

AN EVALUATION OF THE
FINANCIAL PROCESS OPERATING
IN THE DEPARTMENT OF EDUCATION
AND CULTURE OF THE ADMINISTRATION:
HOUSE OF DELEGATES

by

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THESIS

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To my wife

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and the children

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AN EVALUATION OF THE
FINANCIAL PROCESS OPERATING
IN THE DEPARTMENT OF EDUCATION
AND CULTURE OF THE ADMINISTRATION:
HOUSE OF DELEGATES

by

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SUMMARY

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(xxx)

This thesis provides a synopsis of the financial process in education operating at the national, regional and local levels in the Republic of South Africa with particular reference to the Department of Education and Culture of the Administration: House of Delegates. Particular attention is attached to primary and secondary education.. The study would have become too comprehensive if tertiary education had been included.

The constitutional framework of the Republic of South Africa forms the basis within which the financial process operates. The exposition of the operation of the financial process at the central, provincial/regional and local levels of government throws light on the necessity of efficiency, effectiveness and stringent control.

The components of the financial process comprise of the procurement, custody, distribution and control of public moneys. Each of these components is subject to precise legislative enactments.

Financial administration is an important cog in the public administration machinery. Therefore, the discussion of the six generic administrative processes pertaining to the financial process enhances understanding of the actual operation of the financial process. The financial implications of the eleven principles of the De Lange Report emphasise, inter alia, the necessity of attaining

parity in educational provision in the Republic of South Africa as expediently as possible.

Financing of education, from an international perspective, has contributed much by way of empirical evidence on aspects such as educational expenditure on developing and developed countries, the application of the generic administrative processes to educational financing, the maintenance of school facilities, and the feasibility of introducing alternative sources of income, for example, education vouchers.

The exposition of the financial aspects pertaining to the education of the Whites, Blacks and Coloureds reveals that a great deal has still to be achieved by way of improved examination results, in particular. Only then is it possible for the financial process to operate efficiently and effectively. However, the efforts of the State in increasing the financial provision for Black education are praiseworthy.

The operation of the financial process in the Department of Education and Culture of the Administration: House of Delegates reveals that it has a closely knit organisational structure for financing. The generic administrative processes pertaining to the financial process highlight the operation of this process. The System of Budgeting by Objectives, in terms of programmes

and item structures, illustrates that a great deal of planning and preparation is devoted in the drawing up of estimates.

The regulations pertaining to the administration and control of school funds highlight the efficiency and effectiveness with which the financial process is implemented at the local or school level by the aforementioned Department.

Futuristic models have been proposed for the sole objective of enhancing the operation of the financial process in the Department of Education and Culture of the Administration: House of Delegates. Parents of school-going children should take particular note of the model education insurance plan for their children's future education.

In the light of the aforementioned observations, a number of recommendations has been made. These recommendations, inter alia, are as follows:

- (i) the Department of Education and Culture of the Administration: House of Delegates should encourage research into educational costs and finance;

- (ii) every public official should be aware of his personal responsibility as an obligation for efficient and effective financial administration;
- (iii) a set of well-defined financial policies should be formulated for schools;
- (iv) a workable model for the implementation of the financial process in education should be formulated;
- (v) leaders in education should be schooled in financial educational administration;
- (vi) the planned maintenance of school plant is essential to enhance cost-effectiveness;
- (vii) administrators should be giving serious thought to alternative ways in which idle school accommodation should be utilised in the future;
- (viii) a more concerted effort should be made to increase the pass rate in the internal and external examinations at schools;
- (ix) Treasury should continue to encourage the aforementioned Department to spend public moneys wisely; and
- (x) the number of policy-making bodies should be reduced drastically with the attainment of equal standards in education.

CHAPTER IINTRODUCTION1. STUDY PLAN1.1 APPROACH

Limitations on finances can be regarded as one of the overriding considerations affecting both the rate and direction of educational development. Consequently, the South African Government is seeking equal standards of education by means of its ten-year programme, in which provision is made for an average real growth of 4,1 per cent, per annum. Departments with backlogs will have to receive the greatest part of the yearly growth or increase in education funds. In this respect, the development of the new formula - the so-called SANEP¹⁾ formula - under the direction of F.W. de Klerk, the Minister of National Education, is an important factor in determining objectively the needs for funds in each department.

1. SANEP is the abbreviation for the South African National Education Policy.

It is gratifying to note that the basic formulae for the financing of housing, education and social welfare services have already been approved by the three Ministers' Councils²⁾ and by the Cabinet.

Consequently, it is evident that the financing of education is to play an increasingly important role in the future development of the Republic of South Africa.³⁾ In fact, a task force, formed in 1987 under the chairmanship of Jan Crafford, has already commenced work to evaluate departmental budgetary procedures and various public sector services which had been introduced in the course of time.

The Human Sciences Research Council's Report of 1981 has indicated that the situation regarding education in the RSA requires adjustment. If the state of parity is to be attained, enormous demands will be made on Treasury. It is justifiable, in principle, that money be invested

2. Namely, the Ministers' Council of the Administration: House of Assembly; the Ministers' Council of the Administration: House of Representatives; and the Ministers' Council of the Administration: House of Delegates.

3. Hereafter referred to as the RSA.

in education, and that the State should make a contribution towards the financing of education. In view of the demands made on Treasury by other services, such as health and defence, it is not possible for the State to carry the burden of financing alone. This implies that the community will have to make a larger contribution towards the provision of educational facilities. Where such contributions have a financial implication, it is evident that even greater demands will be made on education, and that educational authorities will increasingly have to account for the funds used.

The element of accountability automatically introduces the concern of the control factor over educational financing. Two major problems in this area have received considerable attention world-wide:

- (i) how much control should the State establish over the financial affairs of educational administration; and
- (ii) what safeguard should be established to assure citizens that the financial affairs pertaining to educational administration are being efficiently and effectively administered?



Educational administration is a new field. Only in the twentieth century has the discipline become a systematic field of study. Attempts to survey other disciplines for relevant concepts and theories are also of a recent vintage. Only recently, for example, have researchers begun to comb the fields of sociology, economics and public administration for concepts that can enhance one's understanding of educational administration. Consequently, educational administration is growing in sophistication.

A community's views concerning the universal aim and nature of education, coupled with the conditions prevailing in that community, give rise to a particular educational policy which finds expression in legislation, rules and regulations. This educational policy is put into force by means of the generic administrative processes of policy-making, organising, financing, staffing, work procedures, and control.

Research has not been undertaken on the generic administrative process of financing pertaining to the administration of education. Moreover, research on the financial administration of education with reference to

a specific house of Parliament lends originality and novelty to such an investigation. In addition, the promulgation of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), has placed a new dimension on the administration of education which needs to be highlighted. In view of the dynamic nature of education, it is inevitable that new techniques and practices will have to be constantly introduced.

The Department of Education and Culture of the Administration: House of Delegates is financed by public funds. Being in receipt of public funds, it is imperative that the aforementioned Department should be administered efficiently and effectively in order to realise the objectives it sets for itself. However, efficiency and effectiveness can be obtained only through the effective application of the fundamental processes of public administration, and in this regard, particularly the financial process.

It is postulated that the process of financing in the administration of education can be improved to achieve optimum efficiency and effectiveness by means of the proper application of the theoretical model of public administration. To this end, a detailed investigation

will be conducted on the financial process operating in the Department of Education and Culture of the Administration: House of Delegates.

The following aspects form the basis of this study:

- (i) the constitutional framework within which the financial process operates;
- (ii) the operation of the financial process in the RSA;
- (iii) the dynamics of the financial process in the administration of education in the RSA;
- (iv) an international perspective of the financing of education;
- (v) an overview of the financing of education pertaining to Whites, Blacks and Coloureds in the RSA;
- (vi) the development of Indian education and the operation of the financial process in the aforementioned Department with particular reference to the organisational arrangements for financing at departmental level;
- (vii) the operation of the financial process by the Department at the provincial and local/school levels; and

(viii) designing futuristic models for the financing of education.

Briefly, the aforementioned aspects are dealt with as follows.

1.2 CHAPTER II

Although this thesis is concerned primarily with the financial process operating in the administration of education, it is, nevertheless, necessary to present an overview of the constitutional framework within which the financial process takes place in the RSA.

Accordingly, attention is focussed on the following aspects:

- historical development of the South African governmental authority;
- the importance of educational accountability based on the dictates of the foundations of public administration;
- central, provincial/regional and local levels of government in the RSA; and the

- role of the central and provincial levels of government in the financial provision of education.

1.3 CHAPTER III

The efficient and effective operation of the financial process is of paramount importance in the administration of public institutions. The public needs the assurance that the moneys that have been procured from taxpayers are spent wisely in the purchase of goods and services, such as education. Consequently, the following aspects are addressed in this chapter:

- place of financial administration in public administration;
- historical development of the South African system of public financial administration;
- procurement, custody and the expenditure of public moneys;
- systems of budgeting with particular reference to the System of Budgeting by Objectives; and

- control in the financial process at the central government level in the RSA.

1.4 CHAPTER IV

The exposition of the financial process within the context of the generic administrative processes enhances one's understanding of its operation in educational administration.

This chapter highlights the following aspects:

- justification for State financing of education;
- South African educational policy;
- financing of education in the RSA;
- financial process operating in education in the RSA;
- and
- control in the financing of education.

1.5 CHAPTER V

Rapid advancements have been made in the financing of education on the international scene. Much has been gained from the numerous empirical studies conducted

on the financing of education.

In this chapter, the main focus of attention lies in the following aspects:

- relations between cost and quality in education;
- financing of education in developing countries;
- financing of education in developed countries in terms of the generic administrative processes of policy-making, organising, financing and control; and
- alternatives in the financing of education.

1.6 CHAPTER VI

Recent trends in the financing of education for Whites, Blacks and Coloureds in the RSA reveal that satisfactory progress has been made in terms of examination results. Black education, in particular, has received substantial provisions due to massive backlogs created over the years.

The following aspects are discussed in this chapter:

- White education with particular reference to organising and financing in terms of pupil-teacher ratios, expenditure in education, and Senior Certificate

- Examination results;
- Black education with special reference to financial aspects pertaining to expenditure, pupil-teacher ratios and Senior Certificate Examination results; and
 - Coloured education with particular reference to financial aspects relating to the distribution of educational expenditure and the Senior Certificate Examination results.

1.7 CHAPTER VII

Indian education has made significant progress since the formation of the Union of South Africa in 1910. The organisational structure of the Department of Education and Culture of the Administration: House of Delegates reveals that its directorates and subdirectorates perform their functions in a co-ordinated and integrated manner. The Department of Budgetary and Auxiliary Services plays a supportive role to the Department of Education and Culture in the financial provisioning and control of education.

This chapter centres attention on the following aspects:

- brief history of Indian education;
- organisational structure of the Department of Education and Culture of the aforementioned Administration;
- organisational structure of the Department of Budgetary and Auxiliary Services of the Administration: House of Delegates; and
- form of estimates of the Department of Education and Culture.

1.8 CHAPTER VIII

The other generic administrative processes also play an influential role in the operation of the financial process in the aforementioned Department. Moreover, an intricate financial process also operates at the local or school level in terms of the administration and control of voluntary school fund contributions.

Consequently, this chapter focuses attention on, inter alia, the following aspects:

- generic administrative processes of policy-making, financing, staffing, work procedures, and control used in the operation of the financial process in the aforementioned Department; and

- operation of the financial process at the local or school level with particular reference to the administration and control of school funds.

1.9 CHAPTER IX

From the insight gained in researching this field of study, a number of futuristic models, pertaining to the operation of the financial process in education, have been formulated.

The following types of futuristic models have been proposed in this chapter:

- futuristic model of the educational cost system;
- futuristic model budget;
- futuristic cost-effective model for sports and recreational facilities;
- futuristic model for the redistribution of public moneys to pupils of a secondary school;
- futuristic model on the extended application of user-charges in the RSA; and
- model plan for a child's future education: education insurance.

2. METHOD OF STUDY

The operation of the financial process in education in the RSA abounds in literature. A detailed discussion of this process for all the population groups of the RSA and at all levels of education would have been too voluminous for such a study. Therefore, this study provides a synopsis of the operation of the financial process in the RSA with particular reference to the Department of Education and Culture of the Administration: House of Delegates. Moreover, this study focuses attention predominantly on primary and secondary education of the the aforementioned Department.

The methodology of this study is theoretical in essence. The research methodology employed in this study includes, inter alia:

- (i) a detailed literature survey of the theory pertaining to the financing of education. The literature survey which includes, inter alia, authoritative texts, journals, official reports, legislation, rules and regulations provide the rudimentary base for the study;
- (ii) an analysis of legislation pertaining to Indian education in the RSA; and
- (iii) a thorough study of the Debates of the Administration: House of Assembly, the Administration: House of Representatives and the Administration: House of Delegates.

In addition, futuristic financing models have been designed to promote efficient and effective administration of education. An integrated critical exposition is generated in the form of recommendations.

The Department of Education and Culture of the Administration: House of Delegates views information on the financial process in education as strictly confidential. Therefore, permission was not granted for the use of information from circulars, circular minutes, Principal's Handbook and other memoranda pertaining to the financing of education. Permission was also refused for the conducting of interviews with high-ranking officials in the financial administration sections of the Department.

3. DEFINITION OF TERMS

Owing to the multiplicity of connotations and terms, some clarification of the following concepts is necessary.

EDUCATION

The concept 'education' has been defined by several renowned authors world-wide.

McKerron stipulates that it is useful to think of education as an oiling process which makes the interplay of the individual and the social, economic and cultural influences of his environment smooth and effective. The concept 'interplay' refers to a double reaction, as the way he reacts to them and the way they react to him. Moreover, it is an ongoing process. The environment is always subject to changes. The individual has to adapt to a changing world or he will go down under. Consequently, education becomes a means of individual survival. The individual will only be able to live a full and effective life if education fits him for his inheritance and if he makes his inheritance a fitting one for him.⁴⁾

According to the New English Dictionary, education is defined, inter alia, as follows:

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4. McKerron, M.E.: A history of education in South Africa (1652-1932), J.L. van Schaik Ltd., Pretoria. 1934, p. 9. For a discussion on education as a consumption and investment good, see Edding, F. & Berstecher, D.: International developments of educational expenditure, United Nations Educational, Scientific and Cultural Organisation, France, 1969, p. 69.

"The systematic instruction, schooling or training given to the young in preparation for the work of life; by extension, similar instruction or training obtained in adult age. Also, the whole course of scholastic instruction which a person has received. Often with limiting words denoting the nature of the predominant subject of the instruction or kind of life for which it prepares, as classical, legal, medical, technical, commercial, art education".(5)

Webster's New International Dictionary refers to education as an:

"Act or process of education; the impartation or acquisition of knowledge, skill, or discipline of character, also act or process of training by a prescribed or customary course of study or discipline; as, a common-school education".(6)

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5. Bradley, H.: A new English dictionary on historical principles, Vol. III, Part II, Clarendon Press, Oxford, 1897, p. 44.
 6. Harris, W.J. & Allen, F.S. (eds.): Webster's new international dictionary of the English language (tenth edition), G. Bell & Sons, Ltd., London, 1928, p. 700.

In a similar vein, Hughes and Schultz regard education as a deliberate effort undertaken by people to help other people learn, the primary focus being on the formal learning activities that are undertaken at schools. However, it is also used to refer to informal learning experiences which take place outside the school.⁷⁾

The aforementioned authors stipulate that education refers to:

"... only those forms of learning that are considered to have some worth by the members of the society in which a case of education occurs ...".(8)

The word education has traditionally been reserved for cases where one person intentionally teaches another person some skill, attitude, or form of knowledge which has some practical, intellectual, or aesthetic use to the person being taught. Practical, intellectual, or

7. Hughes, J.M. & Schultz, F.M.: Education in America (fourth edition), Harper & Row, Publishers, New York, 1967, p. 7.

8. Loc. cit

aesthetic use has traditionally been determined in accordance with the values of cultural heritage in which a particular case of education occurs.⁹⁾

Pratt concurs with the aforementioned view. He perceives education as the acculturation of the younger members of society by the older. It is described as the institution process whereby the accumulated ideas, standards, knowledge and techniques of society are transferred to, or imposed upon the rising generation. Ordinarily, education is conscious, purposeful and deliberate.¹⁰⁾

To Leonard:

"Education is a process that changes the learner.(11) Education, at best, is ecstatic.(12)

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9. Loc cit. See also Hughes, J.M.: Education in America (second edition), Harper & Row, Publishers, New York, 1962, p. 1.
 10. Pratt, H. (ed.): Dictionary of sociology and related sciences, Adams & Co., New Jersey, 1966, p. 103.
 11. Leonard, G.B.: Education and ecstasy, John Murray Publishers Ltd., London, 1970, p. 18.
 12. Ibid., p. 20.

Terry Page and Thomas view education as follows:

- "1. The total process developing human ability and behaviour.
2. Social process in which one achieves social competence and individual growth, carried on in a selected, controlled setting which can be institutionalized as a school or college.
3. Organised and sustained instruction designed to communicate a combination of knowledge, skills and understanding valuable for all the activities of life".(13)

In terms of the Indians Education Act, 1965 (Act 61 of 1965), the term education:

"means any education other than education provided by a university established in terms of any law or an institution for advanced technical education established under the provisions of the Indians

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13. Terry Page, G. & Thomas, J.B.: International dictionary of education, Kogan Page Ltd., London, 1977, pp. 112-113. See also Collins, K.T., Downes, L.W., Griffiths, S.R. & Shaw, K.E.: Keywords in education, Longman Group Ltd., London, 1973, p. 68.

Advanced Technical Education Act, 1968 (Act 12 of 1968), and includes vocational education, technical education and special education not so provided".(14)

In spite of the various definitions of education, the following common threads can be deduced:

- (i) they all point towards a child who requires help and guidance on the basis of a society's needs, beliefs, aspirations and convictions; and
- (ii) the child is assisted and guided towards adulthood in terms of a particular culture.

The aforementioned definitions reveal that education is a term with a broad range of meaning, both the notion of socialisation or enculturation in general and the specific process of formal education referred to as schooling. Consequently, for purposes of this study, the concept of education will be used to refer to formal education incorporating pre-school education,

14. Republic of South Africa: Indians Education Act, 1965 (Act 61 of 1965), section 1.

primary school education and secondary school education. This study places particular emphasis on primary school education and secondary school education.

The exposition of the foregoing definitions also indicate that the terms education and culture are inextricably linked. Therefore, it would be appropriate to define the term 'culture' at this juncture.

CULTURE

According to the Oxford English Dictionary, the concept 'culture' refers to, inter alia:

- worship; reverential homage
- the training of the human body;
- the cultivating or development of the mind, faculties and manners;
- improvement or refinement by education and training;
- the training, development, and refinement of mind, tastes and manners;
- the intellectual side of civilisation; and

- a particular type of intellectual development.¹⁵⁾

Similarly, Webster's New International Dictionary refers to culture as, inter alia:

- act of improving or developing by education and discipline;
- the training, disciplining, or refining of the moral and intellectual nature;
- a particular state or stage of advancement in civilisation; and
- the characteristic attainments of a people or social order.¹⁶⁾

The Encyclopaedia Britannica describes human culture as:

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- 15. The Oxford English dictionary, (second edition), Vol. II, Clarendon Press, Oxford, 1961, pp. 1247-1248.
 - 16. Harris & Allen, op. cit., p. 547.

"behaviour peculiar to mankind, together with material objects that are part of this behaviour. Culture consists of language, ideas, beliefs, customs, codes, institutions, tools, works of art ...".(17)

According to Reading, culture constitutes, inter alia, the following attributes:

- (i) the totality of learned behaviour transmitted from one generation to the next;
- (ii) behaviours possessing the highest probability of occurrence in a society;
- (iii) type of tradition in which symbols are transmitted from one generation to the next by social learning;
- (iv) everything that is socially transmitted in a society; and

17. The new Encyclopaedia Britannica (fifteenth edition), Vol. V, Encyclopaedia Britannica, Inc., Chicago, 1984, p. 197.

(v) a way of life.¹⁸⁾

The Student Encyclopedia of Sociology emphasises the dualistic nature of culture by referring to the concept as:

- (i) a totalising abstraction to incorporate the ideas, practices, and material and symbolic artefacts of specific human groups of all types, and is thus equally used of large differentiated groups extended in space and time and small undifferentiated groups sharply limited in space and time; and
- (ii) the product of intellectual and, especially, artistic activity.¹⁹⁾

From the foregoing discussion, it is evident that culture has been defined in a variety of ways. For the purpose of this study, culture can be summarised as follows:

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- 18. Reading, H.F.: A dictionary of the social sciences, Routledge & Kegan Paul Ltd., London, 1976, p. 55.
 - 19. Mann, M. (ed.): The Macmillan student encyclopedia of Sociology, Macmillan Press Ltd., London, 1983, pp. 74-75.

Culture, in its wide ethnographic sense, is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities acquired by man as a member of society.²⁰⁾ Consequently, culture is a possession of society which can be transmitted, learned and shared. The transmission of cultural patterns is a primary function of education. Hence, education and culture are inextricably linked.

FINANCE²¹⁾

In government circles, the term 'finance' refers to the raising of money by taxation or bond issue, and to administer revenue and expenditures in a governmental institution. More recently, this activity has been referred to as public finance.²²⁾

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20. Seymour-Smith, C.: Macmillan dictionary of Anthropology, Macmillan Press Ltd., London, 1986, p. 90. See also Luthuli, P.C.: The philosophical foundations of Black education in South Africa, Butterworth & Co., (S.A.) Ltd., Durban, 1981, p. 28.
21. Infra., p. 573.
22. Rosenberg, J.M.: Dictionary of business and management (second edition), John Wiley and Sons, New York, 1983, p. 202.

According to Webster's New International Dictionary,
finance refers to, inter alia:

"The science and practice of raising and
expending public revenue; the management
of money or conduct of monetary affairs,
especially those involving large sums or
having especial relation to investments".(23)

A comprehensive exposition of finance should include
the following aspects:

- (i) borrowing of money at interest;
- (ii) a tax; taxation; the revenues of a sovereign
or state;
- (iii) the pecuniary resources of a sovereign state,
company or individual;
- (iv) The management of money, particularly public
money; and

23. Harris & Allen, op. cit., p. 816.

- (v) the science relating to the levying and application of revenue in a state or corporation.²⁴⁾

FINANCIAL.

Bradley states that the concept 'financial' pertains or relates to finance or money matters.²⁵⁾

EDUCATIONAL FINANCE

Arising from the definitions of the concepts finance and financial, the concept 'educational finance' refers to:

- (i) the science and practice of raising and expending revenue for education; and
- (ii) the management of monetary affairs for schools.²⁶⁾

24. Bradley, H.: A new English dictionary on historical principles, Vol. IV, Part I, Clarendon Press, Oxford, 1901, pp. 222-223.

25. Ibid., p. 223.

26. Good, C.V.: Dictionary of education (second edition), McGraw-Hill Book Co., Inc., New York, 1959, p. 229.

PROCESS

Harman states that the term 'process' involves a series of sequential stages, covering a span from where a particular programme has run its course and is terminated, or takes on some new form. Each stage is different in accordance with what happens to the political actors²⁷⁾ and their policy efforts, and of results.²⁸⁾

In a similar manner, the New Oxford Dictionary defines process as follows:

27. The actors involved with educational policy comprise of two groups, the official and non-official. Official actors refer to individuals or organisational entities which have legally-based responsibilities, whereas the unofficial actors comprise interest groups, political parties and the media - vide Harman, G.: "Conceptual and theoretical issues", in Hough, J.R. (ed.): Educational policy: An international survey, Croom Helm Ltd., London, 1984, p. 18.

28. Ibid., p. 16.

"A continuous and regular action or succession of actions, taking place or carried on in a definite manner, and leading to the accomplishment of some result; a continuous operation or series of operations".(29)

Hence, a process can be described simply as a series of actions, motions or occurrences.³⁰⁾

ADMINISTRATION³¹⁾

'Administration' is perceived as a process of modifying and, thus, directing the movement of an organisation or group. Furthermore, administration is considered as a process omnipresent in any organised social group. Consequently, it conditions and reflects the net results

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29. Murray, J.A.H.: A new English dictionary on historical principles, Vol. VII, Part II, Clarendon Press, Oxford, 1909, p. 1408.
30. Harris & Allen, op. cit., p. 1710.
31. For a variety of definitions on administration, see Hanekom, S.X., Rowland, R.W. & Bain, E.G.: Key aspects of public administration, Macmillan South Africa (Publishers) (Pty.) Ltd., Johannesburg, 1986, pp. 11-12; and Coetzee, W.A.J.: Public administration: A South African introductory perspective, J.L. van Schaik (Pty.) Ltd., Pretoria, 1988, pp. 1-13.

of human behaviour within the organisation. Such behaviour includes administrative behaviour which may be generalised, but probably cannot be reduced to specific cause and effect relationships.³²⁾

Administration is the behind-the-scene infrastructural enabling activity. According to Cloete, administration is:

" ... a collection of processes which should always and everywhere be performed where two or more persons work together to reach specific objectives such as the production of goods ... or the rendering of services".(33)

From the aforementioned definition, it can be inferred that administration refers to:

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32. Maxson, R.C. & Sistrunk, W.E.: A systems approach to educational administration, Wm. C. Brown Co., Iowa, 1973, p. 27.
33. Cloete, J.J.N.: Administration of health services (second edition), J.L. van Schaik (Pty.) Ltd., Pretoria, 1978, p. 1.

- specific processes and functional activities;
and
- co-operative action to reach a predetermined objective.

For the purpose of this study, administration is taken to mean co-operative group action in goal realisation as an endeavour to reach predetermined objectives.

MANAGEMENT

The word 'management' refers to the application of skill or care in the manipulation, use, treatment, or control of things and persons, or in the conduct of an enterprise or operation.³⁴⁾

MANAGEMENT VERSUS ADMINISTRATION

Guruge states that the term management denotes the function of making critical decisions which change

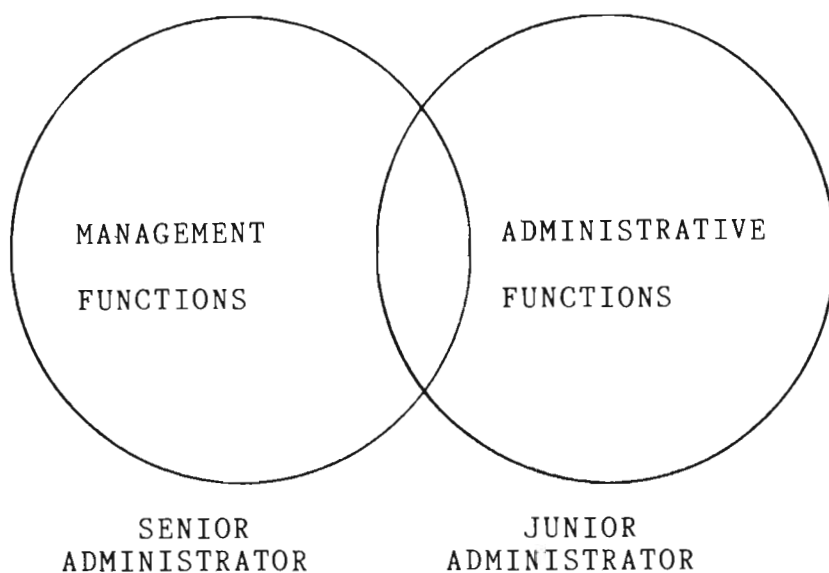
34. - vide The Oxford English dictionary (third edition), Vol. VI, Clarendon Press, Oxford, 1970, p. 106. See also The new Encyclopaedia Britannica (fifteenth edition), Vol. VI, Encyclopaedia Britannica, Inc., Chicago, 1974, p. 549.

and modify the established structures, methods, procedures or goals; and administration refers to maintaining and supporting functions.³⁵⁾

These functions do not exist in water-tight compartments. It is not possible to visualise an organisation in which an officer responsible for management and another responsible for administration work independent of each other. Senior executives of an institution are usually held responsible for a higher proportion of management functions whereas junior executives will have more of administrative functions and less of the other. The foregoing interdependence is illustrated in Figure 1.³⁶⁾

35. Guruge, A.W.P.: A functional analysis of educational administration in relation to educational planning, International Institute of Educational Planning, Unesco, 1979, p. 193.

36. Loc. cit.

FIGURE 1INTERDEPENDENCE BETWEEN MANAGEMENT AND ADMINISTRATIVE
FUNCTIONSEDUCATIONAL ADMINISTRATION³⁷⁾

'Educational administration' refers to the theory and practice of management and organisation of educational institutions and systems.³⁸⁾

37. Infra., p. 262.

38. Terry Page & Thomas, op. cit., p. 113.

Collins, Downes, Griffiths and Shaw define educational administration as follows:

" ... the business of running the machinery of Education, which involves financing and staffing ... and, for example, the kind of work connected with form-filling in the schools".(39)

Basically, there are seven fundamental processes in educational administration. They are as follows:

- (i) planning - outlining the tasks and methods of accomplishing the plans;
- (ii) organising - arranging the formal structure for defining and co-ordinating objectives;
- (iii) staffing - recruiting, training, rewarding and retraining personnel;
- (iv) directing - issuing instructions to maintain the progress of school operation;
- (v) co-ordinating - interrelating various work factors;

39. Collins, Downes, Griffiths & Shaw, op. cit., p. 8.

- (vi) reporting - keeping those to whom and for whom the administrator is responsible informed of the operation's progress; and
- (vii) budgeting - fiscal planning, budget monitoring and accounting.⁴⁰⁾

From the foregoing definitions, it can be deduced that educational administration is the process which is responsible for the determination of the aid for which an institution and its management are to strive. It establishes the broad policies under which they are to operate and it gives general oversight to the continuing effectiveness of the total operation in attaining the desired educational objectives.⁴¹⁾

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40. Deneem, J.R.: "Administration, Educational: Role of administrators", in Deighton, L.C. (ed.): The encyclopedia of education, Vol. 1, Macmillan Co., and the Free Press, New York, 1971, p. 82.
41. Thembela, A.J.: "The relationship between didactics, educational administration and educational planning", Paidonomia, Journal of the Faculty of Education, University of Zululand, Vol. 4, No. 1, 1976, p. 3.

SCHOOL ADMINISTRATOR

According to Deneem, a 'school administrator' is a person who directs a public or public school from the nursery level through graduate levels. However, the title school administrator is frequently used to refer to the principal of a primary or secondary school or one who heads a system of such schools.⁴²⁾

For the purposes of this thesis, the head of a school will be referred to as the principal. The term 'administrator' will refer to an employee of the Department of Education and Culture of the Administration: House of Delegates responsible for the financial administration of education in primary and secondary schools.

PRIMARY SCHOOL AND PRIMARY EDUCATION

The primary school provides for the general educational needs of the 6-12 year-old child. Primary education is referred to as general education for the following reasons:

42. Deneem, op. cit., p.81.

- (i) it provides for everyone's basic right to literacy;
and
- (ii) it refers to the whole child, his general, broad
and basic education.⁴³⁾

Consequently, primary education covers the common ground-work of knowledge. It constitutes such training as will equip him for the simpler occupations of life, and at the same time give him access to the more advanced attainments which he may have the capacity to reach.⁴⁴⁾

SECONDARY SCHOOL AND SECONDARY EDUCATION

The secondary school is referred to as the educational passage leading from the primary school with its general education to a tertiary or higher educational institution with its special and complete vocational education.⁴⁵⁾

43. Van Schalkwyk, O.J.: The education system: Theory and practice (second revised edition), Alkanto-Publishers, Alkantrant, 1988, p. 123.

44. Anonymous: The Government of South Africa (second instalment), Central News Agency Ltd., South Africa, 1908, p. 175.

45. Van Schalkwyk, op. cit., p. 123.

Secondary education refers to education which is higher than primary education, and is not provided at a university. A girl or boy may receive such education between the age of thirteen or fourteen and the age of eighteen. Secondary education is partly general and partly particular.⁴⁶⁾

HIGHER EDUCATION

Higher education includes education provided by universities, by schools of art, music, agriculture, mining, pharmacy, nautical training, by vocational institutions other than those run by the provinces, by continuation classes, and by institutions training secondary and nursery school teachers.⁴⁷⁾

INFORMAL EDUCATION⁴⁸⁾

Informal education originates spontaneously in the course of events of everyday life such as, inter alia,

46. Anonymous: The Government of South Africa, op. cit., p. 176.

47. Nel, B.J.: "Republic of South Africa", in Deighton, L.C. (ed.): The encyclopedia of education, Vol. 8, Macmillan Co., and the Free Press, New York, 1971, p. 325.

48. Infra., p. 286.

family life, the work situation, recreation and religious life.⁴⁹⁾

Consequently, informal education denotes a lifelong action of acquiring knowledge, skills and attitudes in everyday life. Although it is, relatively, a disorganised and unsystematic process, it is the main medium through which knowledge and experience are gained in life.⁵⁰⁾

FORMAL EDUCATION⁵¹⁾

Formal education refers to the education received in formal institutions, such as schools, colleges and universities, which are created for the teaching of formal programmes.⁵²⁾

49. De Lange, J.P.: "Educational changes in support of economic, social and political change"; in Van Vuuren, D.J., Wiehahn, N.E., Lombard, J.A. & Rhoodie, N.J. (eds.): Change in South Africa, Butterworth Publishers (Pty.) Ltd., Durban, 1983, p.223.

50. Buidendact, A.J.H.: "The Academy: A model for tertiary and out-of-school education in a third world environment", Educare, Vol. 13, No. 2, 1984, p. 33.

51. Infra., p. 286.

52. De Lange, op. cit., p. 224.

Buitendact states as follows:

"Formal education refers to a structured chronologically graded education system, offered from primary school level to university level. It includes various programmes for technical and professional training".(53)

Likewise, the De Lange Report stipulates that formal education is made available uniformly by the authorities within the bounds of an education system in terms of schooling. Consequently, it refers to the education system of a country on the formal level, from pre-primary school to tertiary education.⁵⁴⁾

This thesis focuses particular attention on the primary school aspects and secondary school aspects of formal education.

53. Buitendact, op. cit., p. 33.

54. Lee, R.H.: "The significance of non-formal education", in Tunmer, R. (Ed.): The De Lange Report: Assessment and implementation: The future of education in South Africa, Record of the proceedings of the National Education Conference organised by the 1820 Foundation, held from 4 to 6 February 1982, Grahamstown, 1982, p. 50.

NON-FORMAL EDUCATION⁵⁵⁾

Non-formal education takes place on a planned and organised basis outside the formal system of education. Such education is mainly directed at adults. The three main areas of activity include, inter alia, training needs, community and individual development needs and compensating education for adults.⁵⁶⁾

VOCATIONAL EDUCATION

According to the Report of the Commission on Technical and Vocational Education, vocational education is defined as follows:

" ... education in which the vocational objective is emphasised and which is thus primarily concerned with the individual's development in respect of knowledge and skills he will require to meet the requirements of some occupation or group of occupations".(57)

55. Infra., p. 286.

56. De Lange, op. cit., p. 224.

57. Union of South Africa: Report of the Commission on Technical and Vocational Education, UG 65/1948, Government Printer, Pretoria, 1948, p. 62.

Therefore, vocational education emphasises a particular educational objective, namely, occupational efficiency. Vocational education is, thus, not the opposite of general education, but a phase of education to which full-time general education should of necessity lead.⁵⁸⁾

EDUCATIONAL PROCESS

The educational process can be viewed as a production activity in which inputs are transformed into educational outcomes. Although the educational activities differ significantly from other productive activities, the fundamental input-output tenets seem applicable to many important aspects of the schools.⁵⁹⁾

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58. Maharaj, S.R.: "Primary and secondary education", in Pachai, B. (ed.): South Africa's Indians : The evolution of a minority, University Press of America, Inc., Washington, 1979, p. 365.
59. Levin, H.M.: "Decision-making in schools, Economic analysis", in Deighton, L.C. (ed.): The encyclopedia of education, Vol. 3, Macmillan Co., and the Free Press, New York, 1971, p. 20.

Generally, schools have three properties, which considered together, define a production activity. Firstly, there are pupils, teachers, administrators, buildings and personnel, which can be defined as the inputs of the educational process. Secondly, there are educational objectives, which can be defined as the outputs of the process. Finally, there exists techniques of combining the inputs in various combinations to produce certain educational objectives.⁶⁰⁾

INPUTS

Together with pupil inputs, the educational process utilises the services of teachers, administrators, other professional and non-professional personnel, textbooks, laboratories, and other instructional equipment and facilities.⁶¹⁾

OUTPUTS

The goal of the educational process is to increase knowledge and proficiencies and to inculcate specified

60. Loc. cit.

61. Loc. cit.

values in the pupils who enter the process. In other words, schools are expected to change people in several socially desirable ways.⁶²⁾

Pupils who enter the schooling process as relatively raw material, and the schools transform these pupils into more nearly finished products. Therefore, the output of the school should be viewed as the value added to its pupil input, or as the difference between the value of the pupil input and the value of the pupil output.⁶³⁾

EFFICIENCY

According to Ntshoe, efficiency refers to the optimum utilisation of educational resources, both financial and human, at a minimum cost. Consequently, it implies a potential for increases in the described outcomes of education without increases in the quantities of

62. Loc. cit.

63. Loc. cit. See also Greenwald, D. (ed.): Encyclopaedia of economics, McGraw-Hill Book Co., New York, 1982, p. 465.

resources utilised.⁶⁴⁾

Therefore, efficiency is concerned with the relationship between inputs and outputs. An activity is said to be economically efficient if it achieves a given level of output at the lowest possible cost, or alternatively if it achieves the maximum possible output given the relative prices of the available resources. Economic efficiency makes up of the notion of opportunity cost that is, the value of what is given up when an action is implemented. It is economically inefficient to use teachers to perform clerical tasks such as typing and duplicating stencils, which could be undertaken by lower paid staff. Likewise, a class of pupils doing nothing - for example, waiting for a teacher - is an expensive resource lying idle.⁶⁵⁾

64. Ntshoe, I.M.: "Equity and efficiency in post-compulsory education: Limits and possibilities in South Africa", South African Journal of Higher Education, Vol. 1, No. 1, 1987, pp. 39-40.

65. Anderson, G.B.J.: The economics of education, Hodder & Stoughton Educational, London, 1983, p. 19. See also Cloete, J.J.N.: Introduction to public administration (third edition), J.L. van Schaik (Pty.) Ltd., Pretoria, 1986, p. 32.

EFFECTIVENESS

Cloete states that the term 'effectiveness' refers to the extent to which a need has to be satisfied as indicated in the original programme of action, that is, when priorities are set.⁶⁶⁾ Hence, an action is effective if it accomplishes its specific objective. In educational terms, effectiveness refers to the degree to which authorities succeed in utilising their resources to provide a good education.⁶⁷⁾

EQUITY⁶⁸⁾

Equity refers to fairness or justice in the distribution of educational resources to all, irrespective of socio-economic background, sex, religion, geographical location or political persuasions. The philosophy underlying equity indicates that people are born equal and that wealth accumulated should be shared equitably. However, Ntshoe stipulates that proponents of the democratic provision and finance of education find it

66. Cloete, Introduction to public administration, op. cit., p. 31.

67. Lord, R.: Value for money in education, Public Money, London, 1984, p. 12.

68. Infra., p. 365.

difficult to reconcile equity with efficiency.⁶⁹⁾

COST-EFFECTIVENESS⁷⁰⁾

The term 'cost-effectiveness' differs from that of efficiency. A programme may be efficient but not cost-effective if the outputs produced do not contribute to the programme objective, that is, it may be efficient at doing the wrong things. A programme may be effective but neither efficient nor cost-effective if it achieves its goals but wastes resources in doing so.⁷¹⁾

PRODUCTIVITY

Dimock, Dimock and Fox state that the term 'productivity' is synonymous with efficiency. It refers to the relationship between inputs used to produce a service and the outputs or results of that service. Productivity

69. Ntshoe, op. cit., p. 39.

70. Infra., p. 670.

71. Anderson, op. cit., p. 123.

increases can be defined as either accomplishing a task with less or doing more or better work with the same resources.⁷²⁾

ECONOMIES OF SCALE

The concept 'economies of scale' implies that as size increases, average cost⁷³⁾ falls. Such economies may

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72. Dimock, M.E., Dimock, G.O. & Fox, D.M.: Public administration (fifth edition), Holt, Rinehart & Winston, New York, 1983, p. 253. A number of authors have made reference to the term productivity. See, for example, Cloete, J.J.N.: "Increasing cost of government and administration", SAIPA - Journal of Public Administration, Vol. 19, No. 2, June 1984, p. 36; and Anonymous: Productivity focus: A book of charts presenting macro productivity trends and concepts, National Productivity Institute, Pretoria, 1988, pp. 7-8.
73. The average (unit) cost is obtained when the total cost of producing a number of units of a product is divided by the number of units - vide Stiegeler, S.E. (ed.): Dictionary of economics and business (second edition), Gower Publishing Co., Ltd., England, 1985, p. 22. In terms of education, the average cost per pupil refers to the amount that it costs to educate one pupil or student for a year - vide, Atkinson, op. cit., p. 14.



arise in a variety of ways. Building costs may be relatively low in large schools, since communal facilities such as halls and libraries are required even in small schools. Likewise, expensive facilities such as pianos or computers may be cheaper per pupil in large schools because their cost can be spread out over many pupils.⁷⁴⁾

DEVELOPMENT

Development is a multi-dimensional concept.⁷⁵⁾ However, for the purposes of this study, development can be perceived as an integrated process characterised by the achievement of both economic and social objectives. Hence, the objective of development is the accomplishment of social equity, including the achievement of equitable distribution of income in the nation.⁷⁶⁾

74. Ibid., p. 128.

75. The multi-dimensional concept of development is considered in detail by Mdluli, S.B.: "National development: Implications for education", Paidonomia, Journal of the Faculty of Education, University of Zululand, Vol. 16, No. 2, December 1987, pp. 7-14.

76. Ibid., pp. 7-14.

DECENTRALISATION

'Decentralisation' is described as the process of dividing and distributing authority and responsibility for programmes to administrative sub-units. It usually involves re-assigning decision-making responsibilities on a geographical basis. It may also concern re-assignment of tasks based on subject matter specialisation.⁷⁷⁾

If the central legislature delegates its authority in respect of the control of education to several executive organs, without one of them being subordinate to another, then control is decentralised.⁷⁸⁾ Hence, control of education by the Department of Education and Culture of the Administration: House of Delegates is decentralised.

The significance of decentralisation of decision-making lies in its contribution to the effectiveness of administrative operations since it allows for measures of adaptation to local conditions and needs. It also

77. Chandler, R.C. & Plano, J.C.: The Public Administration dictionary, Macmillan Publishing Co., New York, 1986, p. 165.

78. Ruperti, R.M.: The education system in Southern Africa, J.L. van Schaik Ltd., Pretoria, 1975, p. 60.

spreads decision-making responsibilities among a number of officials who, because of their more limited scope of their activities as opposed to a centralised administration, can gain greater expertise and understanding of problems. Criticisms of decentralisation usually involve the charges that dispersing responsibility weakens accountability and that operations are undertaken unevenly depending on the personnel heading each of the subsections.⁷⁹⁾

The decentralisation of governmental authority forms the core of any system of provincial, regional or local government. It can assume the form of either deconcentration or devolution, depending on the extent to which authority is transferred and the amount of discretion conferred on the subordinate body by the Central Government.⁸⁰⁾

DECONCENTRATION

Deconcentration, or bureaucratic decentralisation, is a weak form of decentralisation which leads to a system of local administration rather than local government. It

79. Chandler & Plano, op. cit., p. 165.

80. Carpenter, G.: Introduction to South African constitutional law, Butterworth Publishers (Pty.) Ltd., Durban, 1987, p. 400.

refers to a delegation of authority to execute policies stipulated by Central Government rather than a transfer of real autonomy and discretionary decision-making power.⁸¹⁾

DEVOLUTION

Devolution, or political decentralisation, implies a real transfer of power, resulting in a system of local government. It refers to substantial autonomy and discretionary decision-making power, whereas deconcentration refers to a limited delegation of authority to a department whose responsibility is to undertake the mandate of its principal (the Central Government).⁸²⁾

CENTRALISATION

'Centralisation' refers to the tendency for political power to move from smaller, weaker, more local units of government towards larger, stronger and more general units.⁸³⁾

81. Loc. cit.

82. Loc. cit.

83. Chandler & Plano, op. cit., p. 159.

If the central state legislative body delegates authority in respect of the control of education by a single chief executive organ, which exercises control over the whole national education system, the control is centralised in the chief executive organ in question.⁸⁴⁾ In this regard, the Department of National Education is the centralised policy-making body in the RSA.

GOVERNMENT

Coetzee states that the concept 'government' means, inter alia:

- (i) the system of administration by which a community is managed;
- (ii) any territory over which the right of sovereignty is extended; and
- (iii) the legislative and executive bodies of a state.⁸⁵⁾

84. Rupert, op. cit., p. 60.

85. Coetzee, W.A.J.: "The municipal councillor in municipal government and administration: An introductory perspective", in Coetzee, W.A.J. (ed.): Orientation of municipal councillors and leading municipal officials in a new dispensation for local authorities, University of Durban-Westville, Durban, 1985, p. 27.

For the purposes of this thesis, government is perceived as a body of persons and institutions that make and enforce law for a particular society.⁸⁶⁾

STATE

Carpenter stipulates that the concept 'state' entails the following:

- (i) a specific geographically defined territory;
- (ii) a community of people living within that territory;
- (iii) a legal order to which the community is subject;
- (iv) an organised system of government which is capable of upholding the legal order; and
- (v) a certain degree of separate political entity, if not sovereign political status.⁸⁷⁾

86. Worrall, D.: "Government and politics: A general introduction", in Worrall, D. (ed.): South Africa: Government and politics (second revised edition), J.L. van Schaik, Ltd., Pretoria, 1975, p. 2.

87. Carpenter, op. cit., p. 6.

GOVERNMENT VERSUS STATE

Is 'government' synonymous with 'state'? Wiechers believes that the government is not a constitutional entity: the state is the legal persona and the members of the government and government bodies are the organs of that legal persona. However, he concedes that, in practice, the Government of the RSA has been recognised by the courts as an identifiable entity which can act in the name of the State and on its own behalf.⁸⁸⁾ Therefore the concepts state and government are regarded as synonymous in this thesis.

PUBLIC SERVICE

The Public Service comprises the largest grouping of Central Government institutions. It refers to those departments and administrations indicated in the First Schedule to the Public Service Act, 1984 (Act 111 of 1984), that is, the general and own affairs departments as well as the provincial administrations.⁸⁹⁾ Therefore,

88. Loc. cit.

89. Baxter, L.: Administrative law: Legal regulation of administrative action in South Africa, Juta & Co., Ltd., Cape Town, 1984, p.104.

the Public Service refers to the global personnel corps of the traditional State departments.⁹⁰⁾

PUBLIC SECTOR

Generally defined, the public sector consists of central departments (own affairs departments included) and provincial administrations, parastatal institutions, public services of the self-governing national states, South African Transport Services, the Department of Posts and Telecommunications, local authorities, agricultural control boards and public corporations.⁹¹⁾

PRIVATE SECTOR

The private sector refers to that part of the economy which is under direct government control. Besides the activities of private enterprises, the private sector also includes the economic activities of non-profit

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90. Cloete, J.J.N.: Central, Regional and Local Government institutions of South Africa, J.L. van Schaik (Pty.) Ltd., Pretoria, 1988, p. 157.
91. Bayat, M.S.: Job analysis in the South African Public Service with particular reference to the role of the Commission for Administration, unpublished M. Admin. dissertation, University of Durban-Westville, Durban, 1987, pp. 8-9.

making organisations and private individuals. The private sector is also referred to as the personal sector.⁹²⁾

MACRO EDUCATIONAL POLICY

Macro-policy issues pertaining to educational finance relate to, inter alia:

- (i) the balance of total expenditures and resources;
- (ii) projections and educational aspirations and revenues; and
- (iii) educational expenditures as a proportion of Gross National Product (GNP) of the total public sector.⁹³⁾

Hence, macro-policy will be used to refer to a general or broad educational policy of all South Africans, on the one hand, and of all employees and pupils under the control of the Department of Education and Culture of the Administration: House of Delegates, on the other.

92. Ibid., p. 9.

93. Garvue, R.J.: Modern public school finance, Macmillan Co., London, 1969, p. 315.

MICRO EDUCATIONAL POLICY

Micro-policy issues deal with:

- (i) specific revenue sources;
- (ii) the mixture of specific educational programmes;
and
- (iii) the internal efficiency of schools.⁹⁴⁾

Therefore, a micro educational policy is a more detailed exposition of the general policy and applies to subgroups in the community at the regional and local levels, for example, a school.⁹⁵⁾

In this thesis, the micro-policy of educational financing will refer to the policy pertaining at the school level.

NATIONAL INCOME

The term 'national income' concerns payments to the economic factors of production, namely, labour and

94. Loc. cit.

95. Van Schalkwyk, op. cit., p. 42.

capital. Labour's share comprises of cash salaries and wages, including payments in kind and the employer's contributions to pension/provident and medical funds. Capital's share, also referred to as fixed income, includes the net profit of business enterprise, net rent of all fixed property and interest on capital.⁹⁶⁾

The National Income can only be increased by raising the production capacity of the country, which, in turn, is dependent mainly on its natural resources, the quality of its people, and its capital assets. Increased production is vital for the financing of the country's social and educational programmes. Should the cost of these services exceed the savings, the economic system will break down.⁹⁷⁾

GROSS NATIONAL PRODUCT (GNP)⁹⁸⁾

According to Burton, the term 'Gross National Product'

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96. Union of South Africa: Union statistics for fifty years: 1910 - 1960, Bureau of Census and Statistics, Pretoria, 1960, p. S-7.
97. Union of South Africa: Report of the Commission on Technical and Vocational Education, op. cit., p. 63.
98. Infra., p. 352.

refers to the total value, at market prices, of the output of all goods and services produced in an economy during a particular period of time. It is 'gross' in the sense that no deduction has been made for the amount of capital utilised in the production process and by wear and tear during the period.⁹⁹⁾

Hence, Gross National Product refers to the broadest measure of the nation's economic activity. It summarises the amount of goods and services available in a country's currency during a fiscal year. For example, it provides a uniform measure for services rendered by the teacher, the medical doctor, the airlines and the theatre.¹⁰⁰⁾

99. Burton, J.: Why no cuts? An inquiry into the fiscal anarchy of uncontrollable expenditure, The Institute of Economic Affairs, London, 1985, p. 13.

