

Equity and 'No Fee' Schools in South Africa: Challenges and Prospects

Yusuf Sayed and Shireen Motala

Abstract

Despite almost 20 years of democratic governance in South Africa, there is growing evidence that equitable access to quality education remains elusive for the majority of its children. In 2007, the Department of Education declared 40 per cent of schools in the country to be 'no fee' schools and, by 2011, 60 per cent of all schools had been designated as such. This article examines the introduction and the effects to date of the no fee schools policy, and assesses the progress of South Africa's undoubtedly pro-poor education policies towards promoting equality in education and, above all, achieving equity of access to resource allocation. It discusses the main challenges and issues relating to the implementation of the no fee policy at provincial and school levels while also considering the efficacy of existing equitable funding instruments, and concludes with suggestions for how more effective and equitable access to quality education can be realized.

Keywords

Equity; Schools; Funding; No fee; Fee free; Quality

Introduction

Central to South Africa's transformation of the inequitable system of apartheid is the establishment of a quality, equitable and democratic education system. While discrimination in social spending has been considerably reduced since the 1980s (Fedderke *et al.* 2000), spending inequalities remain because of the high costs required to achieve fiscal parity in education. In the immediate post-apartheid period, a major emphasis was on distributing resource inputs through policy and legislation based on equity and redress, but by 1999 the education system could still be said to be characterized by 'rampant inequality' (Department of Education 1999). Under particular scrutiny was whether the gap between rich and poor schools in the public schooling system was closing or, in fact, increasing.

Address for correspondence: Yusuf Sayed, Reader in International Education, School of Education and Social Work University of Sussex, Falmer, Brighton BN1 9RH, UK. Email: T.Sayed@sussex.ac.uk

A key policy feature that has engendered much debate was the early decision to permit schools to charge fees, together with broader concerns about what is referred to as the privatization of public schooling (Education Rights Project 2002; Department of Education 2003; Motala 2003; Sayed and Soudien 2005; Woolman and Fleisch 2006; Motala and Sayed 2009). The decision to charge fees was driven by two imperatives. On the one hand, there was the perceived fear of a middle-class (and white) flight from the public education system. Based on advice provided by international consultants (see Sayed 1999) the post-apartheid state believed that allowing schools to charge fees to maintain quality was important in persuading the middle-class to have a stake in the public education system and thereby to be advocates of change. On the other hand, the fee charging of schools was cast as a measure to effect redress. The argument advanced was that allowing user charges in wealthy schools would enable those able to afford it to pay for better education, releasing state resources for poor schools. It is for this very reason that the 'no fee' policy is limited to schools in quintiles one and two (and more latterly three). The reality is that the resources that are spoken about in this context are limited to operating costs that represent a small amount of public and private resources for education.

In many ways the user fee policy in South Africa represents a classic approach to education change that aims to attract middle-class participation in the public sector through arguments about education control and quality. The assumption is that by releasing resources, the state is able to effect redress for disadvantaged communities. This school funding reform strategy potentially erodes the notion of education as a public good that is fully and fairly funded by the state and a right for all. Moreover, it assumes that the middle-class access the same schooling as the poor and therefore have an interest in improving education for all. Such a trickle down education change approach results in a two-tier system of schooling in which the rich and the middle-class access better schooling while the poor remain trapped in under-resourced and poor quality education. The education reforms that underpin fee charging are most likely to succeed in contexts that have a high level of social equity and not in highly unequal societies emerging from protracted periods of colonization, oppression and minority rule.

It is within this framework that this article examines the recent introduction and the effects to date of the no fee schools policy with a view to assessing the extent to which South Africa's education policies are pro-poor, promote equality in education and, above all, achieve equity of access to resource allocation. It aims to complement existing research (Fedderke *et al.* 2000; Porteus *et al.* 2001; Van der Berg 2001) that explores trends at the level of the distribution of state per capita expenditure. Equality as used in this article concerns sameness or, in public policy terms, non-discrimination, whereas equity is understood as that which is socially just and which may require processes of differential (and, indeed, unequal) distribution (Rawls 1972; Secada 1989; Samoff 1997; Van der Berg 2001; Weber 2002; Sayed *et al.* 2012 in press).

