsidy.

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

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

11. Paragraph 152 of the Norms and Standards is amended by the substitution for paragraph 152 of the following paragraph:

“152. PEDs will need to establish a procedure to deal with borderline situations. For example, if the average public school cost in a province is R2000, and an independent school charges fees of R1050, it will just miss being in the first (highest subsidy) category, even if its clientele is not different from that of a school charging, say, R950. PEDs may use the following criteria, in addition to any other relevant information submitted by the school, to judge whether a school falls into a certain category:

- (a) schools in the first (highest subsidy level) category would typically be located in townships, deep rural areas, or informal settlements and serving the residents in these areas.
- (b) schools in the second category would typically be in inner city or transitional suburban areas, catering largely for township and informal sector clientele or the urban lower middle class.
- (c) schools in the third and fourth categories would be middle and upper middle class schools with good facilities with a local clientele.
- (d) schools in the fifth category would be well established schools with excellent facilities and a national or regional clientele and very low learner:educator ratios.”

12. Paragraph 154 of the Norms and Standards is amended by the substitution for paragraph 154 of the following paragraph:

“154. The fee levels applying to the primary and secondary sections of a combined school may differ. The principal of such a combined school can approach the HOD with a request to lower its fees in either the primary or secondary sections so that it is the same for both the primary and secondary sections of the school in order to qualify for the same percentage subsidy in both the primary and secondary sections. The HOD may recommend a subsidy, if it is deemed in the interest of the school and the provincial education department.”

13. Paragraph 156 of the Norms and Standards is amended by the substitution for paragraph 156 of the following paragraph:

“156. A PED may, therefore, alter the fee levels and/or corresponding percentage subsidies levels except for the 0% subsidy level applicable to school fee level 5 in Figure 3 after consultation with the DoE, if the application of these norms would—

- (a) cause a PED's expenditure on subsidies to independent schools to deviate from a three-year historical moving average by more than 10 percent in real terms in any given year; or
- (b) contribute to over-expenditure on the PED's budget in the year they are applied; or
- (c) result in the total independent school programme receiving year-to-year budget cuts (or increases) in any given year that are significantly larger (or smaller) than other programme areas in the PED's budget.”