100. Garvue, R.J.: "Financing the educational program", in Maxson, R.C. & Sistrunk, W.E. (eds.): A systems approach to educational administration, Wm. C. Brown Co., Iowa, 1973, p. 209.

CAPITAL EXPENDITURE¹⁰¹⁾

The term 'capital expenditure' refers to the purchase of fixed assets, for example, land, buildings and equipment.¹⁰²⁾ Likewise, Mann concurs that most capital expenditure in education falls into one of the following three categories:

- (i) the purchase of land;
- (ii) erection of buildings; and
- (iii) fitting, furnishing and equipping of buildings.¹⁰³⁾

Capital expenditure is financed out of moneys saved by the public and placed at the disposal of the

101. Infra., p. 557.

102. Bannock, G., Baxter, R.E. & Rees, R.: The Penguin dictionary of economics (second edition), Allen Lane Penguin Books Ltd., London, 1977, p. 58. See also Congdon, T. & McWilliams, D.: Basic economics: A dictionary of terms, concepts and ideas, Arrow Books Ltd., London, 1976, p. 38.

103. Mann, J.F.: Education, Pitman Publishing Ltd., London, 1979, p. 107.

undertaking in the form of, inter alia, shares, long-term loan funds.¹⁰⁴⁾

CURRENT EXPENDITURE¹⁰⁵⁾

Current expenditure is paid out of current revenue obtained from the sale of goods and services.¹⁰⁶⁾ It refers to expenses that are incurred in the year-to-year operation of the government system. Such expenses include, inter alia, salaries of teachers, cost of equipment and supplies, and the school's maintenance costs.¹⁰⁷⁾

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104. Republic of South Africa: Report of the Commission of Enquiry into the financial relations between the Central Government and the Provinces, RP 35/1964, Government Printer, Pretoria, 1964, p. 27.
105. Infra., p. 556.
106. Republic of South Africa: Report of the Commission of Enquiry into the financial relations between the Central Government and the Provinces, op. cit., p. 27.
107. Pratt, J.J.: "Australian education: Some current issues", in Ross Thomas, A., Farquhar, R.H. & Taylor, W. (eds.): Educational administration in Australia and abroad: Analyses and challenges, University of Queensland Press, Queensland, 1975, pp. 14-15.

EMPIRICAL

The term 'empirical' is used to describe a result obtained from practical experience or observation, rather than deduced from extracted principle.

Therefore, Coetzee states that:

"The word (empirical) refers to knowledge gained by practice, experience or observation; relying entirely, or to excess upon direct repeated, and uncritically accepted experience. History has taught us that empirical research into various fields of human endeavour is invaluable to the progress of mankind. The development of public administration as a discipline and an activity is to a large extent dependent on empirical studies".(108)

From the aforementioned definition, it is evident that the focus is on induction. This concept is applied, inter alia, to many educational findings and procedures.¹⁰⁹⁾

108. Coetzee, Public administration: A South African introductory perspective, op. cit., pp. 50-51.

109. Collins, Downes, Griffiths & Shaw, op. cit., p. 72.

ACCOUNTABILITY

Control of the public bureaucracy is dependent on both formal and informal elements which are referred to as accountability and responsibility, respectively.

Accountability is based on laws, rules, regulations, court orders and other factors that make the public administrator answerable to someone else for his actions or the institution's actions. The external participants who assist in controlling the public bureaucracy are the legislature, interest groups and the courts. At the same time, the hierarchy of the bureaucracy serves a similar function as an external control for the individuals of the administrative system.¹¹⁰⁾

RESPONSIBILITY

Informal control, or responsibility, is based on the concept that the most important and ultimate control of any public administrator is internal; it is the administrator's personal values and loyalty to democratic ideals that restricts his actions. The

110. Gortner, H.F.: Administration in the public sector, John Wiley & Sons, Inc., New York, 1977, pp. 82-83.

administrator's 'moral hierarchy' is created by the interaction of the socio-ethnic background of the individual, the nature and scope of education received by the individual, and the professional ties of the particular individual. Each of the foregoing factors may result in the civil servant's adherence to the public interest or a rejection to accept the public interest by the policy-makers.¹¹¹⁾

PUBLIC ADMINISTRATION

The concept 'public administration' has been defined by several experts in this discipline.¹¹²⁾

Coetzee states that public administration is a comprehensive activity, consisting of numerous activities executed by public officials working in public

111. Guruge, op. cit., p. 193.

112. See, for example, Bernstein, S.J. & O'Hara, P.: Public administration: Organisations, people and public policy, Harper & Row, Publishers, New York, 1979, p. 15; Gortner, op. cit., pp. 2-6; Cloete, Introduction to public administration, op. cit., p. 1; and Vocino, T. & Rabin, J.: Contemporary public administration, Harcourt Bruce Javavovick Inc., 1981, p. 4.

institutions, and aimed at producing goods and rendering services for the benefit of the community. These activities can be classified into the following three groups:

- generic administrative processes, which, in turn, can be classified into the activities entailed in policy-making, organising, financing, staffing, work procedures and methods, and control;
- functional activities, such as nursing and education, which constitute the specialised fields of activities of the administrative institutions such as state departments, public corporations and research institutions; and
- the neutral auxiliary activities, such as research and data processing, which are used by functionaries performing the generic administrative and functional activities.¹¹³⁾

113. Coetzee, W.A.J.: "Policy requirements for development", in Coetzee, W.A.J. (ed.): The administrative future of the Natal region, University of Durban-Westville, Durban, 1982, p. 26.

Each of the aforementioned generic administrative processes¹¹⁴⁾ are discussed hereunder.

POLICY-MAKING¹¹⁵⁾

To date, numerous books have been written on policy issues world-wide.¹¹⁶⁾ According to Hanekom and Thornhill:

"Policy-making is the activity preceding the publication of a goal, whereas a policy statement or a policy is the result of that activity, the formal articulation of the goal to be pursued. Public policy is therefore the formal

114. For an indepth discussion of the six generic administrative processes, see Cloete, J.J.N.: "Public enterprises in South Africa: Administrative aspects", SAIPA - Journal of Public Administration, Vol. 13, No. 2, June 1978, pp. 18-24.

115. Infra., p. 265.

116. See, for example, Anderson, J.E.: Public policy making, Thomas Nelson & Sons Ltd., London, 1975. passim; and Levitt, R.: Implementing public policy, Croom Helm Ltd., 1980, passim.

articulation, statement or publication of a goal that the government intends to pursue with the community".(117)

In a similar vein, Cloete states that when:

" ... an objective in the public sector is made known it is usually said that a policy has been set. The activity that precedes the announcement of the objective is known as policy-making".(118)

From the foregoing, it can be inferred that policy is the link between the political and administrative processes. Deliberations in the legislative institutions (for example, Parliament and ministers' councils) usually result in legislation (statutes and regulations) which is the formal articulation of public policy and

117. Hanekom, S.X. & Thornhill, C.: Public administration in contemporary society: A South African perspective, Macmillan South Africa (Publishers) (Pty.) Ltd., Johannesburg, 1983, p. 2.

118. Cloete, Introduction to public administration, op. cit., p. 56.

is, inter alia, a proposed programme of action aimed at the realisation of an objective.

Berkhout states that by relating the essentials of educational policy to the people involved in and with the educational system, the meaning of educational policy, in terms of its formulation, is determined by the characteristics of the structures of authority which constitute the educational system. Initiation of educational policy is influenced by the channels made available for communicating problems and desires.¹¹⁹⁾

In terms of content, public policy for education can be classified, inter alia, into the following categories:

- (i) recruitment, employment, promotion, supervision and remuneration of staff; and

119. Berkhout, S.J.: "Enkele opmerkings oor die betekenis en totstandkoming van onderwysbeleid", South African Journal of Education, Vol. 2, 1982, p. 72.

- (ii) provision and allocation of financial resources and the provision and maintenance of buildings and equipment.¹²⁰⁾

Hence, it is evident that the financing of education plays an important role in the policy-making machinery of governmental objectives. Moreover, it is evident that decision-making is an integral part of the policy-making process. Therefore, the decision-making process is discussed hereunder.

DECISION-MAKING PROCESS

A decision is viewed as a deliberate act that generates commitment on the part of the decision-maker towards a proposed course of action of increasing specificity. Therefore, policy-making comprises a series of decisions arising from commitments to demands of increasing levels

120. Harman, G.: "Conceptual and theoretical issues", in Hough, J.R. (ed.): Educational policy: An international survey, Croom Helm Ltd., London, 1984, p. 15.

of concreteness.¹²¹⁾

The decision-making process consists of the following seven categories of financial analysis:

- (i) the cost of collecting information, making predictions based on the information, and planning based on the digestion of information, is known as the intelligence function;
- (ii) the recommending category of functional analysis involves handling of pressures for change in the promotional activities of pressure groups or institutions that seek to change the course of their own, or other institutions;
- (iii) the category of prescribing concerns establishing rules on a tentative basis for trial and also involves designing new policies;

121. Ribbins, P.: "Comprehensive secondary reorganisation: A case of local authority policy-making"? in Hughes, M., Ribbins, P. & Thomas, H. (eds.): Managing education: The system and the institution, Holt, Rinehart & Winston Ltd., London, 1985, p. 161.

- (iv) the invoking category is the act of provisionally trying out suggestions or plans that have been promoted, and includes supervisory aspects for this category of functional analysis;
- (v) the application category which is the final act of allocating money, space and personnel to undertake an activity, carries with it the responsibility for implementing rules or verifying that prescriptions have been followed;
- (vi) the appraisal activity concerns prescriptions that are carried out in a congenial and co-operative manner and in an economically efficient way. The appraisal activity also incorporates an assessment of success or failure of the prescriptions or policies; and
- (vii) the category of terminating activities includes the suspending of programmes, amendments to policies, and phasing out activities of the institution, if and when they should be phased out.¹²²⁾

122. Thrasher, J.M. & Holder, L.E.: "The administrative organization for the implementation of educational purposes", in Maxson, R.C. & Sistrunk, W.E. (eds.): A systems approach to educational administration, Wm. C. Brown Co., Iowa, 1973, pp. 61-62.

Hence, the financial aspect of education is an important cog in the decision-making machinery.

ORGANISING¹²³⁾

In the field of education, the term 'organising' refers to the creation of a formal system of authority¹²⁴⁾ by which subdivisions are arranged, co-ordinated for the purpose of accomplishing a task. In modern societies it is difficult to perceive how teachers could cause children to learn without a properly organised educational system.¹²⁵⁾

In public administration terminology, the importance of organising arises from the need to provide a framework for the formulation and implementation of governmental policies. Simon, Smithburg and Thompson define organising as:

" ... a planned system of cooperative effort in which each participant has a recognised role to play and duties or tasks to perform".(126)

123. Infra., p. 390.

124. For example, an education department or a ministry of education.

125. Thembela, op. cit., p. 3.

126. Harman, op. cit., p. 15.

Likewise, Robbins refers to organising as the planned co-ordination of collective activities of two or more people who, functioning on a relatively continuous basis and through a hierarchy of authority, endeavour to attain a common goal or set of goals.¹²⁷⁾

From the foregoing definitions, the salient aspects of organising can be stated as follows:

- (i) dividing the work to be done;
- (ii) assigning the staff and facilities required to accomplish the objectives of the institution;
and
- (iii) determining the grouping of the work and forming authority grades.

For purposes of this study, organising refers to the tasks that are assigned to personnel in the institution, the levels of authority, the lines of communication and the bases for co-operation within the institution.

127. Robbins, S.P.: Organizational theory: The structure and design of organizations, Prentice-Hall, Inc., Englewood Cliffs, 1983, p. 5.

FINANCING

Coetzee states that an objective cannot be attained unless funds are budgeted for that purpose. The legislators also prove their supreme authority over executive institutions by stipulating conditions for the employment of funds. The executive institutions depend on the funds supplied by legislatures for the continuation of their activities. Funds are procured from taxes, levies and other fees. Since the taxpayers' money is utilised to realise the set objectives, interest in public expenditure is fairly high. This interest in the allocation of funds becomes obvious during debates on the annual estimates. Parliament exercises its supremacy over the spending of money only to the extent that it can account for the spending thereof.¹²⁸⁾

Consequently, even though the legislatures may take no other action designed to indicate their supremacy over executive institutions, they can always make their supremacy known by issuing financial instructions.

128. Coetzee, Public administration: A South African introductory perspective, op. cit., p. 62.

STAFFING

Once legislation has been promulgated to give effect to a particular policy, the organisational arrangements have been completed and money has been made available, then personnel can be appointed to put the administrative machinery into operation.¹²⁹⁾

Kreitner refers to staffing as human resource planning, acquisition, and development aimed at providing the talent necessary for administrative success. This definition implies that people are valuable resources requiring careful monitoring. Consequently, many personnel departments are currently referred to as human resource departments.¹³⁰⁾

Klinger states that staffing involves public personnel with the performance of functions in terms of job design, recruitment, selection, and the orientation of new employees to the organisation's purpose,

129. Cloete, Introduction to public administration, op. cit., p. 129.

130. Kreitner, R.: Management (third edition), Houghton Mifflin Co., Boston, 1986, p. 313.

structure, and work practices.¹³¹⁾

The role of personnel in public institutions arises from the fact that they are responsible for performing the function to attain the objectives of the institution in an orderly and systematic manner. Therefore, the continued existence of public institutions depends upon the ability of the administrator to select, develop and utilise personnel to their maximum potential. Moreover, personnel should be viewed as being part of the institution, since they are as much a resource to the institution as are, for example, the finances required for achieving the objectives of the institution.¹³²⁾

PROCEDURES

Procedural activities are formulated to determine

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131. Klinger, D.E.: Public personnel management: Contexts and strategies, Prentice-Hall, Inc., New Jersey, 1980, p. 41.
132. Mahomed, A.B.: Theoretical administrative aspects of urban road transport planning in South Africa, unpublished M.P.A. dissertation. University of Durban-Westville, Durban, 1985, pp. 31-32.

whether the policies formulated by government have, in fact, led to the accomplishment of the set objectives. Procedures provide for the evaluation of the manner in which set objectives have been attained.

Johnson, Kast and Rosenzweig define procedures as an information resource. In order to implement administrative duties, detailed instructions have to be prepared delineating duties, responsibilities, and operating instructions. This implementation is attained by the procedure - the formal instruction for executing administrative tasks.¹³³⁾

Jucius, Dietzer and Schlender refer to procedure as an orderly arrangement of subfunctions or detailed functions for the attainment of the desired objectives.¹³⁴⁾

133. Johnson, R.A., Kast, F.E. & Rosenzweig, J.E.: The theory and management of systems (second edition), McGraw-Hill Book Co., New York, 1967, pp. 115-116.

134. Jucius, M.J., Dietzer, B.A. & Schlender, W.E.: Elements of managerial action (third edition), Richard D. Irwin, Inc., Illinois, 1973, p. 196.

Similarly, Cloete stipulates that fixed procedures ensure constructive contributions by the personnel in achieving the objectives of public institutions.¹³⁵⁾

CONTROL

Control is the final link in the functional chain of the generic administrative processes of public administration.

According to Davis, control is the action required to ensure that plans and objectives are being achieved. He outlines the immediate objectives of control as follows:

- (i) assurance of correct performance as specified by the plan;
- (ii) a well co-ordinated action; and
- (iii) a minimum of losses due to interferences with the proper execution of the plan.¹³⁶⁾

135. Cloete, Introduction to public administration, op. cit., p. 164.

136. Davis, R.C.: The fundamentals of top management, Harper & Brothers, New York, 1951, p. 630. See also Welsch, G.A.: Budgeting: Profit-planning and control, Prentice-Hall, Inc., New York, 1957, p. 9; and Rosenberg, J.M.: Dictionary of business and management (second edition), John Wiley & Sons, New York, 1983, p. 202.

Mac Rae and Page see the simple essence of the control process as:

- (i) establish a standard;
- (ii) inspect the actual situation;
- (iii) compare (ii) with (i);
- (iv) explain the difference;
- (v) report to controller;
- (vi) corrective action taken; and
- (vii) amend standard where appropriate.¹³⁷⁾

Dimock, Dimock and Fox observe that control is an integral part of public administration because it is a means of measuring results not only in terms of finished goods and services, but also over periods of time. However, control enables the institution to reflect at any time as to where it stands in relation to its objective.¹³⁸⁾

137. Mac Rae, S. & Page, S.: Tools for administrators in the public service, Edward Arnold (Publishers) Ltd., London, 1967, p. 69.

138. Dimock, Dimock & Fox, op. cit., p. 228.

De Villiers states that, in the context of administration, control means to check, to verify, to call to account, and to require the administrator (accounting officer) to be answerable to the people and their elected representatives.¹³⁹⁾

From the foregoing definitions, it can be concluded that control is not only concerned with determining the manner in which the stated objectives of the institution have been attained, but also with ensuring that corrective action is taken should the realised results deviate from the expected results.

For the purposes of this study, control is viewed as an integral part of the theory of administration and, consequently, it constitutes a dynamic aspect of public administration.

139. De Villiers, P.F.A.: "Effective control measures under the new political dispensation with special reference to the role of the accounting officer", in Coetzee, W.A.J. (ed.): Focus on government and administration in the Republic of South Africa, Proceedings of a symposium held at the Malibu Hotel, Durban, on 21 and 22 April 1987, p. 93.

CHAPTER II

CONSTITUTIONAL FRAMEWORK WITHIN WHICH THE FINANCIAL PROCESS TAKES PLACE

1. INTRODUCTION

The purpose of this chapter is to focus attention on the constitutional framework within which the financial process takes place within government circles in general, and within the educational sector in particular.

Consequently, this chapter will serve as a launching pad and frame of reference for the discussion of the operation of the financial process commencing in Chapter III.

The modern State has complicated structures of legislative, executive/administrative and judicial institutions. It is essential for the citizen to have a knowledge of public institutions and their activities to enable him to understand how the financial process takes place, and to enable him to obtain the fullest benefit of the goods and services provided by these institutions.

In the main, this chapter focuses attention on, inter alia, the following aspects:

- historical development of the South African governmental authority;
- the importance of educational accountability based on the dictates of the foundations of public administration;
- central, provincial/regional and local levels of government in the RSA; and the
- role of the central and provincial levels of government in the structuring of education management.

Wherever applicable, adequate emphasis will be placed on the financial process operating at each of the aforementioned levels of government.

2. HISTORICAL DEVELOPMENT OF THE SOUTH AFRICAN GOVERNMENTAL AUTHORITY¹⁾

The following discussion traces, briefly, the historical development of the South African governmental authority during the pre-Union, post-Union and post-Republic periods in South Africa.

1. The information contained in this section has been borrowed from Cloete, J.J.N.: Central, provincial and local government institutions in South Africa (second revised edition), J.L. van Schaik (Pty.) Ltd., Pretoria, 1988, pp. 1-17.

2.1 1652 - 1909

For the first few decades after the establishment of the refreshment station at the Cape, the settlers lived in Cape Town and its immediate surroundings. Gradually, the settlers began migrating to the interior and became known as Boers. In 1795, when the Cape was under the First British Occupation, some colonists of the eastern frontier were settling on the banks of the Fish River. During the brief period of the Dutch rule under the Batavian Republic (1803 - 1806) and after the Second British Occupation in 1806, the settlers moved even further inland.

The Great Trek, which began in 1835, resulted in the formation of the three Boer republics - Natal, Transvaal and the Orange Free State. In 1843, however, Natal became a British colony. The republics of Orange Free State and Transvaal remained independent until the Second War of Independence (1899 - 1902) after which they, too, became British colonies. On 31 May 1902, there were four British colonies in the southern tip of Africa; namely, the Cape of Good Hope, the Orange Free State, Natal and the Transvaal. Eight years later, on 31 May 1910, these four colonies became the four provinces of the Union of South Africa.

2.2 UNION OF SOUTH AFRICA; 1910 - 1961

In terms of the South Africa Act, 1909, the four colonies united into a legislative union under the name Union of South Africa.

The executive authority of the Union was vested in the British monarch. However, in practice, the Governor-General, nominated by the monarch to represent him in South Africa, exercised most of the monarch's powers. The Governor-General executed the monarch's powers on the advice of the Executive Council of the Union. The Executive Council comprised of ministers who were heads of State departments. Ministers had to be members of the Senate or the House of Assembly. Hence, the Cabinet system was applied in the Union.

Legislative authority of the Union was vested in Parliament comprising the King (represented by the Governor-General), the Senate and the House of Assembly. The Senate was partially nominated by the Governor-General and partially elected indirectly by the registered voters. The House of Assembly was constituted of members elected from the various constituencies by the registered voters. Non-Whites in the Cape and Natal had limited franchise to vote. The Senate and the House of Assembly had equal legislative powers with the difference that financial bills could be

introduced only in the House of Assembly. All bills had to be approved by the Governor-General after they were adopted by both Houses. Parliament was viewed as the highest legislative authority in the Union. Parliamentary laws were to receive preference to provincial ordinances and bylaws by municipal councils.

Each province received its own elected legislative body called the Provincial Council. The legislative powers of the provincial councils were limited to matters stipulated in the Constitution. The Governor-General had to approve of all draft ordinances passed by provincial councils. The Governor-General was empowered to appoint a chief executive officer, the Administrator, for each province. The Administrator had to execute his powers in conjunction with the Executive Committee of his province.

The South Africa Act, 1909, has acknowledged the existence of local or municipal government bodies. These local institutions were placed under the control of provincial councils which were empowered to determine the legislative powers of the municipal councils. Each draft bylaw of a local government authority had to be approved by the provincial Administrator before it could become operative.

The aforementioned Act also made provision for the Supreme Court of South Africa. This Court comprised of the Chief Justice, appeal judges and other judges.

The Union of South Africa continued its existence until 31 May 1961 when it became the Republic of South Africa. Until then, no drastic changes were implemented to the constitutional principles on which the Union was formed.

2.3 REPUBLIC OF SOUTH AFRICA: 1961 - 1983

When it was decided, on 5 October 1960, to make the Union of South Africa a Republic, it was resolved that the Constitution of the Union, that is, the South Africa Act, 1909, would provide the basis for the constitution of the Republic. Moreover, it was decided to consolidate, in the new republican constitution, all constitutional legislation together with the constitutional practices that had evolved during the past 50 years. The provisions of the draft constitution was approved on 24 April 1961 by the Governor-General and became effective on 31 May 1961 as the Republic of South Africa Constitution Act, 1961 (Act 32 of 1961). The new Constitution was based predominantly on the old Constitution. However, the new provision that was incorporated concerned the new head of State, the State President.

Significant changes were made with the promulgation of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), which gave the RSA a new constitutional dispensation with effect from 3 September 1984.

To enhance understanding of these changes, it has been deemed necessary to discuss, firstly, the importance of educational accountability based on the dictates of the foundations of public administration.

3. IMPORTANCE OF EDUCATIONAL ACCOUNTABILITY BASED ON THE DICTATES OF THE FOUNDATIONS OF PUBLIC ADMINISTRATION

The foundations of public administration highlight the importance of accountability in the execution of the six generic administrative processes.

3.1 FOUNDATIONS OF PUBLIC FINANCIAL ADMINISTRATION

Public financial administration is an integral component of the extensive field of activity of public administration. Consequently, the principles or foundations upon which financial administration is built will resemble those upon which public administration

is founded.²⁾

It is important for the administrator to take note of this situation in order to avert serious implications for the political office-bearer. A disregard for the principles could result in the political office-bearer, acting on the advice of the official, being unable to convince the legislature that its sovereignty is honoured, that community values are acknowledged, or that prescriptions of administrative law are complied with. In addition, the administrator may fall into disfavour if he is unsuccessful in convincing the legislature that the wishes of society, as interpreted by the representatives, are undertaken satisfactorily.³⁾

3.1.1 LEGISLATIVE SOVEREIGNTY

Parliament has stamped its incontestable sovereignty in the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), by providing, inter alia, that all

2. Hanekom, S.X. & Thornhill, C.: The functions of a public administrator, Butterworth Publishers (Pty.) Ltd., Durban, 1986, p. 51.

3. Loc. cit.

expenditure by government departments be authorised by the legislature.⁴⁾ Moreover, a minister is required to introduce all measures having financial implications.⁵⁾ Such an arrangement guarantees that parliamentary approval is obtained for all measures having a financial burden on the citizens by requiring a financial contribution or resulting in the spending of public funds. Moreover, these arrangements ensure that a member of the legislature can be requested to account in public for all public actions having financial implications. Such a set-up has the advantage of honouring both the democratic views and the sovereignty of Parliament.⁶⁾

Likewise, all activities of educational administration should be in accordance with the limits and possibilities of the laws and official decisions of the legislative institution. The institutions have the final say

4. Republic of South Africa: Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), sections 30 and 81(2).

5. Ibid., section 86, which requires that every financial measure that is not recommended by a message from the State President is introduced by a Minister.

6. Hanekom & Thornhill, op. cit., p. 52.

regarding the activities of educational administration. As a public executive institution, educational administration cannot determine the nature and scope of its activities without authorisation by a legislative institution.⁷⁾

3.1.2 ACKNOWLEDGEMENT OF COMMUNITY VALUES AND NORMS

The citizens of a western state ensure that their values and norms are acknowledged in all public actions. Consequently, the actions of all public officials and political office-bearers should be conducted in such a manner that they are acceptable to the majority of the citizens, although acceptability is often based largely on subjective value considerations.⁸⁾

The South African system of progressive income tax could be used as an example to illustrate that revenue is raised according to the ability to pay principle. Such a system takes into consideration that taxpayers with relatively low incomes are unable to use a

7. Van Schalkwyk, O.J.: Focus on the education system, Butterworth & Co., (S.A.) (Pty.) Ltd., Durban, 1982, pp. 146-147.

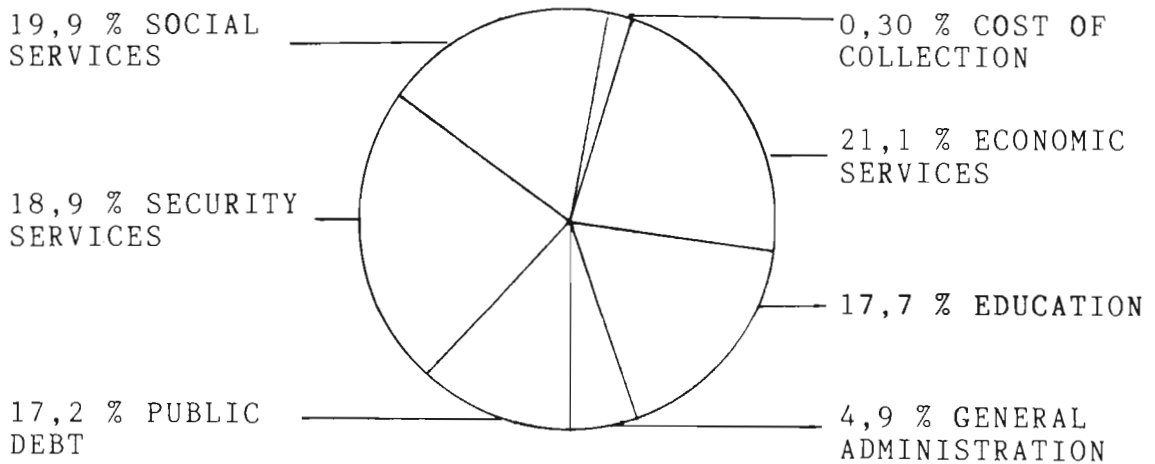
8. Hanekom & Thornhill, op. cit., p. 53.

significant portion of their incomes for tax purposes. Consequently, a redivision of income is implemented and taxpayers with relatively low incomes are afforded the opportunity to use a larger part of their incomes for personal purposes than those with relatively high incomes.⁹⁾

The pie diagram in Figure 2¹⁰⁾ considers the annual division of general State expenditure for the 1988/89 financial year.

FIGURE 2

STATE FUNDS TO BE EXPENDED IN THE 1988/89 FINANCIAL YEAR



9. Loc. cit.

10. Republic of South Africa: Income Tax: Information Brochure, Department of Finance, Pretoria, 1988, (IT38S), p. 1.

It is evident that a relatively large portion of available funds is spent on social services (19,9 per cent) and education (17,7 per cent), while a relatively smaller percentage is spent on other services such as general administration (4,9 per cent).

Consequently, it may be deduced that the promotion of social welfare and education of the citizens, based predominantly on community values, enjoys a particularly high priority. In addition, it may be deduced that the administrator should pay particular attention to the social demands of the citizens when the estimates are compiled.

3.1.3 REQUIREMENTS OF ADMINISTRATIVE LAW

Legislative measures stipulate the parameters within which the administrator and the other public officials have to execute their functions. Although legislative measures inhibit the freedom of action of public officials, these officials do not perform their functions in 'water-tight' compartments. Sufficient opportunities to exercise discretionary authority to obtain flexible public actions suitable to different situations are available within the guidelines provided by the legislature. However, the requirements of administrative law need to be considered to ensure that the administrator does not exceed his authority. In terms

of financial administration, the administrator has to be au fait with the legal requirements relating to his financial responsibility.¹¹⁾

The chief administrative official of a government has to acquire particular knowledge of the legal prescription relating to financial matters. This requirement is given authenticity by the legal requirement that the chief administrative official is the accounting officer of a particular vote.¹²⁾ Hence, it is ensured that a particular official can be called upon to render account for the financial administration of a government department. Such a chief official should, therefore, ensure that he understands all the requirements prescribed by administrative law.¹³⁾

Besides the accounting officer, every administrator in a government department should ensure that he is aware of all the legislative prescriptions relevant to public finance relating to his area of work. Consequently, he will be successful in making a contribution to efforts

11. Hanekom & Thornhill, op. cit., p. 53.

12. Republic of South Africa: Exchequer and Audit Act, 1975 (Act 66 of 1975), section 15.

13. Hanekom & Thornhill, op. cit., p. 53.

to obtain public accountability for all financial action.¹⁴⁾

Having placed the foundations pertaining to accountability in correct perspective, it is now possible to consider contemporary governmental authority in terms of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983).

4. CONTEMPORARY GOVERNMENTAL AUTHORITY IN TERMS OF THE REPUBLIC OF SOUTH AFRICA CONSTITUTION ACT, 1983 (ACT 110 OF 1983)¹⁵⁾

In terms of the aforementioned Act, White, Coloured and Indian communities, accommodated in the Constitution, entered a new political era. A fundamental fact of the new dispensation is that each of the parties has complete authority, to the highest level, on matters such as, inter alia, education, culture and community development. At the same time, each of the three groups participate equally on matters concerning all civilians, and which are considered to be 'general affairs' such as, inter alia, defence, transport and water supply.¹⁶⁾

14. Loc. cit.

15. See Annexure 1 for the structure of the new Constitution.

16. Republic of South Africa: Administration: House of Representatives: Annual Report 1985, RP 100/1986, Government Printer, Pretoria, 1986, p. 1.

Figure 3¹⁷⁾ depicts the three types of institutions created in terms of the aforementioned Act, namely:

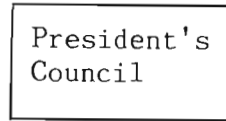
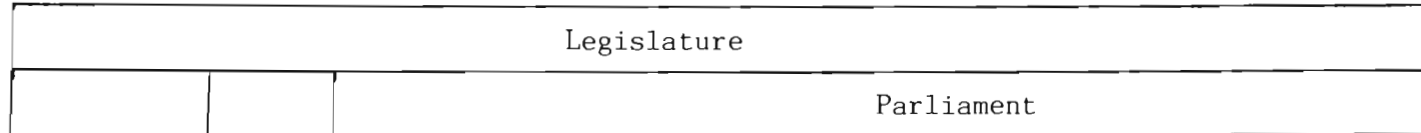
- (i) the legislative institution consisting of the State President and Parliament with its three houses;
- (ii) the governmental institutions, which are the Cabinet for general affairs; the Ministers' Council of the Administration: House of Assembly for 'White own affairs', the Ministers' Council of the Administration: House of Representatives for 'Coloured own affairs', and the Ministers' Council of the Administration: House of Delegates for 'Indian own affairs';¹⁸⁾ and

-
- 17. Cloete, J.J.N.: Towns and cities: Their government and administration, J.L van Schaik (Pty.) Ltd., Pretoria, 1986, p. 26. Other State departments for general affairs that are not mentioned in Figure 3, are as follows:
Health and Population Development, Development Aid, S.A. Defence Force, Manpower, Trade and Industry, Justice, Water Affairs, Environment Affairs, S.A. Transport Services, Department of Development Planning, Department of Constitutional Development Services, Foreign Affairs, Home Affairs, Agricultural Economics and Marketing, and Mineral and Energy Affairs. Infra., p. 125 and p. 129.
 - 18. Republic of South Africa: Republic of South Africa Constitution Act, op. cit., section 15.

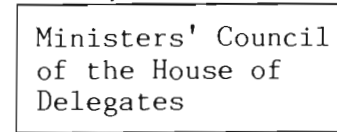
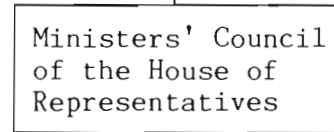
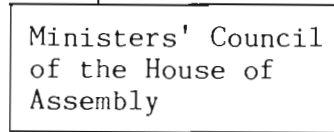
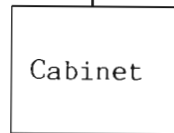
FIGURE 3

INSTITUTIONS COMPRISING THE CENTRAL LEVEL OF GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA

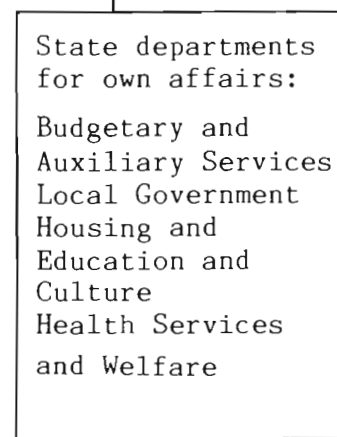
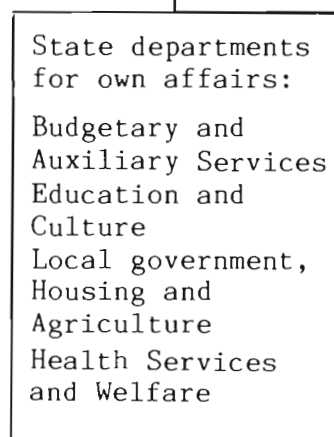
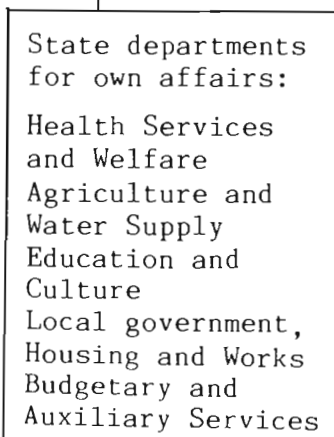
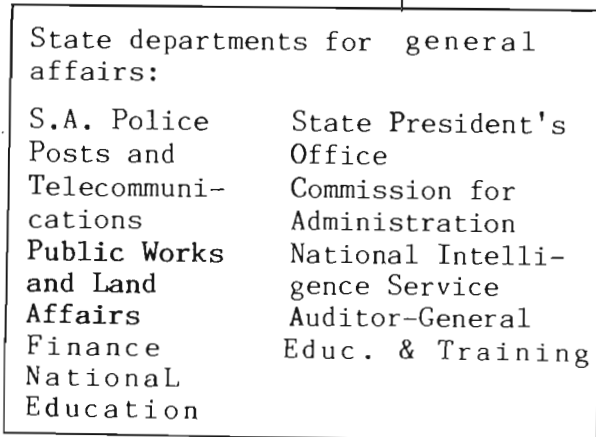
1. Legislative institutions



2. Governmental institutions



3. Administrative institutions



- (iii) the administrative institutions, which are the State departments for general affairs controlled by the members of the three Ministers' Councils.¹⁹⁾

The aforementioned Act stipulates that the legislative power in the RSA is vested in the State President and Parliament consisting of the three aforementioned Houses. The role of the State President is discussed hereunder.

4.1 LEGISLATIVE AUTHORITY AT THE CENTRAL GOVERNMENT LEVEL

4.1.1 STATE PRESIDENT

In terms of the aforementioned Act, the State President is the head of State.²⁰⁾ Moreover, the State President is also vested with executive authority over matters pertaining to:

- (i) own affairs of any population group acting on the advice of the ministers' council in question; and
- (ii) general affairs acting in consultation with the ministers who are members of the Cabinet,²¹⁾

19. Ibid., section 16.

20. Ibid., section 6.

21. Ibid., section 19.

However, the State President and Parliament are also empowered to exercise legislative power. Consequently, the State President is burdened with executive functions as well as functions relating to the legislative process.

Since the coming into force of the new constitutional dispensation, the State President is the head of State as well as the head of Government of the RSA.

Consequently, the State President performs:

- (i) the functions previously executed by the Prime Minister as head of Government; and
- (ii) the ceremonial duties previously executed by the State President as the head of State.²²⁾

Hence, the State President performs a dual role: the roles of the former State President and Prime Minister have merged into one. He appoints the members of the Cabinet; he acts in consultation with the members of Cabinet; and determines Government policy in matters concerning general affairs. In short, he acts as an executive president over matters pertaining to general affairs.²³⁾

22. Cloete, Central, provincial ..., op. cit., pp. 76-77.

23. Carpenter, G.: Introduction to South African constitutional law, Butterworth Publishers (Pty.) Ltd., Durban, 1987, pp. 293-294.

4.1.2 PARLIAMENT

An electoral college, composed of elected members of Parliament is responsible for the election of the State President. Parliament consists of the aforementioned three Houses.²⁴⁾

The necessity for three Houses is based on the fundamental approach underlying the new constitutional dispensation; namely, that the matters with which Parliament and all other public institutions will deal, consist of own (community) affairs and general (national) affairs. In terms of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), own affairs refers to matters which specially or differentially affect a population group in terms of the maintenance of its identity and the upholding and the furtherance of its way of life, culture, traditions and customs.²⁵⁾

Matters which are not own affairs of a population group are referred to as general affairs. The Act contains a list of matters which are the own affairs for each of the three population groups. These include, inter

24. Republic of South Africa: Republic of South Africa Constitution Act, 1983, op. cit., section 37(1).

25. Ibid., section 14.

alia, education, local government, finance in relation to own affairs of the population group in question and auxiliary services for the administration of the affairs entrusted to each house.²⁶⁾

If Parliament adopts a motion of no confidence in the Cabinet²⁷⁾ or rejects a financial bill appropriating revenue for the Cabinet, the State President has to either resign or dissolve Parliament and call a general election. Such a form of control is totally effective, since each of the three houses has to adopt a motion of no confidence or reject the financial bill. Should a vote of no confidence be adopted by the Administration: House of Assembly, however, it will exert a great deal of pressure on the State President and his Government, even though he is not technically bound to resign or to dissolve Parliament.²⁸⁾

26. Ibid., Schedule 1.

27. A motion of no confidence in the Cabinet tantamounts to no confidence in the State President and his administration as a whole - vide Carpenter, op. cit., p. 319.

28. Loc. cit.

However, it is noteworthy that the three Houses of Parliament will have to accept decisions of the State President on questions as to whether matters are own affairs or general affairs.²⁹⁾

From the foregoing, it is clear that Whites, Coloureds and Indians have the same political rights with effect from 3 September 1984. The tricameral Parliament terminated attempts made after 1948 to create separate central legislatures for the Coloureds and Indians subordinate to the White Parliament.³⁰⁾

4.1.2.1 LEGISLATIVE FUNCTION OF PARLIAMENT

The chief function of Parliament is to formulate laws. In terms of the aforementioned Act, there will be two categories of acts, namely:

- (i) acts on general affairs which have to be passed by all three Houses of Parliament; and
- (ii) acts on own affairs which need to be passed by only one house.

29. Cloete, Central, provincial ..., op. cit., p. 87.

30. Loc. cit.

All own affairs bills and general affairs bills have to be presented to the State President for his assent. The bills on own affairs and general affairs can be classified into four groups, namely:

- (i) public bills which are drafted by officials of State departments for acceptance by the relevant ministers before being submitted to the Cabinet and/or ministers' councils concerned before being introduced by the ministers concerned in the relevant house or all three Houses of Parliament;
- (ii) money bills which are prepared by the Department of Finance³¹⁾ or the Department of Budgetary and Auxiliary Services³²⁾ and introduced in all three Houses of Parliament or the relevant house by the Minister of Finance³³⁾ or the ministers of the budget.³⁴⁾

31. For general affairs.

32. For own affairs.

33. For general affairs.

34. For own affairs.

- (iii) consolidation bills, which purport to consolidate, without amendment, existing law, are prepared by the State law advisers and introduced in the three Houses of Parliament by the relevant ministers; and
- (iv) hybrid bills which may affect the private interests of particular persons or bodies.³⁵⁾

However, since this study is concerned with the financial process, only the first two of the aforementioned categories will be considered in terms of the following:

- (a) procedure for money bills on general affairs; and
- (b) procedure for appropriation bills for own affairs.

4.1.2.1.1 PROCEDURE FOR MONEY BILLS ON GENERAL AFFAIRS

The procedure for money bills on general affairs takes place in four stages.

35. Cloete, Central, provincial ..., op. cit., pp. 111-112.

4.1.2.1.1.1 INTRODUCTION AND FIRST READING

A money bill on general affairs will be introduced by a minister, for example, the Minister of Finance for an Appropriation Bill (State Revenue Account), during a session of Parliament by submitting it to the Speaker who will lay it upon the Table in each house. Thereafter, the bill will be deemed to have been duly introduced in each house and read a first time in each house.³⁶⁾

4.1.2.1.1.2 SECOND READING

The minister charged with a money bill on general affairs will move the Second Reading at a joint sitting of all three Houses of Parliament summoned by the State President or by the Speaker. After delivery of his budget speech by the minister on an appropriation bill on the day of the Second Reading, the Speaker will refer the appropriation bill, the budget speech and papers laid upon the Table by the minister to the appropriate standing committee. The times to be devoted to the deliberations on a money bill are limited. The Standing Committee on Finance has a maximum of

36. Ibid., p. 114.

seven consecutive days on which parliamentary business is to be disposed of.³⁷⁾

When the reports of the standing committees are complete, the Second Reading of each money bill is proceeded with in each House of Parliament separately.³⁸⁾

4.1.2.1.1.3 COMMITTEE STAGE

The Committee Stage follows when a money bill is concerned in committee by a whole house after the Second Reading of a money bill.³⁹⁾

4.1.2.1.1.4 THIRD READING

A fixed time limit is placed on speeches of members at the Third Reading of appropriation bills. In the case of the reading of the Appropriation Bill on the State Revenue Account, a limit of 30 minutes is imposed. However, the chairmen of the ministers' councils, the Leader of the Opposition and the minister in charge

37. Ibid., pp. 114-115.

38. Ibid., p. 115.

39. Ibid., p. 116.

of the bill are not restricted in the length of time they may speak on the Third Reading of the Appropriation Bill concerning the State Revenue Account.⁴⁰⁾

There is a need for the length of the speeches on the appropriation bills to be limited since the implications of the appropriations are so wide that there are unlimited scope for speeches on them. Without restrictions on the length of the speeches, the proceedings of the three Houses of Parliament could be delayed endlessly by wide-ranging speeches.⁴¹⁾

4.1.2.1.2 PROCEDURE FOR APPROPRIATION BILLS ON OWN AFFAIRS

Provision for appropriation bills is made in the standing orders of each house. Procedures are prescribed for additional appropriation bills and appropriation bills in, for example, the Revenue Account for Indian affairs. Each of the three Houses of Parliament has its own Revenue Account. Each appropriation bill has to proceed through a First Reading, Second Reading, Committee Stage, Report Stage

40. Loc. cit.

41. Loc. cit.

and Third Reading. Time limits for debates on each of the aforementioned Stages are prescribed on the Appropriation Bill (Revenue Account for Indian affairs). Time limits are also prescribed for the speeches. However, the minister and Leader of the Opposition are not limited in the length of time they may speak. After the Second Reading of an appropriation bill, the Committee Stage may be commenced.⁴²⁾

4.1.3 EVALUATION

From the foregoing, it is evident that the State President can exercise influence over the legislation passed by all the legislative institutions at the central and regional levels of government. However, the State President will only act on the advice of the three ministers' councils or in consultation with the Cabinet. Consequently, the State President's influence on legislation will depend largely on his personal qualities and support of the three Houses of Parliament enjoyed by him.

Parliament has supreme power in that it could effect the removal from office of the State President or any other member of the Cabinet or a ministers' council.

42. Cloete, Central, provincial ..., op. cit., pp. 119-120.

Moreover, it is significant that Parliament plays an influential role in the implementation of the financial process. Therefore, it is imperative for every member of Parliament to possess a basic knowledge of financial administration to ensure that the financial process is implemented efficiently and effectively.

Having considered the role of the Central Government in general, it is essential, for the purposes of this thesis, to view the role of the Central Government in the provision of education in the RSA in terms of the White Paper of 1983.

4.1.4 WHITE PAPER ON THE PROVISION OF EDUCATION IN THE REPUBLIC OF SOUTH AFRICA IN 1983

4.1.4.1 PREAMBLE

In June 1980, the Cabinet requested the Human Sciences Research Council⁴³⁾ to conduct an in-depth investigation into all aspects of education.

The Government received the Report on the HSRC investigation in July 1981 and released it in October 1981, together with an Interim Memorandum. The

43. Hereafter referred to as the HSRC.

Government announced in the Interim Memorandum on the Report of the Main Committee on the HSRC's Inquiry into Education that it would decide on the recommendations contained in the Report after interested persons and bodies had the opportunity to consider the HSRC's recommendations and comments carefully. It was announced that the three ministers responsible for education, namely, the Ministers of Internal Affairs, of National Education, and of Education and Training, would give co-ordinated consideration to the Report, with the Minister of National Education acting as convenor. In paragraph 5 of its Interim Memorandum, the Government announced the appointment of an Interim Education Working Party⁴⁴⁾ to advise these ministers.⁴⁵⁾

The Education Working Party presented its Report to the Minister of National Education in November 1982. This Party presented its summary of comments on the HSRC Report in four parts, which covered the following

-
44. Hereafter referred to as the Education Working Party.
 45. Republic of South Africa: White Paper on the provision of education in the Republic of South Africa, 1983, Government Printer, Pretoria, 1983, p. 1.

subjects:

- (i) education management in the RSA at the first level;
- (ii) education management at the second level;
- (iii) education management at the third level; and
- (iv) provision of education.⁴⁶⁾

The Government considered the recommendations contained in the HSRC Report, comments on them, and the advice of the Education Working Party, and compiled the White Paper on the Provision of Education in the Republic of South Africa in 1983, in which the views and decisions of most of the recommendations are set forth.⁴⁷⁾

The first and fourth of the aforementioned aspects of the HSRC Report are considered hereunder, whilst the second and third aspects are considered under the discussions of the provincial level of government and the local level of government in the RSA, respectively.