The first section of this article briefly contextualizes post-apartheid education policy changes in South Africa, focusing in particular on school governance and financing. This is followed by a closer look at the most recent and

substantial effort to address shortcomings in the ways in which schools were being funded, namely, the no fee schools policy that came into effect in 2007. After outlining national and provincial education spending trends and the extent of no fee coverage, the next three sections discuss the main challenges and issues relating to the implementation of the no fee policy at provincial and school levels, with consideration also being given to the efficacy of existing equitable funding instruments. The article concludes with suggestions for how more effective and equitable access to quality education can be realized.

The South African Education Policy Context

In 2006/07, about R93 billion was spent on education in South Africa, excluding private spending on schools. This comprised 5.3 per cent of gross domestic product (GDP) and about 18 per cent of consolidated government expenditure. In comparison with other developing countries, education spending in South Africa as a proportion of GDP is high and mainly reflects expenditure on teacher salaries, with spending on other inputs being below international norms (Department of Education 2006). Nevertheless, expenditure on personnel has declined from more than 89 per cent in the late 1990s to below 80 per cent in 2006/07 (OECD 2008). In 2006/07, a total of 86.5 per cent of education expenditure was on public school education, with real spending on education escalating rapidly (OECD 2008). However, while there have been improvements in comparative educational spending both between provinces and between schools as real funding interacts with pro-poor funding norms, much still needs to be done if equity of access to educational resources is to be achieved.

The right to a basic education is a fundamental human right enshrined in the South African Constitution (Republic of South Africa 1996b). South Africa has also ratified various international conventions in terms of which it is obliged to provide free education; these include the United Nations Convention on the Rights of the Child, the African Charter on the Rights and Welfare of the Child, and the commitments associated with the Millennium Development Goals, Education for All and the Dakar Framework for Action. In terms of this last commitment in particular, the world's governments have committed to ensuring that, by 2015, 'all children have access to and complete free and compulsory primary education of good quality' (World Education Forum 2000). In seeking to fulfill both its internal and external obligations, the South African government over the past decade and a half has introduced a host of policy and institutional reforms aimed at redressing the legacy of the apartheid era and making education more accessible (Sayed *et al.* 2012 in press), and of especial relevance here are three key mechanisms aimed at addressing funding issues: the supplementation of state resources through school fees (Republic of South Africa 1996a), the Equitable Share Formula, and the National Norms and Standards for School Funding (Department of Education 1998), subsequently amended to introduce the no fee schools policy (Department of Education 2006).

Central to the reforms was first the South African Schools Act (Republic of South Africa 1996a), which empowered each school governing body (SGB) to

take 'all reasonable measures within its means to supplement the resources supplied to the school in order to improve the quality of education provided for all learners at the school' (Republic of South Africa 1996a, Section 21). In practice, this translated into the levying of school fees. At the same time, the Act made provision for learners unable to afford the fees to be exempted following a means test. Money collected from school fees is put into a school fund that can be used for any educational purpose, including engaging the services of additional teachers. Significantly, South Africa's decision to adopt a semi-market approach to schooling and to permit fees was made in an international context of burgeoning opposition to such fees, including the groundswell that led to Education for All and the Dakar Framework for Action (Rose 2003). Nevertheless, the decision was justified on the basis of limited state resources to provide free education, as well as a desire to improve school-level accountability by increasing community control over school resources.

The second major policy mechanism to address inequalities in the education financing system was the equitable share formula, which takes into account provincial variables such as the size of the school age population, the number of learners enrolled in ordinary public schools, the distribution of capital needs, the size of the rural population in each province and the size of the population for social security grants weighted by a poverty index. The aim is to ensure that every province, whatever its financial standing, is able to spend an equitable amount on each learner. The formula was phased in between 1996 and 2000, in order to allow provinces, particularly the wealthier ones, to make adjustments in their budgetary allocations and thus if necessary offset any decline in expenditure. Since provinces make their own decisions about how to spend their equitable share across social services (education, health and social welfare), the actual per capita education expenditure differs from province to province.

Third, the National Norms and Standards for School Funding (Department of Education 1998), implemented in 2000, required that 60 per cent of the available resources be distributed to the poorest 40 per cent of learners. Provincial education departments were tasked with developing policy instruments for ranking public schools. No financial benchmarks were stipulated except that the allocations to learners in the fifth quintile (i.e. the least poor schools) should be seven times smaller than allocations for learners in the first quintile (the poorest schools) (Wildeman 2008).

These policy reforms have been lauded as having made great strides towards the attainment of equity and redress in education financing. Particular gains have been registered with regard to inter-provincial equity, i.e. ensuring that every province is able to spend an equitable amount on each learner, although intra-provincial equity remains a challenge. Nevertheless, it has become clear that the gains are not being equally realized for all learners in the country, with large differences remaining in per learner funding across provinces. There are also questions about the extent to which these policies are effecting a sufficient narrowing of the gap between richer and poorer schools. As a result of these concerns, as well as problems with the implementation of the fee exemption policy and public complaints that some schools were using fees as a barrier to unfairly discriminate against learners and

parents with the inability to pay, the National Norms and Standards for School Funding were amended, effective from 2007. The bulk of these amendments constitute what is known as the no fee schools policy (Department of Education 2006).

No Fee Schools: Amendments to the National Norms and Standards

In terms of the Amended National Norms and Standards for School Funding (Department of Education 2006), state funding to public schools continues to be provided in two categories: personnel expenditure and non-personnel expenditure, also referred to as the school allocation. Personnel expenditure remains unaffected by the amendments, with the major change being in the school allocation. The current ratio of personnel to non-personnel expenditure is set at 80:20 (Department of Education 2006). The school allocation is developed using five considerations: the rights of learners, the minimum basic package to ensure quality education, the prices of goods and services, the national distribution of income differences and poverty, and finally the state budget (Department of Education 2006). The majority of the items covered by the school allocation fall under what can be termed running costs – including stationery, maintenance, and services such as electricity – with learning support materials such as textbooks being the only item directly related to learning. Provincial education departments determine what proportion of the school allocation is assigned to different items; for example, the Western Cape Education Department (2007) recommends that 60 per cent of the allocation be used to purchase textbooks, with the target being a textbook for each subject for each learner.

Previously, all schools could complement the state school allocation with the collection of school fees. Under the amended policy, schools declared to be no fee schools are entitled to an increased allocation by the state to offset revenues previously generated through school fees, and fee charging schools (previously all schools) may apply to their provincial education department to be declared a no fee school, should they qualify. The lists of no fee schools are determined by each provincial education department, using a standard national procedure. Each school is assigned a poverty score using data from the community in which the school is located. The three poverty indicators utilized for this purpose are income, unemployment rate and level of education of the community, which are weighted to assign a poverty score for the community and school. The school will then be assigned to one of the poverty quintiles determined nationally (see table 1). The middle national quintile (quintile three) is referred to as the 'adequacy benchmark', since in theory this is how much money needs to be spent per learner to ensure they receive an adequate education. Schools in this category will receive the minimum amount of R554 per learner per year. Schools in poorer quintiles (quintiles one, two and three) are no fee schools and so receive larger allocations than those in better-off quintiles (the fee charging schools).

The amounts in table 1 refer to per learner allocations for each category of school, and information is provided on the national percentages per quintile

Table 1

National targets for the school allocation (2007–2009)

	2007			2008		2009	
	A (%)	B	C (%)	B	C (%)	B	C (%)
NQ ₁	30.0	R738	100	R775	100	R807	100
NQ ₂	27.5	R677	100	R711	100	R740	100
NQ ₃	22.5	R554	100	R581	100	R605	100
NQ ₄	15.0	R369	67	R388	100	R404	67
NQ ₅	5.0	R123	22	R129	22	R134	22
Overall	100.0	R492	89	R517	89	R538	89
No fee threshold		R554		R581		R605	

Source: Department of Education 2006.

Note: NQ = national quintile.