46. Loc. cit.

47. Loc. cit.

4.1.4.2 ROLE OF THE CENTRAL GOVERNMENT IN THE PROVISION OF EDUCATION

Generally, it is accepted that it is the role of the Central Government to promote the interests of the State and all its inhabitants. Therefore, the Government's main aim is to ensure the highest degree of spiritual and material welfare for all its people. To fulfil this aim, it is necessary for Government to see that particular services are rendered and infrastructure created that will ensure an orderly society can be created and maintained.⁴⁸⁾

The Government holds the view that the encouragement of private initiative and devolution of functions from the Central Government to other authorities or to the private sector will contribute largely to prevent education from taking on an impersonal cast, and avoid indifference and inefficiency in the administration of education.⁴⁹⁾

In terms of the aforementioned aim, and with the way in which the Government considers that it could be

48. Loc. cit.

49. Loc. cit.

achieved in practice, the Government considers it its task to perform, inter alia, the following functions in respect of the provision of education:

- (i) the Government should set up systems for the provision of education by creating educational bodies and institutions, by determining their objectives, by demarcating their fields of activity and by creating organisational structures within which educational bodies can be accommodated; and
- (ii) the Government should make resources available in a co-ordinated manner to the systems for the provision of education. This function is intricately linked to the introduction of control measures capable of ensuring that the application of those resources which emanate from public funds is accounted for.⁵⁰⁾

The Government does not, however, regard it its duty to administer these systems for the provision of education in all their ramifications from a central perspective. In the RSA, this task is presently delegated to executive education departments and to

50. Ibid., p. 2.

autonomous institutions that function under the control of statutory councils.⁵¹⁾

Nevertheless, there is a need for Government policy on the objectives, the structure and the functioning of the systems for the provision of education. It is the task of the Government to ensure that decisions taken on certain aspects of general importance within these systems are in accordance with a clearly co-ordinated policy which is in line with its aims. However, this policy should take due cognizance of generally accepted educational principles and educational and community values and should comply with the requirements of administrative efficiency and efficacious educational functioning. The policy should also allow full scope for self-determination for each population group in regard to its education as an own affair in terms of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983).⁵²⁾

The White Paper stipulates that with regard to administrative efficiency, experience has revealed

51. Loc. cit.

52. Loc. cit.

that the granting of autonomy or managerial independence to executive education departments and autonomous institutions is highly conducive to administrative efficiency. Such powers should naturally be supported by adequate finance from Government sources and it should be a requirement that an accounting be given for the administration of departments and institutions. The Government believes that administrative efficiency can be achieved by a meaningful devolution of authority and the accompanying decentralisation of administrative activities.⁵³⁾

To attain efficacious educational functioning it is necessary for the various education bodies to be able to control the functional aspects of their operations as well. In other words, the responsible professionals and professional educationalists should be able to decide on the contents and presentation of educational programmes.⁵⁴⁾

Since it is of utmost importance that equal standards in education should be pursued and comparable procedures should be applied in supplying resources to the systems

53. Loc. cit.

54. Loc. cit.

for the provision of education, it is necessary for the Government to make provision for structures for deliberation, consultation and advice in this field.⁵⁵⁾

4.1.4.3 STRUCTURING OF EDUCATION MANAGEMENT AT THE FIRST LEVEL OF GOVERNMENT

In response to the several recommendations⁵⁶⁾ made by the Education Working Party, the Government took the following decisions:

4.1.4.3.1 DETERMINATION OF GOVERNMENT POLICY IN RESPECT OF EDUCATION

The cardinal premise of the new constitutional dispensation is the distinction drawn between own and general affairs. The new Constitution stipulates that the matters mentioned in Schedule 1 to the Constitution, which includes education at all levels, are own affairs of the White, Coloured and Indian population groups, respectively.⁵⁷⁾ This implies that all educational

55. Loc. cit.

56. These recommendations are quoted or reproduced under various key points in ibid., pp. 4-48.

57. Republic of South Africa: Republic of South Africa Constitution Act, 1983, op. cit., section 14(2).



matters that relate solely to a specific group, are own affairs of the population group concerned. Therefore, the education of each of these population groups will, as an own affair, take place within the context of the particular group's own culture and frame of reference.⁵⁸⁾

Education, at all levels, is an own affair, that is, education including the:

- (i) instruction by way of correspondence and institutions providing such instruction;
- (ii) training of adults in the trades at centres established in the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983);⁵⁹⁾ and
- (iii) training of cadets at schools and official school sport.

However, education has to be provided to members of the White, Coloured and Indian population groups:

58. Republic of South Africa: White Paper . . ., op. cit., p. 5.

59. Republic of South Africa: Republic of South Africa Constitution Act, 1983, op. cit., section 19 (1) (a).

" ... subject to any general law in relation to-

- (i) norms and standards for the financing and capital costs of education;
- (ii) salaries and conditions of employment of staff and professional registration of teachers; and
- (iii) norms and standards for syllabuses and examination and for certification of qualifications".(60)

According to the White Paper, the following matters will also be dealt with as general affairs within the framework of the new Constitution:

- (iv) the provision of bases in accordance with which the limits within which deviation from the principle of own education in separate educational establishments for each population group may be authorised, in so far as this is the wish of own education departments;

60. Republic of South Africa: White Paper . . ., op. cit., p. 5.

- (v) the assembly of required data;
- (vi) co-operative supporting services, as far as this is authorised by the own education departments; and
- (vii) the conclusion of inter-state agreements with independent and self-governing states on education matters.⁶¹⁾

Any general act and general policy in terms of such act relating to general affairs mentioned in (i) to (vii) above will also apply to education for Blacks within the borders of the RSA (excluding the national states). It was made known in the White Paper that the intention was to negotiate with the national and independent states with a view to the co-ordination of this general policy.⁶²⁾

4.1.4.3.2 LEGISLATIVE AUTHORITY IN RESPECT OF EDUCATION

In terms of the Republic of South Africa Constitution

61. Loc. cit.

62. Ibid., pp. 5-6.

Act, 1983 (Act 110 of 1983), the legislative authority of the RSA in respect of general bills vests in Parliament. The National Policy for General Education Affairs Act, 1984 (Act 76 of 1984), provides that no legislation shall be introduced in Parliament except after consultation between the Minister of National Education and every minister of a department of State responsible for education.⁶³⁾

Legislation on education for Blacks outside the National states will be dealt with as general legislation.⁶⁴⁾

Within the framework of the general policy determined in respect of these general education matters, the respective ministers responsible for education as an own affair have to formulate their own legislation in their respective houses. In other words, an own policy

63. Republic of South Africa: Department of National Education: South African National Education Policy: The structure and operation of the South African education system: Report: Sanep - 170, Government Printer, Pretoria, 1985, pp. 13-14.

64. Republic of South Africa: White Paper ..., op. cit., p. 6.

on education for the population group concerned should be formulated, with due regard to the provisions of the aforementioned Act. Those matters which are not the express responsibility of the Minister of National Education are the responsibility of the Ministers of Education and Culture and the Minister of Education and Training. The Minister of National Education, then, has policy-making functions, whereas the Ministers of Education and Culture and the Minister of Education and Training execute general policy, determine policy in respect of own affairs and provide education.⁶⁵⁾

From the aforementioned discussion, it can be deduced that the four subsystems for the provision of education are to continue intact (except for the old Department of National Education, which has been divided into an executive department and a department for general education policy, and that the various education acts are still valid.⁶⁶⁾

65. Republic of South Africa: Department of National Education: South African National Education Policy, ..., op. cit., p. 14.

66. Loc. cit.

Consequently, the different ministers responsible for the administration of education departments are empowered to exercise complete control over their subsystems. They may introduce advisory and consultative structures, establish educational institutions, determine the functions of such institutions and determine by whom they are to be managed or administered. The ministers also have the power, subject to approval of the various political authorities concerned, to provide educational institutions with resources and exercise control over their utilisation. It is here that the provision in the Constitution that education for Whites, Coloureds and Indians should, in each case, be an own affair is applied in practice.⁶⁷⁾

Having considered the legislature of the Central Government in general and in the educational sphere, it is now necessary to consider the executive authority at the Central Government level and, in particular, how it pertains to education.

67. Loc. cit.

4.2 EXECUTIVE AUTHORITY AT CENTRAL GOVERNMENT LEVEL⁶⁸⁾

4.2.1 CABINET

The Cabinet is constituted as follows:

- (i) the State President;
- (ii) ministers appointed by him to administer State departments for general affairs;
- (iii) ministers appointed without portfolio; and
- (iv) members of ministers' councils who have also been appointed by the State President as members of the Cabinet.⁶⁹⁾

The executive authority in the RSA for general affairs is vested in the State President acting in consultation with ministers who are members of the Cabinet.⁷⁰⁾

Hence, the Cabinet is referred to as a committee of Parliament which has to ensure that legislation is

68. See Annexure 2 for an organisational chart of the executive authority and executive institutions for own and general affairs in the RSA.

69. Baxter, L.: Administrative law: Legal regulation of administrative action in South Africa, Juta & Co., Ltd., Cape Town, 1984, p. 108.

70. Carpenter, op. cit., p. 323.

implemented.⁷¹⁾

The primary function of the Cabinet is to formulate policy in respect of general affairs in order to secure the drafting and enactment of suitable empowering legislation. The Cabinet also offers guidance in the implementation of existing legislation by the relevant institutions of administration. Cabinet ministers with portfolios are also charged with the responsibility of administering the State departments for general affairs.⁷²⁾

Matters for consideration by the Cabinet will normally be raised by the State departments. These State departments are listed in Figure 3.⁷³⁾ Should a minister have to take a matter to the Cabinet, the officials of his department will prepare a memorandum for submission to the Cabinet. The top official (Director General) of every State department will have to ensure that submission to the Cabinet are prepared carefully and that all relevant directives are observed.

71. Cloete, Central, provincial ..., op. cit., p. 138.

72. Baxter, op. cit., p. 108.

73. Supra., p. 97.

The Cabinet is the supreme decision-maker in the processes of:

- (i) preparation of bills and budgets for submission to the three Houses of Parliament; and
- (ii) implementation of laws passed by Parliament.⁷⁴⁾

4.2.2 MINISTERS' COUNCILS

For each of the three Houses of Parliament, a ministers' council has to be appointed, namely:

- (i) Ministers' Council for the Administration: House of Assembly (Whites);
- (ii) Ministers' Council for the Administration: House of Representatives (Coloureds); and
- (iii) Ministers' Council for the Administration: House of Delegates (Indians).

These Ministers' Councils are concerned with the efficient and effective government relating to own affairs of the three population groups concerned.⁷⁵⁾

74. Cloete, Central, provincial ..., op. cit., p. 139.

75. Ibid., p. 145.

4.2.3 STATE DEPARTMENTS

Cloete states that a State department is an organisational unit which is entrusted with:

- (i) a specific function or a number of related functions, for example, the Department of Home Affairs; or
- (ii) one or more specialised fields of work, for example, the Department of Justice; or
- (iii) a specific population group, for example, the Department of Education and Culture of the Administration: House of Delegates; or
- (iv) the public functions to be performed by the State in a particular geographical area, for example, the administrators of the provinces.⁷⁶⁾

A State department possesses the following characteristics:

- (i) it is entrusted to a specific executive political office-bearer, namely, a minister or a provincial Administrator;

76. Ibid., p. 155.

- (ii) a chief official (for example, Director General) who is a permanently appointed member of the Public Service and who serves as head of the department under the continuous control of the executive political office-bearer;
- (iii) the permanently appointed official who is the head of the State department and is accountable to the executive political office-bearer who can be called to account in the meetings of the relevant legislature; and
- (iv) the officials serving in the State department under the leadership and control of the permanently appointed chief official.⁷⁷⁾

The promulgation of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), resulted in the creation of the following four groups of State departments:

- (i) the departments for general affairs administered by ministers who are members of the Cabinet;

77. Ibid., pp. 155-156.

- (ii) the Administration: House of Assembly (Whites) which consists of five State departments for own affairs administered by the five ministers who are members of the Ministers' Council of the Administration: House of Assembly;
- (iii) The Administration: House of Representatives (Coloureds) which is one Public Service department, but which consists of four own affairs departments administered by four ministers who are members of the Ministers' Council of the Administration: House of Representatives; and
- (iv) the Administration: House of Delegates (Indians) which is one Public Service department, but which consists of four own affairs State departments administered by four ministers who are members of the Ministers' Council of the Administration: House of Delegates.⁷⁸⁾

The State departments of each of the aforementioned Administrations are illustrated in Figure 3.⁷⁹⁾

78. Ibid., p. 157.

79. Supra., p. 97.

The creation of three sets of own affairs State departments for Whites, Coloureds and Indians under an own House of Parliament for each population group terminated the attempts made after 1948 to create subordinate legislatures with accompanying administrative systems for the Coloureds and Indians.⁸⁰⁾

The executive authority relating to education in terms of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983) is considered below.

4.2.4 EXECUTIVE AUTHORITY IN RESPECT OF EDUCATION

The aforementioned Act provides that the executive authority of the RSA in respect of matters that are own affairs of a population group vests in the State President, acting on the advice of the appropriate ministers' council. The education for Blacks, subject to any general policy, is administered by a minister who is a member of the Cabinet (the Minister of

80. Cloete, Central, provincial ..., op. cit., p. 157.

Co-operation, Development and Education). The administration of general affairs relating to education is entrusted to the Minister of National Education as the Minister responsible for general education affairs. Consequently, there are, in all, five Ministers responsible for the different aspects of the provision of education.⁸¹⁾

The White Paper states unequivocally that the ministers responsible for education as an own affair are not subordinate to the minister responsible for general education affairs.⁸²⁾ The Ministry and Department of National Education are a new Ministry and a new Department. The various State departments for general affairs and the provincial administrations complement one another and perform differentiated functions. Therefore, the Department of National Education is not a super-department of education. Nevertheless, for the first time, there exists a department for the determination of general policy that will apply to

81. Republic of South Africa: Department of National Education: South African National Education Policy, ..., op. cit., p. 15.

82. Republic of South Africa: White Paper ..., op. cit., p. 6.

education for all. This will assist in making possible the formulation of a policy for the achievement of the goal of equal educational opportunities and education of equal quality - but without restricting the interdependence of the various educational institutions.⁸³⁾

4.2.5 EVALUATION

The aforementioned discussion does not imply that the executive authority or any part thereof (for example, the State President, Cabinet, ministers' council or individual ministers) are exempt from parliamentary control. In fact, any part of the executive authority may be called to account by Parliament. Such an arrangement is desirable to ensure that the principles of efficiency and effectiveness are always maintained in public administration.

83. Republic of South Africa: Department of National Education: South African National Education Policy: ..., op. cit., p. 15.

4.3 JUDICIAL AUTHORITY

4.3.1 JUDICIAL CONTROL OVER THE STATE PRESIDENT⁸⁴⁾

The Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), makes provision for judicial control over the State President in a limited number of cases. For instance, before the State President issues a certificate in respect of own affairs legislation,⁸⁵⁾ he shall consult the Speaker of Parliament and the chairmen of the three Houses of Parliament. The word 'shall' indicates that the provision is final, and empowers the Supreme Court to enquire into, and decide upon, the question whether relevant requirements have been complied with.⁸⁶⁾

A second express provision conferring jurisdiction on the court is the power of the Supreme Court to

84. This subject is dealt with in greater detail in Carpenter, op. cit., pp. 357-359.

85. Republic of South Africa: Republic of South Africa Constitution Act, 1983, op. cit., section 17(2).

86. Ibid., section 18(1).

enquire into and pronounce upon the question whether the provisions of the aforementioned Act have been complied with in the legislative process.⁸⁷⁾ In other words, the Supreme Court has to enquire whether the legislation has been 'duly passed', whether 'Parliament has spoken', or whether the provisions have been complied with. This provision, to a certain extent, constitutes an indirect form of judicial control over the State President as head of the legislative authority in the State.⁸⁸⁾

4.3.2 JUDICIAL CONTROL OVER THE EXECUTIVE

Carpenter states that the aforementioned Act contains little or nothing relating to judicial control over the executive. The courts will review acts of the executive where there is mala fides or gross excess of power.⁸⁹⁾

However, the courts will not enquire into the merits of executive action, and will not substitute their opinion for that of the administrative organ that took

87. Ibid., section 34 (2)(a).

88. Carpenter, op. cit., p. 321.

89. Ibid., p. 361.

the decision. In terms of the exercise of prerogative powers, this means that the court will enquire whether, for example:

- (i) the rule against delegation has been breached;
- (ii) the rules of natural justice have been observed;
and
- (iii) whether an ulterior motive has been served.⁹⁰⁾

4.3.3 EVALUATION

From the foregoing, it can be deduced that the judiciary does not have any direct control over the decisions of the State President and Parliament. However, in order to enhance the accountability and control factor in public administration, it is essential that legislation should be passed to exert some form of direct control.

90. Loc. cit.

4.4 PROPOSED REFORM IN CENTRAL GOVERNMENT

A National Council has been proposed as a possible forum in which to negotiate a new constitution.⁹¹⁾ providing for the participation by all South Africans, regardless of race, religion, sex or culture. All South Africans should also be represented in the National Council. Consequently, direct elections are being envisaged through which Black South Africans will have the opportunity of electing their representatives to the Council. The White, Coloured and Indian communities will also be represented by their elected leaders.⁹²⁾

The minimum membership of the council will be 46,⁹³⁾ but the State President may appoint further members to a maximum of 59.⁹⁴⁾

91. See Annexure 3 for the constitutional structure of the RSA with the proposed new extensions.

92. South African Digest, 22 January 1988.

93. See Annexure 4 for the composition of the proposed National Council.

94. South African Digest, 24 June 1988.

4.5 PROVINCIAL GOVERNMENT IN THE REPUBLIC OF SOUTH AFRICA

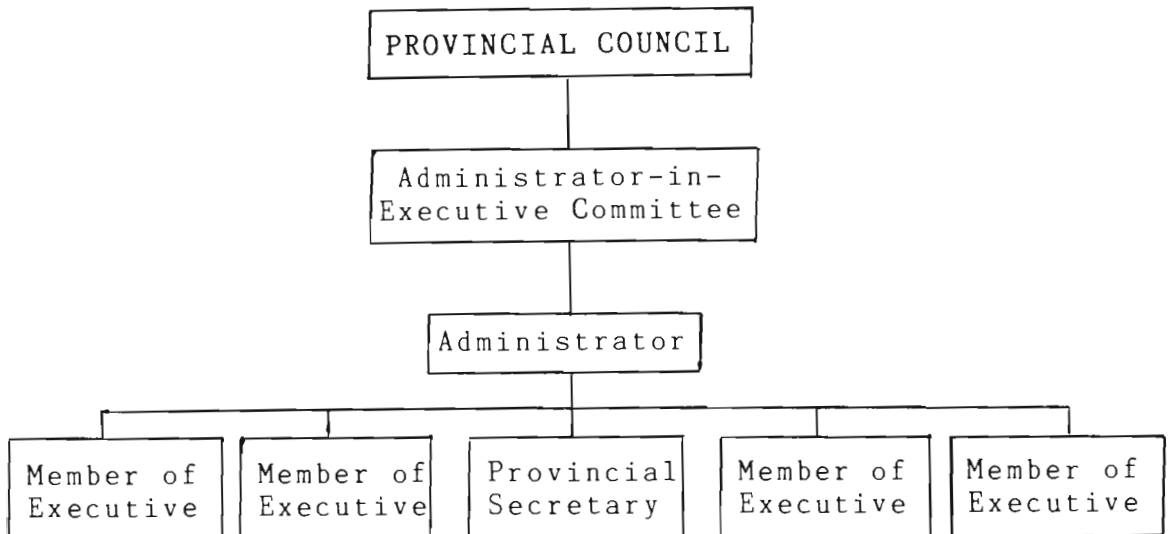
In order to highlight the recent changes in provincial government in the RSA, it is necessary to refer briefly to the hierarchy of provincial institutions before 1 July 1986.

4.5.1 PROVINCIAL GOVERNMENT LEVEL PRIOR TO 1 JULY 1986⁹⁵⁾

Figure 4⁹⁶⁾ illustrates the hierarchy of provincial institutions before 1 July 1986.

95. For an in-depth discussion of the structure of provincial government in the RSA, see Baxter, op. cit., pp. 124-130.

96. Cloete, Towns and cities: Their government and administration, op. cit., p. 29.

FIGURE 4HIERARCHY OF PROVINCIAL INSTITUTIONS BEFORE 1 JULY 19864.5.1.1 ADMINISTRATOR

The Administrator was the chief executive official of the province. He represented the Central Government and was responsible to it and not to the Provincial Council, although it was customary for him to be residing in the province concerned. He was appointed by the State President on the advice of the latter's ministers and could be discharged of his duties only

by the State President. He was vested with wide-ranging powers in his capacity as the representative of Central Government policy,⁹⁷⁾ head of the provincial executive and part of the provincial legislature - even though he had no vote in the Council.⁹⁸⁾

4.5.1.2 EXECUTIVE COMMITTEE

This Committee comprised of the Administrator and four other members chosen by the councillors by majority vote. Before 1962, the members of the Executive Committee were appointed in terms of the principle of proportional representation. Although it was customary for members of the Committee to be members of the Council, it was not obligatory. Executive Committee members, who were not members of the Provincial Council could participate in the proceedings but could not vote.⁹⁹⁾

97. Which meant that he did not necessarily share the political views of the majority party in the Provincial Council.

98. Carpenter, op. cit., p. 427.

99. Loc. cit.

The function of a member of an Executive Committee was similar to that of a Cabinet member, but not identical, since the former was not responsible to the Council.¹⁰⁰⁾

4.5.1.3 PROVINCIAL COUNCIL

The life of the Provincial Council was five years, but could be extended by the State President, for the sake of convenience, to fit in with the life of Parliament.¹⁰¹⁾

The legislative powers of the Councils were regarded as 'original and not delegated'. In other words, provincial legislation, unlike municipal bylaws, did not constitute subordinate legislation which could be declared invalid in view of the fact that it was unreasonable, vague or discriminatory. However, it could be declared invalid on the grounds of ultra vires, which parliamentary legislation in a unitary state cannot be.¹⁰²⁾

100. Loc. cit.

101. Ibid., p. 428.

102. Loc. cit.

The legislative powers of the Council were restricted in the sense that:

- (i) ordinances had to relate to matters entrusted to the provincial authorities;
- (ii) ordinances could not conflict with Acts of Parliament; and
- (iii) ordinances had to be approved by the State President, who acted on the advice of his executive and was not bound by convention to assent to any ordinance which had been duly passed.¹⁰³⁾

The aforementioned situation of the Provincial Government underwent changes since 1 July 1986. These changes are considered below.

4.5.2 PROVINCIAL GOVERNMENT SINCE 1 JULY 1986

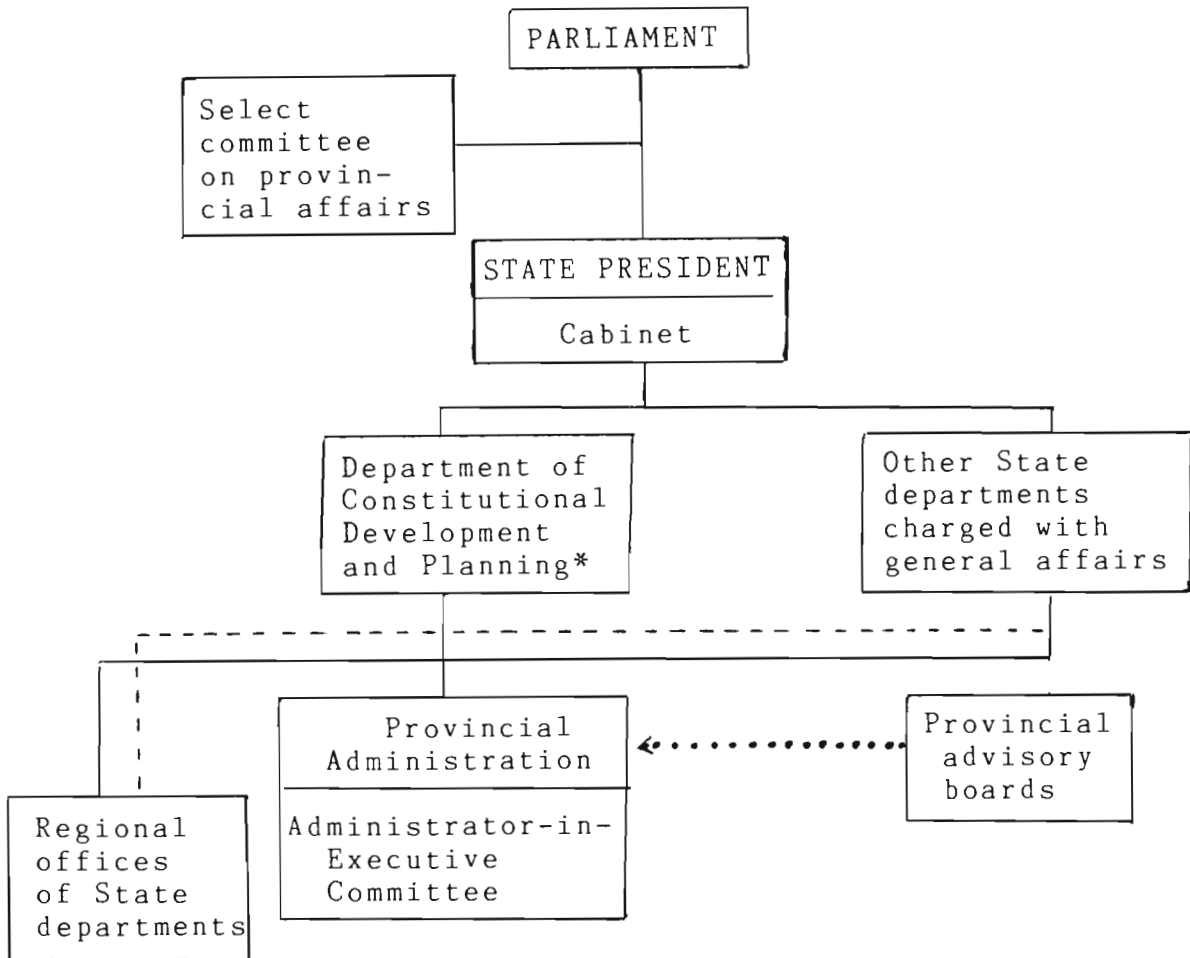
The hierarchy of Provincial Government institutions, in relation to the Central Government, is illustrated in Figure 5.¹⁰⁴⁾

103. Loc. cit.

104. Cloete, Towns and cities: Their government and administration, op. cit., p. 30. See Annexure 5 for the structure of the Natal Provincial Government.

FIGURE 5

HIERARCHY OF PROVINCIAL INSTITUTIONS SINCE 1 JULY 1986
IN RELATION TO THE CENTRAL AUTHORITY



- _____ = Directives with laws, regulations and decisions
 = Advice
 - - - - = Investigations and deliberations to enforce accountability

* Since 1 October 1986, the Ministry of Constitutional Development and Planning consists of two departments, namely the Department of Development Planning and the Department of Constitutional Development Services. The aim of the latter Department is to formulate policy concerning local authority matters and provide constitutional services with regard to the national states - vide Republic of South Africa: Annual Report of the Department of Development Planning and the Department of Constitutional Development Services for the period 1 January to 30 September 1986, RP 61/1987, Government Printer, Pretoria, 1987, p. i.

In terms of the Provincial Government Act, 1986 (Act 69 of 1986), the all-White Provincial Councils were abolished on 1 July 1986. The resultant multi-racial Provincial Executive Committees and the transference of powers are considered below.

4.5.2.1 PROVINCIAL EXECUTIVE COMMITTEES

The State President is responsible for the appointment of the Administrator (as before) as well as the members of the Executive Committee.¹⁰⁵⁾ The Administrator, as before 1 July 1986, is the chairman of the Committee. The Administrator and other members comprise the executive authority in the provinces.¹⁰⁶⁾

The Administrator and other members hold office for a maximum period of five years and are eligible for reappointment. The State President is responsible for the filling in of casual vacancies.¹⁰⁷⁾ It is noteworthy that persons other than Whites may now, for the first

105. Republic of South Africa: Provincial Government Act, 1986 (Act 69 of 1986), section 7(1).

106. Ibid., section 7(2).

107. Ibid., section 11.

time, serve on a Provincial Executive Committee.¹⁰⁸⁾

The State President may assign the administration of any provision in any law, which entrusts any power, duty or function to a minister,¹⁰⁹⁾ to the Administrator of a province either specifically¹¹⁰⁾ or generally.¹¹¹⁾ Likewise, the Administrator may delegate to members of the Provincial Executive Committee, the Provincial Secretary, or any person employed by the provincial administration, or even to municipal bodies, divisional councils or other local authorities, any power except the power to issue proclamations or make regulations.¹¹²⁾

108. Carpenter, op. cit., p. 430.

109. Whether a Cabinet minister or a member of the ministers' council.

110. By way of the general assignment of a law or laws.

111. In so far as such law or laws relate to a matter mentioned in the assignment - vide Republic of South Africa: Provincial Government Act, 1986, op. cit., section 15(1)(a) and (b).

112. Ibid., section 15(2).

4.5.2.2 TRANSFER OF FUNCTIONS

The legislative power that was previously vested in the Provincial Councils has been transferred to the four Administrations. The Administrator is empowered, by proclamation, to amend, repeal or replace any provision of an existing ordinance¹¹³⁾ or legislate by regulation.¹¹⁴⁾

It is noteworthy that, unlike the ordinances previously adopted by the Provincial Councils, the proclamations issued by the Administrator comprise of subordinate legislation which is subject to judicial scrutiny. Such enactments may be declared invalid by the Supreme Court, not only on the grounds of ultra vires, but also if they are ambiguous, unreasonable or discriminatory. Therefore, the Administrator does not possess original legislative powers. Whereas the ordinances of the old Provincial Councils were subject to the approval of the State President, the proclamations of the Administrators have to be approved by a joint committee of Parliament.¹¹⁵⁾

113. Ibid., section 14(2)(a)(i).

114. Ibid., section 14(2)(a)(ii).

115. Ibid., section 14(2)(a).

4.5.2.3 PROVINCIAL FINANCE AND THE FINANCIAL PROCESS

Prior to 1 July 1986, the finances of the provinces were administered separately from the finances of the State departments. Consequently, a complicated system of financial relations between the provincial and central levels of government was developed. However, from 1 April 1987, the previous arrangement fell away.¹¹⁶⁾ From that date, the provinces had to obtain money from the State Revenue Fund in terms of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), which provides, inter alia, as follows:

- "82(1) In respect of the State Revenue Fund there shall be-
- (a) a State Revenue Account, which shall ... be credited with all revenues and from which shall be defrayed all expenditure and be paid any amounts with which it is charged ...
 - (c) the accounts in connection with the administration of a provincial matter which ... shall be credited with all revenues accruing to them ... and from which shall be

116. Cloete, Central, provincial..., op. cit., p. 233.

- defrayed all expenditure and be paid any amounts ...
- (3) Where a law provides that any revenue mentioned therein shall be paid into a provincial revenue fund or that expenditure so mentioned shall be defrayed from such fund such revenue shall be paid into and such expenditure shall be defrayed from the appropriate account contemplated in subsection (1)(c)".(117)

In this regard, it should be emphasised that the provinces retained their limited own resources of income allocated to them in the past. However, from 1 April 1987, the provinces will still receive the bulk of their income from the State Revenue Fund.¹¹⁸⁾

The Exchequer and Audit Act, 1975 (Act 66 of 1975), provides for four provincial revenue accounts, namely:

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117. Republic of South Africa: Republic of South Africa Constitution Act, 1983, op. cit., section 82.
118. Cloete, Central, provincial..., op. cit., p. 234.

- (i) the Account for Provincial Services: Cape;
- (ii) the Account for Provincial Services: Natal;
- (iii) the Account for Provincial Services: Orange
Free State; and
- (iv) the Account for Provincial Services: Transvaal.¹¹⁹⁾

For every financial year, the provincial administration will have to present to Parliament an estimate of the expenditure to be defrayed from its Account for Provincial Services and an estimate of expected revenue. The appropriations for the Accounts for the Provincial Services will be provided for in the vote for the Department of Development Planning. The amount appropriated for an Account for Provincial Services will be the difference between:

- (i) the expenditure authorised by general law, and

119. Republic of South Africa: Exchequer and Audit Act, 1975 (Act 66 of 1975), section 2(1)(c).

(ii) the revenue accruing to such Account; in other words, the provinces will have limited own revenue.¹²⁰⁾

The accounting officer for the Account for Provincial Services for his province will be the Provincial Secretary for each province. The books and accounts of the provinces will be audited by the Auditor-General. The audit reports as well as the estimates of revenue and expenditure will be submitted to the Minister of Finance to be laid on the Tables of the three Houses of Parliament.¹²¹⁾

4.5.2.4 EVALUATION

The most important feature of the new provincial dispensation is the abolition of representative government at the second-tier level. It is noteworthy that:

(i) the requirement of consultation has been transferred to the executive level;

120. Cloete, Central, provincial..., op. cit., p. 234.

121. Ibid., pp. 234-235.

- (ii) the possibility of a petition from a Provincial Council has fallen away; and
- (iii) the power to alter provincial boundaries is now vested in the State President acting after consultation with the Administrator(s) concerned.

4.6 REGIONALISATION IN THE REPUBLIC OF SOUTH AFRICA¹²²⁾

In terms of the provisions of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), the Provincial Government Act, 1986 (Act 69 of 1986), and the National States Constitution Act, 1971 (Act 21 of 1971), there are three clearly identifiable regional decentralised authorities in the RSA. These are the Own Affairs Administrations, the six self-governing territories and the provincial administrations in their

122. The information contained hereunder has been borrowed from Cornelissen, A.: "The future of regional authorities", in Hanekom et al (eds.): Public administration: 100 years, Proceedings of a conference organised by the Department of Political Sciences and Public Administration of the University of South Africa held on 7 and 8 May 1987, Pretoria, 1987, pp. 179-188.

present connotation.

The three Own Affairs Administrations for the White, Coloured and Indian population groups are typical examples of functional regionalisation, that is, regional authorities restricted to persons of certain colour. Each of these authorities has its own legislative body, namely, the three separate Houses of Parliament, and particular explicit legislative powers which are subject to the overall control of general legislation on the matters specifically mentioned in Schedule 1 of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983). Each House has a strong executive authority at ministerial level and reasonably extended administrative powers, but have limited independent financial powers.

4.6.1 REGIONAL SERVICES COUNCILS¹²³⁾

With the adoption of the Regional Services Councils Act, 1985 (Act 109 of 1985), the concept of RSCs was introduced to create authoritative policy-making bodies to serve a particular geographically demarcated area without regard to race. Moreover, the task of these councils was to provide services at the local government

123. Hereafter referred to as RSCs.

level in such a manner that Whites, Blacks, Coloureds and Indians could be represented on these bodies on a proportional basis.¹²⁴⁾

A RSC was to be established by the provincial administration after consultation with the Minister of Constitutional Development and Planning and the Minister of Finance and with the concurrence of the relevant members of the Ministers' Councils of the three Houses of Parliament. A RSC will possess no authority over the municipal councils situated in the regions for which it has been established. In other words, a RSC is a local authority established for providing municipal services on a regional scale.¹²⁵⁾

In fact RSCs are a horizontal extension of local

124. Carpenter, op. cit., p. 433.

125. Cloete, Towns and cities: Their government and administration, op. cit., p. 19. The Regional Services Councils Act, 1985 (Act 109 of 1985), provides for 22 services which could possibly be provided by RSCs. For a list of these services, see Republic of South Africa: Regional Services Councils Act, 1985 (Act 109 of 1985), Schedule 2.

authorities. The locus of RSCs in relation to local authorities is illustrated in Figure 6.¹²⁶⁾

The powers of RSCs are regarded as those powers, rights and duties which normally vest in local authorities and which may be conferred on the RSC by the Administrator.¹²⁷⁾ However, the RSCs do not have the power to levy property tax, although they may impose a regional services levy.¹²⁸⁾

The RSCs derive their revenue from the provision of services, a payroll tax and a turnover tax on businesses. When funds are allocated to a particular authority within a region, preference is given to the establishment, improvement and maintenance of facilities where there is the greatest need for them.¹²⁹⁾

The advantages of RSCs are that they can relieve the burden of the individual local authorities through the

126. Infra., p. 155.

127. Republic of South Africa: Regional Services Councils Act, 1985, op. cit., section 4(1)(a).

128. Ibid., section 4(1)(b).

129. Carpenter, op. cit., p. 434.

rendering of services which are beyond their financial and administrative capacities.¹³⁰⁾

The first eight of these RSCs came into effect on 1 July 1987. These councils are general affairs institutions and are controlled by the provincial administrations in accordance with the provisions of acts passed by Parliament.¹³¹⁾

All leaders of the different regions have the opportunity of addressing jointly regional problems concerning their communities. A Joint Executive Authority (JEA) for Natal and the self-governing territory of KwaZulu has been established as a starting point for further regional developments. The Joint Executive Authority represents an important reform step in power-sharing on a regional basis.¹³²⁾

130. Cloete, Towns and cities: Their government and administration, op. cit., p. 19.

131. Cloete, Central, provincial..., op. cit., p. 265.

132. South African Digest, 22 January 1988.

The following section considers the operation of local government in the RSA.

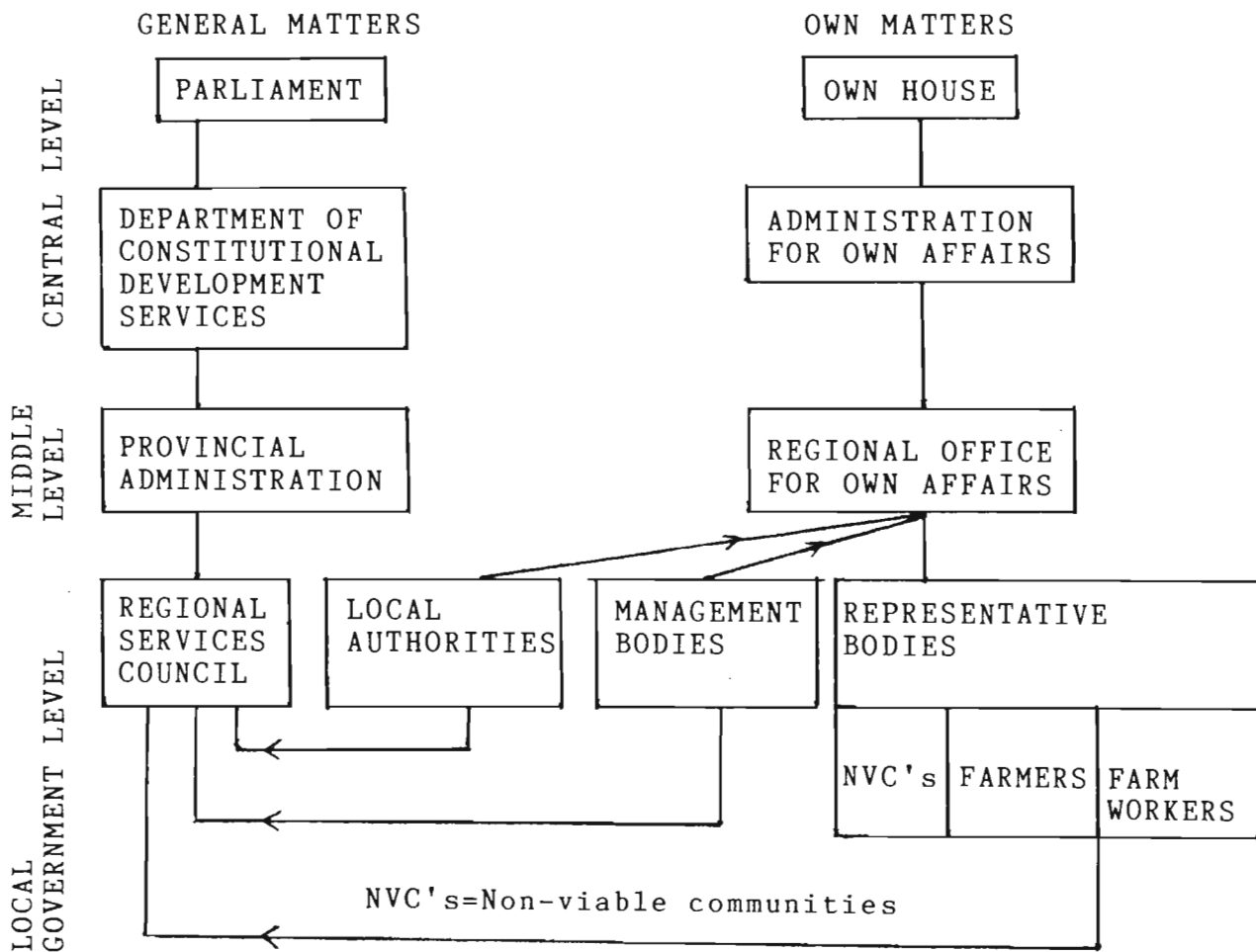
4.7 LOCAL GOVERNMENT LEVEL IN THE REPUBLIC OF SOUTH AFRICA

The locus of local authorities in relation to RSCs and in the government hierarchy is illustrated in Figure 6.¹³³⁾

133. Republic of South Africa: Regional Services Councils, Department of Constitutional Development and Planning, undated, p. 6; and Republic of South Africa: Annual Report of the Department of Development Planning and the Department of Constitutional Development Services for the period 1 January to 30 September 1986, RP 61/1987, Government Printer, Pretoria, 1987, p. i. Supra., p. 153.

FIGURE 6

STRUCTURE FOR LOCAL GOVERNMENT SINCE 1 JULY 1986



From Figure 6, it can be deduced that local authorities are the lowest in the three tiers of public institutions. Consequently, they can, through laws and other directives, be commanded by the central and regional authorities to perform specific functions in the manner prescribed by the higher authorities. Nevertheless, it should be emphasised that local authorities are closest to the people to whom they render goods and services. Members of the public can liaise directly with their councillors every day. The lives of the people are directly influenced by the manner in which local authorities execute their functions; for example, by the manner in which they provide water and electricity. Hence, local authorities provide the foundations on which the welfare of the people is built.¹³⁴⁾

4.7.1 ORGANISATIONAL STRUCTURE OF A LOCAL AUTHORITY

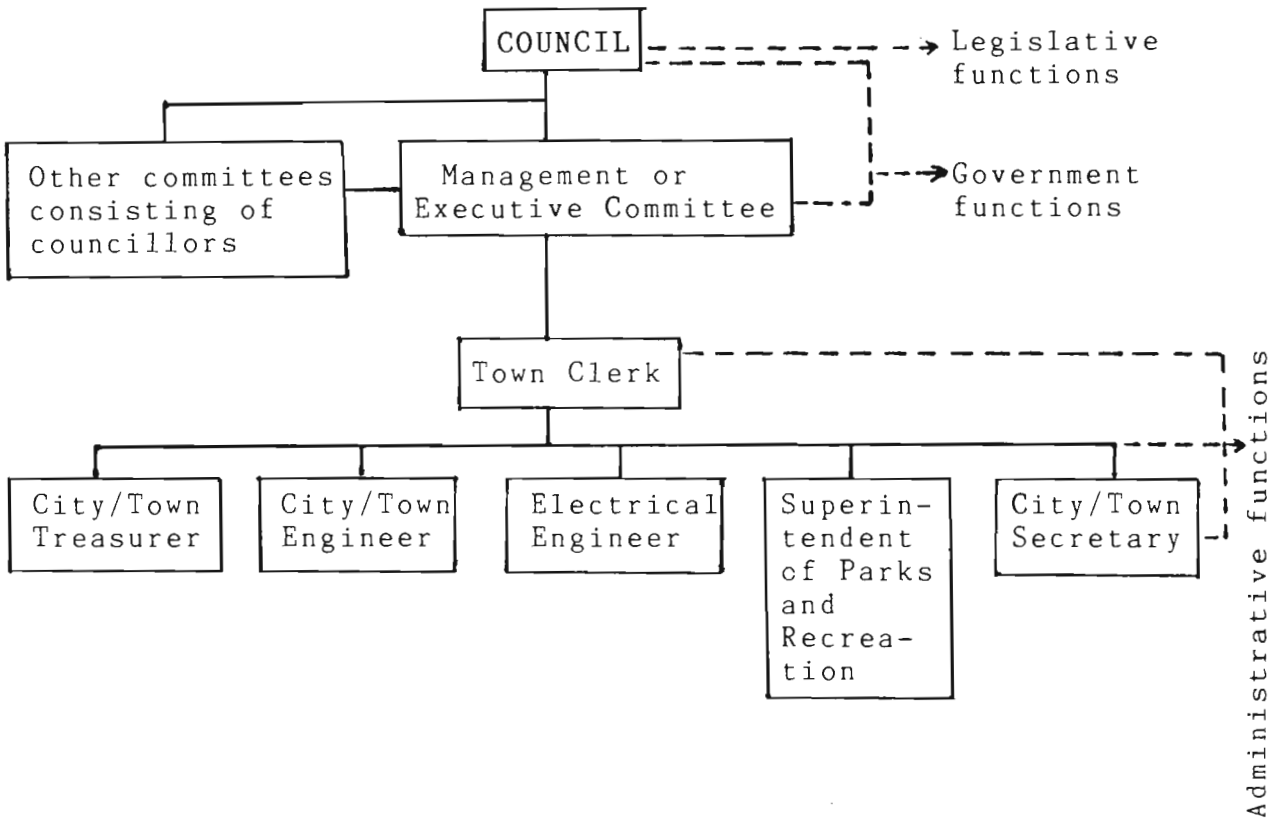
In the execution of their functions, local authorities usually create a number of functional departments in addition to a finance or treasurer's department. A typical organisational structure of a local authority

134. Cloete, Towns and cities: Their government and administration, op. cit., p. 31.

in the RSA is illustrated in Figure 7.¹³⁵⁾

FIGURE 7

INSTITUTIONS, OFFICE-BEARERS AND OFFICIALS OF A LOCAL AUTHORITY



135. Ibid., p.53.

From Figure 7, it is evident that every local authority consists of:

- (i) a legislature such as a health committee, community, village, town or city council consisting of elected or appointed members, and such a committee or council can pass laws known as bylaws;
- (ii) a governmental institution usually comprising of one or more committees made up of members elected from amongst their midst by the councillors; and
- (iii) administrative institutions comprising departments and/or divisions to which specific functions have been entrusted, for example, the Electricity Department.¹³⁶⁾

4.7.2 LOCAL AUTHORITY FINANCE

The Provincial Councils of the four provinces have prescribed the sources of revenue of the local authorities. Although their sources of revenue have been prescribed, it is a characteristic of the South African local authorities that they obtain their own

136. Ibid., p. 28.

income. Hence, local authorities are dependent upon the provincial authorities and the State for income to a limited extent only.¹³⁷⁾ The primary financial support received by local authorities from the State is the amounts paid to them by the Department of National Health to enable them to pay the salaries of their medical officers of health.¹³⁸⁾

The council of each local authority is required to prepare and approve budgets (estimates) of income and expenditure for every financial year. The preparation of the budgets is normally performed by the officials and, in particular, the treasurer. However, the budget has to be ultimately approved by the municipal council.¹³⁹⁾

Since a local authority always works with the money of the public, it is necessary for records to be kept of every financial transaction. Such records enable the

137. Local government derives its income from various sources - vide Baxter, op. cit., p. 152.

138. Cloete, Central, provincial..., op. cit., pp. 259-260.

139. Cloete, Towns and cities: Their government and administration, op. cit., p. 69.

local authority to account to members of the public or any other enquirer how money has been received or spent.¹⁴⁰⁾

The principal source of income of local authorities is the rates which they are permitted to levy upon immovable property.¹⁴¹⁾

Local authorities also derive revenue from the services rendered by them, for example, rubbish removal, fresh produce markets and abattoirs. Some income is also derived from licences. However, local authorities have repeatedly claimed that their sources of revenue are inadequate.¹⁴²⁾

Local authorities are also vested with the power to

140. Loc. cit.

141. The discussion of rates on immovable property is considered at length by Garbharran, H.L.: The administration of the valuation of property at the local government level with particular reference to the Durban Municipality, unpublished M.P.A. dissertation, University of Durban-Westville, Durban, 1987, pp. 89-97.

142. Cloete, Cebtral, provincial..., op. cit., pp. 260-261.

raise loans under prescribed conditions and for specified purposes. Loans can usually be raised only with the approval of the Administrator or the relevant minister. The Local Authorities Loans Fund Act, 1984 (Act 67 of 1984), makes provision for the Local Authorities Loan Fund. Local authorities are entitled to limited loans for specific purposes from this Fund. These authorities are usually permitted to raise loans only to create immovable assets such as, inter alia, streets, bridges, parks and town halls.¹⁴³⁾

Auditors under the supervision of the Auditor-General or auditors approved by him and the Administrator or relevant minister have to audit the books and accounts of every local authority. The reports of the auditors have to be submitted to the municipal councils and the provincial Administrators or the relevant ministers.¹⁴⁴⁾

The following section considers the structuring of education management at the local level of government in terms of the White Paper on the Provision of Education in the Republic of South Africa in 1983.

143. Ibid., p. 261.

144. Loc. cit.

4.7.3 STRUCTURING OF EDUCATION MANAGEMENT AT THE LOCAL LEVEL OF GOVERNMENT

The determination of policy for the management of school education at the local level is a matter that has to be dealt with on behalf of each population group by its own education authority.¹⁴⁵⁾

Regarding the composition and functions of parent representative bodies, the Government accepts the desirability of these bodies at the local level, either for each school or for groups of neighbouring schools. The government is also in favour of the devolution of decision-making to the parent representative bodies. In this respect, local education management bodies should strike a responsible balance between the power of the school principal and the professional educators and that of the parent community and the community at large. The Government favours specialised education management bodies at the local level, but it is not in favour of ordinary local authorities taking charge of education. However, it is necessary that planning

145. Republic of South Africa: White Paper..., op. cit., p. 18.

inputs should be obtained from local authorities at an early stage.¹⁴⁶⁾

The Government is investigating, as a matter of high priority, the manner in which local education management bodies can be empowered to levy and administer school fees.¹⁴⁷⁾

4.7.4 EVALUATION

The devolution of decision-making powers to local bodies should assist in facilitating the administrative efficiency and effectiveness in education. Being the closest to the electorate whom they serve, it is desirable that local authorities, too, should be empowered with decision-making powers pertaining to education.

5. SUMMARY

The Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), heralded a new era in the constitutional history of the RSA with the creation of general affairs and own affairs, the merger of the State President's functions, and the formation of the

146. Loc. cit.

147. Ibid., p. 20.

three Houses of Parliament to represent the Whites, Coloureds and Indians, respectively. It is evident that Parliament plays an influential role in the execution and control over the financial process in terms of money bills and appropriation bills in general affairs and own affairs, respectively.

The fact that the tricameral Parliament is still in existence augurs well for the future of the proposed National Council. If the elected and nominated members of the Houses of Parliament approach their functions rationally and intelligently, with complete disregard for personal interest, it will be possible to solve the most difficult problems which will be brought before Parliament.

At the executive level, the State President and the Cabinet, together, play complementary roles in the performance of executive functions. The supervisory role of the ministers' councils over the executive functions of the State departments is a significant aspect of the aforementioned Act.

The institutions and office-bearers constituting executive authority at the central government level comprise the political (governmental) superstructure of the administrative institutions in the RSA. The head of State and head of Government (State President) and the

ministers attain their offices through party politics. Consequently, they can be appropriately termed as political office-bearers.

The Judiciary, at the central government level, does not have adequate power to exert any direct influence over the decisions of the State President, particularly in matters pertaining to the identification of services relating to general affairs and own affairs.