(column A), per learner amounts for the years 2007 to 2009 (column B), and 'the maximum percentage of learners in each national quintile that could be funded to the no fee threshold level' (column C) (Department of Education 2006: 31). Thus, schools falling in quintiles one, two and three (the poorest, i.e. no fee schools) would have received allocations of R738, R677 and R554 per learner per year respectively in 2007, and 100 per cent of learners would be covered in these categories. The table indicates, in column A, that the state calculates that 30 per cent of all learners in South Africa are in quintile one, while 27.5 per cent and 22.5 per cent of all learners are in quintiles two and three respectively. By comparison, richer or fee charging schools would now receive less than the adequacy benchmark of R554. In 2007 richer schools in quintile four would have received an allocation of R369 per learner, and schools in quintile five would have received an allocation of R123 per learner per year. The percentage of learners covered by these allocations is respectively 67 per cent and 22 per cent (column C), and the state calculation nationally of the number of learners falling in these categories is 15 per cent and 5 per cent, respectively.

Resource allocation will also differ for different provinces, and nationally determined poverty tables are used to guide the school allocation (see table 2). For example, the Eastern Cape is identified as the poorest province, with 34.8 per cent of learners falling in quintile one (the poorest), compared to the wealthier Western Cape where only 6.5 per cent of its learners are seen as falling in quintile one. The provincial education department targets for each province would therefore differ, being 34.8 per cent for the Eastern Cape and 6.5 per cent for the Western Cape.

The original fee exemption policy was viewed as a way of ensuring that access was not denied to any pupil, since parents had the opportunity to apply for a full or partial exemption at any school, rich or poor (Department of Education 1998). With poorer schools now declared to be no fee schools,

Table 2

The National Poverty Distribution table

	National quintiles					TOTAL
	One (poorest)	Two	Three	Four	Five (least poor)	
Eastern Cape	34.8%	21.6%	21.0%	11.6%	10.9%	100%
Free State	30.8%	14.9%	20.1%	18.8%	15.4%	100%
Gauteng	10.5%	11.4%	27.4%	27.2%	23.6%	100%
KwaZulu-Natal	24.2%	18.8%	25.6%	17.3%	14.1%	100%
Limpopo	34.0%	22.3%	24.9%	11.6%	7.2%	100%
Mpumalanga	16.7%	20.2%	29.8%	19.9%	13.5%	100%
Northern Cape	26.3%	17.7%	21.6%	14.8%	19.6%	100%
North West	22.7%	15.2%	30.5%	20.5%	11.0%	100%
Western Cape	6.5%	8.0%	23.1%	27.7%	34.6%	100%
South Africa	20.0%	20.0%	20.0%	20.0%	20.0%	100%

Source: Department of Education 2006.

exemptions only apply to fee charging schools. In addition, the exemption procedure has been revised in an attempt to make it more user-friendly. Learners who are poor can apply for fee exemptions at fee charging schools, in terms of two major classes of exemption. The first is an automatic exemption for two categories of learners: orphans or abandoned children, and those receiving a poverty-linked state social grant. Parents in this group qualify for a full exemption. The second class is not automatic, and parents may be granted full or partial exemption based on parental income in relation to school fees. The proportion of parental income to school fees is determined by a set formula that schools apply upon receiving a written application from a parent. In theory, exemptions permit even the poor to attend fee charging schools (Department of Education 2006). The reality is, however, that the majority of learners are trapped in a poorly resourced system in which there are no user fees or additional income from parental contributions present (Patel and Hochfeld 2010).

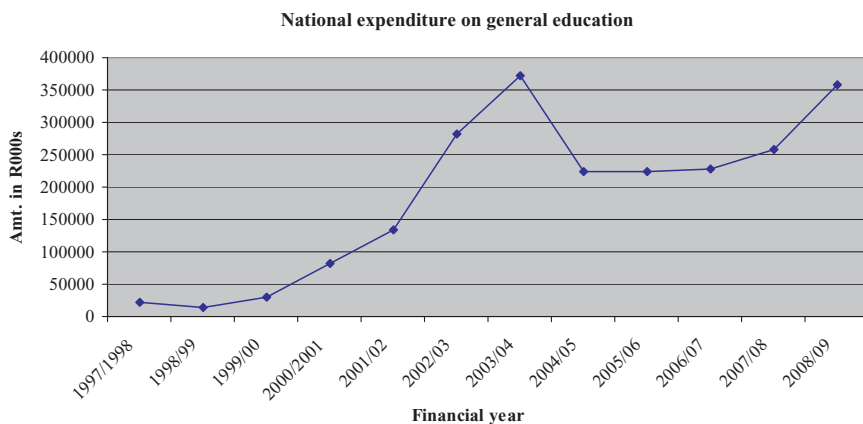
National and Provincial Expenditure and No Fee School Coverage

Figure 1 outlines national expenditure on education. It shows how expenditure increased from 1997, peaking in 2004 and then declining to the 2004/05 level by 2008/09.

Provincial expenditure on ordinary public schools shows that over the years there has been a substantial growth in all the financial indicators. The growth is particularly noticeable in the poorest provinces – the Eastern Cape, KwaZulu-Natal and Limpopo – which are also provinces with the greatest number of poor schools.

Figure 1

National expenditure on education



Source: Frempong *et al.* 2009.

Table 3 reflects the status of no fee schools in 2007 and 2008. There has been a general increase in the number of schools and learners covered by the no fee policy. The distribution of no fee schools by province reflects the level of economic development and poverty across South Africa, showing that more than 60 per cent of these schools and learners were in three provinces: the Eastern Cape, KwaZulu-Natal and Limpopo. The Northern Cape and Western Cape provinces have the least number of schools designated as no fee schools, and the least number of learners in such schools.

Implementing the No Fee Policy at Provincial Level

Gauteng, geographically the smallest province, is also the financial and industrial hub of South Africa, with a rapidly growing population and the highest GDP in the country. In Gauteng the adequacy benchmark was R775 in 2008. According to the Gauteng Department of Education, this is the minimum amount required by each learner in each school in order for effective learning and teaching to take place. The Gauteng Department of Education has specified a budget that its schools must follow: 55 per cent of the budget can be used for learner support materials, 33 per cent for services and 12 per cent for maintenance. Currently, there is no research on how and whether individual schools are coping with their expenses within these guided percentages but, this aside, the more pressing policy challenge is to assess whether the adequacy benchmarks for the school quintiles are realistic and are achieving their aims.

In contrast to Gauteng, the Eastern Cape is one of the poorest provinces in South Africa, and this is reflected in the state of its school infrastructure, with

Table 3

Number of no fee schools and learners in no fee schools in 2007 and 2008

Province	Year			
	2007		2008	
	Number of no fee schools	Number of learners in no fee schools	Number of no fee schools	Number of learners in no fee schools
Eastern Cape	3,825	1,224,711	3,739	1,206,316
Free State	1,304	298,184	1,253	304,206
Gauteng	432	377,274	426	382,571
KwaZulu-Natal	3,341	1,173,503	3,382	1,149,391
Limpopo	2,557	1,015,524	2,832	1,011,220
Mpumalanga	983	40,443 ¹	95 ¹	420,395
Northern Cape	335	102,244	349	110,919
North West	728	267,042	927	300,469
Western Cape	407	132,560	405	135,067
Total	13,912	4,995,473	14,264	5,020,554

Source: Frempong *et al.* 2009.

about a quarter of all schools constructed of mud and clay and a quarter lacking electricity. In the Eastern Cape a very large proportion of schools are in quintile one, placing even greater burdens on a constrained provincial budget. In comparison, approximately 57 per cent of learners in Gauteng are in quintiles one and two and are for no fee schooling, and a further 21 per cent are in quintile three and possibly eligible for such assistance (Hall and Giese 2009).

Unfortunately, the no fee schools policy makes inadequate provision for stark differences of this sort between provinces. One of the difficulties in implementing the no fee policy is that the declaration of no fee schools has not been accompanied by adjustments in the equitable shares received by provinces or by other financial support such as a conditional grant from the National Treasury. Increases in school funding must be covered by ordinary changes to the baseline allocations of provincial governments, but poorer provinces are much more financially constrained in their ability to support and manage their relatively larger numbers of poor learners falling into those national poverty quintiles where schools may no longer charge fees.

The policy is also heavily dependent on provincial education department capacity to implement and monitor it. While the national policy document (Department of Education 2006) takes care to detail the resources required as well as how monitoring must take place and accountability must be ensured, provincial capacity to perform these functions is decidedly weak, to the point of dysfunctionality (Jansen and Amsterdam 2006).