The new provincial constitutional dispensation resulted in the abolition of the Provincial Councils as from 1 July 1986 and the transference of the legislative powers of these Councils to the four provincial Administrations. It is heartening to note that since 1 July 1986, the financial process pertaining to the provinces has been streamlined, with a substantial contribution of provincial funds being made from the State Revenue Account.

It is evident that the four provinces can still serve as significant regional authorities. However, the provinces will no longer be able to have their own way with matters entrusted to them. The provincial Administrators will be able to function as legislators in respect of prescribed matters, but even then their proclamations will have to be approved by a joint committee of Parliament. Nevertheless, the provinces

will be able to play an important role in the government and administration of the RSA because they are closer to the people than Parliament, the Cabinet and the ministers' councils.

To maintain the status quo of the provincial administrations, there will have to be a clear demarcation of functions, between the Central and Provincial systems, preferably by Act of Parliament. Should the demarcation of functions not materialise, the expected advantages of the present form of regionalisation in the provinces will be negated since Central Government departments would, by means of super-ordinate legislation and the negotiation of funds, convert the provincial administrations into a structure of branch offices of linked central line-function departments.

The introduction of RSCs will relieve the financial burden of local authorities particularly in the provision of bulk services. However, it is imperative that RSCs and local authorities appreciate the complementary roles of each other in order to ensure that they provide maximum benefits to the community.

Although local authorities are subservient to the central and provincial levels of government, they form the closest link with the community. In this respect, they play a significant role in the provision of services

to the public. It is significant that the financial process at the local government level is subjected to the same procedures and control as that of the central and provincial levels of government.

In view of the anticipated levy of compulsory school fees, local authorities should be required to play an active role in the operation of the financial process in education. Local authorities should be delegated the task of guiding and advising school principals on the implementation of efficient and effective methods pertaining to the collection, custody, distribution and control of school funds.

Having discussed the constitutional framework in which the financial process takes place within governmental and educational circles, it is now appropriate to discuss the operation of the financial process in the RSA in general. Chapter III focuses attention on this aspect.

CHAPTER IIIOPERATION OF THE FINANCIAL PROCESS IN THE REPUBLIC
OF SOUTH AFRICA1. INTRODUCTION

The discussion of the constitutional framework of the RSA at the central, provincial and local levels of government, with their concomitant implications for education, has set the stage for the discussion of the actual operation of the financial process. Consequently, this chapter focuses attention on the operation of the financial process in the RSA.

In terms of financial stringency, it is imperative to ensure that society is receiving good value for money, and that educational aims are supported by the financial strategy.

A public institution has to have money to undertake the functions it has to perform to attain its objectives. To procure money, taxes have to be levied and citizens, in this way, have to provide the funds required. The moneys, procured by the public institution, have to be accounted for and, therefore, have to be used in a responsible manner. The procurement, distribution and

expenditure of public moneys require a financial policy to be determined, organisational units to implement the financial policy of public institutions, staff to do the work, work procedures which will centre around budget procedures, and control measures. All these processes constitute the financial process which is an important component of financial administration.¹⁾

Therefore, this chapter highlights the following aspects:

- definition of the financial process;
- place of financial administration in public administration;
- bond between education and public administration;
- financial process in terms of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983);

1. Cloete, J.J.N: Introduction to public administration (third edition), J.L. van Schaik (Pty.) Ltd., Pretoria, 1986, p. 105.

- procurement of money;
- provision of money;
- expenditure of money;
- accounting procedure and budgeting procedure with special emphasis on the System of Budgeting by Objectives; and
- control in financial administration.

2. DEFINITION OF 'FINANCIAL PROCESS'

Several authors have offered definitions on the concept 'financial process'. Garvue states that the financial process refers to a dynamic process that assists in resource allocation, particularly by recording and analysing the financial aspects of programmes.²⁾

2. Garvue, R.J.: Modern public school finance, Macmillan Co., London, 1969, pp. 67-68. See also Lombard, J.A.: "Fundamentals in the financing of political reform in S.A.", The South African Treasurer, Vol. 58, No. 3, January 1986, p. 42.

Good refers to the financial process as follows:

- (i) the conduct of a group of functions pertaining to fiscal affairs;
- (ii) the performance of those executive duties of a governmental body which involve monetary affairs; and
- (iii) the administration of funds belonging to a governmental body.³⁾

The financial process is an integral component of financial administration which is one of the subfields of public administration. Consequently, Kruger states as follows:

"In the public sector, financial administration is one of the six generic processes in which the administrative process can be divided for analytical purposes".(4)

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- 3. Good, C.V.: Dictionary of education (second edition), McGraw-Hill Book Co., Inc., New York, 1959, p. 14.
 - 4. Kruger, H.B.: "The Exchequer and Audit Act, 1975 (Act 66 of 1975)", The Public Servant, July 1978, p. 14.

Handa is of the belief that:

"(The) financial (process) is a part of the total process of administration and the same concepts and principles are applicable to it as it is in the case of administration as a whole. (The) financial (process), which involves raising of resources, their proper allocation amongst various purposes and activities, and an efficient and economical spending of these resources, is a very important function to determine the health of an organisation. It is a necessary service function and plays an integrating role by running through most other functions of the organisation".(5)

From the aforementioned definitions, it can be deduced that the financial process refers to the following:

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5. Handa, K.L.: "Reforms in financial administration", The Indian Journal of Public Administration, Vol. XXXI, No. 3, July-September 1985, p. 638.

- determination of income and expenditure;
- preparation and execution of the budget;
- maintenance of financial records;
- ensuring that expenditure is in accordance with legislative directives;
- provision and control of money in appropriate accounts;
- ensuring efficiency and effectiveness of all financial activities; and
- maintenance of public accountability.⁶⁾

3. PLACE OF FINANCIAL ADMINISTRATION IN PUBLIC ADMINISTRATION

Just as a person cannot initiate a business undertaking without money, a public institution, too, cannot initiate any work without money. However, all public institutions are dependent upon the citizens for their income by way

6. Cloete, J.J.N.: Local government administration, Institute of Town Clerks of Southern Africa, Pretoria, 1978, pp. 63-78.

of taxes. Therefore, special legislative procedures have to be followed in the procurement and expenditure of money in the public sector.⁷⁾

The process of putting public policy into effect is known as public administration. Public administration can be subdivided into six generic processes of which financial administration is one. The other five generic processes concern policy-making, organising, staffing, work procedures, and control. Since public administration is defined as the process of giving effect to public policy, the generic process of financial administration, should, of necessity, be one of the processes of giving effect to public policy.⁸⁾

The financial process comprises of the six categories of administrative processes in relation to the functional

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7. Cloete, Introduction to public administration, op. cit., p. 105.
 8. Watson, M.W.: "Influence of the private sector on the financial administration of the public sector in South Africa", SAIPA-Journal of Public Administration, Vol. 18, No. 1, March 1983, p. 21.

processes of:

- (i) procurement of money;
- (ii) custody of money; and
- (iii) expenditure of money.⁹⁾

Moreover, there are auxiliary processes such as, accounting, budgeting and auditing to assist with the aforementioned three elements of the financial process. Each of the six constituents of the generic administrative processes has to be applied to the functional and auxiliary processes of financial administration. There has to be, for example, policy, organising, financing, staffing, work procedures, and control for the procurement of money, custody of money and the expenditure of money.¹⁰⁾

The aforementioned discussion illustrates that financial administration and public administration are integrally related. What about the relationship between education and public administration? Does a bond exist between them? The following discussion serves to throw light

9. Loc. cit.

10. Loc. cit.

on these questions.

4. BOND BETWEEN EDUCATION AND PUBLIC ADMINISTRATION

Society is considered to be an integral part of the order and administration of a country. The division of labour, the exchange of commodities and the creation of opportunities in society are essential for the satisfaction of human needs, desires and impulses that call for order and administration. Consequently, without an agreed pattern of rules and regulations, that is, without law and order, or government and justice, there would be constant strife resulting in the deterioration of social welfare.¹¹⁾

As society grows in complexity, education becomes more formalised. The more technologically-oriented and industrialised a society becomes, the greater the need

11. Beyers Nel, C.F.: "Education and citizenship or The essential bond between education and public administration and government", Paidonomia, Journal of the Faculty of Education, University of Zululand, Vol. 6, No. 1, 1978, p. 4.

for the rationalisation of traditions and for the formal direction of the incoming generation. Together with this phenomenon arises the urgent need for institutionalised government, law and public administration to serve the social purpose and to maintain proper conditions of living.¹²⁾

For the citizen, in his every-day life situations, the term 'government' refers to the administration and observing of regulations. The public administration sector is a vital component of modern society. Cloete states that there is a parallel between the function of administration in a society and that of the lubrication oil and fuel in a motor engine. Administration, from the point of view of the minister to the minor, ultimately implies to serve people, to look after them, and to assist and guide them to improve the management of their own affairs. All members of society are engaged in co-operative activity with a single purpose: to improve the quality of human existence and, in terms of the individual, this implies the creation of better conditions of living. The quality of life can be enhanced by an improved physical environment. However,

12. Ibid., pp. 5-6.

the real character of the life of a society is inherent in the individual personality. Consequently, the quality of life , in the final analysis, depends upon the quality of education.¹³⁾

From the aforementioned discussions, it is evident that a close relation exists between education, public administration and financial administration.

The following section traces the development of the financial process from the post-Union period to the present.

5. DEVELOPMENT OF THE FINANCIAL PROCESS FROM THE POST-UNION PERIOD TO THE PRESENT (1988)

5.1 FINANCIAL PROCESS: POST-UNION: 1910-1961

The Parliament of the Union of South Africa had the final say in the appropriation of money required by the government and administration of the State. The appropriation of money was a lengthy and complicated process which began with the preparation of estimates of revenue and expenditure by the State departments in

13. Ibid., pp. 7-8.

consultation with the Department of Finance of which the Treasury is a part. The estimates, which were prepared by the State departments and consolidated by the Department of Finance, were presented to the Cabinet. After Cabinet's approval of the estimates, they were printed in book form. Upon the availability of the printed estimates, the Minister of Finance gave notice in the House of Assembly that he was going to introduce the Appropriation Bill. This Bill included a schedule stipulating the amounts to be available under the different votes. These amounts corresponded with those reflected in the printed estimates. When the Minister of Finance moved the Second Reading of an Appropriation Bill, he was, in effect, making his Budget Speech.¹⁴⁾

Separate appropriation bills were submitted for the State departments. The deliberations on the appropriation bills were important and consumed much of the time of the House of Assembly. Consequently, the Standing Orders of the House of Assembly outlined the procedure to be

14. Cloete, J.J.N.: Parliaments of South Africa, J.L. van Schaik (Pty.) Ltd., Pretoria, 1985, p. 45.

followed in dealing with appropriation bills and the time to be devoted to the consideration of the estimates of income and expenditure.¹⁵⁾

Parliament's role in the financial process also entailed control over the manner in which the revenues were collected and the voted moneys were spent. Therefore, Parliament provided for the appointment of the Controller and Auditor-General under the Exchequer and Audit Act, 1911 (Act 21 of 1911), and the Exchequer and Audit Act, 1956 (Act 23 of 1956). The Select Committee on Public Accounts examined the reports of the Controller and Auditor-General on behalf of the House of Assembly and reported to the House. The aforementioned Select Committee was empowered to call upon the heads of the State departments, who also served as accounting officers for their departments, to render account for the financial activities of their departments. All irregularities discovered in the financial transactions were reported by the Select Committee on Public Accounts to the House of Assembly.¹⁶⁾

15. Ibid., pp. 45-46.

16. Ibid., p. 46.

5.2 CHANGES IN THE FINANCIAL PROCESS WITH THE PROMULGATION
OF THE EXCHEQUER AND AUDIT ACT, 1975 (ACT 66 OF 1975)

This Act greatly rationalised the financial process of public administration by, inter alia, giving legislative authority to improved administrative practices which had developed over a period of time. Treasury's position as the controller of State cash was strengthened. The system of budgeting was changed from the Line-Item Budget¹⁷⁾ to the System of Budgeting by Objectives.¹⁸⁾ The former is an input Budget, emphasising items of expenditure. Although it has its advantages for the purposes of auditing and control, it is a weak administrative aid for purposes of policy-making. The System of Budgeting by Objectives is based on output called programmes. It reflects the actual cost of each programme (function) of each department, and is a useful administrative tool for decision-makers - State departments, Treasury and Cabinet. However, this System is not conducive to control. Therefore, a revised form of Line-Item Budget was built into this System for control purposes. The System of Budgeting

17. Infra., p. 217.

18. Infra., p. 229.

by Objectives was introduced in the 1977-78 financial year in five votes, and extended over three years to the rest of the budget.¹⁹⁾

With the implementation of the System of Budgeting by Objectives, attempts were also made to improve control over the flow of public funds, and efforts to curtail unauthorised expenditure. Computerisation was being used on an increasing scale. Government departments were urged to improve control over the use or loss of public money.

With rationalisation, the former Departments of Finance, Treasury, Inland Revenue, and Customs and Excise were merged into one department, the Department of Finance.²⁰⁾

Figure 8 depicts the locus of the Department of Finance in the hierarchy of executive institutions for general affairs.²¹⁾

19. Marais, D.: Constitutional development of South Africa (second edition), Macmillan South Africa (Publishers) (Pty.) Ltd., Johannesburg, 1985, p. 44.

20. Ibid., pp. 44-45.

21. Van Rooyen, L.: "Oudit moet onafhanklik", Publico, Vol. 1, February 1987, pp. 16-17.

FIGURE 8

LOCUS OF THE DEPARTMENT OF FINANCE IN THE HIERARCHY
OF EXECUTIVE INSTITUTIONS FOR GENERAL AFFAIRS

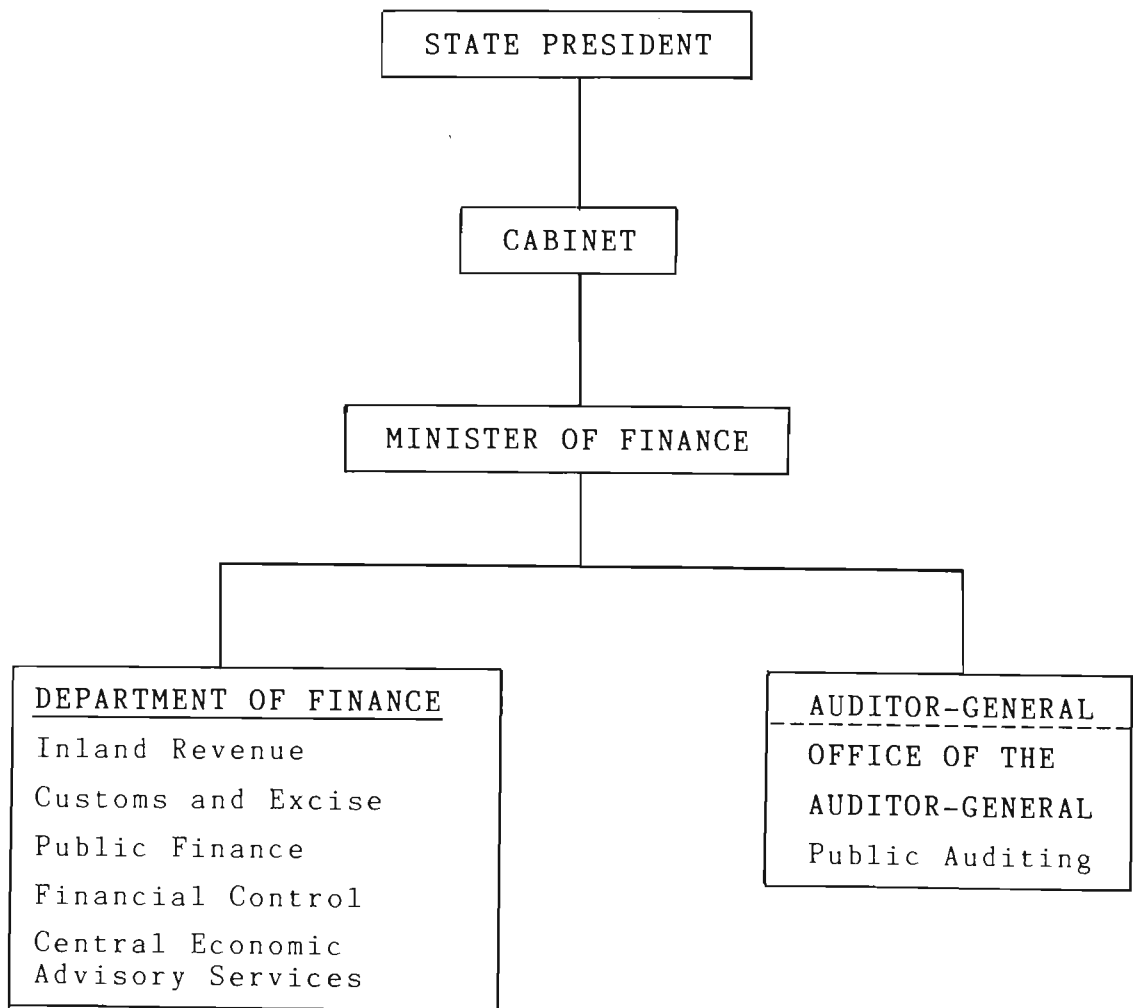


Figure 8 reveals that the Department of Finance has been merged into a comprehensive Department with wide-ranging functions. Moreover, it is evident that both the Department of Finance and the Office of the Auditor-General play complementary roles in co-ordinating financial activities for the State on behalf of the Minister of Finance.

To complete the historical development of the financial process, the financial implications of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), are considered below.

5.3 FINANCIAL PROCESS IN TERMS OF THE REPUBLIC OF SOUTH AFRICA CONSTITUTION ACT, 1983 (ACT 110 OF 1983)

Sections 79 to 86 of the aforementioned Act concern the financial process in public administration.

The wording of the Act is couched in legal terms, but it is surmised that it is in the cutting of the budget pie that consensus politics will be put to test. Any government is constrained by a restricted source of income. However, it is always confronted with an

ever-increasing demand for more and better services. Since public money is, at all times, insufficient, its allocation rests on a compromise. It is not possible to meet all demands for public services. Moreover, an increase in one service, such as defence, is a loss to other competing services such as education and housing. Each of the three Houses of Parliament makes its own demand for money. Therefore, it is expected that to reach an acceptable compromise regarding the annual budget proposals, a considerable amount of give-and-take will be necessary.²²⁾

Section 80 of the aforementioned Act stipulates that the control of State revenue, from whatever source, shall be vested in the State President. The reason for this is simple: State money belongs to the inhabitants of the country, not to the ruling party, nor even Parliament.²³⁾

According to section 81, there shall be a State Revenue

22. Marais, op. cit., p. 70.

23. Loc. cit.

Fund²⁴⁾ in which all revenue shall be paid. This section further stipulates that no money shall be withdrawn from this Fund except in terms of an Act of Parliament. According to this prescription, the basic principle of public responsibility and public trust is emphasised.²⁵⁾

Section 82 states that there shall be a State Revenue Account, together with accounts for the administration of own affairs. In terms of section 83, these accounts shall be audited by an Auditor-General.

Section 84 constitutes the most difficult part of the financial process of public administration under a three-House Parliament, with the division of general and own affairs. In practice, therefore, there shall be four budgets, one a general affairs budget under a

24. See Annexure 6 for the State Revenue Fund of the RSA for the period 1982-1987 - vide Republic of South Africa: South African Reserve Bank Quarterly Bulletin, Pretoria, March 1988, pp. S-52 and S-53.

25. Marais, op. cit., p. 70.

Minister of Finance, and three own affairs budgets, under three Ministers of Budgets, one for each House. The difficulty arises in the relative amounts to be allocated to each budget, besides the manner in which the allocated money will be divided between the various services to be rendered. Money allocated to an own affairs budget may only be applicable to such services as prescribed in the initial allocation. In this regard, the prescriptions listed in Schedule 1 of the aforementioned Act is applicable. The own affairs budgets are submitted to each individual House; the general affairs budget is submitted to all three Houses. As expected, each House demands as much money as possible for own affairs, while, at the same time, arguing the relative merits of the allocations in the general affairs budget from the point of view of the principles of the ruling party in each House.²⁶⁾

According to section 86 of the Act, no House shall consider any proposal for the appropriation of any part of the public revenue or any tax that has not been initiated by a minister, unless the State President

26. Ibid., pp. 70-71.

has recommended such appropriation by way of a message to a House.²⁷⁾

It is noteworthy that the appropriation of public money or the levying of taxes is a general affair, and no House can do so on its own. A House may, however, impose levies on a particular service, provided that it is within the sphere of jurisdiction of such a House. For example, a House may place a levy on any matter pertaining to own affairs of that House, but may only use such levies in respect of that particular service on which the levy is placed. Levies on parents with children at school may only be utilised for purposes of education, and not for any other own affairs service.²⁸⁾

With the aforementioned knowledge of the scope of the financial process, it is now possible to examine each of the components of the financial process.

27. Ibid., p. 71.

28. Republic of South Africa: Revenue Accounts Financing Act, 1984 (Act 120 of 1984), article 3.

6. PROCUREMENT OF MONEY

The major sources of revenue at the Central Government of the RSA are as follows:

- (i) loan revenue;
- (ii) income tax;
- (iii) sales tax;
- (iv) customs and excise;
- (v) state enterprise revenue; and
- (vi) sundry revenue.²⁹⁾

All the revenues collected by the Central Government are not spent on State departments alone, but on a

29. Roux, B.: "The Central Administration, Provincial and Local Authorities, and the Judiciary", in Worrall, D. (ed.): South Africa: Government and politics (second revised edition), J.L. van Schaik Ltd., Pretoria, 1975, p. 91. See also Republic of South Africa: Report of the Commission of Enquiry into the financial relations between the Central Government and the Provinces, RP 35/1964, Government Printer, Pretoria, 1964, p. 12.

large number of public institutions, including provincial and local authorities. These institutions receive annual ad hoc subsidies and transfer payments either through annual budgetary or fixed statutory appropriations. Matters concerning public finance in the RSA are regulated by several statutory instruments. The legislature is the supreme authority for appropriating public revenue and expenditure, and the annual budgetary debate is a regular highlight of the parliamentary sessions.³⁰⁾

7. CUSTODY AND THE DISTRIBUTION OF PUBLIC MONEYS

7.1 STATE FINANCE - STATE DEPARTMENTS AND RELATED INSTITUTIONS

7.1.1 FUNDAMENTALS

A public institution requires money to commence and undertake its activities. To prevent chaos in the financing of the public sector, it is necessary for the orderly classification of the numerous institutions comprising the public sector. Fundamental rules can be provided for the financing of the public sector in

30. Roux, op. cit., pp. 91-92. *

general, while specific rules can be formulated for each distinctive group of institutions.³¹⁾

The three levels of government, the central, regional and local levels of government, form the foundation for the financing of the South African public sector. The basis provided by such a grouping of the public institutions is that the central level of government, with Parliament at the top, is the supreme level. Parliament possesses the supreme authority to distribute functions and sources of income to the central, regional and local levels of government. The institutions on the various levels of government can then execute the functions given to them within the limits allowed by their sources of income and within the framework provided by parliamentary directives.³²⁾

The result of the aforementioned foundation is that every legislature (Parliament, House of Parliament, regional legislature including the legislatures of the

31. Cloete, J.J.N.: Central, provincial and local government institutions of South Africa (second revised edition), J.L. van Schaik (Pty.) Ltd., Pretoria, 1988, p. 165.

32. Loc. cit.

self-governing Black national states, and municipal councils) and the executive institutions subordinate to it can devise its own financial systems for the operation of the financial process. Such systems will be based on an own revenue fund into which all income will be deposited and from which payments will be made only in terms of the directives of the relevant legislature. Each financial system will maintain its own book-keeping system. The activities of each financial system will be concluded in auditing by auditors whose reports have to be presented to the relevant legislature.³³⁾

The financial process operating on the central level of government has been complicated by the promulgation of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983). The complication rests in the division of public affairs into:

- (i) general affairs to be administered by State departments entrusted to the members of the Cabinet; and

33. Ibid., pp. 165-166.

- (ii) own affairs to be administered by the State departments entrusted to members of the ministers' council of each House.³⁴⁾

This division resulted in four financial systems for State departments comprising the central level of government. These systems are described below.

7.1.2 FINANCING THE STATE DEPARTMENTS

7.1.2.1 STATE REVENUE

The Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), provides for the directives of the financial system at the central level of government. The principal provisions of this Act are, inter alia, as follows:

- "80. All revenues of the Republic from whatever source arising, shall vest in the State President.
- 81(1) There shall be a State Revenue Fund, into which shall be paid all revenues as defined in section 1 of the Exchequer and Audit Act, 1975.

34. Ibid., p. 66.

- (2) No moneys shall be withdrawn from the State Revenue Fund, except in accordance with an Act of Parliament".(35)

There is still one State Revenue Fund, in spite of the fact that, from 3 September 1984, there are four sets of State departments and, hence, four financial systems. This development is explained below.

7.1.2.2 ACCOUNTS FOR PUBLIC FUNDS: GENERAL AND OWN AFFAIRS

The aforementioned Act provides as follows

- "82(1) In respect of the State Revenue Fund there shall be-
- (a) a State Revenue Account, which shall, subject to..., be credited with all revenues and from which shall be defrayed all expenditure and be paid any amounts with which it is charged in terms of this Act or any other law;

35. Republic of South Africa: Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), sections 80 and 81.

- (b) the account in connection with the administration of own affairs of the different population groups, which may be prescribed with all revenues accruing to them in terms of this Act or any other law and from which shall be defrayed all expenditure and be paid any amounts with which they are charged in terms of this Act or any other law.
- (2) Where any law dealing with own affairs of a population group provides that revenue mentioned therein shall be paid into the State Revenue Fund or that expenditure so mentioned shall be defrayed from, the appropriate account contemplated...".(36)

This section of the Act provides for four accounts, namely:

- (i) the State Revenue Account; and
- (ii) a revenue account for own affairs for each of the Administrations of the three Houses of Parliament, for example, Revenue Account of the

36. Ibid., section 82.

Administration: House of Delegates. The latter three revenue accounts are known as 'appropriation accounts'. In terms of revenue, the aforementioned Act stipulates as follows:

- "84 In respect of every financial year there shall be paid from the State Revenue Fund into its relevant account-
- (a) the amounts calculated in accordance with a formula prescribed by any general law;
 - (b) any amount appropriated by any general law for that account in respect of the financial year in question; and
 - (c) any amount to be paid into that account subject to conditions determined by any general law".(37)

From the foregoing, it can be deduced that the following appropriations will have to be approved each year:

37. Ibid., section 84.

- (i) Parliament (the three Houses) will have to pass an appropriation act for the financing from the State Revenue Account of the general affairs State departments and the payment of moneys into each of the three appropriation accounts for the three Administrations for the three Houses of Parliament; and
- (ii) each House of Parliament will have to pass an appropriation act for its own Appropriation Account.³⁸⁾

In terms of the appropriation of moneys by the three Houses, the Act provides as follows:

"86 A House shall not consider any proposal, whether by way of a vote or by way of a resolution, address or bill, for the appropriation of any part of the public revenue or of any tax or impost to any purpose and which has not been initiated by a Minister, unless such appropriation has been recommended by message from the State President during

38. Cloete, Central, provincial..., op. cit., p. 168.

the session in which the proposal is made".(39)

The financial provisions are prescribed for each of the three Houses regarding their own funds.

The Exchequer and Audit Act, 1975 (Act 66 of 1975), provides for the administration of the State Revenue Fund. The Act provides that the Treasury, which is a branch of the Department of Finance in which final authority for the Public Service is vested, has to provide in its books for the State Revenue Fund for:

- (i) the State Revenue Account; and
- (ii) the three Appropriation Accounts for the administration of own affairs of the three population groups concerned.⁴⁰⁾

The Minister of Finance is charged with the final responsibility for the State Revenue Fund and the State Revenue Account. Each member of the ministers'

39. Republic of South Africa: Republic of South Africa Constitution Act, 1983, op. cit., section 86.

40. Republic of South Africa: Exchequer and Audit Act, 1975 (Act 66 of 1975), section 2.

council in charge of financial affairs will be responsible for the Appropriation Account of his Administration. The State departments of these three own affairs ministers responsible for financial affairs undertake the treasury functions in their respective Administrations.⁴¹⁾

In addition to the aforementioned Accounts, Treasury has to keep, at the South African Reserve Bank, the Account of the Exchequer of the RSA. All revenue will be deposited into this Account.⁴²⁾

7.1.2.3 FINANCIAL DIVISIONS OF STATE DEPARTMENTS

Money is allowed for each general affairs State department⁴³⁾ by one or more votes reflected in the schedule of the Appropriation Act passed by all three Houses of Parliament every year. Each State department has its own financial division to make payments on behalf of its department in terms of the votes passed by Parliament. The task of the finance division of

41. Cloete, Central, provincial..., op. cit., p. 169.

42. Republic of South Africa: Exchequer and Audit Act, 1975, op. cit., section 3(1).

43. That is, a department administered by a member of a Cabinet.

a State department is to prepare the estimates for the vote or votes of that department. The financial division will also collect revenue, where applicable. The activities of the financial divisions of State departments are predominantly directed by the Exchequer and Audit Act, 1975 (Act 66 of 1975).⁴⁴⁾

The financial administration of each of the three Administrations for own affairs has been centralised. Consequently, each Administration has its own minister and State department for financial affairs, namely:

- (i) Minister of the Budget and Department of Budgetary and Auxiliary Services of the Administration:
House of Assembly;
- (ii) Minister of the Budget and Department of Budgetary and Auxiliary Services of the Administration:
House of Representatives; and
- (iii) Minister of the Budget and Department of Budgetary and Auxiliary Services of the Administration: House of Delegates.⁴⁵⁾

44. Cloete, Central, provincial..., op. cit., p. 170.

45. Ibid., pp. 170-171.

It is noteworthy that the financial administration of each of the three sets of State departments for own affairs comprising an Administration has been centralised in the Department of Budgetary and Auxiliary Services. Therefore, the discussion of the financial process operating in the Department of Education and Culture of the Administration: House of Delegates will automatically bring into focus the role of the Department of Budgetary and Auxiliary Services of this Administration. Such a centralising arrangement is essential for obtaining efficiency and effectiveness in each of the three Administrations.⁴⁶⁾

7.1.2.4 ACCOUNTING OFFICERS

It is the task of the heads of the State departments to ensure that the objectives of the Government's financial policy are obtained and that value will be obtained for the money appropriated by Parliament. Hence, it is customary to appoint the head of each State department, financed largely by money appropriated by Parliament, as the accounting officer for his department. The head of the State department (Director General) is appointed in terms of the Exchequer and Audit Act, 1975 (Act 66 of 1975).⁴⁷⁾ An accounting officer should not

46. Ibid., p. 171.

47. Republic of South Africa: Exchequer and Audit Act, 1975, op. cit., section 15(1).

be confused with a book-keeper or a treasurer. The accounting officer has to account for the activities undertaken to implement the specific votes for his department. An accounting officer is responsible to the Department of Finance (Treasury Branch) for ensuring that the provisions of all legislation, together with regulations and instructions, issued to supplement the provisions of the legislation on financial affairs, are observed for the votes for which they are responsible. The accounting officer has the unenviable task of appearing before the Standing Committee on Public Accounts of Parliament, or the select committee on public accounts of a House, annually to render account for irregularities in the activities of his department discovered and reported on by the Auditor-General.⁴⁸⁾

Each House of Parliament has its own multi-party select committee on public accounts. The members of the select committees on public accounts of the three Houses will then sit together to form a joint Standing Committee on Public Accounts for Parliament.⁴⁹⁾

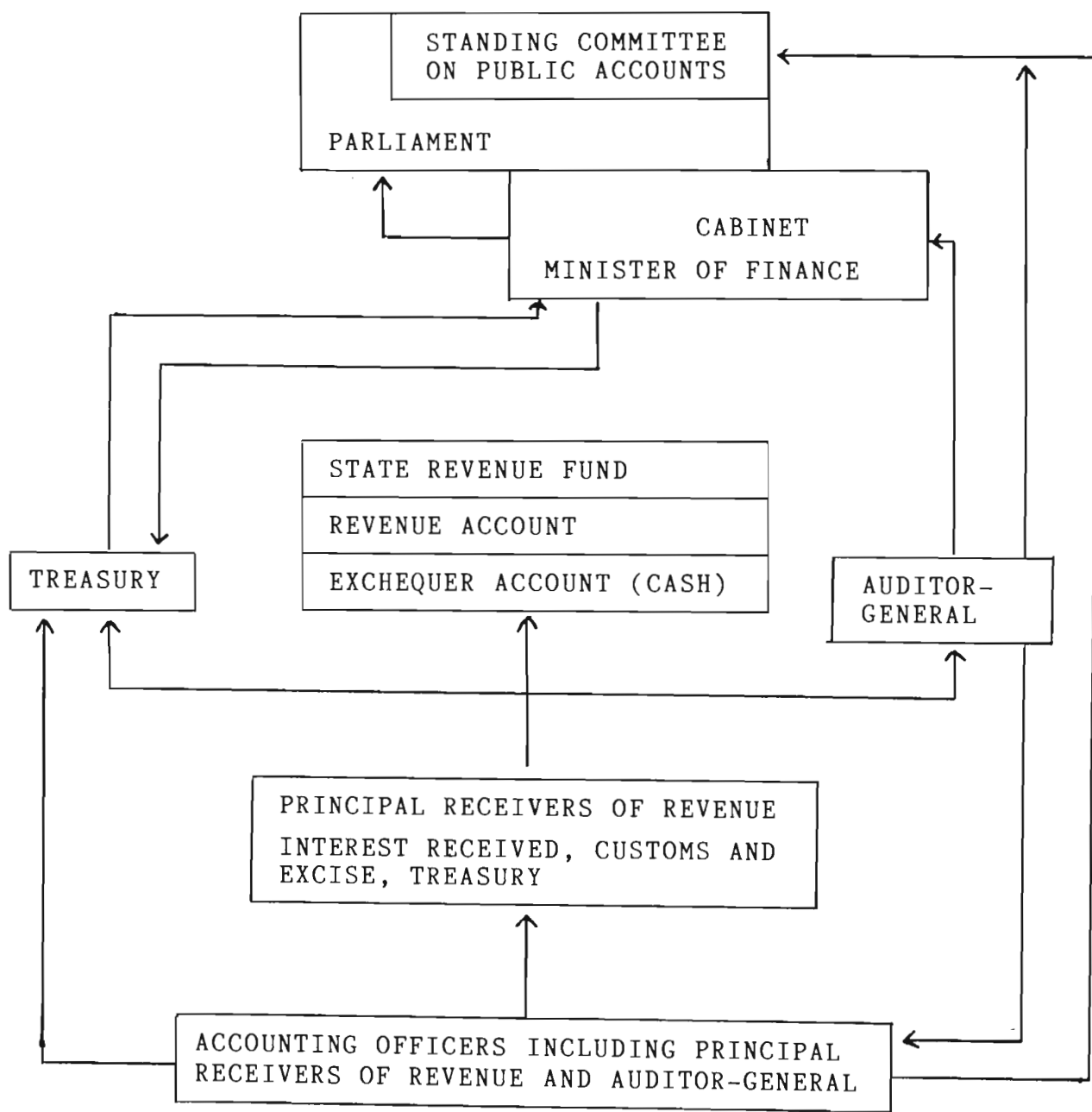
48. Cloete, Central, provincial..., op. cit., p. 171.

49. Loc. cit.

The aforementioned discussion on the operation of the financial process is illustrated in Figure 9.

FIGURE 9

PUBLIC FINANCIAL ADMINISTRATION: FINANCIAL PROCESS



7.1.2.5 ACCOUNTING PROCEDURE

In order to undertake his administrative duties, the administrator should have a good knowledge of accounting procedures. Such knowledge will enable him to make a contribution, inter alia, towards the prevention of financial malpractices which lead to difficulties when account has to be rendered to Parliament.⁵⁰⁾ The accounting procedure for the allocation of money to a department is explained briefly in the following paragraphs.

Parliament allocates a maximum amount of money to the departments annually in the budget. However, this monetary allocation cannot be spent at will by the departments. On the contrary, specific guidelines are stipulated for expenditure. Moreover, the Treasury has the authority to stop payment should circumstances deem it necessary.⁵¹⁾

50. Provision is made for the head of a department to be the accounting officer in the Exchequer and Audit Act, 1975, op. cit., section 15(3)(a). However, the accounting officer is to be supported by all administrators.

51. Ibid., section 8(1).

Normally, the accounting officer requests the departmental accountant to requisition funds monthly from the Treasury in terms of the expected financial needs of the following month. If the Treasury is convinced that no reason exists for withholding the money, it is transferred from the Exchequer Account to the Paymaster General's Account.⁵²⁾ In terms of the Exchequer and Audit Act, 1975 (Act 66 of 1975), the accounting officer is to keep account of all credits

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52. Expenditure for government departments is entered, inter alia, in the following accounts:
- (i) The Exchequer Account which is kept by the Treasury at the South African Reserve Bank and from which payments are made in terms of legal prescriptions. The Exchequer Account is similar to a savings account, in which money is kept until required; and
 - (ii) The Paymaster General's Account which is kept by the Treasury in its books at the South African Reserve Bank and to which money is transferred from the Exchequer Account as and when required by government departments. The Paymaster General's Account may be likened to a current bank account, from which money is drawn by means of cheques. A minimum amount is always maintained in the Account - vide Hanekom, S.X. & Thornhill, C.: The functions of a public administrator, Butterworth Publishers (Pty.) Ltd., Durban, 1986, p. 55.

and all payments made by him.⁵³⁾

Money allocated but not expended during a financial year is transferred back to the Exchequer Account after 31 March. Money unspent during a financial year is not automatically available to a department in the following financial year. This arrangement is advantageous for accounting purposes to complete transactions at a particular time. Due to the long-term nature of public goals, it is not possible, in all cases, to spend the allocated funds within the 12-month cycle. Consequently, it may be desirable to change accounting practices to meet the requirements of changing circumstances.⁵⁴⁾

The Appropriation Account has to be compiled for every vote for which an accounting official is responsible within five months of the end of a financial year.⁵⁵⁾

53. Republic of South Africa: Exchequer and Audit Act, 1975, op. cit., section 9(6).

54. Hanekom & Thornhill, op. cit., p. 56.

55. Republic of South Africa: Exchequer and Audit Act, 1975, op. cit., section 14.

The primary objective of an appropriation account is to determine whether the amount voted by Parliament has been spent. The appropriation account constitutes a receipt side indicating the total amount allocated, and an expenditure side indicating the total amount spent. All deviations of more than two per cent between the amount allocated and the amount spent have to be explained. Consequently, Parliament has the opportunity of establishing whether the amounts allocated have been utilised and whether the stated goals have been achieved as far as this may be deduced from the actual expenditure.⁵⁶⁾

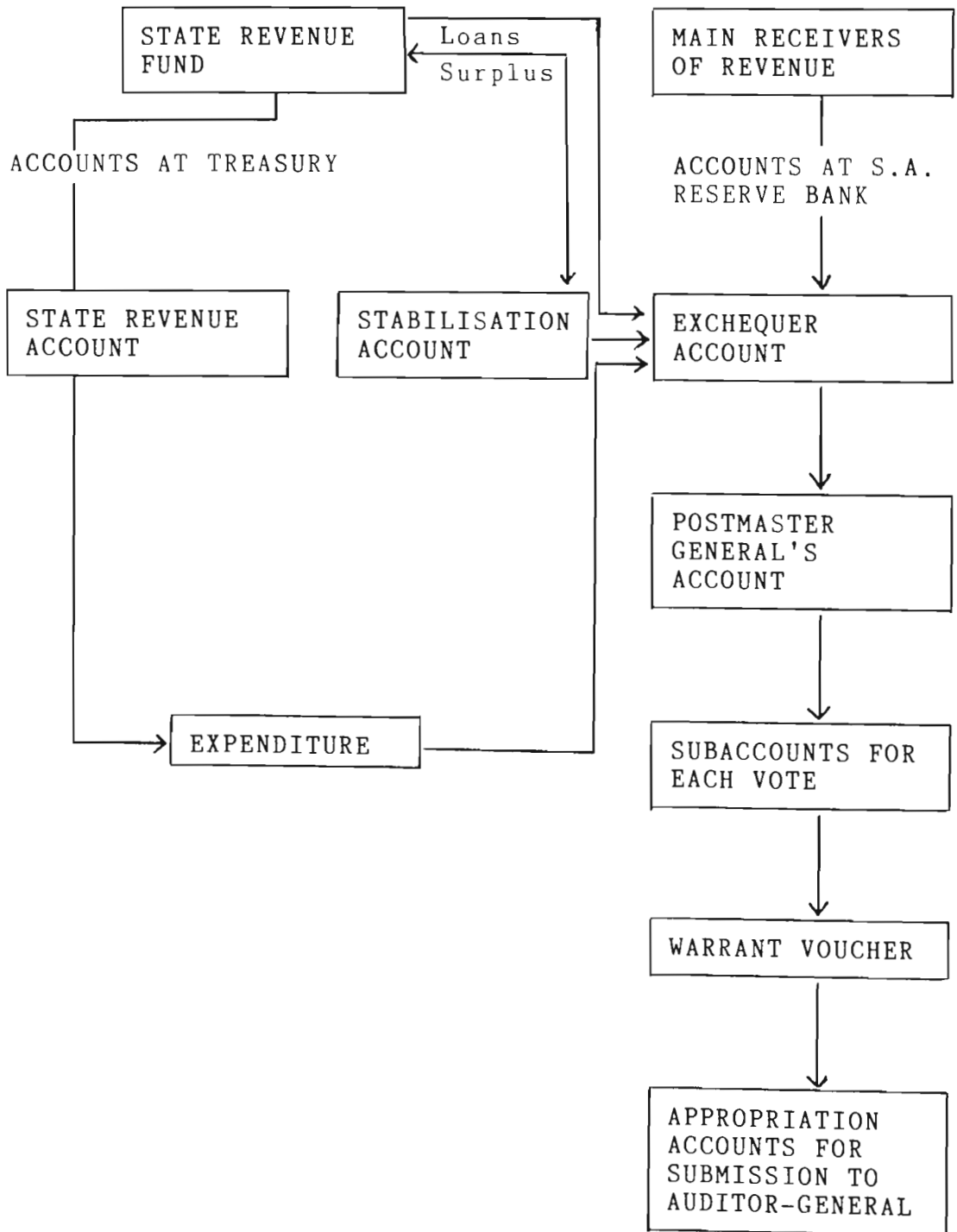
The relationship between the various accounts in relation to government departments is indicated in Figure 10.⁵⁷⁾

56. Hanekom & Thornhill, op. cit., p. 56.

57. Ibid., p. 57.

FIGURE 10

RELATIONSHIP BETWEEN THE VARIOUS PUBLIC ACCOUNTS APPLICABLE TO GOVERNMENT DEPARTMENTS: FLOW OF MONEY BETWEEN PUBLIC ACCOUNTS



8. EVALUATION

The honouring of accounting procedures is not only the task of the accounting officer. It is the duty of every administrator to ensure that such prescriptions are adhered to. In this regard, it is noteworthy to take heed of the remark made by the former Secretary of Information regarding irregularities in his former Department of Information. He stated that his officials responsible for financial matters were mainly experts in the technical fields and, hence, did not have a thorough knowledge of the financial regulations. All officials, including those responsible for the administrative functions, should have a knowledge of the main financial prescriptions so that the accounting officer can render account for departmental finances.

To ensure that deviations between the receipt and expenditure of money are kept at a minimum, it is imperative that administrators give careful consideration to the preparation of budget estimates. Consequently, the following section pertains to budgetary matters.

9. BUDGETARY MATTERS

The annual budget includes every public matter having a financial implication. Hence, it is essential that the administrator is au fait with budgetary matters. The

budget can be considered to be a policy statement, a work programme and a control measure. Consequently, budgetary matters comprise an important facet of the duties of an administrator.⁵⁸⁾

9.1 DEFINITION OF TERM 'BUDGET'

Numerous authors have paid particular attention to the definition of the budget.⁵⁹⁾ Chandler and Plano

58. Loc. cit.

59. See, for example, Joseph, R.M.: Budgeting in third world countries: An annotated bibliography, Vance Bibliographies, Illinois, 1982, pp. 1-4; Lawton, F.J.: "Legislative-executive relationships in budgeting as viewed by the executive", in Golembiewski, R.J. & Rabin, J. (eds.): Public budgeting and finance: Readings in theory and practice (second edition), F.E. Peacock, Itasca, 1975, p. 56; Maxson, R.C. & Sistrunk, W.E.: A systems approach to educational administration, Wm. C. Brown Co., Iowa, 1973, p. 202; Dimock, M.E., Dimock, G.O. & Fox, D.M.: Public administration (fifth edition), Holt, Rinehart and Winston, Inc., New York, 1983, p. 344; and Bhambri, C.P.: Public administration: Theory and practice, Jai Prakesh Nath Co., Meerut City, 1975, p. 68.

regard the budget as a proposed action plan for government, defined in financial terms, and gives direction to the execution of policies. A public budget represents:

- (i) a fiscal statement concerning revenues and expenditures of all governmental departments; and
- (ii) a vehicle for controlling, planning and evaluating the activities of each governmental department.⁶⁰⁾

Likewise, the Minister of Finance of the RSA, Barend du Plessis, holds the view that:

"Any Budget is, of course, primarily a financial statement. But a State's budget is much more than that. It provides a vehicle by means of which the government of the day justifies, articulates, and pursues its goals for the country".⁽⁶¹⁾

60. Chandler, R.C. & Plano, J.C.: The Public Administration dictionary, Macmillan Publishing Co., New York, 1986, pp. 306-307.

61. Republic of South Africa: Administration: House of Assembly: Budget Speeches, 1985-1986, Government Printer, Pretoria, 1985, p. 1.

In educational terms, Garvue considers the budget as a financial report to the citizens on the manner in which an educational department is spending funds, and at the same time it is a request for legislation which is required before proposals can be translated into action.⁶²⁾

An educational budget is a multi-purpose tool used to, inter alia:

- (i) determine the educational policy;
- (ii) translate the educational policy into estimated costs;
- (iii) provide the required funds for a school's system operation; and
- (iv) control expenditures.⁶³⁾

From the foregoing definitions, it is clear that public administrators are, inter alia:

62. Garvue, op. cit., p. 106.

63. Loc. cit.

- (i) concerned with the preparation of the budget, guiding it through the enactment process and spending the money;
- (ii) responsible for the accounting process which reveals how the money was spent; and
- (iii) interested in the results of an audit of the books.⁶⁴⁾

For the purposes of this study, the budget will be considered as an information document, a policy document, a work programme and a control instrument.

9.2 BUDGET AND THE NEW CONSTITUTION

With the promulgation of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), the traditional unitary Budget gave way to four separate Budgets - one concerning general affairs and presented to the full Parliament, and the others concerning own affairs and presented to the respective Houses. However, the

64. Richardson, I.L. & Baldwin, S.: Public administration: Government in action, Charles E. Merrill Publishing Co., Columbus, 1976, pp. 289-290.

Minister of Finance gave the assurance that the separation of the Budgets would not lead to a weakening of fiscal control. He stipulated that, irrespective of the system in operation, the fundamental principles of financial administration demands that there can only be one Treasury and only one Minister of Finance.⁶⁵⁾

9.3 PLACE OF THE BUDGET IN FINANCIAL ADMINISTRATION

With the increasing nature and extent of public activities, there is an increase in the demands on the representatives of the voters, on the Government and on the appointed officials. The cost of a service is an important consideration which is influential in the decision-making process. The administrator's intimate knowledge of public affairs and community values enables him to offer expert advice to the minister. Such advice, as well as the financial implications of the

65. Republic of South Africa: Administration: House of Assembly: Budget Speeches, 1985-1986, op. cit., p. 9.

proposals, is incorporated in the budget. Through an evaluation of the budget, the representatives in the legislature can deduce whether the Government's proposals are acceptable.⁶⁶⁾

A number of budgeting techniques have been evolved to achieve diverse purposes, and are being pursued with varying degrees of success in different countries. These include, inter alia, Line-Item Budgeting, Planning-Programming-Budgeting Systems, Zero-Base Budgeting, and the System of Budgeting by Objectives. The first three types of budgets will be explained briefly with particular emphasis being placed on the South African System of Budgeting by Objectives.

66. Hanekom & Thornhill, op. cit., p. 57.

9.4 SYSTEMS OF BUDGETING

9.4.1 LINE-ITEM BUDGETING⁶⁷⁾

9.4.1.1 WHAT IS LINE-ITEM BUDGETING?

A Line-Item Budget is a detailed plan of specific spending requests which an executive submits to a legislative body for approval. In a Line-Item Budget, each budgetary division is listed by organisational unit, such as a department, and by category of expenditure, such as salaries, purchases and supplies.⁶⁸⁾

Line-Item Budgeting allowed legislative bodies maximum

67. Prior to 1976-77, the South African budgeting technique has been based on Line-Item Budgeting which is of British origin - vide Hanekon, S.X. & Thornhill, C.: Public administration in contemporary society: A South African perspective, Macmillan South Africa (Publishers) (Pty.) Ltd., Johannesburg, 1983, p. 203. Supra., p. 182.

68. Chandler & Plano, op. cit., p. 326.

control over administrators.⁶⁹⁾ An expenditure item approved by the legislature could not be changed subsequently by the departmental administrator without authorisation from the legislature. Therefore, administrators had little discretion or flexibility in the administration of their department's resources. Money allocated for a particular piece of equipment or programme had to be spent by administrators as specified, even though conditions may have changed and the money might better be served or spent for another purpose.⁷⁰⁾

9.4.1.2 SIGNIFICANCE OF LINE-ITEM BUDGETING

Line-Item Budgeting highlights traits such as honesty, efficiency and inflexibility. If a department fails to spend all the money it has been allocated, even if there are justifiable reasons, it can be penalised in the next budget. Line-Item Budgets do not provide incentives for administrators who cut expenses in a

69. Griesemer, J.R.: Accountants' and administrators' guide: Budgeting for results in government, John Wiley & Sons, Inc., New York, 1983, p. 12.

70. Chandler & Plano, op. cit., p. 326.

programme or who try to be flexible in changing circumstances. The implication of Line-Item Budgeting is that administrators cannot be trusted, for if money remains on a line after the budgeted year, it is likely that the department's request was inflated.⁷¹⁾

The advantage of Line-Item Budgeting - tight control - is also a limitation. A Line-Item Budget informs administrators how much money is being spent for each item, but not whether the money is being utilised wisely. Individual expenditures are not related to each other or to the department's goals or programmes. Evaluation is extremely difficult in a Line-Item Budget, and there is no direct link to public policy goals and objectives. A Line-Item Budget simply indicates the total amount for each individual department and category. It does not reflect the collective purpose the items are intended to serve. Therefore, duplication of effort may be encouraged and remain unnoticed because control highlights expenditures rather than on planning and evaluation. It also encourages destructive competition among educational heads for the available funds.⁷²⁾

71. Ibid., p. 327.

72. Loc. cit.

9.4.2 PLANNING-PROGRAMMING-BUDGETING SYSTEMS⁷³⁾

9.4.2.1 DEFINITION OF THE PLANNING-PROGRAMMING-BUDGETING SYSTEM

The PPB System is an approach to budgeting which assumes that the search for, and selection of, goals, programmes, and projects can be quantified. Administrators of the PPB System identify all the possible alternatives in each budgeting category and then apply cost-benefit analysis⁷⁴⁾ to each one. The alternative that reveals the most benefit for a given cost, or a predetermined benefit for the least cost, would be the best choice. The best choice refers to the most rational one.⁷⁵⁾

9.4.2.2 STEPS OF THE PLANNING-PROGRAMMING-BUDGETING SYSTEM

In terms of school budgeting, the PPB System requires the following distinct steps for implementation:

73. Hereafter referred to as the PPB System.

74. Studies in cost-benefit analysis in education have been undertaken by Stromsdorfer, Corazzini and Ribich - vide Garvue, op. cit., pp. 93-94.

75. Chandler & Plano, op. cit., p. 332.

- (i) particular programmes or activities are identified, and useful definitions of these programmes are emphasised;
- (ii) programmes are related to the objectives of the schools, and appropriate measures are specified for each area; and
- (iii) the ingredients of each programme are determined and the costs of these components are identified and summarised on a programme basis.

By combining these three steps, the administrator is able to study the relationships between educational objectives and resources devoted to them.⁷⁶⁾

The next sequence of steps concern the use of this information to evaluate school operations, to examine alternatives, and plan new strategies that will be reflected in the budget. The PPB System is a dynamic

76. Levin, H.M.: "Decision-making in schools, Economic analysis", in Deighton, L.C. (ed.): The encyclopedia of education, Vol. 3, Macmillan Co., and the Free Press, New York, 1971, p. 22.

tool for the administration of schools because the evaluation of existing programmes produces informational feedback⁷⁷⁾ that is of immense value in the planning of future programmes. In addition, the purported costs and results of alternative approaches can be compared on a programme-by-programme basis.⁷⁸⁾

77. In administrative terms, 'feedback' describes the return to a system, or part of its output, so as to correct inability or mistakes - vide Collins, K.T., Downes, L.W., Griffiths, S.R. & Shaw, K.E.: Keywords in education, Longman Group Ltd., 1973, p. 82. In educational terms, feedback refers to the information which a person receives about the consequences of his actions. If he is not satisfied with those consequences, he may take new action. A teacher receives feedback when he listens to the comments of his pupil or considers their test results - vide Rowntree, D.: A dictionary of education, Harper & Row, Publishers, London, 1981, p. 91.

78. Levin, op. cit., p. 22.

9.4.2.3 APPLICATION OF THE PLANNING-PROGRAMMING-
BUDGETING SYSTEM

Under the PPB System, a school district would adopt an accounts structure based on programmes as follows:

- (i) pre-elementary school education;
- (ii) elementary education; and
- (iii) junior secondary school education.⁷⁹⁾

The PPB System was very popular in the early 1970s in the United States of America, and in a more restrained form in the United Kingdom. It was adopted by Los Angeles for education. All schools in the State of Indiana had been directed to adopt the PPB System. However, it had often been over-sold and over-emphasised. The primary problem proved to be defining the programmes and preventing overlap and duplication.⁸⁰⁾

79. Knight, B.: Managing school finance, Heinemann Educational Books, London, 1983, p. 93.

80. Ibid., p. 94.

The PPB System had a brief and glorious history in the United States of America. It was fully implemented in the Department of Defence in 1961 under Secretary Robert McNamara. However, by 1971, a memorandum was issued indicating that departments were no longer required to submit a PPB System budget.⁸¹⁾

9.4.2.4 ADVANTAGES OF THE PLANNING-PROGRAMMING- BUDGETING SYSTEM

The advantages of the PPB System are, inter alia:

- (i) the PPB System highlights the outputs of programmes, whereas the Line-Item Budget tends to emphasise expenditure inputs;
- (ii) it enables policy-makers to assess, comprehensively, the total costs and benefits, both current and future, of various alternatives;
- (iii) this System attempts to determine rates of return on programmes, as well as the rate of return to

81. Novick, D.: Current practice in program budgeting (PPBS): Analysis and case studies covering government and business, Crane Russak & Co., Inc., New York, 1973, p. 1. See also Chandler & Plano, op. cit., pp. 332-333.

be foregone when one programme is chosen for another; and

- (iv) the PPB System develops and communicates, in financial terms, the cost of programmes designed to accomplish the desired objectives of school units, thereby enabling the administrators of schools to compare programme proposals, relate them to current activities, evaluate them in terms of priority, and then to increase or decrease allocations of resources to them.⁸²⁾

9.4.2.5 DISADVANTAGES OF THE PLANNING-PROGRAMMING-BUDGETING SYSTEM

The basic weaknesses of the PPB System are, inter alia, as follows:

- (i) administrators experienced difficulty in identifying and quantifying all possible goals, programmes, and projects;
- (ii) it was not possible to place an accurate amount on the costs and benefits of educational programmes; and

82. Garvue, op. cit., p. 100.



(iii) elected officials claimed that their control over many key policy decisions had been taken over by administrators of the PPB System.⁸³⁾

After the abandonment of the PPB System, attempts were made to implement Zero-Base Budgeting which is considered hereunder.

9.4.3 ZERO-BASE BUDGETING⁸⁴⁾

9.4.3.1 DEFINITION OF ZERO-BASE BUDGETING

ZBB is a system of budgeting that requires all spending for a programme to be justified afresh each year.

Consequently, Cheek refers to ZBB as:

"An operating planning and budgeting process which requires each manager to justify his entire budget request in detail from scratch (hence zero-base) and shifts the burden of proof to each manager (accounting officer) to justify

83. Chandler & Plano, op. cit., pp. 332-333.

84. Hereafter referred to as ZBB.

why he should spend the money at all".(85)

The unique aspect of ZBB is the concept of zero-base. Moreover, ZBB questions the necessity for a programme at any funding level. Its three basic operational elements are as follows:

- (i) identification of decision-units;
- (ii) analysis of decision-packages, each indicating a different level of effort for carrying out the work in the decision-unit; and
- (iii) ranking of decision-packages, in descending order of importance.⁸⁶⁾

9.4.3.2 ADVANTAGES OF ZERO-BASE BUDGETING

The advantages of ZBB are, inter alia, as follows:

85. Cheek, L.M.: Zero-base budgeting comes of age: What it is and what it takes to make it work (second edition), Amacom, New York, 1977, p. 12.

86. Chandler & Plano, op. cit., pp. 342-343.

- (i) it provides alternatives to the legislature within a given programme so that they can ensure that all revenues used are in accordance with policy preferences;
- (ii) the emphasis is on the justification for funds that are requested and each existing and new programme has to be justified; and
- (iii) the allocation of resources between competing budget requests is facilitated as it can be determined on systematically assessed priorities.⁸⁷⁾

9.4.3.3 DISADVANTAGES OF ZERO-BASE BUDGETING

The disadvantages of implementing ZBB are, inter alia, as follows:

- (i) the process is time-consuming;
 - (ii) it is not always appreciated by recipients;
- and

87. Steyn, C.J.J.: "Zerobasisbegrotingstelsel", SAIPA-Journal of Public Administration, Vol. 15, No. 4, December 1980, pp. 182-184.

(iii) it can only be done practically after every five years.⁸⁸⁾

9.4.3.4 APPLICATION OF ZERO-BASE BUDGETING

To date, there is no evidence of the application of ZBB in educational administration. However, considerable interest has been shown by South African institutions. For example, attempts have been made at Port Elizabeth Municipality and Groote Schuur Hospital to implement some of the methods from the ZBB System to assist with capital expenditure budgeting.⁸⁹⁾

9.4.4 SYSTEM OF BUDGETING BY OBJECTIVES⁹⁰⁾

9.4.4.1 PREAMBLE

The System of Budgeting by Objectives is used at the

88. Knight, op. cit., pp. 147-148.

89. Keith Mattison, J.H.: Zero-base budgeting: A critical review, unpublished Masters thesis, University of Cape Town, October 1979, p. 7.

90. This System is also referred to as 'goal-oriented budget'. De Loor refers to this System as the Programme Budgeting System. In fact, the System of Budgeting by Objectives is, in many ways, similar to the PPB System - vide De Loor, J.H.: Address to the Economic Forum, University of Durban-Westville, 19 March 1986, p. 3. Infra., p. 266. Supra., p. 182.

central level of government in the RSA. Its South African origins can be traced back to 1970 when the Commission of Enquiry into the Fiscal and Monetary Policy in South Africa (the Franzsen Commission) recommended that the Treasury investigate the possibility of introducing the PPB System, which had been developed overseas. The need to be able to decide between alternatives had increased and a greater degree of long-term planning and goal-oriented action was necessary. The Commission held the view that more attention should be given to planning and programming expenditure.

During 1971, officials of the Treasury investigated alternative budgeting systems and their report gave rise to the System of Budgeting by Objectives. This System was developed, and since 1976 the budget submitted to Parliament is on a programme basis directed at predetermined goals.

9.4.4.2 CHARACTERISTICS OF THE SYSTEM OF BUDGETING BY OBJECTIVES

The traditional Line-Item Budget developed primarily as a result of an effort to exercise control over the executive and to ensure that expenditure is intra vires. With changing circumstances, it became evident that it

was insufficient to presume that proof of expenditure remained within parliamentary authorisation. It became increasingly important to show proof that the money allocated had been spent efficiently. The latter requirement resulted in the development of the System of Budgeting by Objectives.⁹¹⁾

9.4.4.3 CLASSIFICATION OF BUDGETARY INFORMATION

9.4.4.3.1 FINANCIAL RESPONSIBILITY

As is with the Line-Item Budget, the System of Budgeting by Objectives indicates the name of the institution which will be responsible for a particular expenditure, for example, the Department of Education and Culture of the Administration: House of Delegates. Consequently, it is possible to establish the financial responsibility of departments, regional offices, divisions and sections. In terms of this classification, expenditure is divided according to votes, that is, departments responsible. The primary division of expenditure in the aforementioned System refers to the accounting officer who will be responsible for an allocation.⁹²⁾

91. Hanekom & Thornhill, The functions of the public administrator, op. cit., pp. 59-60.

92. Ibid., p. 60.

9.4.4.3.2 ITEMS OF EXPENDITURE (STANDARD ITEM STRUCTURE)

Although the System of Budgeting by Objectives highlights the goals to be achieved, it remains necessary to indicate the inputs. Inputs such as salaries, transport, equipment and stock are identified in the aforementioned System's structure. This information is known as the standard item structure.⁹³⁾

9.4.4.3.3 FINANCING SOURCE

Many of the activities undertaken by government departments are financed by the State Revenue Fund. However, there are exceptions to the rule, for example, in the following votes:

- (i) Transport;
- (ii) Co-operation and Development; and
- (iii) National Education.⁹⁴⁾

93. Loc. cit.

94. Loc. cit.

9.4.4.3.4 GOALS TO BE ACHIEVED

One of the most significant characteristics of the System of Budgeting by Objectives is the identification of goals to be achieved by particular expenditure. Consequently, the Treasury views the main aim of the budget in terms of a goal structure. It can, thus, be concluded that the administrator participating in the process of identifying and defining his department's goal should be fully conversant with the budget concerning his vote. Thereby, it can be assured that administrative actions are aimed at the stated goal.⁹⁵⁾

9.4.4.3.5 PRIORITY CLASSIFICATION⁹⁶⁾

To ensure that each budget presented to Parliament guarantees the most efficient utilisation of the available money, requests for finance are required to be presented according to priorities. Administrators are required to present their budgets according to the following priority classification:

95. Loc. cit.

96. Infra., p. 576.

- (i) absolute priority: this implies that the omission or delay of the proposed service will have catastrophic results;
- (ii) essential extension: the omission of such services will be prejudicial to the community's interests;
- (iii) desirable extensions: activities required as a result of their exceptional advantages to a community on economic, social or political grounds;
- (iv) useful extensions: activities that are not essential, but should be undertaken in the public interest; and
- (v) non-essential services: services that can be delayed without any harm to the public interest.⁹⁷⁾

9.4.4.4 PRESENTATION

The System of Budgeting by Objectives acknowledges the need for accountability to and the sovereignty of the legislature. Moreover, it is envisaged that the available money should be utilised for the achievement

97. Hanekom & Thornhill, The functions of the public administrator, op. cit., p. 61.

of the most desirable goals only. This System is presented in a dual manner, namely:

- (i) items of expenditure such as salaries, stock, equipment, and other professional services; and
- (ii) programmes to ascertain which services have to be executed to achieve the identified objectives.⁹⁸⁾

It is not necessary to use the itemised classification in this System, as is the case with the Line-Item Budget. However, a standard item structure is included in addition to the main divisions and subdivisions. The main division, Personnel expenditure, makes provision for the following classifications:

- (i) salaries;
- (ii) wages;
- (iii) remunerative allowances;
- (iv) overtime remuneration;

98. Loc. cit.

- (v) bonuses;
- (vi) gratuities; and
- (vii) subsidies.⁹⁹⁾

Besides the standard item structure, every vote is divided according to the programmes to be undertaken to achieve public objectives. Consequently, no uniform structure for programmes can be ascertained. At the various levels in the hierarchy, each administrator is expected to obtain sufficient knowledge concerning the main objective of his department, the subobjectives of his division and the sub-subobjectives of his particular section. Hence, efficient administrative arrangements can be developed to give effect to the expenditure authorised through the budget.¹⁰⁰⁾

Utilising programmes and identifying objectives ensure that administrative and functional activities are aimed at determined objectives. However, it is imperative to review programmes and objectives at regular intervals

99. Loc. cit.

100. Ibid., pp. 61-62.

to establish whether they are still justified and whether money should be spent on giving effect to them. 101)

The requirement for requesting funds in accordance with relative priority enables programmes to be undertaken in terms of their relative merit. The process of reviewing the relative priority of each service annually ensures that those services with diminishing value are not undertaken at the expense of more deserving programmes. 102)

The requirement that all actions are aimed at achieving a predetermined objective enhances efficiency in the Public Service. All requests for personnel, equipment or buildings have to be justified by a programme undertaken to achieve a specific objective. Consequently, unjustifiable requests are curtailed. 103)

From the aforementioned discussion, it can be inferred

101. Ibid., p. 62.

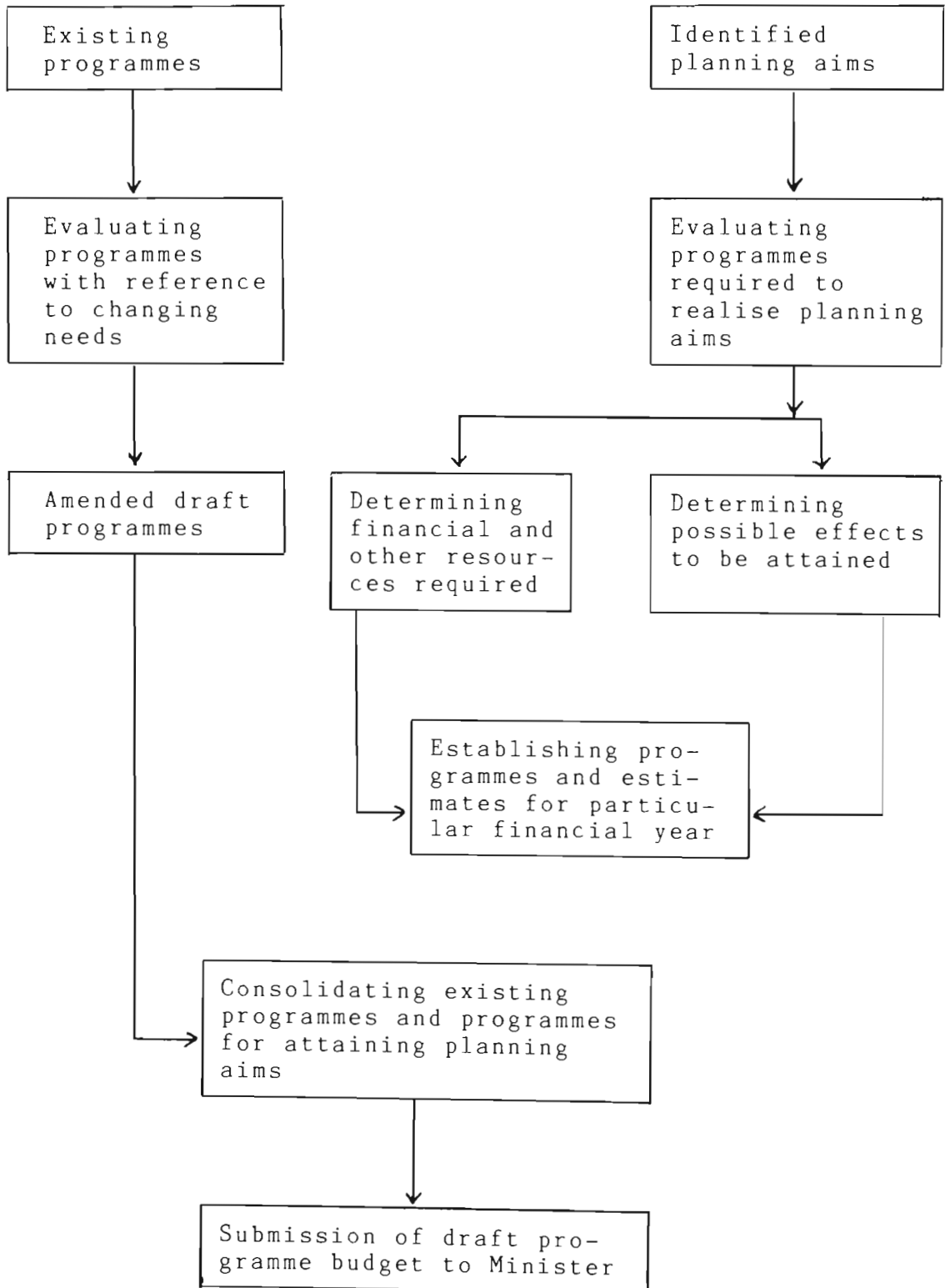
102. Loc. cit.

103. Loc. cit.

that budgeting for planning is an important component of the financial process. A model for budgeting for planning is illustrated in Figure 11.¹⁰⁴⁾

104. Ibid., p. 43.

FIGURE 11

MODEL OF BUDGETING FOR FINANCIAL PLANNING

10. VIREMENT¹⁰⁵⁾

Provision is made for virement in order to obtain continuous flexibility in budgeting matters. The Exchequer and Audit Act, 1975 (Act 66 of 1975), authorises the minister responsible for a particular vote to approve a saving in one main division being used to defray excess expenditure in another main division or in a new main division of the same vote.¹⁰⁶⁾

Such a procedure, known as virement, enables funds to be reallocated in terms of prevailing circumstances. However, Parliament has to be notified of such reallocations. Apart from the aforementioned adaptations, the accounting officer may, except where the Treasury directs otherwise, use a saving in a subdivision of a main division to defray excess expenditure in another subdivision of the same main division.¹⁰⁷⁾ Any shifting of allocations between the standard items of expenditure may be undertaken only with the approval of the Minister

105. Infra., p. 676.

106. Republic of South Africa: Exchequer and Audit Act, 1975, op. cit., section 6(1)(a).

107. Ibid., section 6(1)(b).

of Finance. However, shifts of expenditure between the standard items of expenditure within a specific programme may be made with the approval of the accounting officer. These changes have to be made with Treasury's consent before the accounts are finalised annually.¹⁰⁸⁾

Virement enables the administrator to utilise his discretionary powers. If a programme can be carried out more effectively by a redivision of funds, authority can be obtained for such redivision. However, an administrator should be au fait with the circumstances necessitating the use of virement to prevent unauthorised expenditure.¹⁰⁹⁾

Another component of the financial process is the control factor which is dealt with hereunder.

108. Hanekon & Thornhill, The functions of a public administrator, op. cit., p. 65.

109. Loc. cit.

11. CONTROL IN THE OPERATION OF THE FINANCIAL PROCESS

11.1 CONTROL BY PARLIAMENT

The maintenance of control by Parliament over the money that it appropriates, forms the cornerstone of the State's financial system. The Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), provides that there shall be a State Revenue Fund into which shall be paid all revenue¹¹⁰⁾ as defined in the Exchequer and Audit Act, 1975 (Act 66 of 1975), and the money may only be withdrawn from the Fund in accordance with an Act of Parliament.¹¹¹⁾ In practice, this implies that funds are made available by Parliament through an appropriation act or by means of other statutory appropriations to defray the administrative costs and cost of other specified services of the State as a charge to the State Revenue Fund.¹¹²⁾

110. Republic of South Africa: Exchequer and Audit Act, 1975, op. cit., section 1.

111. Republic of South Africa: Republic of South Africa Constitution Act, 1983, op. cit., section 81.

112. Republic of South Africa: Financial Handbook, Government Printer, Pretoria, undated, section A 2.1

However, Parliament's function does not end there. Through the Treasury, the Auditor-General and the Standing Committee on Public Accounts, it satisfies itself that the money voted by it has been utilised for the purposes for which it was appropriated and that it has been spent in an advantageous and efficient manner. Consequently, parliamentary control extends from the beginning of the financial process, when it considers the estimates of expenditure, to after the conclusion of the process when the accounts that have been investigated, examined and audited by the Auditor-General, together with the latter's certificate and report, are considered by the Standing Committee on Public Accounts.¹¹³⁾

11.2 CONTROL BY TREASURY

The overall authority and control over financial policy rests with the Minister of Finance, assisted by Treasury. The Treasury, which is the central financial authority in the Public Service, constitutes part of the Department of Finance, and has various statutory powers. The task of the Treasury is to ensure that:

113. Ibid., section A 2.2.

- (i) financial administration is co-ordinated;
- (ii) financial regularity and order are maintained throughout the Public Service;
- (iii) the State's financing schemes are undertaken as planned in the estimates of expenditure, and in accordance with authority granted by Parliament; and
- (iv) all departments entrusted with the receipt, custody and disbursement or issue of State money, equipment and stores comply with the instructions.¹¹⁴⁾

Although the aforementioned powers lay greater emphasis on functions that originate after estimates of expenditure have been approved by Parliament, the Treasury's function relating to State spending starts much earlier. With the aid of multi-year estimate reports, submitted from departments annually, the Treasury:

- (i) submits particulars to the Cabinet in order to determine priorities;

114. Republic of South Africa: Exchequer and Audit Act, 1975, op. cit., section 9.

- (ii) informs the Cabinet of the expected course of State expenditure for the future financial years; and
- (iii) determines guidelines for departments.¹¹⁵⁾

These guidelines, together with the annual consideration of draft estimates of expenditure, form the rudimentary base of the Treasury's anticipatory control over State spending. The draft estimates received from accounting officers in the form stipulated by the Minister of Finance, are scrutinised by Treasury to ensure that approval has been granted for the services included therein. These draft estimates are examined in consultation with the said Minister, or even the Cabinet in view of the prevailing economic conditions.¹¹⁶⁾

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- 115. Republic of South Africa: Financial Handbook, op. cit., section A 2.4. See also Republic of South Africa: Estimate of the expenditure to be defrayed from State Revenue Account during the financial year ending 31 March 1988, RP 2/1987, Government Printer, Pretoria, 1987, p. 21-1.
 - 116. Republic of South Africa: Financial Handbook, op. cit., section A 2.5.

In accordance with the Exchequer and Audit Act, 1975 (Act 66 of 1975),¹¹⁷⁾ the Treasury maintains the Exchequer Account and the Paymaster General's Account at the South African Reserve Bank. All revenue is paid into the Exchequer Account, after certain specified deductions. The Treasury enables money to be transferred from the Paymaster General's Account for the granting of credits to an accounting officer, upon his request, for the payment in respect of services that are his responsibility and for which purpose money has been appropriated by law.¹¹⁸⁾ The granting of credits is restricted to the maximum amount appropriated to an accounting officer's vote.¹¹⁹⁾

11.3 CONTROL BY ACCOUNTING OFFICER

An accounting officer accepts responsibility for financing accounting matters over which he does not necessarily need specialist knowledge, but concerning which he should have the necessary general knowledge and aptitude. He has, at his disposal, the services of

117. Republic of South Africa: Exchequer and Audit Act, 1975, op. cit., section 3.

118. Ibid., section 9(3).

119. Ibid., section 8(1).

a specialised accounts branch that controls the general administration of State money for which he is responsible. The departmental accountant, who is directly responsible to the accounting officer, advises him on financial matters and undertakes financial administration. However, it is the accounting officer's duty to satisfy himself that the financial control and administration of his department are adequate.¹²⁰⁾

The availability of funds plays an important role when questions of policy are considered. As a prerequisite for efficient administration, an accounting officer shall ensure that financial implications are taken into proper account in all stages of the planning and implementation of policy.¹²¹⁾

The accounting officer is answerable to Parliament for the performance of his duties and responsibilities. The Auditor-General's annual report on the accounts that he has investigated, examined and audited is

120. Republic of South Africa: Financial Handbook,
op. cit., section A 2.7.1.

121. Ibid., section A 2.7.2.

submitted by the three Houses of Parliament to the Standing Committee on Public Accounts for consideration. Should the Auditor-General report cases where he is not convinced that money under the control of an accounting officer has been spent in an advantageous manner, where unauthorised expenditure has been incurred or where unsatisfactory replies have been received to queries in connection with revenue and expenditure, the accounting officer may be required to account before the Standing Committee on Public Accounts.¹²²⁾

12. EVALUATION

The exposition on budgetary matters reveal that substantial advancement has been made since the introduction of the System of Budgeting by Objectives in the RSA. Moreover, the strict adherence of control over financial matters by Parliament, Treasury and the accounting officer is evidence of sound public administration.

However, it is imperative that all public officials should adhere rigidly to the principles of public administration relating to supreme political and judicial authority, democratic requirements, public

122. Ibid., section A 2.7.5.

responsibility, fairness and reasonableness, and efficiency. The slightest deviation from the aforementioned principles could have disastrous results in the preparation of estimates and in the implementation of sound financial measures.

13. SUMMARY

This chapter has focused attention on the generic administrative processes applicable in the operation of the financial process.

The general policy of how a public institution shall be financed is laid down by legislation. Such a policy stipulates that no moneys may be obtained or spent without authorisation by the political leader. Amounts are granted by the legislature after submission of a budget in which the objectives for which money is required are set out. The Government has to accept final responsibility for all moneys paid out of public funds. Therefore, it has to prescribe measures of control to ensure that collecting and spending of public funds can always be publicly accounted for.

Since the collecting, safe-keeping and spending of money are important, it is necessary to stipulate organisational rules for the handling of public funds.

Therefore, Government should lay down by law how money should be collected, kept and spent and how such activities should be checked and reported. Elected committees could study financial documents, demand accountability and account to Government.

The introduction of the System of Budgeting by Objectives in the early 1970s was an important milestone in the endeavour to keep expenditure on a tight rein. This System provides a framework for:

- (i) the evaluation of projects on the criteria of objectives and priorities;
- (ii) the long-term planning of public sector expenditure; and
- (iii) the determination of the total quantity of funds allocated to a specific function, irrespective of its distribution over several departments.

Although the collecting, safe-keeping and spending of public funds are controlled throughout, control should also be exercised at the end of the financial process. To this end, certain measures of control are feasible; measures such as auditing and reporting on all book-

keeping by, for example, an Auditor-General. In this way, the honest and effective expenditure of public moneys is assured.

Having focused attention on the operation of the financial process on the macro level in general, it would be appropriate to highlight the operation of the financial process on the macro level with particular reference to education in the RSA. The subject of this discussion forms the basis of Chapter IV.

CHAPTER IVADMINISTRATION OF EDUCATION ON THE MACRO LEVEL IN THE
REPUBLIC OF SOUTH AFRICA WITH PARTICULAR REFERENCE TO
POLICY-MAKING AND THE FINANCIAL PROCESS1. INTRODUCTION

The discussions on the constitutional framework within which the financial process takes place (Chapter II), and the operation of the financial process in the RSA (Chapter III) have paved the way for the consideration of the financial process operating on the macro level in the RSA with particular reference to education.

This chapter focuses attention on the generic administrative processes applicable to the financial process operating within the educational structure of the RSA, with particular reference to policy-making and financing.

The report of the Human Sciences Research Council¹⁾ of 1981 has indicated that the situation regarding education in the RSA requires adjustment. If the state

1. Hereafter referred to as HSRC.

of parity is to be attained, enormous demands will be made on Treasury. It is justifiable, in principle, that money be invested in education, and that the State should make a contribution towards the financing of education. In view of the demands made on Treasury by other services,²⁾ it is not possible for Treasury to carry the burden of financing alone. This implies that the community will have to make a larger contribution towards the provision of educational facilities.

Where such contribution has a financial implication, it is evident that even greater demands will be made on education and the educational authorities will increasingly have to account for funds used.³⁾

The declared objective of the Government in respect of education in the RSA is to implement equal opportunities and an equal standard for all population groups, within the financial capabilities of the State. In achieving this, the main consideration is the equitable financial provisioning for all the education departments, and

2. Such as health and welfare.

3. Niemann, G.S.: "Moet die skool ook finansieel bestuur word"? South African Journal of Education, Vol. 4, 1984, p. 157.

especially an improved financial allocation for Black education, which still has a considerable backlog in many areas compared to other departments.⁴⁾

To attain an equitable distribution of finances for education, it is imperative to implement the generic administrative processes as efficiently and effectively as possible. Consequently, the financial process in education is viewed within the context of these processes, with particular reference to policy-making and financing.

2. EDUCATIONAL STRUCTURE OF THE REPUBLIC OF SOUTH AFRICA

Control of education in the RSA is decentralised. Each of the four independent states⁵⁾ that were formerly part of the RSA and the six self-governing national states⁶⁾ has its own education department with a permanent head and a political head. The education of Black children

4. Olivier, G.J. (ed.): "Extracts from the Budget Speech by Gerrit Viljoen, Minister of Education and Development Aid: House of Assembly: 28 July 1987", Educamus, Vol. XXXIII, No. 6, September 1987, p. 8.

5. Transkei, Bophuthatswana, Venda and Ciskei.

6. Gazankulu, KaNgwane, KwaNdebele, KwaZulu, Lebowa and Qwaqwa.

outside these states is the responsibility of the Department of Education and Training. The education of White children is also decentralised and is based on provincial control with separate departments for each of the four provinces under the Department of Education and Culture of the Administration: House of Assembly. There are also departments for Coloured and Indian education under the control of the Administration: House of Representatives and the Administration: House of Delegates, respectively.⁷⁾

The Department of National Education is an umbrella body that is responsible for determining a national policy for general educational affairs. This policy is binding on all the educational departments in the RSA, excluding the TBVC countries.⁸⁾

3. EDUCATION IN THE CONTEXT OF STATE ADMINISTRATION

Education forms an integral part of the State's activities in the RSA. The State has particular responsibilities and interests with respect to education.

7. South African Digest, 1 April 1988.

8. Loc. cit.

Therefore, it has to make provision for education within its administration.⁹⁾

Presently, the Government administrations of the RSA consists of a Cabinet and three Ministers' Councils. The Cabinet deals with general educational matters through the Minister of National Education, while education for Blacks is the responsibility of the Minister of Education and Development Aid (the political head of the Department of Education and Training). The Minister of Education is responsible for White education as the political head of the Department of Education and Culture of the Administration: House of Assembly. The Minister of Education is responsible for Coloured education as the political head of the Department of Education and Culture of the Administration: House of Representatives. The Minister of Education is responsible for Indian education as the political head of the Department of Education and Culture of the Administration: House of Delegates.

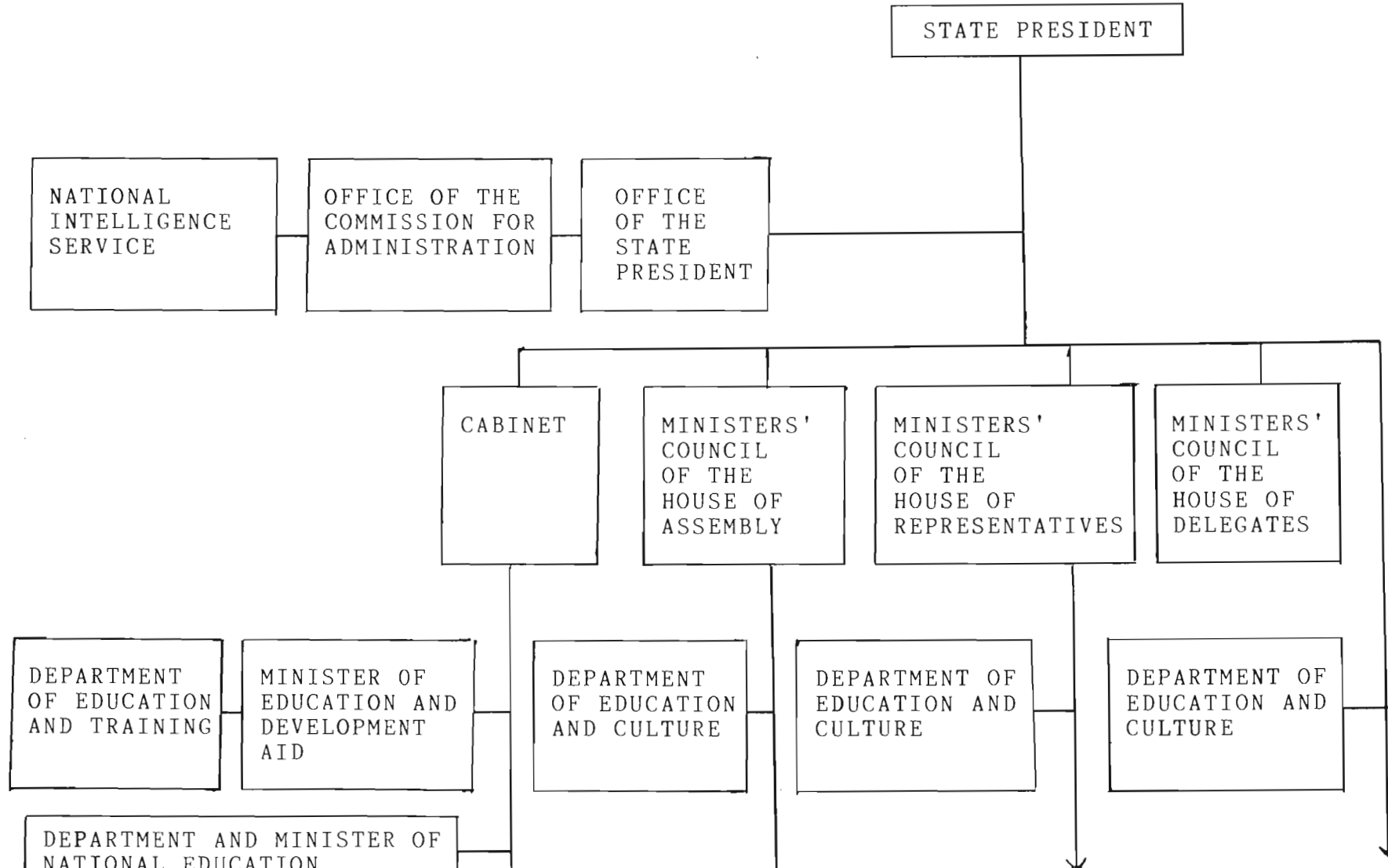
9. Van Schalkwyk, O.J.: The education system: Theory and practice (second revised edition), Alkanto-Publishers, Alkantrant, 1988, p. 61.

Figure 12 indicates the locus of the five State departments of education within the context of State administration in the RSA.¹⁰⁾

10. Ibid., p. 62.

FIGURE 12

LOCUS OF THE FIVE STATE DEPARTMENTS OF EDUCATION WITHIN THE CONTEXT OF STATE ADMINISTRATION
IN THE REPUBLIC OF SOUTH AFRICA



4. JUSTIFICATION FOR STATE FINANCING OF EDUCATION¹¹⁾

Two types of justification are commonly advanced for expenditure on education. The first is that education enhances the individual's capacity to enjoy life. The second is that education equips the individual better to produce goods and services.

In terms of the first justification, education is, in economic terms, a consumer good, and the individual will spend as much on it as he sees fit, bearing in mind his available income and the competing uses to which he can put that income. Likewise, in so far as education is viewed as a consumer good, State expenditure on education can only be justified to the extent that it is a recognised function of the State to redistribute incomes through its taxing and spending policies.

11. Unless otherwise indicated, the information contained in this section has been borrowed from Republic of South Africa: Human Sciences Research Council: Report of the Work Committee: Education financing, Pretoria, 1981, pp. 1-2.

From the perspective of the second justification, spending on education is, in economic terms, an investment, yielding a return over time. From the viewpoint of the individual, that return constitutes a higher total income over his productive life, which should be weighed against the cost of his education. The cost of an individual's education is the sum of the direct outlays in money which he spends on his education, and the income foregone by spending a part of his potentially productive life in obtaining an education. A rational decision by the individual to invest in education would require that his return on this investment compares satisfactorily with alternative uses to which he can put his resources.

However, there are returns to expenditure on education which do not accrue to the individual being educated, but to other individuals or to society as a whole. These include such imponderables as socially and politically responsible behaviour and the direct financial advantages which accrue to employers and fellow workers and to the State in the form of increased tax revenues from higher incomes, on account of the improved skills of the educated individuals. To an extent, there is justification for spending more on education than would be done if each individual only invested as much

in his own education as he considers justifiable on account of the returns which he expects to accrue to him personally.

Consequently, the justification of State expenditure is twofold. Firstly, it rests on the belief that education results in benefits which are external to the individual being educated. Secondly, it rests on the acceptance that the State has a responsibility to redistribute incomes, and that the one way of doing this is for the State to be responsible for the financing of education - including education as a consumer good.¹²⁾

In the following section, the administrative components of the educational system of the RSA are considered.

12. Trotter, too, is in agreement with the aforementioned justification of State expenditure on education - vide Trotter, G.J.: "The financial, material and human resources implications of the De Lange Report", Record of the proceedings of the National Education Conference, "The future of education in South Africa", held between 4 to 6 February 1982, 1820 Settlers Monument, Grahamstown, 1982, p. 112.

5. COMPONENTS OF THE EDUCATION SYSTEMS: ADMINISTRATIVE STRUCTURES

5.1 EDUCATIONAL ADMINISTRATION¹³⁾

Educational administration refers to a deliberately planned means of accomplishing the educational objectives of a community as effectively as possible. The educational administrator is responsible for the execution of all the measures necessary for ensuring the effective functioning of all activities connected with educative teaching. The administrative activities or functions which an educational administrator is required to undertake are, inter alia, as follows:

- (i) determining policy;
- (ii) planning;
- (iii) decision-making;
- (iv) organising;
- (v) recruitment, development and motivation of staff;

13. Supra., p. 34.

(vi) financing; and

(vi) control.

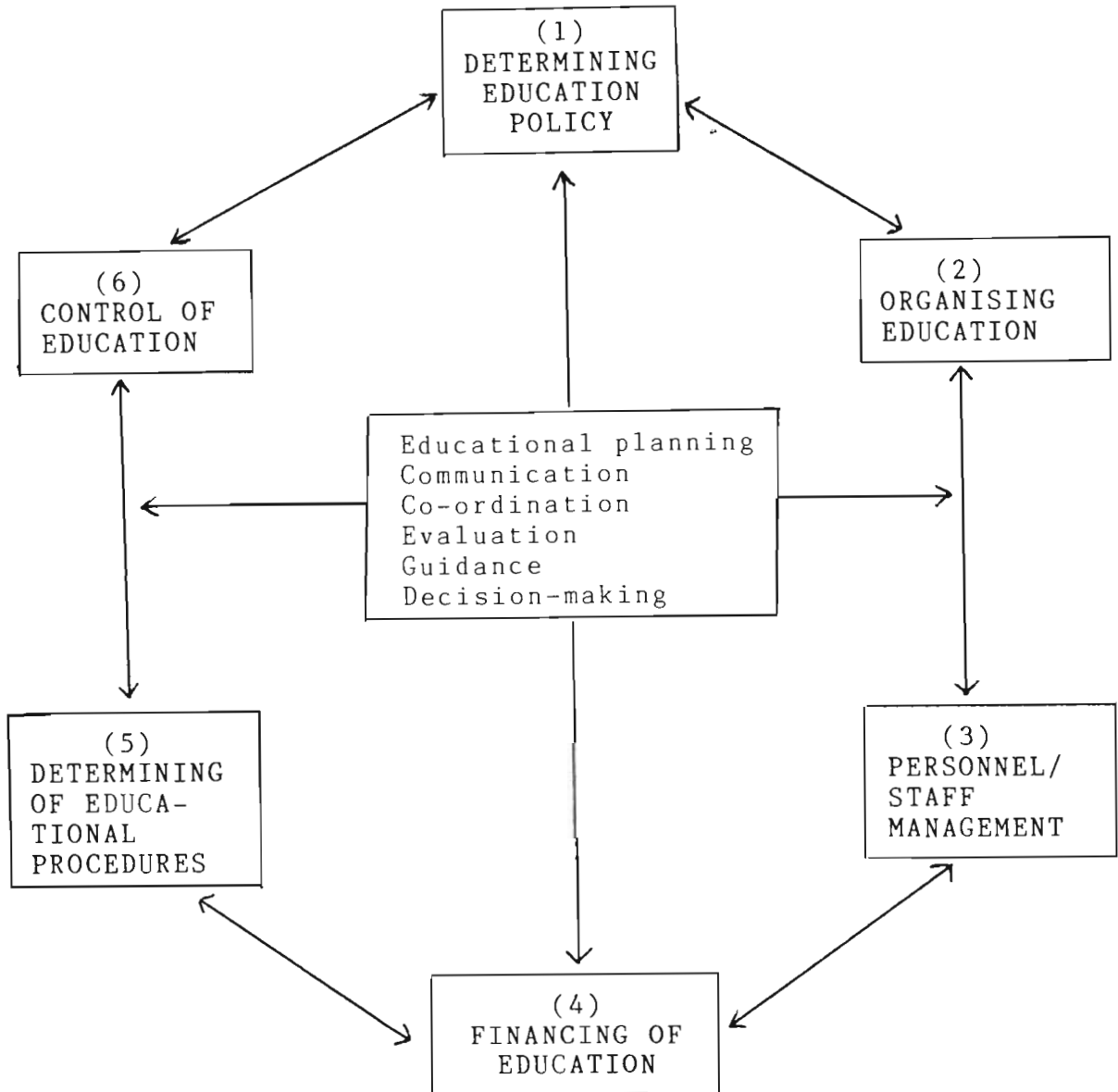
The application of the aforementioned processes will ensure the attainment of educational objectives by the educational administrator. Through his administrative activities, the formal structures such as schools, supporting services and administrative structures come into being. Moreover, all the activities necessary for the realisation of the educational objective take place. Consequently, activities such as guidance, decision-making, planning, co-ordination and delegation form part of administration.¹⁴⁾

Since education is part of the public sector, administrative theories and views, which are suited to the activities of public services, should be adopted. According to these views, it is necessary to distinguish between the generic administrative processes and the auxiliary process. The six generic administrative processes depicted in Figure 13 are policy-making, organising, financing, staffing, procedures and control.¹⁵⁾

14. Van Schalkwyk, op. cit., pp. 73-74.

15. Ibid., p. 74.

FIGURE 13

SIX GENERIC PROCESSES OF EDUCATIONAL ADMINISTRATION

Although the six generic administrative processes are implemented logically in a particular order, there is a reciprocal interaction between them and between the generic and auxiliary processes. Figure 13 illustrates the generic administrative processes and auxiliary processes in education as an integral whole.¹⁶⁾

16. Loc. cit.

In the following section, consideration is given to the generic process of policy-making in relation to education in the RSA.

6. SOUTH AFRICAN EDUCATION POLICY

6.1 PLANNING AND POLICY-MAKING¹⁷⁾ FOR THE FINANCING OF EDUCATION

Money is a necessity to give effect to every public action. Consequently, provision has to be made for the implementation of the financial process in education so that the planning aims may be achieved. Besides the money required to continue the services already approved, the money necessary for achieving planning aims should also be considered. Steps should be taken to prevent planning aims from being frustrated due to a lack of funds because provision was not made for them in the estimates. Hence, in the preparation of the estimates for educational provision, attention should also be focused on the continuance of approved services, as well as to planning educational activities.¹⁸⁾

17. Supra., p. 68.

18. Hanekom, S.X. & Thornhill, C.: The functions of the public administrator, Butterworth Publishers (Pty.) Ltd., Durban, 1986, p. 44.

6.1.1 PLANNING

Planning is aimed at achieving specific, delineated aims. Therefore, particular actions for achieving these aims should be followed. It is evident, therefore, that the System of Budgeting by Objectives¹⁹⁾, aimed at achieving objectives, should be a prerequisite for attaining planning aims. Steps should be taken to allocate sufficient funds for the attainment of planning aims.²⁰⁾

In considering the financial implications of planning, the administrators of the State departments of education should take cognizance of the fact that the actions required will normally have a long-term effect on Government.²¹⁾

Money is usually provided for a part of the actions which should be completed within a financial cycle of 12 months. However, top officials are required to reveal the total financial implications to the Treasury, the political office-bearers and the legislature. Consequently, it can be ensured that sufficient funds will be available

19. Supra., p. 229.

20. Hanekom & Thornhill, op. cit., p. 44.

21. Loc. cit.

for education during a forthcoming year to implement the planning aims required to achieve policy goals.²²⁾

6.1.1.1 GOVERNMENT'S TEN-YEAR EQUAL EDUCATION PLAN

In 1986, the Government decided to launch a ten-year plan to upgrade education in the RSA. It is part of a long-term drive towards the attainment of equal education for all population groups.²³⁾

On 16 April 1986, the Minister of National Education informed Parliament that 'firm decisions' had to be taken on the long-term plan for financing education for all population groups in the RSA. Decisions had been taken by the Government after advice had been sought from the South African Council of Education²⁴⁾ and the Universities and Technikons Advisory Council.²⁵⁾ ✓

22. Loc. cit.

23. The Daily News, 17 April 1986.

24. Hereafter referred to as SACE.

25. Hereafter referred to as UTAC.

The plan will be based on a real increase of at least 4,1 per cent a year in total education expenditures. The funds would be allocated in terms of priority to those departments experiencing the biggest backlogs.²⁶⁾

Departments with backlogs will have to receive the greatest part of the yearly growth or increase in education funds. In this respect, the development of the new formula - the so-called SANEP formula - under the direction of F.W. de Klerk, the Minister of National Education, is an important factor in determining objectively the need for funds in each department.²⁷⁾

Consequently, the annual spending on education would increase from R6 800 million in 1986 to R10 000 million by 1996. Most of these funds would be allocated towards additional spending created by the increase in the qualification levels of teachers, improving pupil-teacher ratios, and the increase in pupil numbers.²⁸⁾

26. Sunday Tribune, 8 June 1986.

27. Olivier, op. cit., p. 8.

28. The Daily News, 17 April 1988.

Simultaneously, provision would be made for streamlining the increased productivity, which would release more funds. In this manner, it would be possible to achieve substantial progress within the relatively short period of ten years, although the objective of equal educational opportunities may not be fully achieved at that stage.²⁹⁾

6.1.1.2 REGULATIONS PERTAINING TO THE TEN-YEAR PLAN

A number of specific regulations, which were passed in 1986, have made a significant contribution to the development of the ten-year programme. There has been the regulation concerning the parity in salaries from 1 December 1986 for all persons with equivalent qualifications and experience; the provision of free stationery and also free books to all schools; and various services which will provide in-service training to staff.³⁰⁾

29. Loc. cit. See also South African Digest, 25 April 1986.

30. Olivier, op. cit., p. 9.

Consequently, the Government has honoured its commitment, given in 1980 when the State President, in his capacity as Prime Minister, stated his views for the first time on the educational policy for the future. He undertook that the Government was committed, within the State's financial capabilities and without lowering the standards achieved by established education departments, to create equal educational opportunities for all population groups in the RSA.³¹⁾

6.2 POLICY-MAKING

6.2.1 ROLE OF THE MINISTRY AND THE DEPARTMENT OF NATIONAL EDUCATION

The Ministry and the Department of National Education, which were established in terms of the Government's White Paper on the Provision of Education in the Republic of South Africa in 1983 and in accordance with the National Policy for General Education Affairs Act, 1984 (Act 76 of 1984), execute an important role with regard to the determination of a co-ordinated national education policy. This policy is binding on all population groups and is applicable to the executive education departments

31. Loc. cit.

that serve the different population groups.³²⁾

The Ministry and the Department of National Education are charged with the responsibility of determining norms and standards in respect of the following:

- (i) the financing of capital and current costs of education for all population groups;
- (ii) salaries and conditions of service of staff;
- (iii) the registration of teachers; and
- (iv) syllabi, examinations and the certification of qualifications.³³⁾

6.2.2 GENERAL EDUCATION POLICY

The general education policy of the RSA is determined by the Minister of National Education in consultation with the four Ministers of Education (for own affairs),

32. Republic of South Africa: Department of Education and Training: Annual Report 1986, RP 42/1987, Government Printer, Pretoria, 1987, p. 48.