Implementing the No Fee Policy at School Level

While much more extensive research is needed to fully understand the complexities of the policy formulation-implementation nexus, a recently completed five-year research project on educational access in South Africa provides important pointers about how the no fee policy is being implemented at school level. As part of its focus on access, enrolment and drop-out patterns in basic education, the international Consortium for Research on Educational Access, Transitions and Equity (CREATE) project also examined pro-poor education policies and school funding issues (Motala *et al.* 2012 in press). From 2007 to 2008, empirical research was conducted in eight (five primary and three secondary) schools in the Ekurhuleni South district of Gauteng and six (three primary and three junior secondary) schools in the Dutywa district of the Eastern Cape. Four of the Gauteng schools were no fee schools and the remainder of the schools were located in quintiles three and four, while all the Eastern Cape schools were no fee schools located in quintiles one and two. A questionnaire was administered to principals in 14 schools and other members of the schools' management teams were interviewed.

The CREATE research showed that the school leadership at almost all newly designated no fee schools were in general agreement that the no fee policy was a positive step. Principals remarked on increases in their enrolments, and most indicated that they were relieved not to have the responsibility of collecting fees from parents who may not be able to afford them anyway. Learners were going to school regularly, despite parents still having to shoulder the burdens of transport and uniform costs, with learner attendance encouraged by the fact that the school feeding scheme provided many of them with their most important meal of the day.

While most case study schools across both provinces welcomed their designation as no fee schools, several nevertheless queried the quintile in which they had been placed; for instance, some schools placed in quintile two felt that this was too high a ranking given the high rates of unemployment and heavy dependence on old age and social grants in the surrounding community.

On the other hand, one school designated as a no fee school wanted to be re-designated as a quintile four school. This school was also a Dinaledi ('stars') school – one of several hundred across the country being groomed by government as centres of excellence in mathematics, science and technology. Its principal reasoned that, since the parents in the school could afford the fees and did not request fee exemptions, having the income from school fees would allow the school to focus in a more concerted fashion on its core business of teaching and learning. He also expressed concern that his school's designation as a no fee school was leading to overcrowding and argued strongly that the presence of fees made for a better selection of learners. In general, concerns about incorrect designations were raised more vigorously by Gauteng schools than by Eastern Cape schools, in part because the former are more affected by substantial learner migration between schools whereas in the latter province poverty is severe and homogenous, and learners can choose between fewer schools.

However, a few schools indicated that they would have preferred the fee income over the no fee allocation. A major reason for this was the fact that delays in the transition from fee charging to no fee school status were often accompanied by cash flow problems; while the fee income previously received had been variable and erratic, it had provided a cash base to cover both day-to-day functions and unexpected expenses. No longer having access to fee income, which had ensured the immediate availability of a certain amount of actual cash (in the range of R20,000 to R30,000 per annum for these schools), was seen as negatively affecting school administration, not to mention teaching and learning. Schools' financial dire straits were exacerbated by their having to rely on and even incur expenses based on a 'paper budget', consisting of allocations promised but not yet received.

There was also great unhappiness about discrepancies between the indicative 'paper' allocations shown to schools and the actual money that appeared later, sometimes only piecemeal, in the school bank account (e.g. in some schools the learner support material allocation was received separately, accompanied by 10 per cent of the expected overall amount). At the time of the CREATE case study fieldwork in July 2008, many schools were yet to receive their allocation for 2008, and some had only received their 2007 allocation in December 2007. The delay in the process of gazetting the no fee schools policy may have contributed to the delays in the release of provincial funding to schools; numerous delays in school allocations were reported across several provinces, a fact confirmed by Duncan Hindle, then Director General of the Education Department, who characterized them as a 'transitional problem during this first year of implementation' (Macfarlane 2007).

SGBs at some of the schools revealed that the community surrounding their schools had expected that no fee status would improve the school environment and were angry when this did not happen. SGBs noted that, apart from their schools having to deal with problems such as theft and vandalism, the slow delivery of the school allocations and even of furniture that had long been requested were the main reasons why the no fee policy had brought about little visible change. In the Eastern Cape in particular, all schools were receiving much lower allocations than they thought due to them, and as a result some of them were continuing to raise funds independently by hosting various events. There was great disillusionment among SGBs as what was promised and what was actually received did not correlate.