33. Loc. cit.

the SACE and the UTAC. Such a policy has to meet with the approval of the Minister of Finance since the financial process has to be implemented for each of the six generic administrative processes of policy-making, organising, financing, staffing, work procedures, and control. Moreover, the Minister of National Education, in consultation with the other Ministers of Education (for own affairs), has to appoint a committee to advise him on matters pertaining to salaries and conditions of service (Committee of Education Structures³⁴), and a research committee to assist the aforementioned Committee (Research Committee on Education Structures³⁵). These two specialised Committees advise the Minister of National Education on general policy concerning compensation, appointments and career-structures for educators up to the highest level of education. The law also stipulates that a committee of departmental heads (Committee of Heads of Education Departments³⁶) be appointed to advise the Minister of National Education on any of the aforementioned general areas of information

34. Hereafter referred to as CES.

35. Hereafter referred to as RECES.

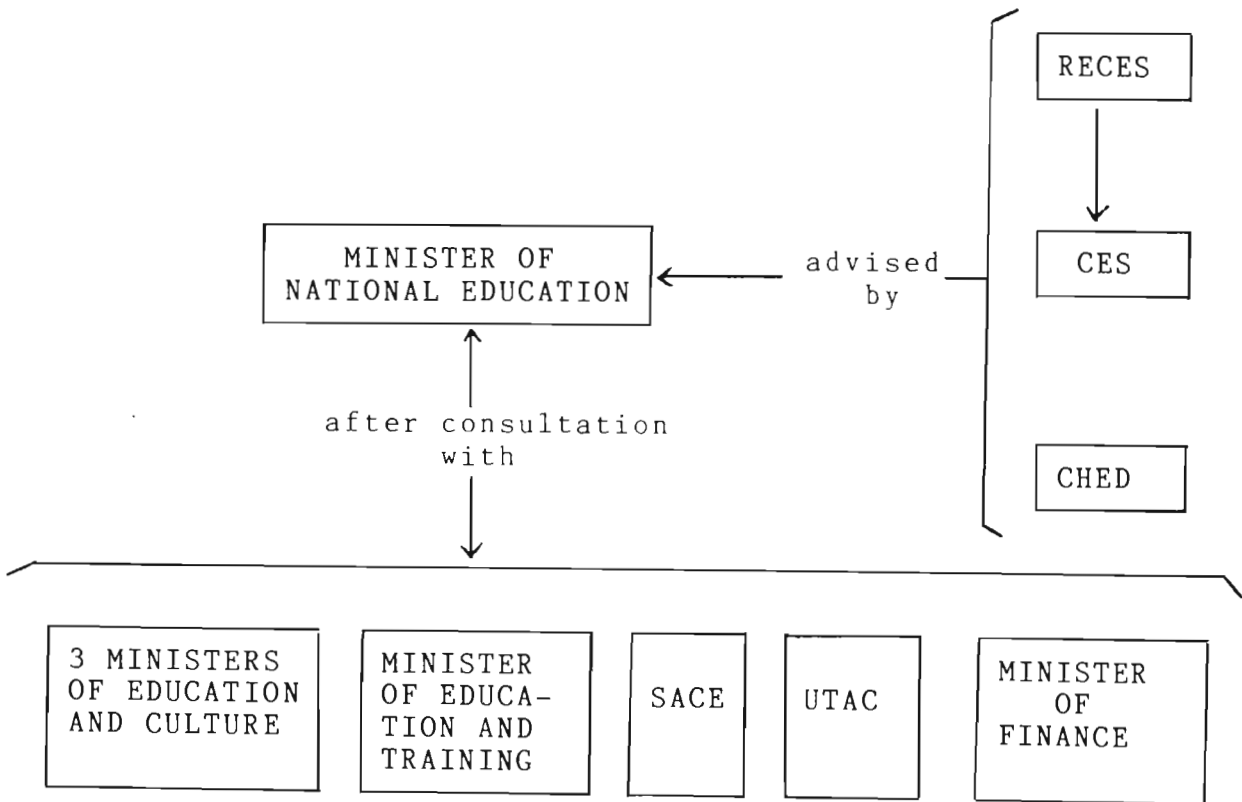
36. Hereafter referred to as CHED.

and so also the other Ministers of own affairs.³⁷⁾

Figure 14³⁸⁾ illustrates the structures that are involved in the determination of the general educational policy in the RSA in a macro perspective.³⁹⁾

FIGURE 14

MACRO EDUCATIONAL POLICY-MAKING IN THE REPUBLIC OF SOUTH AFRICA



37. Van Schalkwyk, op. cit., p. 49.

38. Infra., p.283.

39. Van Schalkwyk, op. cit., p. 50.

From Figure 14, it can be deduced that the Minister of Finance, inter alia, plays a very influential role in the policy-making process for the financing of education. Policy-making occurs at three levels, namely, the central or national level, which is more general in nature, and the regional and local levels, which are more particular in nature. Figure 14 also illustrates the democratic manner in which the national (macro) level of policy-making is undertaken.⁴⁰⁾

6.2.3 ACTUALISATION OF EDUCATIONAL POLICY IN THE REPUBLIC OF SOUTH AFRICA

Besides the general education policy applicable for all education groups in the RSA, subgroups are entitled to lay down their own education policy, provided that such policy is in accordance with general education policy.⁴¹⁾

A good example of a particular education policy is that of the White population group in the RSA. The policy stipulates that the Minister of Education and Culture of the Administration: House of Assembly, in consultation

40. Loc. cit.

41. Loc. cit.

with the education councils,⁴²⁾ the CHED, the organised teachers' profession (TFC) and the organised parent community, may take steps to determine general policy for Whites within the framework of the following principles, namely:

- (i) education in schools shall be maintained, managed and controlled by the Department of Education and Culture of the Administration: House of Assembly, and the religious convictions of parents and pupils shall be respected in regard to religious instruction and religious ceremonies;
- (ii) there has to be uniform requirements regarding compulsory education;
- (iii) education should be provided free of charge in schools maintained, managed and controlled by the aforementioned Department;
- (iv) the organised parent community should be given a place in the education system;

42. One for each provincial education department.

- (v) the organised teaching profession has to be consulted when planning for purposes of education;
- (vi) education councils have to take necessary steps to implement ministerial policy; and
- (vii) the Minister may take the necessary steps to ensure that the educational policy is implemented should the educational councils fail to do so.⁴³⁾

6.2.4 STRUCTURES FOR FORMULATING EDUCATIONAL POLICY

6.2.4.1 DEPARTMENT OF NATIONAL EDUCATION

The Department of National Education is basically a policy-making institution which determines a national policy of education regarding general educational affairs. The task of this Department is to ensure that the objective of equal educational opportunities and an equal standard of education become more viable without restricting the independence of the various subsystems of education. The aforementioned Department is on the same level as the three Departments of Education and Culture and the Department of Education and Training.

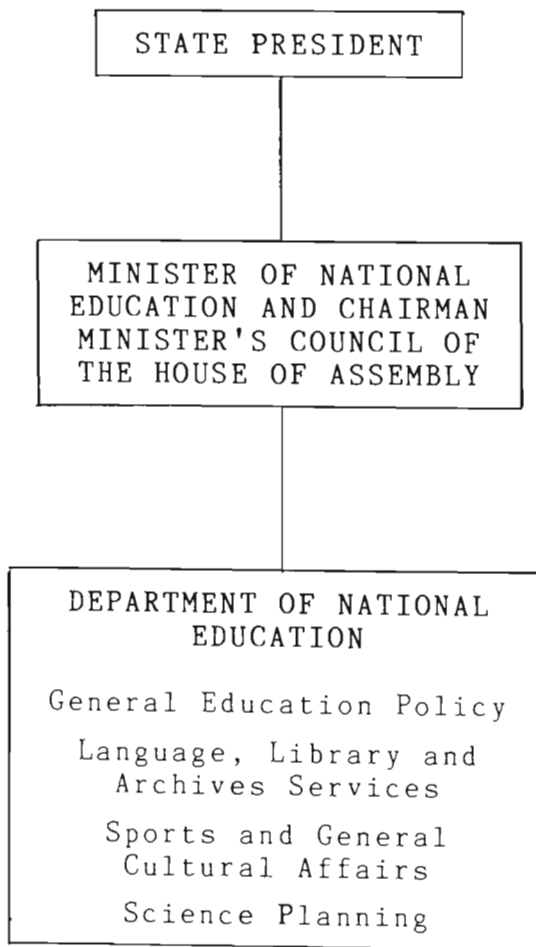
43. Ibid., pp. 50-51.

The locus of the Department of National Education in the hierarchy of executive institutions for general affairs is illustrated in Figure 15.⁴⁴⁾

44. Van Rooyen, L.: "Oudit moet onafhanklik", Publico, Vol. 1, February 1987, pp. 16-17.

FIGURE 15

LOCUS OF THE DEPARTMENT OF NATIONAL EDUCATION IN THE
HIERARCHY OF EXECUTIVE INSTITUTIONS FOR GENERAL AFFAIRS



The Department of National Education controls three aspects of social life, namely, national policy of education, promotion of sports and recreation and promotion of culture. The first of the aforementioned aspects is subdivided into three tasks, namely:

- (i) educational programmes;
- (ii) educational resources; and
- (iii) administrative aid services.⁴⁵⁾

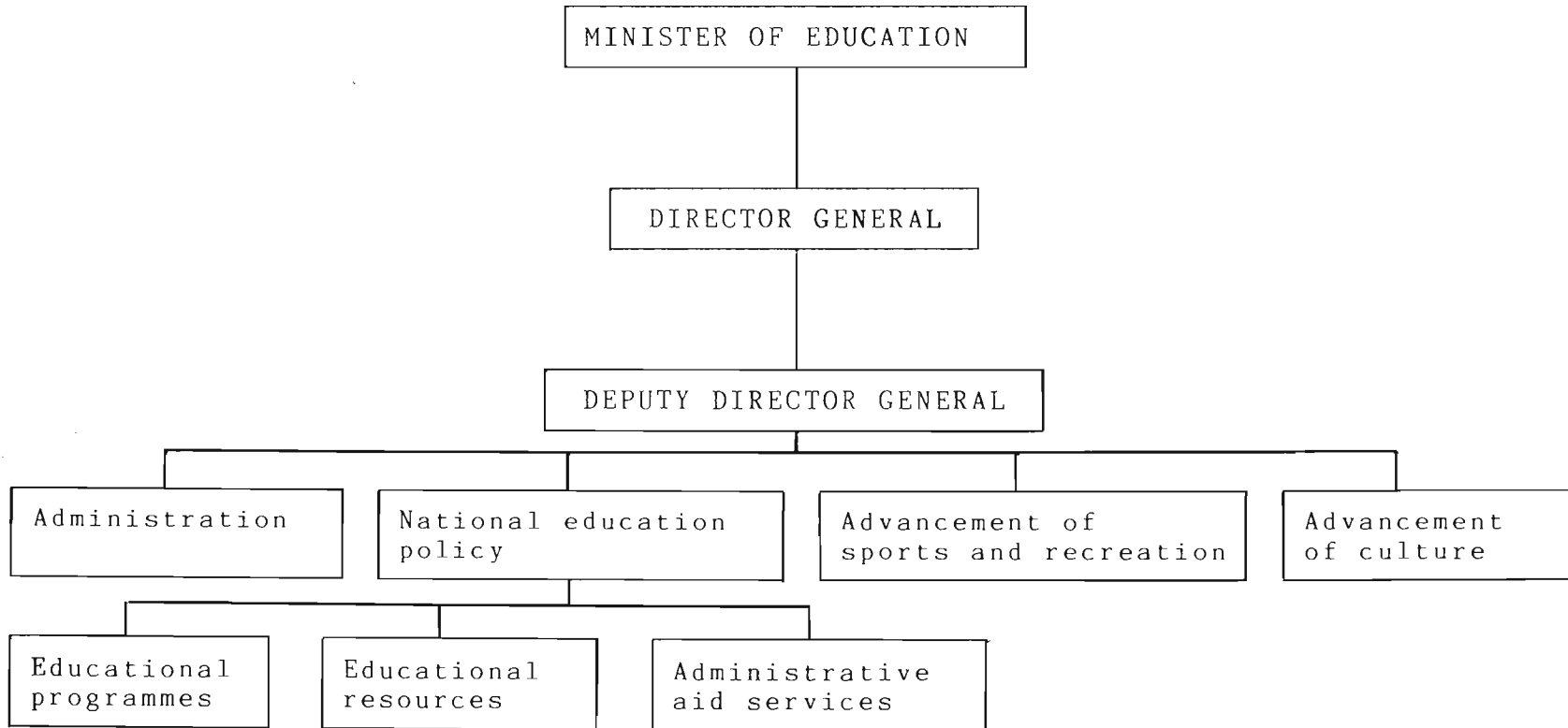
The organisational structure of the Department of National Education is depicted in Figure 16.⁴⁶⁾

45. Ibid., pp. 90-91.

46. Ibid., p. 91.

FIGURE 16

ORGANISATIONAL STRUCTURE OF THE DEPARTMENT OF NATIONAL EDUCATION



The aforementioned three aspects of this Department's task relating to national education policy will now be discussed.

6.2.4.1.1 EDUCATIONAL PROGRAMMES

This section of the Department of National Education has made a significant contribution to the new educational dispensation which has come into operation in the RSA since 1984. It may be summarised in four themes, namely:

- (i) the principle that education, as a whole, is considered as an own or specific affair of every cultural group, except for any general policy as regards four matters, namely, policy on:
 - norms and standards for financing education;
 - salaries and conditions of service for personnel;
 - the professional registration of teachers; and
 - norms and standards for syllabi and examinations as well as the certification of qualifications;
- (ii) that the four subsystems for the provision of education remain intact, that is, the various acts on education are still valid;

- (iii) that the formation of a department of policy (the Department of National Education), the attainment of equal educational opportunities and an equal standard of education have become a more attainable prospect; and
- (iv) that an opportunity is created for knowledge, experience and judgment of competent persons from all sectors of society to be considered when a policy concerning general affairs is formulated, and when it is structured.⁴⁷⁾

Educational policy-making is one of the most important administrative activities in an education system. Policy-making takes place on all levels of administration in the educational system and occurs in every structure or body. Knowledge pertaining to the structure and task of all administrative bodies in the educational system of the RSA enhances the understanding of how policy is formulated.⁴⁸⁾

The National Policy for General Education Affairs Act, 1984 (Act 76 of 1984), stipulates that the ongoing

47. Ibid., pp. 91-92.

48. Ibid., p. 92.

policy-making is the responsibility of the Minister of National Education. He has to undertake policy-making in consultation with:

- (i) the four Ministers of Education of the four State departments of education;
- (ii) the Minister of Finance;
- (iii) the UTAC; and
- (iv) the SACE.

In this regard, the Minister of National Education is also advised by the CHED and the CES which, in turn, are advised by the RECES. Each of these statutory bodies represents many interested parties such as, inter alia, parents, teachers, departments of education, culture and sports.

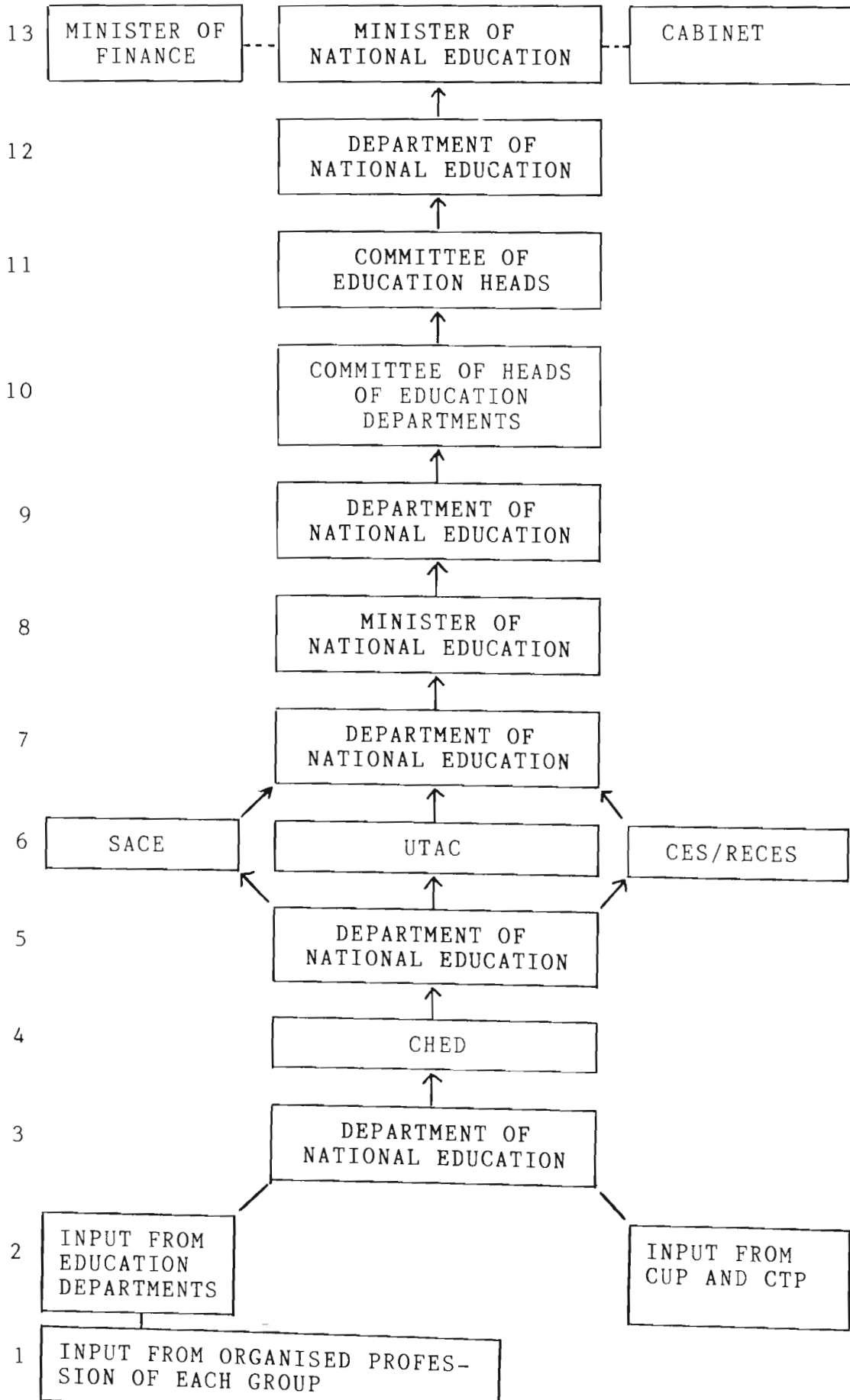
Figure 14⁴⁹⁾ illustrates the involvement of the various administrative bodies in formulating policy in the RSA. The process of formulating policy for general education affairs in the RSA passes through 13 phases. These phases are illustrated in Figure 17.⁵⁰⁾

49. Supra., p. 273.

50. Van Schalkwyk, op. cit., p. 93.

FIGURE 17

PROCESS OF FORMULATING POLICY FOR GENERAL EDUCATION
AFFAIRS IN THE REPUBLIC OF SOUTH AFRICA



6.2.4.1.2 EDUCATIONAL RESOURCES

This section of the aforementioned Department undertakes activities pertaining to personnel matters, such as:

- (i) conditions of service of educators and other personnel;
- (ii) structure of posts;
- (iii) salaries;
- (iv) promotion possibilities; and
- (v) qualifications.⁵¹⁾

6.2.4.1.3 ADMINISTRATIVE AND SERVICES

This section of the Department of National Education undertakes the administrative tasks relating to the development and implementation of the national education policy.⁵²⁾

51. Ibid., pp. 92-94.

52. Ibid., p. 94.

6.2.5 STRUCTURES FOR EDUCATIONAL ADVICE AND CO-ORDINATION

6.2.5.1 SOUTH AFRICAN COUNCIL OF EDUCATION⁵³⁾

The task of the SACE is to advise the Minister of National Education in connection with formal,⁵⁴⁾ informal⁵⁵⁾ and non-formal⁵⁶⁾ education, that is, education at the school level, the training of teachers for that purpose and with respect to any matters pertaining to general education affairs. These affairs comprise the following:

- (i) norms and standards for financing education for all racial groups;
- (ii) salaries and conditions of service of personnel;
- (iii) professional registration of teachers; and
- (iv) norms and standards for syllabi and examinations

53. Infra., p. 585.

54. Supra., p. 40.

55. Supra., p. 39.

56. Supra., p. 42.

and the certification of qualifications.⁵⁷⁾

6.2.5.2 COMMITTEE OF HEADS OF EDUCATION DEPARTMENTS

The task of the CHED is limited to the level of formal school education and training of teachers. The CHED advises the Minister of National Education on any of the aforementioned general educational matters. Moreover, it advises every Minister of the four departments of education on any matter relating to co-operation between the four State departments of education.⁵⁸⁾

6.2.5.3 UNIVERSITIES AND TECHNIKONS ADVISORY COUNCIL⁵⁹⁾

The UTAC advises the Minister of National Education on a clause of any act by virtue of which a university or technikon is administered. Moreover, it advises the Minister on the allocation of subsidies to universities and technikons in respect of capital and recurring expenditures.⁶⁰⁾

57. Van Schalkwyk, op. cit., p. 95.

58. Ibid., p. 96.

59. Infra., p. 585.

60. Van Schalkwyk, op. cit., p. 96.

6.2.5.4 COMMITTEE OF EDUCATION STRUCTURES

The determination of salaries and conditions of service, that is, remuneration, posts and career structures for educators in all departments of education, is regarded as a general affair in the RSA. Since this task demands specialised knowledge, two advisory bodies have been instituted for this purpose. They are the CES and the RECES. The task of these Committees is to advise the Minister of National Education on general policy in respect of remuneration posts and career structures for educators up to the highest level of education.⁶¹⁾

6.2.5.5 RESEARCH COMMITTEE ON EDUCATION STRUCTURES

The RECES, with the CES, work closely together to undertake purposeful research regarding remuneration, posts and career structures.⁶²⁾

61. Ibid., pp. 96-97.

62. Ibid., p. 97.

6.2.5.6 COMMITTEE OF EDUCATION MINISTERS⁶³⁾

The CEM is a body formed by the Minister of National Education and all the Ministers of State departments responsible for education, in order to co-ordinate education policy.⁶⁴⁾

6.2.6 ADVISORY AND CO-ORDINATING BODIES FOR CARRYING OUT POLICY

The task of such bodies, which feature on the second⁶⁵⁾ level, is to advise the Minister of National Education on the execution and application on general policy and on the formation of a specific policy for the specific population group for which it is instituted. These advisory and co-ordinating bodies are as follows:

- (i) educational councils;
- (ii) Committee of Heads of Education (CHE);

63. Hereafter referred to as CEM.

64. Van Schalkwyk, op. cit., p. 97.

65. Provincial or regional level.

- (iii) Conference of Ministers of Education (for Black education); and
- (iv) the Council for Education and Training (for Black education).⁶⁶⁾

6.2.7 STRUCTURES FOR EDUCATIONAL PLANNING

Planning is an auxiliary process of administration and occurs in all facets of administrative activities such as, inter alia, planning for policy-making, financing, educational control and the provision of physical facilities. Good examples of planning committees occur in the Transvaal Education Department.⁶⁷⁾

6.2.8 STRUCTURES FOR THE CONTROL OF EDUCATION

The control of education is an important activity undertaken in any education system. The inspectorate plays an important role in the control function.⁶⁸⁾

66. Van Schalkwyk, op. cit., pp. 97-100.

67. Ibid., p. 100.

68. Loc. cit.



6.2.9 BOARDS OF CONTROL FOR EXAMINATION AND
CERTIFICATION

In the RSA, the following control boards for examination and certification have been instituted, namely, the:

- (i) South African Certification Board (SACB);
- (ii) Certification Board for Technikon Education (CBTE);
and the
- (iii) Certification Board for Teacher Training.⁶⁹⁾

6.2.10 STRUCTURES FOR REGISTRATION OF TEACHERS

Structures for the registration of teachers are as follows:

- (i) teachers' professional councils;
- (ii) the Teachers' Federal Council; and
- (iii) teachers' associations.⁷⁰⁾

69. Ibid., pp. 101-102.

70. Ibid., pp. 102-103.

6.2.11 EVALUATION

From the foregoing, it is evident that policy-making for the financing of education is a complicated task involving several bodies at the central, regional and local levels. The involvement of the multitude of bodies in the educational policy-making process is unavoidable in view of the heterogeneous nature of the population of the RSA. However, with the attainment of equal standards of education, the policy-making process should be streamlined. The reduction in the number of policy-making bodies would not only expedite the process of decision-making but would also lead to cost-effectiveness, both in terms of time-saving and the reduction of current costs in the financing of education. Such gains will, undoubtedly, enhance the efficiency and effectiveness of the implementation of the financial process in education.

The generic administrative process pertaining to organising in the educational structure in the RSA is dealt with below.

7. ORGANISATIONAL STRUCTURE OF THE EDUCATION SYSTEM IN THE REPUBLIC OF SOUTH AFRICA

The first activity to follow the formulation of policy is organising, which leads to the formation of an

organisational structure. In terms of education, this structure is referred to as the education system which, in turn, is a structure composed of many other social structures such as schools, administrative bodies and supporting services.⁷¹⁾

Van Schalkwyk states that the community of the RSA is a heterogeneous and multi-cultural community. Therefore, it requires differentiated provision of education with regard to culture, interest and career expectations. Despite the wide variety of educational needs, it is essential that the RSA's education system should manifest a unified character for the welfare of its citizens. To obtain a comprehensive picture of the organisational structure of the RSA's education system, all the organisational structures of the various types are combined into a single chart illustrating their mutual liaison and integration.⁷²⁾

The organisational structure of the RSA's educational system is depicted in Figure 18.⁷³⁾

71. Ibid., p. 52.

72. Ibid., p. 63.

73. Ibid., p. 64.

FIGURE 18

ORGANISATIONAL STRUCTURE OF THE EDUCATIONAL SYSTEM IN THE REPUBLIC OF SOUTH AFRICA

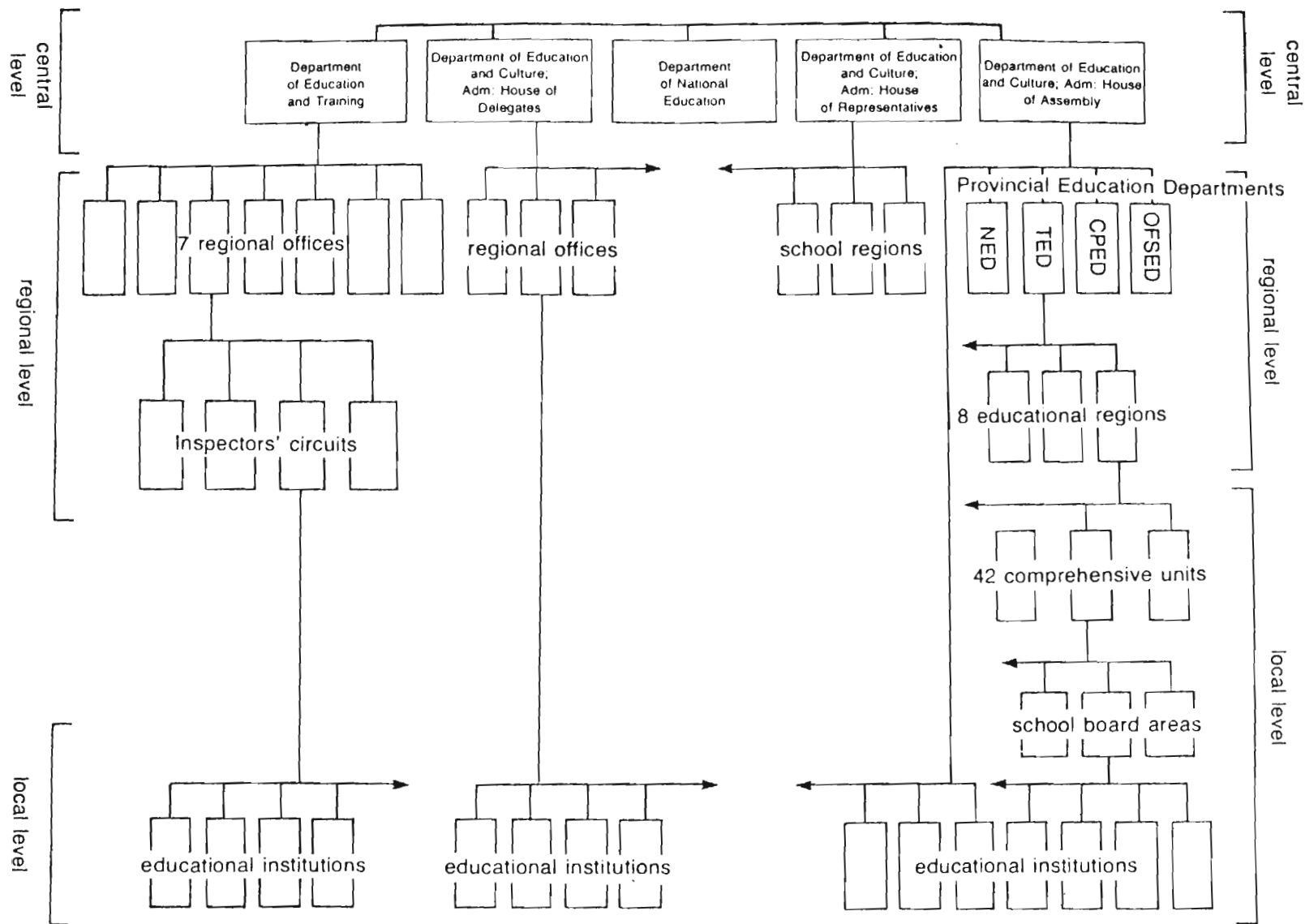


Figure 17 illustrates an organisational structure of a combined nature, indicating the place of the education departments at the central, regional and local levels. In the case of Indian education, for example, there are two State departments responsible for education, namely, the Department of National Education⁷⁴⁾ and the Department of Education and Culture of the Administration: House of Delegates.⁷⁵⁾

From a global point of view, the education system in the RSA is composed of the following structures on the three administrative levels:

(i) central/national/first level

- State departments of education;
- educational advisory and co-ordinating structures;⁷⁶⁾
- teachers' professional councils;

74. Which deals with general educational matters and is, therefore, concerned with Indians as well.

75. For the own educational matters of Indians.

76. Relating to national policy.

- councils for the registration of teachers;
- examination and certification boards;
- educational supporting services; and
- non-statutory national parent bodies.

(ii) regional/provincial/second level

- regional/provincial departments of education;
- regional offices of education;
- educational advisory and co-ordinating structures;⁷⁷⁾
- regional councils of education;
- education control bodies (inspectorates);
- regional planning committees;
- educational supporting services;
- non-statutory or provincial parent bodies.

77. Relating to the implementation of own policy.

(iii) local/school/third level

- school boards;
- local planning committees,
- local management councils/school committees;
- districts and local branches of teachers' bodies;
- district and local branches of parent bodies;
- educational advisory and co-ordinating structures; and
- educational institutions.⁷⁸⁾

These structures are accorded a specific place in the organisational structure of the educational system by virtue of the educational task of each one. From the first to the third levels, the tasks pertaining to administration and execution gradually changes.

Accordingly, various types of structures are instituted to accomplish a task at a specific level. The RSA's

78. Van Schalkwyk, op. cit., pp. 63-65.

education system is a complicated structure since it has to provide education as fully as possible for the heterogeneous population.⁷⁹⁾

Once an educational system's organisational structure has been instituted, it has to be brought to life by the appointment of capable office-bearers to fill posts in the various social structures, by providing financing and determining work procedures and by exercising control over all educational activities and processes.

The staffing function in educational administration is dealt with briefly below.

8. STAFFING THE EDUCATION SYSTEM⁸⁰⁾

The organisational structure, discussed in the previous section, can only function once staff members are introduced into the posts for which it makes provision. Once the social structures in education begin to function, the education system itself, comes into operation.

79. Ibid., p. 65.

80. Ibid., pp. 193-194.

The placement and supervision of competent people or office-bearers in the posts existing in the organisational structures of the social institutions comprising education is known as personnel management or staffing. Personnel management includes the following:

- (i) provision of personnel (staff) through recruitment, selection, training, development, promotion, transfer, determining conditions of service and keeping records; and
- (ii) utilisation of personnel which comprises the drawing up of work programmes, motivation, disciplinary action, evaluation, advice, deliberation and personnel research.

The following five types of office-bearers play an influential role in the education system:

- (i) teacher;
- (ii) parent;
- (iii) educand/learner/pupil;
- (iv) education manager; and
- (v) innovative managers

The appointment of staff necessitates the administration of the generic administrative process pertaining to the financing of education. This process is considered below.

9. FINANCING OF EDUCATION IN THE REPUBLIC OF SOUTH AFRICA

The functioning of an education system can be operative only if financial means are made available to compensate the office-bearers in the system for their services, to create the necessary infrastructure and to provide all the requisite means. Education can be put into practice only if money is available. Therefore, the financial process in education is just as important as the foregoing three matters, that is, the formulation of educational policy, organising and staffing.

9.1 FINANCING OF EDUCATION AS A RESPONSIBILITY OF SOCIETY

The State has at its disposal the State Revenue Fund which is built up from and supplemented by various sources of income such as, inter alia, taxes and foreign loans. Since it is the responsibility of the State to support and even to initiate all types of social tasks in the interests of civilisation, it is obliged to finance

them. An aspect such as education cannot be put into effect without money, while this is a type of activity which is not structured or even meant to generate its own funds. Therefore, it is totally dependent on government institutions and the private sector for its financing. This matter may be interpreted as follows: society⁸¹⁾ is, in the first and final instance, responsible for the education of its non-adult members. To perform this function effectively, society establishes institutions with skilled office-bearers (schools and teachers) and empowers them with the necessary authority to undertake this task scientifically, professionally and in an expert manner. Therefore, society is also responsible for the financing of education. This task has to be attained by the body which society has established for this purpose and whose members are most effectively equipped to do so, namely, the State. Other non-statutory bodies (in the private sector) have to assist the State in financing education on behalf of society. From this point of view, the principle of the

81. With all its institutions performing several social tasks, which have been delegated to specialised institutions such as the State to rule, the school to undertake education and the security services to protect society.

financing of education should, therefore, be clear, namely, that society as a whole is responsible for education since society reaps the benefit of education. Hence, education and its financing is not the exclusive task of parents, the education system and the State. Society, as a whole, is responsible for education.⁸²⁾

As far as the financial support of education is concerned, it is the particular responsibility of the State to do this on behalf of society. For this purpose, the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), stipulates a number of principles which characterise the State's implementation of the financial process in education.⁸³⁾

9.2 CONSTITUTIONAL PRINCIPLES CHARACTERISING THE FINANCIAL PROCESS OF EDUCATION BY THE STATE

All bills of Parliament, which make money available or impose taxes, may only be introduced in the tricameral Parliament, that is, the Administration: House of Assembly (Whites), the Administration: House of Representatives (Coloureds), and the Administration: House of Delegates (Indians). Money cannot be drawn from

82. Van Schalkwyk, op. cit., p. 20.

83. Loc. cit.

the State Revenue Fund⁸⁴⁾ unless it is made available by law.⁸⁵⁾

Parliament normally allocates funds to executive institutions such as departments of education on an annual basis in consequence of a budget which is also a work programme for the executive institutions. Moreover, the State departments of education have to publicly accept final responsibility for allocations regarding public funds. On that account, control measures, together with directives and measures for reporting how public funds have been appropriated, are necessary. The foregoing principles of the financial process operating in education are the outcome of the basic foundations of public administration which include, inter alia, the following:

- (i) the acceptance of the political supreme authority vested in the selected representatives;
- (ii) public responsibility of incumbents of political offices and public officials towards the public;
- (iii) the maintenance of democratic requirements;
- (iv) the acceptance of fairness and reasonableness as guiding principles for the action of government institutions and incumbents of office;

84. Republic of South Africa: Exchequer and Audit Act, 1975 (Act 66 of 1975), section 1(1).

85. Republic of South Africa: Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), section 81(2).

- (v) sensitiveness and responsiveness: public (human) relations. Another fundamental guideline in public administration, especially in contemporary society and in particular reference to the unique population composition prevailing in the RSA, is respect for the feelings of persons and groups. Since the behaviour of public employees over a period of time tends to follow patterns of its own, often without regard to the directives of the legislators and the needs and expectations of the people, emphasis should be laid on the promotion of sensitiveness and responsiveness in public institutions in the national and international context;⁸⁶⁾ and
- (vi) the pursuit of efficiency and effectiveness in all aspects of public administration.⁸⁷⁾

The practice of State financing consists, basically, in the fact that Parliament accepts legislation to make funds available for the various services reflected in

86. Coetzee, W.A.J.: Public administration: A South African introductory perspective, J.L. van Schaik (Pty.) Ltd., Pretoria, 1988, p. 69.

87. The basic foundations of public administration are dealt with in detail by ibid., pp. 58-69; and Cloete, J.J.N.: Introduction to public administration (third edition), J.L. van Schaik Pty. Ltd., Pretoria, 1986, pp. 9-33.

the budget documents under the various budget items. At the end of the financial year, all surplus funds are paid into the State Revenue Account. Moreover, reports on the activities of the State departments of education, which received tax funding during the year, are laid before Parliament. The expenditure on education is audited by the Auditor-General on behalf of Parliament. The Auditor-General's reports are considered, for Parliament, by the Select Committee on Public Accounts, after which the findings are tabled in Parliament.⁸⁸⁾

9.3 ORGANISATIONAL STRUCTURE OF STATE FINANCING BEFORE SEPTEMBER 1983

The structure of educational financing in the RSA before September 1983 is presented in Figure 19.⁸⁹⁾

88. Van Schalkwyk, op. cit., pp. 210-211. For a detailed discussion of the financial process, see Chapter III, pp. 169-251.

89. Republic of South Africa: Human Sciences Research Council: Report of the Work Committee: Education financing, Pretoria, 1981, p. 28.

FIGURE 19

ORGANISATIONAL STRUCTURE OF EDUCATIONAL FINANCING BY THE STATE IN THE REPUBLIC OF SOUTH AFRICA BEFORE SEPTEMBER 1983

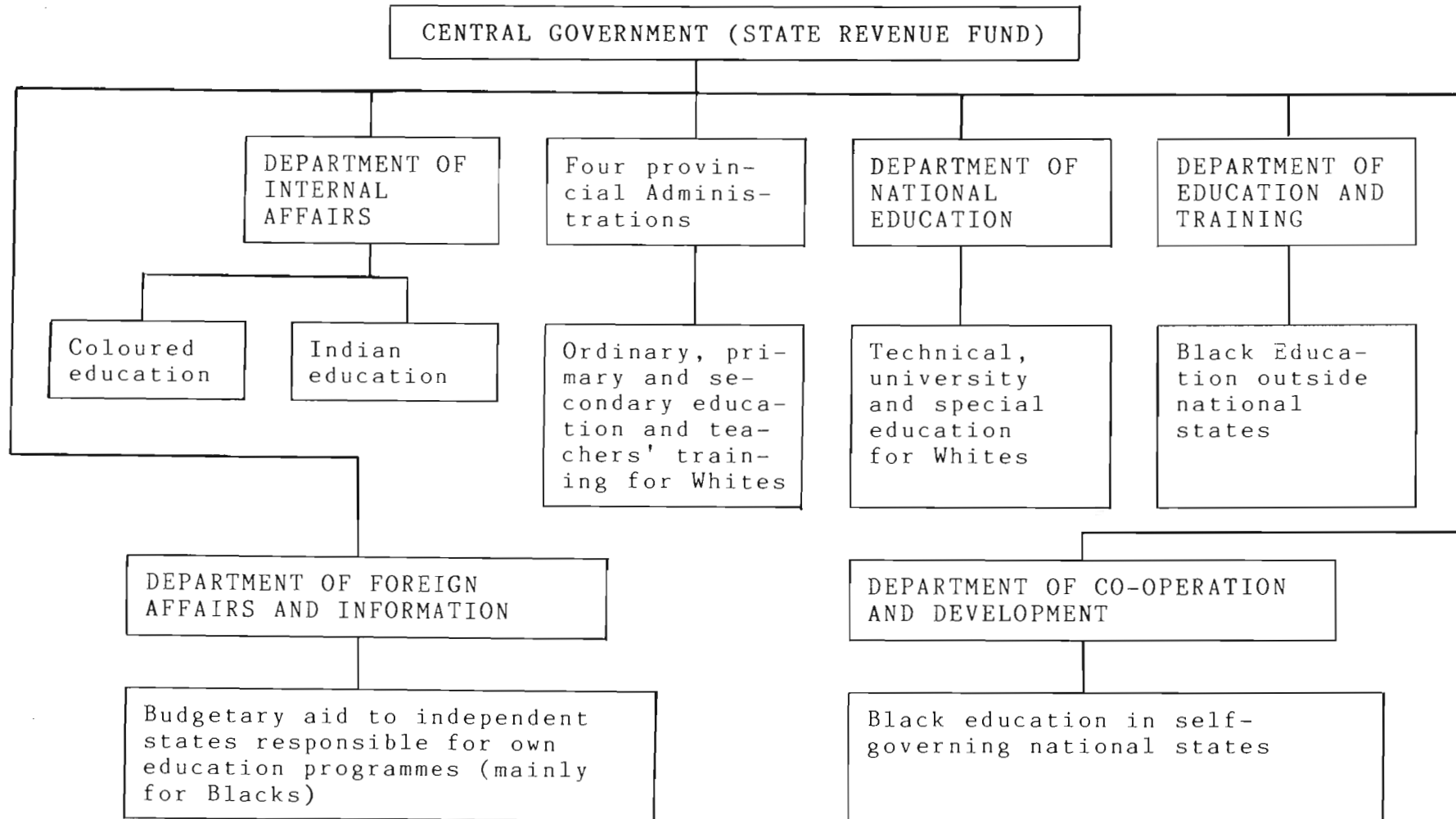


Figure 19 reveals that the educational financing structure before September 1983 was highly centralised, since the Central Government was the main financing source for all State-provided categories of education. However, the actual execution of educational programmes was highly decentralised among a variety of departments and authorities.⁹⁰⁾ This characteristic is further accentuated by the fact that all four of the independent states which were formerly part of the RSA, and whose governments are responsible for education inside their borders, received budgetary assistance from the State Revenue Fund of the RSA through the Department of Foreign Affairs and Information.⁹¹⁾

90. Compare this type of financial control with those imposed intentionally as outlined in Chapter V.

91. Republic of South Africa: Human Sciences Research Council: Report of the Work Committee: Education financing, op. cit., p. 29.

9.4 ORGANISATIONAL STRUCTURE OF STATE FINANCING OF EDUCATION SINCE OCTOBER 1983

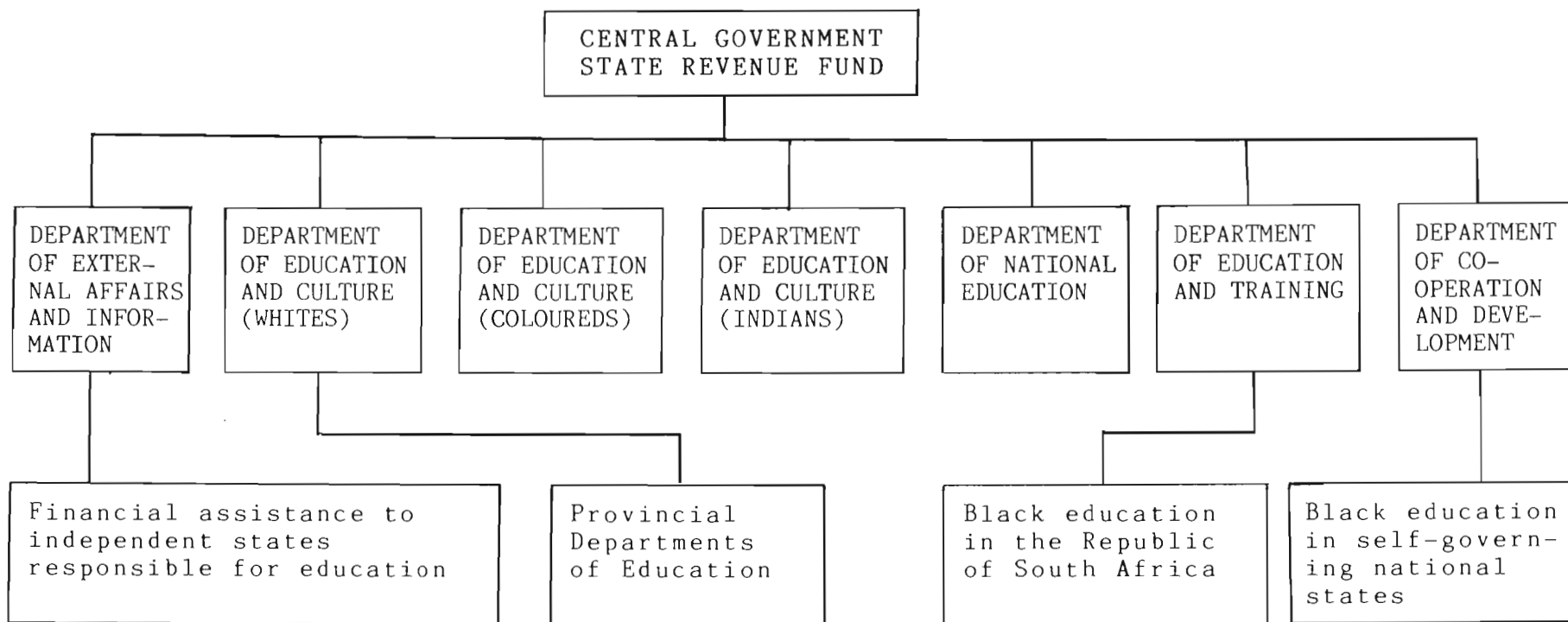
The structure of the financing of education in the RSA since October 1983 may be described as highly centralised in so far as the Central Government is the primary source of financing for all categories of education provided by the State. However, the actual execution of programmes of education is decentralised.

Figure 20 illustrates the distribution of funds for education from the State Revenue Fund to the various departments of education.⁹²⁾

92. Van Schalkwyk, op. cit., p. 212.

FIGURE 20

ORGANISATIONAL STRUCTURE OF EDUCATIONAL FINANCING BY THE STATE IN THE REPUBLIC OF SOUTH AFRICA SINCE OCTOBER 1983 - FLOW OF FUNDS



From Figure 20, it is clear that the flow of funds to the different State departments of education emanates from the State Revenue Fund.⁹³⁾ It is noteworthy that besides providing for Whites, Blacks, Coloureds and Indians within the RSA, financial assistance is also provided to the independent homelands and the self-governing national states.

9.5 FINANCING OF EDUCATION AND EDUCATIONAL POLICY

There is a clear relation between a country's educational policy and the financing of its education. Differentiated education, in terms of policy-making, is much more expensive than integrated education. Moreover, a policy of decentralised administration⁹⁴⁾ is more expensive than purely centralised administration. Initially, a country requires a small group of highly skilled persons rather than a mass of poor educated persons with

93. Infra., p. 519.

94. Evidence of decentralised education also exists in countries such as, inter alia, the United States of America, the United Kingdom and Australia - vide pp. 387-389 of this thesis.

insufficient knowledge, insight or capability to stimulate the country's development and to create job opportunities. Consequently, the educational policy of a country holds financial implications which make education either more or less expensive.⁹⁵⁾

The eleven principles of the educational policy of the RSA all have financial implications to which attention will be paid subsequently.

9.6 FINANCIAL IMPLICATIONS OF THE STATE'S ELEVEN PRINCIPLES OF EDUCATIONAL POLICY IN THE REPUBLIC OF SOUTH AFRICA⁹⁶⁾

In the discussion that follows, the principle for the provision of education is stated first, and thereafter its financial implications are considered.

95. Van Schalkwyk, op. cit., p. 211.

96. The information contained in this section has been borrowed from Republic of South Africa: Human Sciences Research Council: Report of the Work Committee: Education financing, op. cit., pp. 7-12.

Principle 1: Equal opportunities for education, including equal standards in education, for every inhabitant irrespective of race, colour, creed or sex, shall be the purposeful endeavour of the State.

If equal educational opportunities imply equal access to educational facilities of comparable standard, then from the point of view of financing, it implies some concept of parity in the level of financing as between different individuals irrespective of race, colour, creed or sex.

Principle 2: Education shall afford positive recognition of what is common as well as what is diverse in the religious and cultural way of life of the languages of the inhabitants.

This principle, read in conjunction with Principle 6, considers the extent to which the State should accept responsibility for the financing of education. In operationalising the concept of equal educational opportunities in financial terms, it is imperative that financially realistic norms have to be set which, if met uniformly for all pupils and students, would determine the financial needs relating to the provision of education on a financial basis by the State. However, provision for the full spectrum of religious, cultural and language expressions is bound to become unrealistic relative to

the available financial means. If, however, positive recognition does not imply an all-embracing norm, but to entail a spectrum of educational provision by the State which takes financial constraints into account, then this principle requires that, in accordance with Principle 6, the individual and the community should make some level of financial commitment on their part to supplement what the State provides.

Principle 3: Education shall give positive recognition to the freedom of choice of the individual, parents and organised society.

From the point of view of financing of education, this principle is similar to Principle 2. Within the financial provision made by the State on the basis of accepted norms, freedom of choice can apply to the available funds in terms of various aspects of education. However, individual parents and organised communities will have to supplement from their own resources the financial provision by the State, to the extent that freedom of choice results in a level of provision that cannot be accommodated within the State's financial provision allowed for by the accepted norms.

Principle 4: The provision of education shall be directed in an educationally responsible manner to meet the needs of the individual as well as those of society and economic development, and shall, inter alia, take into consideration the manpower needs of the country.

Given the constraints on the availability of State financing for education, it is not possible to satisfy all the needs mentioned in this principle. However, the principle gives expression to the points that the benefits from State expenditure include both tangible economic and more general cultural benefits, and that those benefits accrue both to the individuals being educated and to society as a whole. Consequently, the distribution of the State's provision of education financing between different categories of education should reflect the relative values that society places on its different needs, and should not promote some forms of education to the exclusion of others.

Principle 5: Education should endeavour to achieve a positive relationship between the formal, non-formal and informal aspects of education in the school, society and family.

This principle implies that the quality and benefits of education are not determined solely by the quantity and

quality of the resources, including financing, which are applied in the formal teaching situation. The socio-economic background of the pupils is also an important conditioning factor, and programmes aimed at improvements therein may even compete with education for the available resources. However, one method of compensating for deficiencies in the socio-economic background of pupils is through the provision of non-formal educational facilities, which should, therefore, be considered in the State financing of education. The common use of physical educational facilities would promote this positive relationship between formal, non-formal and informal education and also maintain the same costs.

Principle 6: The provision of formal education shall be the responsibility of the State, provided that the individual, parents and organised society shall have a shared responsibility, choice and voice in this matter.

The share that individuals, parents and organised society should take in the financial responsibility for the provision of education has already been considered in the discussions of Principles 2 and 3. The voice that individuals, parents and organised society can express on educational matters, may also have an effect on the

total financial resources devoted by the State to education, and on the allocation of those resources between different possible educational applications.

Principle 7: The private sector and the State shall have a shared responsibility for the provision of non-formal education.

The most direct interest of the private business sector is in non-formal education, and its financial responsibility for the provision of education is, therefore, clearly evident in respect of non-formal education. Tax concessions to business entities are an important way in which the State assists in the financing of non-formal education in particular, and should be considered in assessing the relative contributions of the State and the private sector in the provision of non-formal education.

Principle 8: Provision shall be made for the establishment and State subsidisation of private education within the systems of providing education.

This principle has an important bearing on the formulation of appropriate channels for educational financing. Decentralised execution of educational programmes is dependent on an assured source of financing at the level where execution takes place. Such an assured

source of financing could be realised by assigning certain revenue sources, such as certain taxes, to the educational authorities at that level, but it need not be done in this way. An assured source of financing can also be realised by retaining control over revenue sources at the centralised level, but arranging for financial transfers from the centralised to decentralised levels in terms of an agreed formula, incorporating educational norms such as those referred to in the discussion of Principle 1.

In the RSA, the second approach is favoured from the viewpoint of strategies of change, of not depending on fundamental structural changes in the country's tax system which cannot be expected to be made in the short-term.

Principle 10: The professional status of the teacher and lecturer shall be recognised.

Salary levels, and other conditions of service with financial implications, will directly influence the professional status of teachers and lecturers.

Principle 11: Effective provision of education shall be based on continuing research.

For the effective application of funds in any area of

endeavour, it is a condition that a part of the funds be utilised towards research in that field of endeavour. In the context of the RSA, such funds can be made available by including some provision for research in the total contribution of the State towards the financing of education.

9.7 FINANCIAL PROCESS IN EDUCATION

The concept 'free education' implies that the financing of capital and current expenditure is made available by the Treasury. Therefore, the State assumes responsibility for the provision of education, and the private sector, which includes parents, does little in this regard except to contribute small amounts of money in the form of school fees. However, when the policy is formulated to distribute authority and responsibility for education equally between the central, provincial and local levels, it is probable that the financial liability with regard to education will also become more widely distributed. The problem is then to determine the contribution of the State, on the one hand, and that of the rest of society, on the other. To maintain the quality of education, it is imperative that the same funds per pupil should be available annually. Therefore, as soon

as the contribution of the State, in the light of economic shortages, begins to decrease, the rest of society's share has to increase in order to maintain existing standards.⁹⁷⁾

The existing practice in the RSA for the obtaining of funds will now be discussed.

9.7.1 FINANCIAL PROVISION BY THE STATE⁹⁸⁾

Each department of education has its own Revenue Account which is supplemented by a budgeted amount from the regional authority in the form of a subsidy and from school fees and private sources such as donations and bequeathments. It is utilised for current expenditure. Moreover, these departments also have a Capital Account which is fed by loans that are negotiated at the Central Government level, that is, amounts which may be transferred from the Revenue Account.

97. Van Schalkwyk, op. cit., pp. 214-215.

98. Unless otherwise indicated, the information contained in this section has been extracted from ibid., pp. 214-217.

Annual budgets are prepared for expected current and capital expenditures. The drafting of a budget usually occurs in three phases, namely the:

- (i) drawing up of a list of needs for every institution;
- (ii) drawing up of a planning list for the whole region;
and
- (iii) the drafting of a budget.

The foregoing steps, which serve as a good example of the work procedures followed by education authorities, are examined below.

9.7.1.1 COMPILATION OF AN INVENTORY OF NEEDS

A detailed inventory of needs is compiled annually for individual services where the initial expenses exceed a specified amount. These services are arranged in order of preference under different headings such as, inter alia, new schools and additions to existing buildings.

The task of the school principal and his board of control is to determine the needs of their school, draw up an inventory of needs and submit it to the secretary of the school board before a certain date. The secretary of

the school board compiles an inventory of needs for his circuit in order of priority, based on the approved criteria.

The local planning committee scrutinises the inventory of needs compiled by the secretary of the school board. The order of preference is amended and new services are added, wherever necessary. All changes require substantiation. The inventory of needs, as well as the reasons and recommendations have to be submitted to the school board on a certain date.

The school board examines the inventory of needs and amends it, if necessary. If it is approved, the board submits it to the relevant regional office before a certain date.

The regional board, in consultation with the regional office, follows the undermentioned procedure concerning the inventory of needs received from the various school boards in the area:

- (i) from the school board's inventory of needs, the regional board compiles a new inventory in order of priority, without altering the order of preference of any school board;

- (ii) the sequence of services appearing on the priority list can only be amended if there are explicit reasons for this action; and
- (iii) the consolidated inventory of needs is submitted to head office.

9.7.1.2 COMPILATION OF A PLANNING LIST

The head office of the education department consolidates all the needs of the regions into one composite inventory of needs. In compiling this inventory, the needs and priorities of the regions are usually maintained. In the Transvaal Education Department, personnel at head office, regional heads and regional secretaries form a committee to compile a planning list from the consolidated needs. The planning list is compiled annually before a specific date and submitted to the Chief Director of Education with a recommendation to the effect that a number of services should receive high priority. This, in turn, is presented to the executive committee of each province. After approval by the executive committee, copies are made available to the works department and regional offices.

9.7.1.3 COMPILATION OF A BUDGET

The draft budget is compiled annually after considering services which have been already been contracted as well as services from the previous year's planning list where planning has proceeded to the extent that it can be placed on the draft budget. The draft budget is submitted annually by every regional department of education to the Department of Education and Culture.

9.7.1.3.1 BUDGET FORMULAE FOR OWN AFFAIRS

In the Budget Speeches for the 1985/86 and 1986/87 financial years, it was stated that formulae based on certain norms and standards would be determined for the annual statutory amounts to be transferred to the budget accounts for own affairs. It is gratifying to note that the basic formulae for the financing of housing, education and social welfare services have already been approved by all three Ministers' Councils and the Cabinet. The financing requirements of education have been determined with the assistance of formulae for the aforementioned two years. In co-operation with the Administrations of own affairs, these formulae will continually be subject to refinement and will in future

be used to determine the transfers concerned.⁹⁹⁾

9.7.1.3.2 BUDGET ALLOCATIONS IN EDUCATION

Educational expenditures formed the largest expenditure item on the Budget, and the R6 082 billion proposal for the 1986/87 financial year represented an increase of 19,3 per cent above the budgeted figure for the 1985/86 financial year.¹⁰⁰⁾

In his 1987/88 Budget Speech, the Minister of Finance indicated that a total of R9,1 billion was allocated to education. This amount was by far the largest single allocation and constituted 19,6 per cent of the entire Budget.¹⁰¹⁾

This amount represented an increase of R1 542 billion, or almost 20 per cent on the comparable expenditure of the previous year. Moreover, this amount included an

99. Republic of South Africa: Budget Speeches, 1987-88, Government Printer, Pretoria, 1987, pp. 7-8.

100. Republic of South Africa: Budget Speeches, 1986-87, Government Printer, Pretoria, 1986, p. 16.

101. Republic of South Africa: Budget Speeches, 1987-88, op. cit., p. 11.

increase of approximately 40 per cent in the expenditure on Black education, emphasising the Government's commitment to the optimal development of the country's human potential and to the goal of equal educational opportunities for all population groups. The Minister of Finance stipulated that, in contrast to many other countries, and despite South Africa's specific circumstances, it is noteworthy that the South African population is making the largest single investment for the future through education.¹⁰²⁾

Table 1 reflects the amounts allocated for educational expenditure in the RSA for the period 1982-1988.¹⁰³⁾

102. Loc. cit.

103. The statistics contained in Table 1 have been extracted from the following sources:

- (i) Republic of South Africa: Budget Speeches, 1983-84, Government Printer, Pretoria, 1983, p. 15;
- (ii) Republic of South Africa: Budget Speeches, 1984-85, Government Printer, Pretoria, 1984, p. 11;
- (iii) Republic of South Africa: Budget Speeches, 1985-86, Government Printer, Pretoria, 1985, p. 18.
- (iv) Republic of South Africa: Budget Speeches, 1986-87, op. cit., p. 16; and
- (v) Republic of South Africa: Budget Speeches, 1987-88, op. cit., p. 11.

TABLE 1

AMOUNTS ALLOCATED FOR EDUCATIONAL EXPENDITURE IN THE
REPUBLIC OF SOUTH AFRICA FOR THE PERIOD 1982-1988

YEAR	AMOUNT ALLOCATED (R BILLIONS)	PERCENTAGE INCREASE IN COMPARISON WITH PREVIOUS YEAR
1982/83	3 016	-
1983/84	3 410	13,1
1984/85	4 200	23,2
1985/86	5 044	20,1
1986/87	6 082	20,6
1987/88	9 100	49,6

From Table 1, it can be deduced, inter alia, that there has been a substantial increase in the financial provisions for education in the last two of the aforementioned financial years.

9.7.1.4 SOUTH AFRICAN NATIONAL EDUCATION POLICY:
(SANEP) SUBSIDY FORMULA

Preparations have been completed to allocate funds to the various educational services in terms of the SANEP-formula with effect from 1 April 1987. Due to the problems experienced with the manner in which education is being financed, a subsidy formula for all education departments was investigated on a national basis. This formula, inter alia, eliminates the lack of synchronisation that prevails between the provision of personnel, the provision for buildings and financing.¹⁰⁴⁾ The investigation also took into consideration the point of view taken by the Government in the White Paper on the Provision of Education in the Republic of South Africa, 1983, namely:

"With regard to administrative efficiency, experience has shown that the granting of autonomy or managerial independence to executive education departments and autonomous institutions is highly conducive to administrative efficiency.

104. Republic of South Africa: Department of Education and Training, Annual Report 1986, RP 42/1987, Government Printer, Pretoria, 1987, p. 76.

Such powers should naturally be backed by adequate finance from Government sources and it should be a requirement that an accounting be given for the administration of departments and institutions. The Government is of the opinion that administrative efficiency can be achieved by a meaningful devolution of authority and the accompanying decentralisation of administrative activities".(105)

9.7.2 FINANCIAL FUNCTION OF THE STATE DEPARTMENTS OF EDUCATION¹⁰⁶⁾

The co-ordination, macro-planning and control of finances for the education of an entire population group in the RSA is effected by an umbrella body, namely, the State department of education. The financial function comprises

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105. Republic of South Africa: White Paper on the Provision of Education in the Republic of South Africa, 1983, Government Printer, Pretoria, 1983, p. 2.
106. The information contained in this section has been extracted from Van Schalkwyk, op. cit., pp. 216-217.

formulating policy with regard to the budget, the allocation of funds, authorisation of loans as well as the actual handling and apportioning of money from the State Revenue Fund. In other words, the financial function comprises the operation of the financial process.

All draft estimates are consolidated by the relevant department of education and discussed with the Minister of Education and Culture concerned. Thereafter, the total estimates for the education of the population group is submitted to the Minister of Education and Culture. The Minister consolidates all the estimates of all the State departments (own affairs) under his jurisdiction, and then draws up the total budget.

Each House of Parliament receives a calculated amount annually from the State Revenue Fund. This amount is determined by a specific formula.¹⁰⁷⁾ After the country's total budget has been approved by Parliament for a specific year, the amount allocated to each House is deposited in the Revenue Account. Thereafter, in accordance with the decision and approval of the Ministers' Council, the allocated amount is distributed to the various State departments for own affairs.

107. Infra., p. 586.

A Ministers' Council is free to allocate its income from the public exchequer to the various services, and does not have to necessarily adhere to the estimate of every department.

9.7.3 FINANCIAL PROVISION BY PARENTS

If the funds provided by the Government are insufficient to maintain the present standards of education, the private sector, particularly parents, will have to contribute much more by way of school fees.

Free schooling for White children will soon be on the way out. The Government, weighed down by heavy costs of expanding Black education as well as spiralling security costs, is unable to continue carrying the full financial burden of White education.¹⁰⁸⁾

108. Natal Mercury, 13 June 1988. In view of the demands made by teachers' societies for salary increases, it seems likely that compulsory school fees will be levied in White schools from the beginning of 1989 - vide Natal Mercury, 8 September 1988.

The Superintendent of the Department of Education and Culture of the Administration: House of Assembly, General Terblanche, stated that the limited economic growth, recession, inflation, and the struggle against boycotts and terrorism resulted in a shortage of funds. Education had been adversely affected. Therefore, it had been decided, in principle, that in future the parent community would have to contribute to the further extension of education.¹⁰⁹⁾

The Minister of Education and Culture of the aforementioned Administration, Piet Clase, has already announced that a compulsory fee system was being investigated. However, the teachers' associations have emphasised that if the system is introduced, they will refuse to act as 'tax collectors'. Departments will have to make their arrangements for the collection of fees.¹¹⁰⁾

Another controversial issue concerns the distribution and spending of fees collected. The original proposal was that fees would go into a general pool. However, parents' associations claim that fees collected from

109. Natal Mercury, 13 June 1988.

110. Loc. cit.

a specified school should be used exclusively for the benefit of that school.¹¹¹⁾

9.7.4 FINANCIAL CONTROL

Since the collecting, safe-keeping and expenditure of money are important, it is necessary to stipulate rules for the handling of public funds. Therefore, the Central Government lays down by law how money should be collected, kept and spent and how such activities should be checked and reported. Elected committees study financial documents and demand an accounting and a report to the Government. Accountants, account sections and auxiliary institutions, such as the Treasury, regulate and control the handling of finances. Hence, there are specific regulations regarding the procedure to be followed in the implementation of the financial process in education.¹¹²⁾

Although the collecting, safe-keeping and spending of public funds are controlled throughout the financial process, control has also to be exercised at the end of the financial process. Therefore, control measures

111. Loc. cit.

112. Van Schalkwyk, op. cit., p. 217.

such as auditing and reporting on all book-keeping, by, for example, the Auditor-General, are put into effect. Such control measures ensure honesty and effectiveness in the expenditure of public moneys.¹¹³⁾

9.7.5 EVALUATION

The Government's commitment towards the attainment of equality in education provision will, undoubtedly, make heavy financial demands on the Treasury. In view of the substantial backlog in Black education, a greater portion of education's share of the national Budget is expected to be devoted to Black education in the future years. Parents of school-going children will be expected to make compulsory contributions of school fees.

Parents, who make such contributions, would want to know how their money is spent. Therefore, they should be fully informed about the nature of expenditure on education. The wealthy parents should realise that their contributions may be used for the children of less privileged parents in order to maintain an acceptable standard of education within the community.

113. Loc. cit.

Once the department of education has been organised, staffed and financed, it will be necessary to determine the work procedures and methods according to which all activities have to be undertaken. A brief discussion follows on the determination of work procedures and methods.

10. DETERMINING WORK PROCEDURES AND METHODS

In principle, the determination of work procedures, as an administrative activity, implies that the administrative team will make the following decisions:

- (i) what steps should be followed in completing a task;
- (ii) what the order of these steps should be; and
- (iii) how each step should be carried out.¹¹⁴⁾

Work procedures and methods determine, inter alia, the:

- (i) pace at which a task can be completed;

114. Ibid., p. 218.

- (ii) measure of order present in an education system;
- (iii) efficiency and effectiveness of the education system; and
- (iv) measure of control in an education system.¹¹⁵⁾

In order to promote efficiency and effectiveness in the financial process, work procedures and methods are being constantly evaluated. The appointment of the Crafford Task Force bears testimony to the aforementioned statement.

10.1 CRAFFORD TASK FORCE FOR BUDGETARY PROCEDURES

The Crafford Task Force was formed in 1987 to evaluate departmental budgetary procedures and various public sector services which had been introduced in the course of time.¹¹⁶⁾

115. Loc. cit.

116. Republic of South Africa: Budget Speeches, 1987-88, op. cit., p. 7.

The Crafford Task Force, under the chairmanship of Jan Crafford, and with strong representation from the private sector, has been earnestly at work. In co-operation with the Treasury, this Task Force has reviewed the most important functions performed by the State and ranked them in order of priority for the purposes of evaluation.¹¹⁷⁾

The first report on specific programmes has already been submitted by the Task Force and is receiving attention.¹¹⁸⁾

The operation of the financial process reaches fruition with the implementation of the control mechanism.

11. CONTROL IN EDUCATION

Control is an important facet of administration.

Firstly, there is a certain educational aim which society intends accomplishing. As soon as people co-operate to attain this end, administration becomes necessary. This implies that they should first determine their aim and how to realise it. This comprises a policy. Then

117. Loc. cit.

118. Loc. cit.

they should create an organisational structure, assign the various activities to staff, find the funds to defray the costs incurred, compile the procedures and work programmes, and finally control all the activities to ensure that the aim is successfully achieved.¹¹⁹⁾

Therefore, the administrator, in controlling the activities, will ensure that the aim is realised as successfully as possible. There should be clarity of aim and policy while the best procedure should be pursued, the necessary financing obtained, effective organisation instituted and effective control and supervision exercised. Hence, the administrator is essentially regarded as a controller. Basically, the control of education is all encompassing since it is the means of determining whether administration is effective and purposeful.¹²⁰⁾

12. SUMMARY

In this chapter, attention has been focused on the six generic administrative processes pertaining to the

119. Van Schalkwyk, op. cit., p. 129.

120. Loc. cit.

financial process in education, namely, policy-making, organising, financing, staffing, work procedures, and control. However, particular emphasis has been placed on the processes of policy-making and financing in view of the several changes that have taken place within these processes since the promulgation of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983).

It is evident that numerous advisory bodies participate in the policy-making process in the financing of education at the central, regional and local levels. Such a complicated structure is justified in the present circumstances when attempts are being made to achieve equal standards in education amongst the heterogeneous population groups in the RSA. Gradually, however, serious consideration should be given to streamlining the organisational structure for policy-making in an effort to realise savings in education.

The organisational structure of the financial process reveals that there is centralised control in the provision of funds to the departments of education. However, there is decentralised control in terms of the execution of allocated funds. A noteworthy feature

of the financial process is the freedom granted to the Ministers' Councils in the appropriation of the allocated funds within its State departments. However, careful consideration should be given to the feasibility of permitting each House of Parliament to retain unspent money in a given financial year. Such savings could be spent in the next financial year.

The appointment of suitable staff, the application of effective work procedures, and the implementation of effective control measures could result in substantial savings in education. These savings could be channelled towards the education of the underprivileged in order to expedite the realisation of the Government's commitment of equal standards in education.

The overriding implication of the principles for the provision of education is that the provision of education of equal quality requires parity in the level of financing as between different individuals irrespective of race, colour, creed or sex. In executing this requirement in financial terms, it is imperative that realistic norms be formulated to determine the financial needs in respect of the provision of education.

The State's responsibility in respect of the financing of education is restricted by the overall capacity of the economy and by the claims of other community needs as related to educational needs.

To bridge the gap between the financial contribution of the State to the provision of education, on the one hand, and the various educational needs on the other, some level of financial commitment is required on the part of the individual, and of the community to supplement the State's contribution.

Finally, in choosing channels of educational financing with a view to accomplish whatever balance between centralised and decentralised provision of education is considered to be desirable, consideration should be given to the revenue sources available to educational administrative structures at the various levels.

The study of the financial process in education in the RSA automatically leads to a consideration of the financial process in education operating in the international scene. Consequently, an international perspective of the operation of the financial process in education is presented in Chapter V.

CHAPTER VFINANCING OF EDUCATION: INTERNATIONAL PERSPECTIVE1. INTRODUCTION

The discussion of the operation of the financial process in education in the RSA has paved the way for a consideration of the financial process in education from an international perspective. Such a consideration is deemed useful to provide comparisons with the operation of the financial process in education in the RSA.

Education is viewed as an economically and socially productive investment. In many countries, it is financed and provided predominantly by the government. Therefore, the expansion of education depends on fiscal resources.¹⁾

The finance required to administer the education system of a country cannot be considered in isolation, for it

1. Psacharopoulos, G., Tan, J.P. & Jimenez, E.: Financing of education in developing countries: An exploration of policy options, The World Bank, Washington, 1986, p. 1.

is an important part of public expenditure, which is a crucial economic variable. If public expenditure is allowed to grow, it is probable that money allocated to education will also rise: the converse also holds.²⁾

This chapter focuses attention, inter alia, on the following aspects:

- relations between cost and quality of education;
- financing of education in developing countries;
- financing of education in developed countries in terms of the generic administrative processes of policy-making, organising, financing and control; and
- alternatives in the financing of education.

2. EDUCATION AS AN ECONOMIC PROBLEM

Since economics deals with allocating resources, the relationship to education is logical. The task of

2. Atkinson, G.B.J.: The economics of education, Hodder & Stoughton Educational, London, 1983, p. 82.

educational institutions is to choose a proper mix of resources to meet the unlimited educational needs and wants of the varied clients. Therefore, education can be referred to as an economic choice whereby educational effectiveness has to be related to the use of scarce resources to achieve goals and objectives which have been judged to be in some order of priority. Economics is an attempt to make the most efficient use of resources available within a unique set of constraints.³⁾

From the foregoing discussion, it is evident that a brief outline of the scope of the subject 'economics of education' would be useful in enhancing one's understanding of the financing of education.

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3. Garvue, R.J.: "Financing the educational program", in Maxson, R.C. & Sistrunk, W.E. (eds.): A systems approach to educational administration, Wm. C. Brown Co., Iowa, 1973, p. 205.

3. ECONOMICS OF EDUCATION⁴⁾

Miner states that the phenomenon economics of education is the systematic study of the use of scarce resources to provide training and instruction. It has the potential to explain fundamental phenomena such as economic growth, wage patterns, poverty, and unemployment. In addition, it provides policy-makers with an instrument of great leverage in dealing with many of the most pressing contemporary economic and social problems.⁵⁾

Economic analysis of a particular commodity traditionally includes a variety of the determinants of its demand and supply and of the organisational arrangements under

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4. Unless otherwise indicated, the information contained in this section has been borrowed from Miner, J.: "Developing nations: Economics of education", in Deighton, L.C. (ed.): The encyclopedia of education, Vol. 3, Macmillan Co., and the Free Press, New York, 1971, pp. 64-65.
 5. See also Collins, K.T., Downes, L.W., Griffiths, S.R. & Shaw, K.E.: Keywords in education, Longman Group Ltd., London, 1973, p. 67; and Rowntree, D.: A dictionary of education, Harper & Row, Publishers, London, 1981, p. 75.

which it is produced, financed and distributed.

In terms of education, demand refers to the educational output - the quantity and character of training - desired at different prices by pupils, parents and employers who stand to gain from the provision of education.⁶⁾

Supply refers to the costs of providing these various quantities and types of education.⁷⁾ This equalisation of costs and benefits represents the economist's (as well as the public administrator's) view of efficient allocation of scarce resources among alternative uses.

The economics of education is also concerned with the organisation and finance of the educational system. Schools may be completely private, so that a series of market prices - based on supply and demand - is developed for tuition in particular schools. However, since the

6. See also Thomas, D.J.: A dictionary of economic terms, Bell & Hyman Ltd., London, 1985, p. 85.

7. See also Gilpin, A.: Dictionary of economic terms (second edition), Butterworth & Co., (Publishers) Ltd., London, 1970, p. 61.

benefits of education extend beyond the pupil himself to fellow workers, fellow citizens, and unborn generations, public support from governmental revenues is provided to augment supply. This support may take the form of subsidies to private schools, public schools and pupils. However, most often, it takes the form of public operation of educational institutions free of direct charge or at tuition rates substantially below cost. Hence, an important component of the economics of education pertains to the role of public policy in financing, organising and distributing education.

The above exposition illustrates that the disciplines of Economics of Education and Public Administration are closely correlated, particularly in terms of the six generic administrative processes. In addition, it is evident that there should be a positive correlation between the cost and the quality of education. This issue, and the supporting empirical evidence, are considered in the following section.

4. RELATIONS BETWEEN COST AND QUALITY OF EDUCATION⁸⁾

How much should it cost to educate the pupils of a particular school? The answer to this question is not easy, since many factors are involved. However, adequate support is necessary for good schools, and agreement should be reached on sound financial principles as well as on the objectives of education.

Any discussion of costs and provisions for support of schools is closely related to the question as to whether or when increased funds mean better educational opportunities for the pupils. Certain aspects of this question are easy to answer; others are difficult.

Generally, the problem is complicated by the following factors:

(i) schools vary in size;

8. The information contained in this section has been extracted from Morphet, E.L., Johns, R.L. & Reller, T.L.: Educational organisation and administration: Concepts, practices and issues (second edition), Prentice-Hall, Inc., New Jersey, 1967, pp. 499-501.

- (ii) some schools are more effectively organised and administered than others; and
- (iii) some teachers display greater expertise at teaching than others with similar training and experience.

Morphet, Johns and Reller believe that the expense of providing for a reasonably adequate educational programme is much greater in small schools than in those that are adequate in size. Organisation, administration and teaching effectiveness may directly influence the quality of the educational process in larger as well as in smaller schools. Consequently, it is necessary to recognise that increased expenditures in some schools will not necessarily result in as much improvement in the educational process as in others, unless there is an improvement in some of the background factors.

4.1 EMPIRICAL EVIDENCE

Empirical evidence reveals that, when conditions are favourable and all factors are reasonably equal, increased expenditures, within reasonable limits, do result in a better programme of education.

Crandall studied ten elementary school districts in California that were amongst the highest in expenditures relating to instruction for a four-year period. He also studied ten schools of comparable size that were amongst the lowest in expenditures. From these studies, some significant conclusions, on the basis of achievement test scores, were drawn. He administered standard achievement tests in four consecutive grades to all pupils who had been in a district during the entire four years. The results were analysed by groupings on the basis of intelligence quotients: low, middle and high. Crandall found that higher expenditures were positively correlated with higher academic achievement at every intelligence quotient level in these grades. The effect appeared to be cumulative. The evidence from this study supports and reinforces information available from other kinds of measures.

Studies that use appropriate measures for determining progress in accomplishing significant educational objectives reveal that increased expenditures almost always lead to improvements in the educational programme in schools in which the expenditure level is at or below the national average. Moreover, there is considerable presumptive evidence which reveals that the educational programme may be improved when the expenditures are increased even in schools with a fairly high level of

costs.

Having considered the empirical evidence between expenditure and quality of education, it would be appropriate, for the purposes of this thesis, to view some statistics pertaining to the expenditure of education among developed and developing countries on the international scene.

5. INTERNATIONAL EXPENDITURE ON EDUCATION

The expenditure on education in developed and developing countries, for the 1965 and 1979 financial years, is illustrated in Table 2.⁹⁾

9. Atkinson, op. cit., p. 7.

TABLE 2

INTERNATIONAL EXPENDITURE ON EDUCATION FOR THE 1965 AND 1979 FINANCIAL YEARS

TYPE	TOTAL SPENDING \$ MILLION		AS PERCENTAGE OF GROSS NATIONAL PRODUCT		PER INHABITANT \$	
	1965	1979	1965	1979	1965	1979
Developed countries	87 239	464 187	5,1	5,9	85	403
Developing countries	7 746	65 595	2,9	4,0	5	31
World Total	94 985	529 782	4,8	5,6	38	162

Table 2 shows that the developed (that is, rich) countries spend a greater proportion of their Gross National Product¹⁰⁾ on education than developing countries, although in both groups the share of education is increasing.¹¹⁾ However, it is alarming to note that such a wide disparity exists in the per capita educational expenditure between developed and developing countries.

On the positive side, it is encouraging to note that countries such as Botswana, Brazil and Peru utilised approximately 19, 18 and 15 per cent, respectively, of their total public spending on education in 1983.

Table 3 represents statistics pertaining to current and capital expenditure on education in 11 randomly selected countries.¹²⁾

10. Supra., p. 60.

11. Atkinson, op. cit., p. 7.

12. Psacharopoulos, Tan & Jimenez, op. cit., pp. 46-49.

TABLE 3

EDUCATIONAL EXPENDITURE IN GROSS NATIONAL PRODUCT AND
PUBLIC DEBT: 1983

REGION	TOTAL (CURRENT AND CAPITAL)	
	PERCENTAGE OF GROSS NATIONAL PRODUCT	PERCENTAGE OF TOTAL PUBLIC SPENDING
Botswana	7,0	18,5
Malawi	2,5	8,5
Nigeria	2,1	9,3
Bangladesh	1,9	8,6
Brazil	3,2	18,4
Peru	3,3	14,7
Egypt	4,1	8,9
Austria	6,0	8,0
Norway	7,0	12,9
Hungary	5,8	6,6
Soviet Union	6,6	10,2

Are there any common cost characteristics in schools on the international scene? This question is answered in the following section.

6. COST CHARACTERISTICS OF SCHOOLS¹³⁾

Coombs and Hallak drew on extensive UNESCO¹⁴⁾ experience of schools world-wide. They indicate that the behaviour of schools is strikingly similar in all educational systems, overriding differences of development or regime.

The following common features, inter alia, of school systems in many countries have been identified:

- (i) many schools are 'non-profit' institutions. In a profit-orientated institution, profit provides a single measure of efficiency of performance; it expresses benefits in the form of income and profit; and it enhances comparisons of efficiency between

13. The information contained in this section has been extracted from Knight, B.: Managing school finance, Heinemann Educational Books, London, 1983, pp. 14-17.

14. Abbreviation for United Nations Educational, Scientific and Cultural Organisation.

different centres and different types of activity.

Non-profit institutions experience the following inherent problems in performance measurement:

- (a) there is no single objective criterion to measure or compare performance, or to assess alternatives;
 - (b) there is no easy method of estimating the relationship between inputs and outputs, or judging the effect of particular expenditure; and
 - (c) a realistic pricing policy is not compulsory, nor the discipline of cost control which goes with it;
-
- (ii) schools are service institutions performing a social as well as an economic function. Therefore, costing their output is difficult. It is possible to estimate, for example, the cost of teaching pupils the mastery of skill in Metalwork. However, it is not possible to cost the school's effort in promoting good citizenship or desirable social qualities;
-
- (iii) schools constitute stable cost structures since technological change in education is very slow. Therefore, schools are very conservative institutions;

- (iv) school unit costs have a tendency to rise when education becomes more technical and science-centred, when it deals with older pupils, and where there is greater concern for quality. Consequently, school unit costs are rising in real terms in many countries of the world;
- (v) schools are predominantly labour-intensive. Approximately 70-80 per cent of the school costs relate to salaries and other direct costs. A 'Catch 22' situation now surfaces. The controversial labour-intensive industry invests in improved technology to decrease labour costs. However, if schools resort to this technique they would increase the pupil-teacher ratio, thereby increasing class size, narrowing the curriculum and loosening their social control; and
- (vi) school calendars result in high costs. The traditional school day, school week and school year result in heavy under-use of premises. For example, many English primary schools and secondary schools are not used for 46 per cent of the days in the year. On the 190 to 200 days that they are open, school proper consists of seven hours¹⁵⁾ per day. Out-of-school activities will make

15. Only four and a half to five hours of this is 'education'.

partial use of the school for, say, another two hours, but this will usually be for a meagre proportion of the school premises. Evening classes or community activities will normally use a fraction of the total capacity. Even if the dead hours from 22h30 to 8h30 are excluded, many schools use for 'education' approximately 20 per cent of their total annual premises capacity - and approximately 30 per cent if breaks, lunches, out-of-school and community activities are included. For over 80 per cent of the hours in the year, the typical classroom lies idle and undisturbed save by the occasional cleaner or classroom ghost.¹⁶⁾

The aforementioned characteristics reveal that a great deal of similarity prevails among costing systems of education throughout the world.

In the following section, attention is devoted to the financing of education in developing countries.

16. The cost characteristics outlined under (iv) are also applicable in the Republic of South Africa to schools that are controlled by the Department of Education and Culture of the Administration: House of Delegates.

7. FINANCING OF EDUCATION IN DEVELOPING COUNTRIES¹⁷⁾

Adverse macroeconomic¹⁸⁾ conditions and keen inter-sectoral competition for public funds have reduced many governments' ability to continue expanding education. Simultaneously, the potential contributions of households are limited by the current financial arrangements. In countries with rapidly growing populations, enrolment ratios, particularly in primary schools, might even decline and, hence, reverse achievements in the development of education.

Education is generally accepted as a significant instrument for promoting socio-economic development, and educational expenses are often the most important

17. Unless otherwise indicated, the information contained herein has been borrowed from Psacharopoulos, Tan & Jimenez, op. cit., pp. 1-40.

18. 'Macroeconomics' is the study of the determination of economic aggregates such as total output, total employment, and the price level - vide Samuelson, P.A.: Economics: An introductory analysis (fifth edition), McGraw-Hill Book Co., New York, 1962, p. 412.

item in developing countries' budgets. However, in many countries, education is not making its maximum contribution to development. The four major reasons are as follows:

- (i) under-investment in education as a whole;
- (ii) misallocation of resources among schooling levels;
- (iii) the inefficient use of resources within individual schools; and
- (iv) inequality in the distribution of educational costs and benefits among various income groups.

7.1 INEFFICIENCIES WITHIN SCHOOLS: PROCEDURE, COLLECTION, DISTRIBUTION AND BUDGET

Empirical evidence reveals that resources are not being utilised optimally at the school level. Often, the mixture of purchased inputs, such as teachers' services and pedagogical materials, is inefficient.¹⁹⁾

Inefficiency also occurs when lower-income pupils, with

19. In such cases, the same funds could achieve more if reallocated among educational inputs.



good learning potential, are unable to secure places at the next grade level either because they drop out for economic reasons or because they cannot cope with pupils from higher socio-economic backgrounds.

Psacharopoulos, Tan and Jimenez state that the present arrangements for financing and providing education in developing countries contribute to both types of inefficiency. Many public school systems collect and distribute revenue for education in a highly centralised fashion. Revenues are obtained from general tax sources, which are then budgeted to the central ministry of education. In turn, these funds are allocated to schools. In such a system, administrators, pupils, and parents exercise only a marginal role in determining - indirectly through their choice of schools - how resources are to be allocated. Normally, school administrators are accountable not to parents and pupils but to school authorities, such as ministries of education. Due to the high costs of monitoring, inspecting and enforcing detailed guidelines for individual schools, these ministries set norms, such as for the distribution of budgetary allocations between teachers' salaries and other inputs. Should norms not correspond to the school's needs or the community's preferences, as is often the case, school administrators have neither the

financial power nor the incentive to change them. Consequently, the use of school resources is inefficient.

The problem has worsened in recent years, because the financial process has either been slow or unable to adapt to the scarcities of public resources for education. Rules governing teachers' qualifications, employment, and salaries are usually inflexible, chiefly because teacher unions are a powerful force in defining and protecting the status quo. Therefore, the reduction in funds for education has reduced expenditure on other categories of school inputs even more. For example, Wolff concludes that in East African countries, such as the Cameroon Islands, Ethiopia, Rwanda and Tanzania, governments are hard-pressed to maintain textbook programmes, especially in the rural areas. Similarly, in Jamaica, a recent UNESCO study by Heyneman and Fuller indicates that even though 20 per cent of the state budget is allocated to education, primary schools and some secondary schools lack instructional materials. In fact, in many developing countries, expenditure on instructional materials account for a minimal amount relative to the pedagogical material used in developed countries. For example, the total amount spent on instructional materials per pupil in developing countries

in 1980 constituted a meagre four per cent of the corresponding amount spent in developed countries. These spending priorities probably correspond to an inefficient input mix, because increasing the supply of textbooks appears to be highly cost-effective in raising cognitive achievement.

7.2 POLICY OPTIONS

This section identifies policies that could redress the inefficiencies and inequalities outlined above. It is difficult to provide universal prescriptions since policies should be adapted to each country's situation. However, a core of general policies can serve as guidelines for all countries. To this end, the following policies could be considered:

- (i) recovering the public cost of higher education and reallocating government spending towards the level with the highest social returns;
- (ii) developing a credit market for education, together with selective scholarships; and
- (iii) decentralising the administration of public education and encouraging the expansion of private and community-supported schools.

7.2.1 EFFECTS OF THE POLICY PACKAGE

With reference to a number of empirical studies,²⁰⁾ Psacharopoulos, Tan and Jimerez reveal, inter alia, the cumulative effects of the foregoing reforms. These effects are illustrated in Table 4.

20. Psacharopoulos, Tan & Jimerez, op. cit., passim.

TABLE 4

CUMULATIVE EFFECTS OF REFORMS IN EDUCATION

POLICY	MORE FUNDS TO EDUCATION	IMPROVED RESOURCE ALLOCATION ACROSS EDUCATIONAL LEVELS	IMPROVED EFFICIENCY OF SCHOOLS		EQUITY
			IN USING SCHOOL INPUTS	IN SELECTING PUPILS	
Keeping the present system	0	0	0	0	0
Charging tuition for higher education (but not reinvesting in education)	0	0	0	+	+
Spending the extra revenue on all levels of education	+	0	0	+	+
Spending the extra revenue on lower levels of education	++	+	0	+	++
Introducing loans for higher education	+++	++	0	++	+++
Decentralising administration and encouraging community and private schools	++++	++	+	++	+++

Note: 0 indicates no effect; the number of +'s indicates the relative strength of positive effects

With reference to Table 4, the following observations are made:

- (i) charging tuition for higher education without reinvesting the revenue in education improves student selection and equity²¹⁾ and encourages the enrolment of more talented and motivated students. Should governments spend this revenue neutrally on all income groups, the equity base is broadened;
- (ii) if the revenue from higher education is spent on education proportionally across all levels of schooling, such policy reforms increase the total amount of resources injected to education but do not improve allocation across educational levels

21. In this context, 'equity' has a meaning close to equality or fairness - vide Eatwell, J., Milgate, M. & Newman, P.(eds.): The new Palgrave: A dictionary of economics, Vol. 2, Macmillan Press Ltd., London, 1987, p. 183. With additional resources, equity requires a redistribution, taking from some to give to others - vide Guthrie, J.W. & Bodenhausen, J.: "The United States of America", in Hough, J.R. (ed.): Educational policy: An international survey, Croom Helm Ltd., London, 1984, p. 247. Supra., p. 47.

- or inefficiency within schools;
- (iii) spending this revenue on the lower levels of education, especially on primary education, yields added positive effects. Firstly, the total resources channelled to education increase if public expenditure on primary education mobilises supplementary private resources. Secondly, resource allocation across schooling levels improves if returns at the lower levels are higher. Thirdly, equity improves if the additional primary school pupils to be enrolled are from lower-income groups than the average pupil at the secondary level; and
- (iv) decentralising education and encouraging community and private schools generate additional resources for education from families and other local sources. More important is the fact that this policy increases efficiency in schools by increasing competition among public schools and between private and public schools.

7.2.2 POLICY IMPLEMENTATION

The aforementioned policy package can have substantial benefits in both the short-run and the long-run. Despite the apparent difficulty of some of these policy

options, reforms of this style are being implemented. In countries such as China, India and Tanzania, which have traditionally espoused centrally planned and heavily subsidised educational systems, the government has accepted policy reforms in the spirit of the advocated options. These examples indicate that implementing the aforementioned policy options is increasingly feasible and realistic in a wide range of socio-economic systems.

In order to facilitate the political and institutional aspects of implementation, the policy package could be phased, with top priority given to policy reform with the least administrative and political costs. The exact phasing of the reforms will differ from country to country. However, Table 5 illustrates a model of one possible ordering.²²⁾

22. Psacharopoulos, Tan & Jimenez, op. cit., p. 39.

TABLE 5MODEL DEPICTING THE POSSIBLE PHASING OF POLICY REFORMS

The relevant phases constitute the following:

PHASE 1

- reduce allowances for living expenses for higher education;
- introduce low level of cost recovery in higher education with exemptions for low-income students; and
- relax legal restrictions on the operation of private schools.

PHASE 2

- restrict eligibility for allowances strictly to needy pupils;
- increase cost recovery in higher education and introduce cost recovery in secondary schools, with selective exemptions and grants to low-income pupils;
- introduce student loans with below-market interest rates, with grants and special terms for low-income students; and
- promote decentralisation in the management and financing of public schools in federal systems.

PHASE 3

- make the operation of student loan schemes self-financed, while maintaining grants to qualified students from low-income families;
- encourage greater competition between public and private schools by channelling resources to them through pupils; and
- promote decentralisation in non-federal systems.

There is likely to be variations in the sequence and timing of steps from country to country. In addition, in some countries, the whole package of proposed policies is unlikely to be fully implemented. For example, full recovery of student loans is improbable for various reasons, inter alia, default, dropout, repetition, and unexpectedly low earnings of graduates. However, even if recovery were only partial, such policies are bound to result in a significant improvement over the present situation, in which students in higher education contribute little or nothing to the public cost of their education. Proceeding in the right direction - by beginning to reform the financial process in education - is better than continuing the existing situation in many countries. If the efficiency and equity gains from the policy reforms are substantial, governments can devise ways to implement the package most appropriate to the country's conditions.²³⁾

7.3 NEED FOR FINANCIAL AID IN DEVELOPING COUNTRIES

According to Vent, three out of every five adults in

23. Ibid., p. 40.

developing countries cannot read or write. Millions of school-age children are unable to attend schools due to shortage of facilities and teachers. Many schools do not have libraries, textbooks or other instructional materials. Although efforts have been made in many countries to reduce illiteracy, the number of illiterate persons continues to rise. For example, in India, between 1951 to 1961, approximately 40 million people were taught to read and write. However, the number of illiterates there increased by more than 11 million.²⁴⁾

Since many of the developing countries lack the foreign exchange to purchase assistance, they have been provided with grants, loans and advisory services to reinforce their own efforts to develop stronger educational

24. Vent, M.: "Developing nations: United States aid", in Deighton, L.C. (ed.): The encyclopedia of education, Vol. 3, Macmillan Co., and the Free Press, New York, 1971, pp. 70-71.

systems.²⁵⁾ The revenues, which developing countries raise to support their educational systems, are, however, many times greater than what they receive from abroad. Some countries, such as Libya, Kuwait and Iran, have adequate revenues from oil to pay for educational assistance from abroad. Others, such as Greece, Mexico, the Republic of China, Lebanon, Israel and the Philippines, are no longer dependent upon outside assistance due to their steady economic growth. Nevertheless, the assistance received by developing countries plays an influential role in ensuring the effectiveness of their own efforts to improve the quality of education.²⁶⁾

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25. An educational system refers to all the procedures and methods, with their instructional apparatus, whereby a society provides its members with organised and controlled education in the various fields of human activity for the maintenance (functional and technical aspects) and acceptance (ethical aspects) of the social structures and the values which justify them - vide Terry Page, G. & Thomas, J.B.: International dictionary of education, Kogan Page Ltd., London, 1977, p. 115.
26. Vent, op. cit., p. 71.

7.4 EVALUATION

From the foregoing discussion on the financing of education in developing countries, it is evident that significant improvements have been made in the provision of a higher standard of education. However, it is abundantly clear that a more concerted effort is required from developing countries to adopt cost-effective programmes in education in order to accelerate the advancement towards attaining the high standard of education enjoyed by developed countries.

The following section addresses the techniques implemented by developed countries in the financial process in education. Particular reference will be made to the United States of America,²⁷⁾ the United Kingdom²⁸⁾ and Australia.²⁹⁾ However, for the sake of completeness

27. Hereafter referred to as the USA.

28. Hereafter referred to as the UK.

29. Other sources pertaining to the financing of education in countries not mentioned in this study are, for example, Marklund, S.: "Sweden", in Hough, J.R. (ed.): Educational policy: An international survey, Croom Helm Ltd., London, 1984, pp. 136-181; and Qzigi, A. & Ocho, L.: Education in Northern Nigeria, George Allen & Unwin (Publishers) Ltd., London, 1981, pp. 107-110.

and comparison, brief reference will also be made to other developed and developing countries. The following presentation is considered in terms of policy-making, organising, financing and control aspects pertaining to the operation of the financial process in education.

8. FINANCING OF EDUCATION IN DEVELOPED COUNTRIES

8.1 POLICY FOR FINANCING EDUCATION

8.1.1 INTRODUCTION

Purposes of educational government are to determine educational goals and to provide means, inter alia, fiscal policy³⁰⁾ and administrative measures by which the goals can be achieved. The government, which legally directs the administration of schools, functions within a legal structure formulated through constitutional statements, statutory provisions and regulations, all of

30. The term 'fiscal policy' generally denotes the use of taxation and government expenditure to regulate the aggregate level of economic activity - vide Pearce, D.W.: The dictionary of modern economics (second edition), Macmillan Press Ltd., London, 1983, p. 160.

which are policy statements of a society.³¹⁾

Garvue argues that the educational administrators have policy-making functions, especially in recommending policy changes to the legislative body. Similarly, legislative bodies may provide administrative procedures to guide implementation of policy. Although public policy is regarded as the exclusive work of the representative legislative body, the executive³²⁾ and the judicial body³³⁾ may 'fill in details' wherever policy is indefinite. Therefore, a superintendent of schools, other educational administrators, and teachers can also be policy-makers.³⁴⁾

8.1.2 UNITED STATES OF AMERICA

The USA has an education system system which is probably more diverse, disparate, decentralised, and dynamic than

31. Garvue, R.J.: Modern public school finance, The Macmillan Co., London, 1969, p. 14.

32. Which theoretically executes policy.

33. Which theoretically reviews enforcement.

34. Garvue, Modern public school finance, op. cit., p. 54.



any other in the world. There is very little dependency on national government to make educational policy or to provide financial support for educational institutions. Instead, governmental authority for education in the USA is distributed mainly over fifty states which, in turn, delegate administrative responsibility to thousands of local school districts. The result is fifty systems of public, tax-supported, lower and higher education in which policy is formulated by fifty sets of state officials, governors, legislatures, judges, state boards of education and their counterparts in thousands of local communities. To complicate matters even further, there exists a parallel system of private institutions, generally outside the government, for both higher and lower education.³⁵⁾

State legislatures are responsible for the creation, operation, administration, and maintenance of state school systems. The legislatures represent the state policy-makers for education.³⁶⁾

35. Guthrie & Bodenhausen, op. cit., p. 215.

36. Johnson, J.A., Collins, H.W., Dupius, V.L. & Johansen, J.H.: Introduction to the foundations of American education (fourth edition), Allyn & Bacon, Inc., Boston, 1979, p. 167.

State legislatures make a multitude of decisions. In the main, these decisions are concerned with, inter alia, the organisational pattern of education within the state; the certification standards and tenure rights of teachers; programmes of studies; standards of building construction for health and safety; financing of schools; and pupil conduct and control.³⁷⁾

In their school legislative deliberations, state legislatures are constantly influenced by special interest groups. Since the legislature is the focus of legal control of education, these groups exert considerable influence on individual legislators. Some of the representative influential groups include, inter alia, state teachers' associations, state associations of school administrators and state school board associations.³⁸⁾

8.1.2.1 FINANCING POLICY RELATING TO DISTRIBUTION OF RESOURCES

Three major efforts have been made since the Second World War to redistribute financial resources in

37. Ibid., p. 168.

38. Loc. cit.

education in order to provide greater equality of educational opportunity. Two of these are sponsored by the federal³⁹⁾ government. They are the Elementary and Secondary Education Act of 1965 and the student financial aid programmes. The former is directed at lower education and the latter at higher education. The third effort aimed at achieving greater resource equality is the school finance movement which is judicially oriented reform strategy directed mainly at state level resource allocation.⁴⁰⁾

In terms of the aforementioned Act, funds are allocated to states, and subsequently to local school districts, based on the numbers of pupils from low-income households. Funds are used for the provision of intensified instruction, generally in the elementary grades.⁴¹⁾

39. The concept 'federalism' refers to a structure of government which divides power between a central government and regional governments, with each having some independent authority. Federalism is regarded as the cornerstone of the governmental system of the USA - vide Chandler, R.C. & Plano, J.C.: The Public Administration dictionary, Macmillan Publishing Co., New York, 1986, p. 62.