The CREATE findings also showed that no fee schools and their leadership continue to be and are perhaps even more deeply preoccupied with financial matters than before the policy was introduced. In a context of constraints on and uncertain delivery of monetary and other resources, management responsibilities have taken priority, and school leaders are focusing exclusively on keeping their schools running. Even SGBs, which are intended to improve school-level accountability by increasing community control over school resources and participation in school affairs (OECD 2008), are more concerned with financial accountability than with empowering local communities.

Quintiles and Adequacy Benchmarks: Blunt Instruments in Effecting Equity?

The implementation of the no fee schools policy has brought into sharp focus an aspect that was not considered in the original school funding norms (Department of Education 1998), namely poor funding for the middle quintile. The shift from provincially to nationally determined quintiles has meant that some schools, formerly classified by provinces in a low (poorer) quintile, now find themselves in less poor quintiles as determined nationally. In turn this means that in the poorer provinces, such as the Eastern Cape, KwaZulu-Natal and Limpopo, approximately half of the schools are funded at a lower level than they were before the new policy. This raises vexing issues of quality and what level of funding and resources is required for a quality education.

Concern has been raised that national data provided by Statistics South Africa is imprecise in calculating no fee schools (Macfarlane 2005). It has been suggested that some widely differing communities are grouped together, creating a distorted picture; for example, the affluent area of Sandton, Johannesburg, is said to be grouped together with nearby Alexandra, a historically disadvantaged township community. While the Department of Education has denied these claims, the fact that the Gauteng Department of Education has decided to obtain additional data from the Human Sciences Research Council may reflect the real difficulties in allocating schools to appropriate quintiles. Research undertaken by the Centre for Education Quality Initiative (Chutgar and Kanjee 2009) suggests that the current method of allocating schools to quintiles may be effective in identifying those schools that are most affluent and perhaps also those schools that are the worst off, but that it may not be sufficiently nuanced to accurately allocate schools to the middle quintile. The implication of this is that the current system may be offering less financial assistance to schools containing the greatest number of disadvantaged children.

Another important issue concerns the adequacy of the 'adequacy benchmark'. First, it is unclear how the amount of R554 (in 2007; it increased to R605 in 2009) was determined as the adequacy benchmark and how this was costed. The biggest unresolved policy issue is whether the current costing per learner is correctly estimated and whether the adequacy benchmark nationally is sufficient (Wilson 2004; Tomasevski 2006). Some have argued that the adequacy benchmark is insufficient to cover even the basic cost of schooling inputs (Veriava 2005; Wildeman 2008; Giese *et al.* 2009), with research suggesting that while there has been considerable aggregate impact, most allocations in 2007 for the three poorest quintiles fell below the nationally set benchmark, hence poor provinces in particular were unable to meet national targets. A related issue is that levels of inequality between no fee schools and those in less poor quintiles continue to rise, since not all schools can be accommodated in the no fee category.

Second, adequacy is only specified for non-personnel recurrent expenditure, yet, as often noted, many of South Africa's educational problems can be linked, directly or indirectly, to the number and quality of school personnel, including teachers (Jansen and Amsterdam 2006; Motala 2006). Since the

school allocation only deals with the 20 per cent of non-personnel expenditure, adequacy concerns can only be addressed properly by considering the overall level of school funding. As in the past, teacher allocations and personnel expenditure remain areas over which provinces and schools have little control. Moreover, the continued presence of fee contributions in the system, i.e. that 40 per cent of schools are still permitted to charge fees, also skews the picture since fee charging schools can effectively buy important quality-related inputs such as additional teachers, which help to reduce these schools' learner to teacher ratios.

It must be admitted that there is both merit and perhaps practical necessity in devising and applying a notion of adequacy as a funding principle in order to give substance and content to the right of access to education, but the combination of limited state resources, a lack of clarity regarding how adequacy is calculated and the fact that adequacy is pre-defined to exclude personnel costs means that policymakers, researchers and schools alike cannot be sure that funds allocated are in fact sufficient. As a consequence, the no fee and other pro-poor policies' potential to provide meaningful access to education of sufficient quality, at least in terms of resourcing and a more equitable distribution of resources, cannot be said to have been realized yet.

Concluding Comments

Equity and redress, understandably, have been major forces driving education transformation in South Africa. In this context, the no fee schools policy and the overall pro-poor approach to the financing of education in South Africa have had broadly positive redistributive effects, with the largest increases in allocations directed to the poorer schools (Wildeman 2008). Studies conducted by the Alliance for Children's Entitlement to Social Security (Giese *et al.* 2009) have shown that schools are better off even when the loss of fee income (as a result of being declared no fee) is taken into account. Other research (Hall 2010) shows that there have been significant gains in terms of revenue for no fee schools, and also for households that have been relieved of the burden of paying fees.

However, there remain many questions about whether the pro-poor policy trajectory is genuinely on track towards fundamental transformation or whether it is merely ameliorating, without overcoming, existing funding inequities. For example, in relation to the fee exemption policy, potential loss of school revenue due to exempting learners creates a disincentive for schools to inform parents of this right, since schools do not receive any compensatory funding for exempted learners (Hall 2010). Similarly, the no fee schools policy is unlikely to have a major discernible impact on physical access to education, since South Africa already boasts a high net enrolment rate, and so for the policy's pro-poor effects to come fully into play, much more attention will have to be paid to improving the quality of education at all schools, the no fee schools first amongst them.

Numerous obstacles still stand in the way of implementing the no fee schools policy at provincial and school level. Weak capacity in provincial

education departments hinders the translation of policy from the national level down to the school level; and without any adjustments in the provincial equitable shares, poorer provinces will continue to struggle to fund the many schools falling into no fee poverty quintiles. Schools' dissatisfaction with quintile placement criteria and with the effects of funding delays is evident, not least in their narrow focus on financial issues to the detriment of promoting parental and civic participation in school governance.

The efficacy of the quintile system and of the notion of adequacy as used in current policy approaches also require more attention. Though continuous costing is being done by the Department of Education, the Department of Finance and the National Planning Commission, there is still no firm evidence that the current costing per learner is correctly estimated and that the national adequacy benchmark is sufficient. A more robust allocation framework worth considering would be a school allocation that favours individual poor learners, wherever and in whatever school they are. An even more significant development would be a funding equity framework that targets not only non-personnel expenditure but the entire gamut of state education spending, nationally and provincially, including, in particular, teacher allocations or personnel expenditure. What is apparent is that the minimum level of resourcing in disadvantaged schools is insufficient to level the playing fields between the advantaged and disadvantaged parts of the public schooling system. The many challenges of the policy bring into sharp relief whether, after almost two decades of only moderately effective reforms aimed at redressing the legacy of the apartheid era, there is a need for a fundamental policy rethink to ensure that the requirements of the most under-resourced schools and the most marginalized learners in the system are prioritized. There are three areas that require a fundamental rethinking process to effect the meaningful and equitable change noted in the beginning of the article. First, the state needs to follow a more aggressive approach to redistributing resources, particularly human resources, prioritizing poor schools. It is deeply problematic that the most well resourced schools in middle-class areas are also the ones with the most highly able teachers. In contrast, the most able, committed, and motivated teachers should be found in schools serving the most marginalized communities. Second, the state should create more opportunities for mixed schools instead of letting the soft zoning catchment policy result in schools populated by the middle-class and with a huge cultural capital advantage. Third, redress in financing should not simply be about how operating cost resources are allocated. Instead, it should be about ensuring that the financing formula is more directly and obviously skewed in favour of disadvantaged learners. This may include introducing conditional grants based on equity criteria for poorer provinces.

Collectively, these measures mean the state tackling middle-class fear and flight head on. Radical transformation requires a state that makes a conscious and explicit choice in the direction of equity. This requires political will and commitment. But it also requires a strong and active civil society that can hold the state to account as transformation cannot rely explicitly on the good natured intentions of the state. Such an approach calls for a public policy that has the notion of education as a public good, which is most

needed for the poor, at heart. Eradicating inequality is ultimately a moral, political, social and economic imperative to enlarge the freedoms of those whose freedoms are most limited and constrained. It is a matter of concern for all, even those who already have the freedoms to live meaningful lives. Without equality, the pro-poor intension of education policy in South Africa may not be realized.

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