40. Guthrie & Bodenhausen, op. cit., p. 240.

41. Ibid., p. 241.

The period 1970-1980 introduced the greatest school finance reform movement in any concentrated period in the history of the USA. The result, though not uniform in all states, is a substantially greater equality in the provision of school support and taxing burden than was previously the case.⁴²⁾

8.1.2.2 EMPIRICAL EVIDENCE

A number of studies has been conducted on the provision of education related to equality in the USA. Guthrie analysed spending in Michigan and concluded that less money was available from local sources for the schooling of low socio-economic status pupils than was the case for those of high status. Another study in the USA by Johns and Morphet, indicates that the states with the highest income spend more per head on their children's education; that children in these states remained on longer at school. In recent years, courts in the USA have emphasised that states should attempt to equalise resources. The evidence implies that it is difficult to achieve educational equality, and even if differences between districts were reduced, those within districts will remain.⁴³⁾

42. Ibid., p. 242.

43. Atkinson, op. cit., p. 115.

Based on the aforementioned evidence, Johns has outlined the characteristics of an equitable school finance programme. Whilst his points may not always be applicable outside the USA, they are indicative of one line of thought. The main points include, inter alia:

- (i) finance should be available to guarantee that each pupil has programmes appropriate to his needs and equal to those provided to similar pupils elsewhere;
- (ii) the quality of education should not be dependent on the wealth of the district in which he lives, nor on the willingness of the electorate to raise local taxes;
- (iii) the finance programme should be flexible to allow for special educational activities required by some but not pupils such as the handicapped or exceptionally gifted;
- (iv) additional finance should be provided where costs are higher as in the very rural areas; and
- (v) an equitable system should always permit innovation, be based on an equitable tax system, and use objective measures in allocating funds to local districts.⁴⁴⁾

44. Ibid., p. 114.

8.1.3 UNITED KINGDOM

The educational service in the UK is often described as a 'partnership' of central and local government, and teacher unions. All three bodies exert pressure for educational change. A popular description of the educational service is 'a national system, locally administered'. Local Education Authorities⁴⁵⁾ are responsible for the day-to-day running of the educational service. However, their financial positions are limited by central government grants taking local needs and resources into account.⁴⁶⁾

Therefore, the UK has a highly decentralised education system, in which individual schools have a great deal of statutory freedom to provide such education as they think fit. Although schools vary in the effectiveness with which they use the resources available to them, the size and the shape of these resources are determined largely by the local education authority. The local

45. Hereafter referred to as LEAs.

46. Shipman, M.: "The United Kingdom", in Hough, J.R.(ed.): Educational policy: An international survey, Croom Helm Ltd., London, 1984, pp. 183-184.

education committees are responsible for decision-making policies pertaining to the size of the authority's budget; the appropriate pupil-teacher ratio and the scale of nursery education. Consequently, it is the responsibility of the local authority to ensure that the money is spent wisely, a responsibility on which local electorates are called to judge.⁴⁷⁾

The major item of expenditure of an education committee is salaries and wages for teachers and other large categories of staff. Usually the education authority delegates to the education committee, within financial constraints, such matters as the appointment of teachers and lecturers in schools. Therefore, subject to the approval of its annual estimates, the education committee will be authorised to appoint teachers or to delegate such appointments to a governing body without reference to the authority.⁴⁸⁾

47. Lord, R.: Value for money in education, Public Money, London, 1984, p. 6.

48. Lawrence, B.: The administration of education in Britain, B.T. Batsford Ltd., London, 1972, pp. 94-95.

The outstanding factor behind government policies, for education in the UK since the mid-1970's has been the gradual contraction of resources. To avoid economic stagnation, successive governments have limited the growth of the public sector, where education is one of the largest spenders. This trimming has been justified by falling school rolls.⁴⁹⁾

The economic situation for education worsened in the 1980s. Between 1980 and 1984, a reduction of eight per cent in expenditure on education was announced in the Public Expenditure White Paper of 1982. Overspending local authorities would be 'taxed', thereby losing their block grants⁵⁰⁾ as penalty. Confronted with these cuts and penalties, LEAs found it increasingly difficult to plan local services, especially as two-thirds of the money spent on education were utilised on salaries. By 1980, it was evident that the autonomy of teachers to

49. Shipman, op. cit., p. 202.

50. A block grant is a lump sum of money given by the central/federal government to a local or state government to be used in a general policy area - vide Chandler & Plano, op. cit., p. 304.

plan their own curriculum and of LEAs to restructure their schools was diminishing.⁵¹⁾

8.1.3.1 EMPIRICAL EVIDENCE

In the UK, there are observable differences in wealth between districts but it might be argued that since a high proportion of spending by local authorities comes indirectly from central government, this would reduce differences in spending. However, the evidence suggests otherwise. Byrne analysed the availability and allocation of resources in three local education authorities over the period 1945 to 1965. She concluded that the combination of basic inequality of resources in the 1940s, and the subsequent discriminatory educational planning of 'rationed' buildings, financial and staffing resources, resulted in a cycle of deprivation which was aggravated over the years. This cycle of deprivation was more pronounced for secondary school pupils in small schools in the poorer authorities. She found that there was a direct correlation between the low rate of investment in the non-grammar schools (poorer buildings,

51. Shipman, op. cit., pp. 202-203.

less generous staffing, and lower equipment allowances) and their lower achievement on leaving school which was not accounted for by their lower ability. Byrne's points relating to poor buildings are supported by the research of Taylor and Ayres who concluded that children from favourable environments attended well-equipped and well-staffed schools; whereas those from deplorable environments attended obsolete schools.⁵²⁾

8.1.4 AUSTRALIA

Constitutionally, education has been regarded as a state rather than a federal responsibility in Australia. However, over the years, the Commonwealth Government has developed a major interest in all levels of education ranging from pre-school to post-graduate education. It provides over 40 per cent of the total costs of all public education and is responsible for providing regular current and capital funds for, inter alia, all universities and colleges of advanced education, pre-schools and government and non-government schemes. Commonwealth expenditure on education accounts for

52. Atkinson, op. cit., pp. 113-114.

almost nine per cent of the total Commonwealth outlays. Consequently, the Commonwealth established a full ministerial department to provide policy advice and to administer programmes. Policy is also influenced from the complications arising from having both federal and state participation in the financing and control of educational institutions and programmes.⁵³⁾

Therefore, with regard to both policy-making and educational administration, government education in each of the Australian states is centralised. The following advantages, inter alia, are claimed for centralisation in the Australian setting:

- (i) it provides educational opportunity for pupils in the more remote parts of Australia;
- (ii) it affords protection to teachers from undesirable pressures and influences;
- (iii) it has machinery for speedy innovation with its well-established channels of communication and

53. Beswick, D. & Harman, G.: "Australia", in Hough, J.R. (ed.): Educational policy: An international survey, Croom Helm Ltd., London, 1984, pp. 29-30.

clearly defined lines of responsibility in implementing decisions.⁵⁴⁾

The criticisms levelled against centralisation are, inter alia, as follows:

- (i) that educational policy is made up by a small number of persons; and
- (ii) that it is possible for the government of the day to use the school system to enforce its own particular beliefs and attitudes.⁵⁵⁾

8.1.4.1 EMPIRICAL EVIDENCE

Although the 'state-aid' controversy has been defused with substantial Commonwealth grants made on a needs basis, there is evidence that it will appear as a

54. Pratt, J.J.: "Australian education: Some current issues", in Ross Thomas, S., Farquhar, R.H. & Taylor, W. (eds.): Educational administration in Australia and abroad: Analyses and challenges, University of Queensland Press, Queensland, 1975, p. 12.

55. Ibid., pp. 12-13.

substantial issue of policy debate, both nationally and at state level. With increased pressure on education budgets, supporters of state schools are beginning to question the extent of grants allocated to non-government schools, particularly the more wealthy schools, and to advocate greater accountability for such grants.⁵⁶⁾

On face value, it would appear that both the USA and Australia command a similar type of power over education. However, the contents of the following discussion serve to illustrate that there are slight differences between the two countries.

8.1.5 CENTRALISATION AND DECENTRALISATION ISSUE:
UNITED STATES OF AMERICA AND AUSTRALIA COMPARED⁵⁷⁾

From the aforementioned discussion on policy-making

56. Beswick and Harman, op. cit., p. 66.

57. The information contained in this section has been extracted from Stone, F.D.: "Bureaucracy and centralization: Australia and the U.S.A.", in Ross Thomas, A., Farquhar, R.H. & Taylor, W. (eds.): Educational administration in Australia and abroad: Analyses and challenges, University of Queensland Press, Queensland, 1975, pp. 65-67.

for the financing of education, it is evident that the centralisation-decentralisation issue flourishes. Like Australia, the legal power of education in the USA is vested in the individual state. Whereas the exercise of power remains with the state in Australia, the exercise of power in education in the USA is assigned by the state to local communities.

Table 6 illustrates the distribution of power in education in Australia and the USA.

TABLE 6

POWER IN EDUCATION: AUSTRALIA AND THE UNITED STATES
OF AMERICA COMPARED

LEVEL	AUSTRALIA	UNITED STATES OF AMERICA
National	No constitutional power Incentive funds provide influence	No constitutional power Incentive funds provide influence
State	Constitutional power here Exercise of power here	Constitutional power here Exercise of power delegated
Local	No power here No exercise of power here	No power here Exercise of power delegated by the state

The trend towards centralisation is illustrated by the number of local school administration units (districts) in the USA. In 1932, there were 127 649 districts, in 1952, there were 67 045, in 1962, there were 34 674, and by 1972, there were approximately 18 000.

8.1.6 EVALUATION

The discussion on policy-making in the financing of education in developed countries reveals that centralisation of power is still predominant. However, it is clear that the degree of decentralisation is diminishing as central governments, through legislation, are slowly increasing their control in an attempt to achieve equality of educational opportunity in their respective societies. In this regard, their policies could be said to be changing in the direction to those implemented in the RSA where financial provision for education is centralised whereas the execution of the finances is decentralised in the education departments.

Organising, another generic administrative process, applicable to the financing of education on the international scene, is discussed hereunder.

8.2 ORGANISING⁵⁸⁾

Policy-making, including implementation, is an enormous responsibility for one individual. Therefore, a network of individuals is required to deal with the complex

58. Supra., p. 74.

social issues. Human beings give structure to their organisations via the establishment of a hierarchy. The hierarchy is the aid that enables a governmental institution, for example, to execute its maintenance, adaptative, goal-setting, and integrative functions through a formal distribution of workload and allocation of responsibility.⁵⁹⁾

The art of public administration (including educational administration) is the administration of the flow of work upward, downward, and laterally within the hierarchy of a political environment. Co-operation among individuals and groups is formalised.⁶⁰⁾

Hierarchies are justified on the assumption that role-players in line or staff functions, at the successive structural levels, have unique sets of competencies which provide a broader testing ground as to whether or not an idea is a valid contribution.⁶¹⁾

59. Garvue, Modern public school finance, op. cit., p. 43.

60. Loc. cit.

61. Loc. cit.

8.2.1 ORGANISING FOR THE FINANCING OF EDUCATION

8.2.1.1 UNITED STATES OF AMERICA

Each of the fifty states in the USA has three branches of government: legislature, executive and judicial. The executive branch, headed by the Governor, constitutes a variety of departments with educational responsibility.⁶²⁾

Generally, the Governor has a special adviser for educational matters. In addition, there is a state equivalent of the federal Office of Management and Budget (OMB) responsible for state revenue projection, spending plans, and general co-ordination of executive branch policy and activity. This directing body advises the Governor on educational policy and on fiscal policy regarding education.

8.2.1.2 JAPAN

Japanese education is administered at both national and local levels. The duty of the Ministry of Education, Science and Culture, which is the national organ for

62. Guthrie & Bodenhausen, op. cit., pp. 226-227.

education, includes framing basic policy and prescribing the standards for schools and offering financial aid. Each local government has a major responsibility for managing all levels of education except higher education.⁶³⁾

8.2.1.3 WEST GERMANY

West Germany is a federal country with political and educational responsibility divided between the Federal Government in Bonn and the regional ministries, for example, Baden-Wurttemberg, Bavaria and Hesse. Education is primarily the responsibility of the regional ministries.⁶⁴⁾

8.2.2 ORGANISING FOR EFFICIENCY: EMPIRICAL EVIDENCE

Morphet, Johns and Reller believe that by providing substantial state funds and apportioning them on the

63. Ichikawa, S.: "Japan", in Hough, J.R.(ed.): Educational policy: An international survey, Croom Helm Ltd., London, 1984, p. 125.

64. Schwark, W. & Wolf, A.: "West Germany", in Hough, J.R. (ed.): Educational policy: An international survey, Croom Helm Ltd., London, 1984, p. 290.

basis of need, the government can assist in overcoming some of the inequalities due to inefficient organisation among school localities. However, by continuing to make available enough funds for schools in small localities, the government may find itself in the unfortunate position of continuing to support an uneconomical and inefficient plan of organisation.⁶⁵⁾

These authors state that empirical studies indicate that, generally, equivalent educational programmes cost less per pupil as the size of schools and school localities approaches adequacy. In several cases, where many small localities are found, proper reorganisation of such localities could lead to either reduced expenditure for the same kind of programme or better educational returns for the same expenditures. Reorganisation of localities, in itself, may not ensure a better educational programme, but it could result in the development of good schools at a reasonable cost.⁶⁶⁾

65. Morphet, Johns & Reller, op. cit., p. 504.

66. Loc. cit.

The generic administrative process of 'financing' also plays a crucial role in the financing of education. This aspect is considered below.

8.3 'FINANCING' FOR THE FINANCING OF EDUCATION

8.3.1 UNITED STATES OF AMERICA

School budgeting in the USA involves, inter alia, decisions about how much revenue schools will receive and how revenue can be allocated among various functions, objects (for example, textbooks), programmes and school buildings. The budget process is complex and lengthy. It usually involves activities such as detailed staff work to prepare the budget document; comparisons of requested amounts with past expenditures; decision-making by school administrators and superintendents as they recommend a budget to the school board; attempts by parent associations to influence the budget; collective bargaining between school employees and the school board; and attempts to obtain additional revenues from state and federal resources.⁶⁷⁾

67. Kelly, J.A. & Cresswell, A.M.: "Public school budgeting, accounting and auditing", in Deighton, L.C. (ed.): The encyclopedia of education, Vol. 7, Macmillan Co., and the Free Press, New York, 1971, p. 318.

The classification of budgetary expenditures has been standardised in the USA. Educational expenditures are classified under three headings, namely, capital outlay, debt service, and current expenses. Capital outlay includes expenditures for land, buildings and equipment. Debt service entails the repayment of borrowed money and the interest on the debt; and current expenses cater for expenditures necessary for daily operation and maintenance.⁶⁸⁾

8.3.2 UNITED KINGDOM

Knight states that the technique of virement is being applied for schools in the UK. Virement refers to the deliberate decision to switch funds allocated under one central heading for expenditure under another. The best developed scheme is the AUR scheme (alternative use of resources) implemented by the Inner London Education Authority (ILEA).⁶⁹⁾

The objective of such a scheme is to enable the ILEA to

68. Johnson, Collins, Dupuis & Johansen, op. cit., p. 227.

69. Knight, op. cit., p. 123.

determine the resources that can be made available. The AUR scheme is designed to enable the schools to have a major say in how the money should be used. Every school is notified of the resources it will have for the following year.⁷⁰⁾

Substantial staff involvement has taken place. For example, in one school, a financial subcommittee of governors and three staff committees have been established - general purposes (building maintenance, heating and lighting), grounds, and unofficial school funds. Regular financial reports have been presented at staff meetings and management committee meetings.⁷¹⁾

8.3.3 AUSTRALIA

Expenditure incurred by states for educational purposes can be classified into two main categories - current expenditure and capital expenditure. Current expenses are provided annually by the state Treasury from consolidated revenue, as directed by the state parliament. Capital expenditure is provided from loan borrowings

70. Loc. cit.

71. Ibid., p. 26.

which are co-ordinated by the Loan Council and from which each state receives an allocation. It is for each state to decide how it will apportion funds to meet current costs and capital expenditure. Its decisions are influenced by the total amount it gives to competing funds, including those of education.⁷²⁾

The maintenance of school facilities constitutes a major portion of the finances devoted to education. Consequently, this issue is the topic of discussion hereunder.

8.3.4 MAINTENANCE OF SCHOOL FACILITIES⁷³⁾

School premises are an important resource in which spending varies widely. Well kept, warm and convenient buildings are a basic input to the education system.

72. Pratt, op. cit., p. 18.

73. Unless otherwise indicated, the information contained hereunder has been extracted from Finchum, R.N.: "Maintenance of school facilities", in Deighton, L.C. (ed.): The encyclopedia of education, Vol. 6, Macmillan Co., and the Free Press, New York, 1971, pp. 27-32.

However, there is no evidence that the difference between adequacy and luxury has the slightest effect on educational achievement. Rutter states that a variety of studies in the UK and the USA have clearly indicated that the main source of variations between schools in their effects on pupils does not lie in factors such as buildings and resources. Nor does his own data reveal any correlation between aspects of school buildings and results. Consequently, it is difficult to defend high spending on premises on educational grounds. Most probably, it reflects inefficient provision of essentials - schools not properly insulated to retain heat, maintenance inefficiently organised, excessive numbers of caretakers, groundsmen and other premises staff.⁷⁴⁾

8.3.4.1 DEFINITION OF 'SCHOOL PLANT'

Fincham states that a school plant refers to the site, buildings, and equipment that comprise the physical facilities utilised by a single school or by two or more schools sharing common facilities. A community's expenditure for school facilities constitutes its largest single capital investment.

74. Lord, op. cit., p. 49.

8.3.4.2 RESPONSIBILITY OF MAINTENANCE PROGRAMMES

The administration of a maintenance programme is one of the elements in the financial administration of schools. While workmen undertake several activities in maintaining school facilities, the administrator's activities centre around three basic responsibilities: the planning, implementation, and administration of the maintenance programme.

8.3.4.2.1 PLANNING

The initial step in planning for maintenance should be considered when a building is being planned, remodeled, or modernised. Building design, construction materials, and operating equipment can be contributory factors to ease and economy of maintenance. Finchum believes that the true cost of a school plant is the original capital investment plus interest charges on borrowed money to finance construction plus the total cost of maintaining the building throughout its useful life. Only if expert attention is given to building details during the planning stage, can maintenance costs be reasonably low.

8.3.4.2.2 IMPLEMENTATION

Maintenance workers are drawn from three basic sources,

namely, the operating staff, the maintenance staff, and private firms working under contract. For each locality, it is possible to employ different forces for different jobs, and on occasion work forces may be combined. Members of the operating and maintenance staff often work together.

8.3.4.2.3 ADMINISTRATION

The administration of a maintenance programme incorporates the formulation of goals and the co-ordination of all activities that contribute to the achievement of these goals. Administrators of schools should employ an adequate staff, develop reasonable work schedules, provide appropriate supervision, maintain supporting records, establish realistic budgets, follow sound purchasing procedures, and continually evaluate the programme.

Maintenance programmes and their cost will vary according to the properties to be maintained and the availability of funds. It seems likely that even when there is exceptionally good maintenance, programme costs will increase progressively as facilities grow older.

The final generic administrative process to be discussed in this chapter relates to control in the financing of education.

8.4 CONTROL IN THE FINANCING OF EDUCATION

8.4.1 UNITED STATES OF AMERICA

The American people have been particularly concerned about provisions for control of school finance since they recognise that the institution that controls finance may also control the educational programme.⁷⁵⁾

Traditionally, state educational authorities have exercised the greatest degree of control over public education. The control of state departments of education is increasing at the expense of local control. States are collecting a higher percentage of school funding than in previous times. State legislatures are directing state local authorities to hold local districts accountable for educational expenditures and for levels of competence attained by secondary school pupils.⁷⁶⁾

75. Morphet, Johns & Reller, op. cit., p. 505.

76. Armstrong, D.G., Henson, K.T. & Savage, T.V.: Education: An introduction, Macmillan Publishing Co., Inc., New York, 1981, p. 69. See also Pullian, J.D.: History of education in America (third edition), Charles E. Merrill Publishing Co., Ohio, 1982, pp. 135-137.

8.4.2 UNITED KINGDOM

Due to the complexity of the three-tier system of local government, the authority responsible for collecting the taxes is not always responsible for the spending being financed. Counties impose a 'precept' on the revenue from the rates over which the districts have no control. This is especially serious in non-metropolitan districts and the inner London boroughs where spending, not under the control of the rating authority, forms the major slice of the authority's budget.⁷⁷⁾

Whether lack of accountability should be resolved by centralising or by localising is hotly debated. What is certain, however, is that the need to monitor and compare the performance of local services is necessary.⁷⁸⁾

8.5 EVALUATION

The aforementioned discussions on the role of organising, financing and control in education reveals that much significance is placed on these generic administrative processes in education on the international arena. However,

77. Lord, op. cit., p. 5.

78. Loc. cit.

there is need for a clear demarcation of functions of officials in the organisational hierarchy in order to reinforce the impact of accountability in controlling finances.

As far as financing school facilities is concerned, maintenance planning will always include some errors, regardless of how well it is done. Some employees, although carefully chosen, will prove unproductive or unco-operative with the administration of their fellow employees. A continuous evaluation of the programme and of employee productivity by administration will reveal these weaknesses. Once they are identified, school administrators have a responsibility to make the necessary corrections, adjustments and changes.

In view of the ever-increasing constraints being placed on educational financing by the governments of countries world-wide, it would be useful to investigate the feasibility of the adoption of alternatives in the financing of education.

9. ALTERNATIVES IN THE FINANCING OF EDUCATION

Investment in education is regarded as essential for a country's long-term economic and social development. However, macroeconomic conditions in several developing

countries have forced governments to slow down increases in the allocation of public resources for education. Consequently, the education sector is likely to develop only slowly. In this setting, policy-makers have concentrated their attention on finding alternative sources of finance for education, one of which is the tapping of private household resources via user charges.⁷⁹⁾

9.1 USER CHARGES⁸⁰⁾ IN FINANCING EDUCATION: EMPIRICAL EVIDENCE

To mobilise resources by the method of user charges, the following issues need to be addressed:

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79. Tan, J.P., Lee, K.H. & Mingat, A.: User charges for education: The ability and willingness to pay in Malawi, World Bank Staff Working Papers, No. 661, The World Bank, Washington, 1984, p. i.
80. User charges or user fees refer to specific sums that users or consumers of a government service pay to receive that service. Recently, user charges has become a euphemism for taxes - vide Oran, D. & Shafritz, J.M.: The MBAs dictionary, Reston Publishing Co., Inc., Virginia, 1983, p. 413.

- (i) are families willing and able to pay; and
- (ii) what user charges accomplish in terms of expanding the size of realised enrolment given the public budget constraint?⁸¹⁾

In the case of Malawi, the data used concerned mainly primary and secondary schooling. The empirical evidence suggests that:

- (i) a moderate fee increase is unlikely to result in a large drop-out rate among pupils currently enrolled. For example, a ten per cent increase in the average fees to enrol eligible pupils reduces the proportion enrolled per household merely from 0,58 to 0,55;
- (ii) even if some currently enrolled pupils do drop-out, excess demand is large enough so that if the fee increase is associated with an increase in the supply of places, the overall number effectively enrolled would be larger than in the situation without the fee increase; and

81. Tan, Lee & Mingat, op. cit., p. i.

(iii) fee increases are likely to have a stronger impact on low-income families, so that they should be linked with equity measures, such as a limited number of scholarships awarded on the basis of income and academic performance.⁸²⁾

Another alternative method of financing education that has been widely publicised is the substitution of educational vouchers for state provision.

9.2 EDUCATION VOUCHERS⁸³⁾

The basic idea of a voucher is very simple. In many countries, education is not only financed by the government, but also provided by the government.

82. Loc. cit. These views differ markedly from those of Atkinson who believes that sole responsibility of education in the hands of the individual would place a great burden on families, and there would be less education. Consequently, society would be poorer because of the contribution which education makes to economic growth - vide Atkinson, op. cit., p. 97.

83. Infra., p. 669.

A voucher system would alter this situation. In implementing a voucher system, the government - either central or local - would issue a voucher to parents; the parents then presents this to the school of their choice; the school returns it to the government and, in return, receives a cheque equal to the value of the voucher. Therefore, the government would continue to finance education, but the funds would be distributed only to those schools in which parents chose to enrol their children.⁸⁴⁾

The voucher plan aimed to introduce the element of competition into pupil education: pupils will select the best school in the locality, and the weaker pupils, in theory, would be forced to improve.⁸⁵⁾

A few empirical studies on the feasibility of the use of education vouchers have been conducted in the USA and the UK. These are considered hereunder.

84. Atkinson, op. cit., p. 97.

85. Johnson, Collins, Dupuis & Johansen, op. cit., p. 240.

9.2.1 EMPIRICAL EVIDENCE

9.2.1.1 UNITED STATES OF AMERICA⁸⁶⁾

Although there has been considerable argument about vouchers, there has been very little empirical testing of the ideas. In the late 1960s, the American Office of Economic Opportunity initiated tests on vouchers at the Alum Rock School in the eastern section of San Jose, California.

The basic model used was that of Jencks, whereby schools accepting children from poor families would receive a second compensatory voucher. Each participating school offered two or more distinct programme options, known as 'mini-schools' to ensure a wide variety of parental choice. There were twenty-two mini schools, and, by the second year, thirteen public schools were offering forty-five programme options to parents.

However, despite the use of mini-schools, voucher schools turned out to be very similar to non-voucher schools.

86. Unless otherwise indicated, the contents of this section has been borrowed from Atkinson, op. cit., pp. 102-103.

Although the voucher scheme appreciably increased parental choice among educational alternatives, many parents failed to become more autonomous, powerful or involved.

The researchers were cautious in their analysis of their academic effects, but they suggest that the introduction of voucher schools appeared to make little difference to standards.⁸⁷⁾ However, Atkinson cautions that any conclusions derived should be tentative since it is not possible to generalise from one experiment. On the positive side, parents were more satisfied and had a greater choice of schools. However, these gains resulted in substantial financial costs. On the whole, the results of the experiment do not support the great hopes expressed in arguments concerning vouchers.

9.2.1.2 UNITED KINGDOM⁸⁸⁾

Empirical tests on education vouchers have not been

87. See also Seldon, A.: The riddle of the voucher: An inquiry into the obstacles to introducing choice and competition in state schools, The Institute of Economic Affairs, London, 1986, p. 84.

88. The information contained in this section has been extracted from Atkinson, op. cit., pp. 103-105.

conducted in the UK, although a feasibility study has been undertaken. This took place in the Ashford division of Kent, an area with 52 maintained schools and a population of 81 000.

The Kent investigation relied extensively on the use of questionnaires and interviews. Parents were requested to indicate the schools that they would send their children to if they had a voucher. Approximately 13 per cent indicated a different school from the one attended by the child. If they were permitted to use the voucher at private schools, 17 per cent of parents, in the upper social class, would move their child from a maintained to a private school. The figure was far less for those from lower social classes.

The investigation concluded that choice of schools is seen as vital by parents, but that vouchers would not necessarily be the only means of achieving it. The decisive factor would be the availability of surplus capacity in the schools.

10. SUMMARY

Education, in an economic sense, is regarded as a scarce resource. Consequently, it is imperative to make the

most efficient use of the available resources within a unique set of financial constraints.

There seems to be a positive correlation between the costs and quality of education. Empirical evidence reveals that pupils in schools with higher expenditures incurred greater educational benefits than pupils in schools with lower expenditures. However, a word of caution is required: only justifiable increases in expenditures should be permitted, otherwise there may be unnecessary wastage of expenditure in education.

Teachers are becoming an important influence in formulating legislation in overseas countries. Their organisations are known and respected for the size of their constituency, their economic resources, their political activity, their research staff, their legislative programmes, and their lobbying efforts. Members of the teaching profession should have a sound knowledge of the fundamentals of school finance in order to be both effective and responsible in public administration.

It can also be inferred, from empirical evidence, that the size of schools and costs of schooling are negatively correlated. The smaller the school, the greater the cost per pupil and vice versa. In order to achieve

economies of scale, it would be feasible to operate larger schools.

The exposition of the financing of education in developing and developed countries illustrates that the former has made rapid strides in enhancing financial provision towards education. However, a wide gap exists between developing and developed countries. It is encouraging to note that, in many cases, the latter is offering financial aid to the former in an endeavour to uplift educational standards. It would be desirable for such aid to increase in momentum.

Costly buildings need not necessarily lead to an improvement in examination results of pupils. Factors of greater importance are, inter alia, the deployment of a productive and adequately qualified staff and the adequate provision of instructional materials.

Consequently, too much emphasis should not be placed on the construction of luxurious school buildings with excessive building costs. Moreover, the type of building construction should facilitate maintenance, thereby keeping maintenance costs as low as possible. It is also essential to monitor tasks performed by school caretakers and maintenance workers to ensure efficiency and effectiveness.

The application of the generic administrative processes of policy-making, organising, financing and control reveal similarities and differences between the USA, the UK and Australia. In these countries, decentralisation is predominant. However, it is becoming increasingly apparent that central government, through legislation in these countries, is exercising relatively greater control in education. The difference between the countries is that whereas decentralised educational power in the UK is vested in the states, such power, in the USA and Australia, lies in the hands of the localities. It would appear that the movement towards centralisation by these countries is the correct one since it would accelerate the attainment of the equalisation of educational opportunity.

In view of the increasing demands made on the financial resources of all countries, the proposition of introducing alternatives in the financing of education has been considered. The empirical evidence on user charges in Malawi is encouraging. However, if user charges are introduced, it would create a hue and cry among the citizens since it would represent a breaking away from tradition. However, in the foreseeable future, user charges, as a partial provision towards educational financing, should become common practice in many countries.

The empirical evidence on the use of educational vouchers in the USA and UK is not so encouraging. However, such a system could have its benefits. By providing additional financial assistance to pupils whose parents belong to low income-groups, there is every likelihood that equalisation of educational opportunity between the rich and the poor can be attained sooner than expected.

The discussions of Chapters IV and V, based on the operation of the financial process on the macro level in the RSA and internationally, respectively, are augmented with a discussion of the financial process operating in the educational systems of Whites, Blacks and Coloureds in the RSA. References to these population groups not only serve to provide comparisons between their educational systems, but also with the financial process operating in the Department of Education and Culture of the Administration: House of Delegates to be discussed in Chapters VII and VIII.

CHAPTER VITRENDS IN THE FINANCING OF WHITE, BLACK AND COLOURED
EDUCATION IN THE REPUBLIC OF SOUTH AFRICA1. INTRODUCTION

This chapter has a two-fold purpose. Firstly, it provides valuable insight with regard to the rate at which financial provisions towards education increased for Whites, Blacks and Coloureds. Secondly, the contents of this chapter can be used to compare the nature of the financial process implemented by each of the aforementioned population groups as well as the financial process implemented in Indian education, which is discussed in Chapters VII and VIII.

The promulgation of the Education and Training Act, 1979 (Act 90 of 1979) and the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), have resulted in the formation of separate education departments for the different population groups in the RSA. Consequently, it has been deemed necessary to focus attention on the financing of education of Whites, Blacks and Coloureds in this chapter before considering the operation of the financial process pertaining to Indian education in the following two chapters.

Therefore, this chapter focuses attention on the following aspects:

- (i) White education with special reference to the operation of the financial process as well as recent developments related to the financial process implemented by the Department of Education and Culture of the Administration: House of Assembly;
- (ii) Black education with special reference to the improvements that have taken place and are taking place to increase financial provisions to the Department of Education and Training; and
- (iii) Coloured education with specific emphasis on related aspects of the financial process implemented by the Department of Education and Culture of the Administration: House of Representatives.

2. WHITE EDUCATION

2.1 POLICY-MAKING

The National Education Policy Act, 1967 (Act 39 of 1967), provides the key to the whole policy concerning the general approach to the education of White children in

the RSA. It stipulates, inter alia, that parents should be given a say in the education of their children through parent-teacher associations, school committees, school boards and boards of control. The policy implied by these stipulations has characterised education in the RSA since the earliest times. The outlook towards education has always been democratic, and local control and administration is a feature of the system.¹⁾

2.2 RATIONALISATION OF WHITE EDUCATION

On 1 April 1986, the administration of White education was rationalised so that there would be only one policy-making, supplying, financing and co-ordinating head office, with four executive education departments under the Minister of Education and Culture of the Administration: House of Assembly. The Minister determines the policy

1. Stimie, C.M.: Human Sciences Research Council: The education of Whites in the Republic of South Africa, Institute of Information and Special Services, Pretoria, 1975, p. 38.

after consultation with statutory bodies. The Committee of Heads of Education advises the Minister on an ongoing basis.²⁾

2.3 ORGANISATIONAL STRUCTURE FOR THE FINANCING OF WHITE EDUCATION

The organisational structure of the Department of Education and Culture of the Administration: House of Assembly is illustrated in Figure 21.³⁾

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2. Republic of South Africa: Administration: House of Assembly: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 7 to 10 March 1988, Government Printer, Cape Town, col. 3479.
 3. Republic of South Africa: Administration: House of Assembly: Department of Education and Culture: Annual Report 1984, RP 30/1985, Government Printer, Pretoria, 1985, p. 11.

FIGURE 21

ORGANISATIONAL STRUCTURE OF THE DEPARTMENT OF EDUCATION AND CULTURE OF THE
ADMINISTRATION: HOUSE OF ASSEMBLY

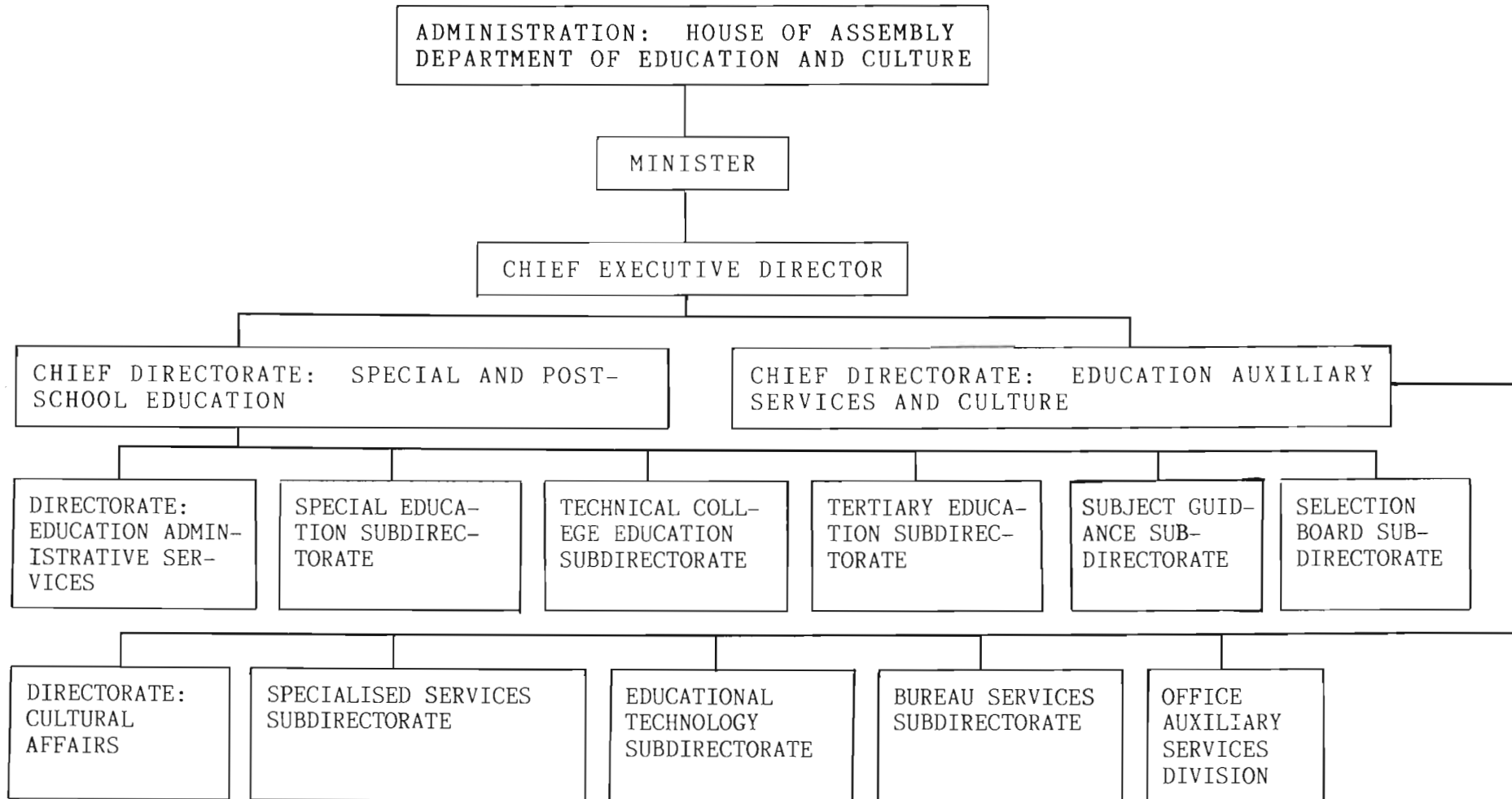


Figure 21 reveals that the organisational structure of the aforementioned Department is intricate, and is headed by the Chief Executive Director. This functionary is in charge of the two Chief Directorates which, in turn, have several directorates and subdirectorates under their charge.

2.4 FINANCIAL PROCESS

2.4.1 PRIOR TO 1984 *Whites.*

Under the previous dispensation, the various provincial education departments presented their education budgets to their provincial administrations. These budgets were based on the actual expenses incurred in the preceding year with allowance for possible price increases and expansion. The provincial administrators, in turn, negotiated with Treasury for funds on the strength of these budgets.⁴⁾

It was also possible for the provincial administrations

4. Republic of South Africa: Administration: House of Assembly: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 15 to 18 February 1988, Government Printer, Cape Town, col. 25.

to transfer funds budgeted for other purposes to education to make additional funds available.⁵⁾

2.4.2 SINCE 1984

The implementation of the new educational dispensation in 1984 resulted in a change in the manner in which the financial process operates in the aforementioned Department.

Funds are allocated to each State department responsible for education by using, as a framework, a formula developed by the Department of National Education. The formula is, inter alia, based on the pupil numbers of the State department concerned. In appropriating the funds, allocated in this manner, every State department determines its own priorities.⁶⁾

The Department of Education and Culture of the Administration: House of Assembly receives an amount of money which it then subdivides in terms of pupil

5. Loc. cit.

6. Ibid., cols. 25 and 25.

enrolment in each province. Therefore, it is no longer possible for a provincial education department to negotiate for additional funds. Each provincial education department determines its own priorities in terms of the appropriation of funds allocated to it.⁷⁾

In each province, monetary provision is made for specific categories of services in order to meet the running expenses of schools. Payment of these services is the responsibility of the provincial education department. As far as funds generated by schools themselves are concerned, the education departments are not prescriptive and schools determine their own priorities.⁸⁾

Between 1970 and 1987, the provincial education departments paid for the maintenance of sports facilities. This practice emanated from a resolution of the Executive Committee under which the Provincial Administrations made funds available to the education departments. Since the

7. Ibid., col. 26.

8. Loc. cit.

education departments are solely dependent upon their annual subsidy allocation, this manner of financing is no longer possible.⁹⁾

Schools do not pay their full water and electricity accounts. They are only responsible for the levies on water and electricity used for sports fields and swimming pools. The education departments also pay the telephone subscription and ninety per cent of all telephone calls. While a general request is made to economise at all times, it should be borne in mind that specific guidelines for economising in a particular year can only be given once the final estimates are known.¹⁰⁾

Although funds for education are limited, the aforementioned Department is determined to maintain a high standard of education. However, the Minister of Education and Culture emphasised that the support of all parties concerned with education is required. It is also necessary to take cognizance of the following realities:

9. Loc. cit.

10. Ibid., cols. 26 and 27.

- (i) limited funds are available for education;
- (ii) a provincial education department has to be administered with the amount allocated to it;
- (iii) it is imperative that priorities are determined at every level of education;
- (iv) since all education departments are free to determine their own priorities, it does not serve any purpose to lift out one aspect of an education department or to make unwarranted deductions on the grounds of such a comparison; and
- (v) in future, schools will be dependent, to a certain extent, on the contributions of parent communities and other parent bodies of education. However, persons who cannot afford to contribute will be under no obligation in this regard.¹¹⁾

11. Ibid., cols. 27 and 28.

2.4.2.1 PAYMENT OF A COMPULSORY SCHOOL LEVY

Towards the end of 1980, the Minister of National Education stated that he intended to introduce legislation to do away with 'free education'. His view was that the education system had become 'unbearably socialistic'. The proposed legislation would require parents to make a contribution to the cost of education - in the purchase of books, for instance, or making a greater financial contribution towards hostel fees or bussing. This arrangement should result in a more comparable situation among the different population groups. The Minister stated as follows:

"Children who receive free books don't build up a book culture. They receive the books and have to return them at the end of the year. The scorings in the books by the user are a part of education, culture and character. Such a book becomes part of yourself".(12)

12. Sunday Tribune, 30 November 1980.

In terms of the National Education Policy Amendment Act, 1982 (Act 25 of 1982), education may be provided free of charge in schools administered and controlled by State departments. However, in 1983, the Minister stated that tuition fees to be paid by parents in respect of pupils attending State schools would be determined by him periodically after consultation with all the education departments.¹³⁾

Although it is usual practice for parents to make a voluntary contribution to school funds for the provision of special amenities, a compulsory school levy is a new development. It is anticipated that the levy would be restricted to the purchase of books, stationery and supplementary services and facilities. The State would, however, be responsible for the supply of basic educational needs such as buildings, furniture and equipment, and the payment of salaries of teachers and other staff.¹⁴⁾

13. Behr, A.L.: New perspectives in South African education: A review of education in South Africa, 1652-1984 (second edition), Butterworth Publishers (Pty.) Ltd., 1984, p. 41.

14. Ibid., pp. 41-42.

2.4.2.2 EXISTING VOLUNTARY SCHOOL FEES AND DONATIONS
TO TRUST FUNDS

Although compulsory school fees have not yet been introduced, 'free schooling' for White children at State secondary schools in Natal is costing many parents hundreds of rands per annum. Parents are already paying up to R720 - or more - per year to send a child to one of the more prestigious, better equipped State secondary schools.¹⁵⁾

During the execution of a snap survey, principals of secondary schools stated that without the contribution by parents, in the form of voluntary school fees and donations to trust funds, standards would drop appallingly.¹⁶⁾

The findings of the survey, in terms of voluntary contributions by selected secondary schools, are depicted in Table 7.¹⁷⁾

15. The Daily News, 16 June 1988.

16. Loc. cit.

17. Loc. cit.

TABLE 7ADMINISTRATION: HOUSE OF ASSEMBLYDEPARTMENT OF EDUCATION AND CULTUREVOLUNTARY CONTRIBUTIONS OF SCHOOL FEES AND DONATIONS TO
TRUST FUNDS BY PARENTS IN WHITE SECONDARY SCHOOLS IN
NATAL IN 1988

NAME OF SECONDARY SCHOOL	VOLUNTARY SCHOOL FEES AND DONATIONS TO TRUST FUNDS PER YEAR
	R
Kloof Secondary School	720
Maritzburg College	560
Glenwood Secondary School	360
Durban Secondary School	500
Beachwood Secondary School	320
Port Natal Secondary School	180
Brettonwood Secondary School	180
Westville Boys' Secondary School	180
Pinetown Girls' Secondary School	160
Mitchell Girls' Secondary School	120
Wartburg-Kirchdorf Secondary School	160

2.4.3 RECENT DEVELOPMENTS RELATED TO THE FINANCIAL
PROCESS OPERATING IN THE DEPARTMENT OF EDUCATION
AND CULTURE OF THE ADMINISTRATION: HOUSE OF
ASSEMBLY

2.4.3.1 PUPIL-TEACHER RATIO

In 1985 the average pupil-teacher ratio in White secondary schools was 17 : 1, and in White primary schools, the ratio was 22 : 1.¹⁸⁾

2.4.3.2 SENIOR CERTIFICATE EXAMINATION RESULTS

The Senior Certificate Examination results of pupils in schools under the charge of the aforementioned Department for 1987 are reflected in Table 8.¹⁹⁾

18. Anonymous: Black education in South Africa, Task force on education of the Signatory Association, Johannesburg, 1987, p. 5.

19. Republic of South Africa: Administration: House of Assembly: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 15 to 18 February 1988, op. cit., cols. 27 and 28.

TABLE 8ADMINISTRATION: HOUSE OF ASSEMBLYDEPARTMENT OF EDUCATION AND CULTURESENIOR CERTIFICATE EXAMINATION RESULTS IN 1987

PROVINCE	PERCENTAGE PASS WITH MATRICULATION EXEMPTION	PERCENTAGE PASS WITHOUT MATRICULATION EXEMPTION
Cape Province	40,38 %	52,31 %
Natal	48,6 %	46,8 %
Orange Free State	41,28 %	56,8 %
Transvaal	42 %	52,8 %

The statistics in Table 8 reveal, inter alia, the following:

- (i) the average percentage pass with matriculation exemption in the RSA for White pupils was 43 per cent; and

- (ii) the average percentage pass without matriculation exemption for White pupils in the RSA was 52 per cent.

In view of the substantial sums of educational expenditure, as revealed in the following section, it is imperative that there is a significant improvement in the Senior Certificate Examination results of White pupils to ensure that public moneys are utilised efficiently and effectively.

2.4.3.3 EXPENDITURE ON EDUCATION

The expenditure of the Department of Education and Culture of the Administration: House of Assembly for the 1985/86 financial year is illustrated in Table 9.²⁰⁾

20. Republic of South Africa: Administration: House of Assembly: Department of Education and Culture: Annual Report 1986, RP 59/1987, Government Printer, Pretoria, 1987, p. 191.

TABLE 9ADMINISTRATION: HOUSE OF ASSEMBLYDEPARTMENT OF EDUCATION AND CULTURESUMMARY OF EDUCATIONAL EXPENDITURE FOR THE 1985/86FINANCIAL YEAR

<u>SERVICES</u>	<u>AMOUNT</u>
	R
Administration	2 925 828
University and technikon education	772 177 261
Post-school education	68 605 986
Education for handicapped children	85 553 411
Children in need of care	23 089 592
Advancement of culture	9 182 774
Supporting and associated services	11 269 609
Recreation	126 886
Total	972 932 123

Unlike Indian education, where the highest educational expenditure is incurred on primary and secondary education,²¹⁾ the highest expenditure on White education is allocated to university and technikon education. This allocation comprised 79 per cent of the total vote for Education and Culture for the 1985/86 financial year.

The amounts budgeted for White education in the RSA for the period 1986-1989 are reflected in Table 10.²²⁾

21. Infra., p. 527.

22. Republic of South Africa: Administration: House of Assembly: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 9 to 11 May 1988, Government Printer, Cape Town, col. 1390.

TABLE 10ADMINISTRATION: HOUSE OF ASSEMBLYDEPARTMENT OF EDUCATION AND CULTUREAMOUNTS BUDGETED FOR WHITE EDUCATION FOR THE PERIOD1986-1989

<u>FINANCIAL YEAR</u>	<u>AMOUNT</u>
	R
1986/87	3 698 469 000
1987/88	4 141 247 000
1988/89	4 377 470 000

The aforementioned amounts include all funds for education, irrespective of the budget vote in which they were contained.

2.4.3.4 RESERVE CAPACITY

A total number of 28 White schools were not being utilised in the RSA as at 29 March 1988. The Minister

of Education and Culture stated that the Department is considering the disposal of these buildings in accordance with the guidelines laid down by the Ministers' Council of the Administration: House of Assembly.²³⁾

2.4.3.5 EVALUATION

In comparison with the pupil-teacher ratios of the other population groups, particularly the Blacks,²⁴⁾ the pupil-teacher ratios of White pupils in the primary and secondary schools are relatively low. To attain parity in educational provision for all population groups in the RSA, it is necessary to increase the pupil-teacher ratio in White education.

With increases in pupil-teacher ratios, an even larger number of schools is expected to be idle. Additional funds, obtained from the sale of these schools, could be utilised to accelerate the attainment of equal standards in education.

23. Republic of South Africa: Administration: House of Assembly: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 28 to 30 March 1988, Government Printer, Cape Town, cols. 817-819.

24. Infra., p. 451.

In view of the substantial allocations of expenditure to White education, there is a need to improve the pass rate for matriculation exemption in the Senior Certificate Examinations. A marked improvement in examination results would enhance the cost-effectiveness of the educational programme, and justify that public moneys are being spent wisely.

3. BLACK EDUCATION

3.1 RESPONSIBILITY AND CONTROL

Up to 1951, the evolution of responsibility and control of Black education had been marked by the following four successive stages:

- (i) purely missionary responsibility and control;
- (ii) recognition and subsidisation by Colonial Republican and Provincial Governments (1850-1925);
- (iii) joint control exercised by the Provincial Governments and the Department of Bantu Affairs (1926-1945); and

- (iv) joint control exercised by the Provincial Governments and the Union Department of Education, Arts and Science (1946-1949)²⁵⁾

3.2 ORGANISATIONAL STRUCTURE FOR THE FINANCING OF BLACK EDUCATION

Presently, control of Black education in the RSA is decentralised. Each of the four independent states that were formerly part of the RSA and the six self-governing national states has its own education department with a permanent head and a political head. The education of Black children outside these states is the responsibility of the Department of Education and Training.

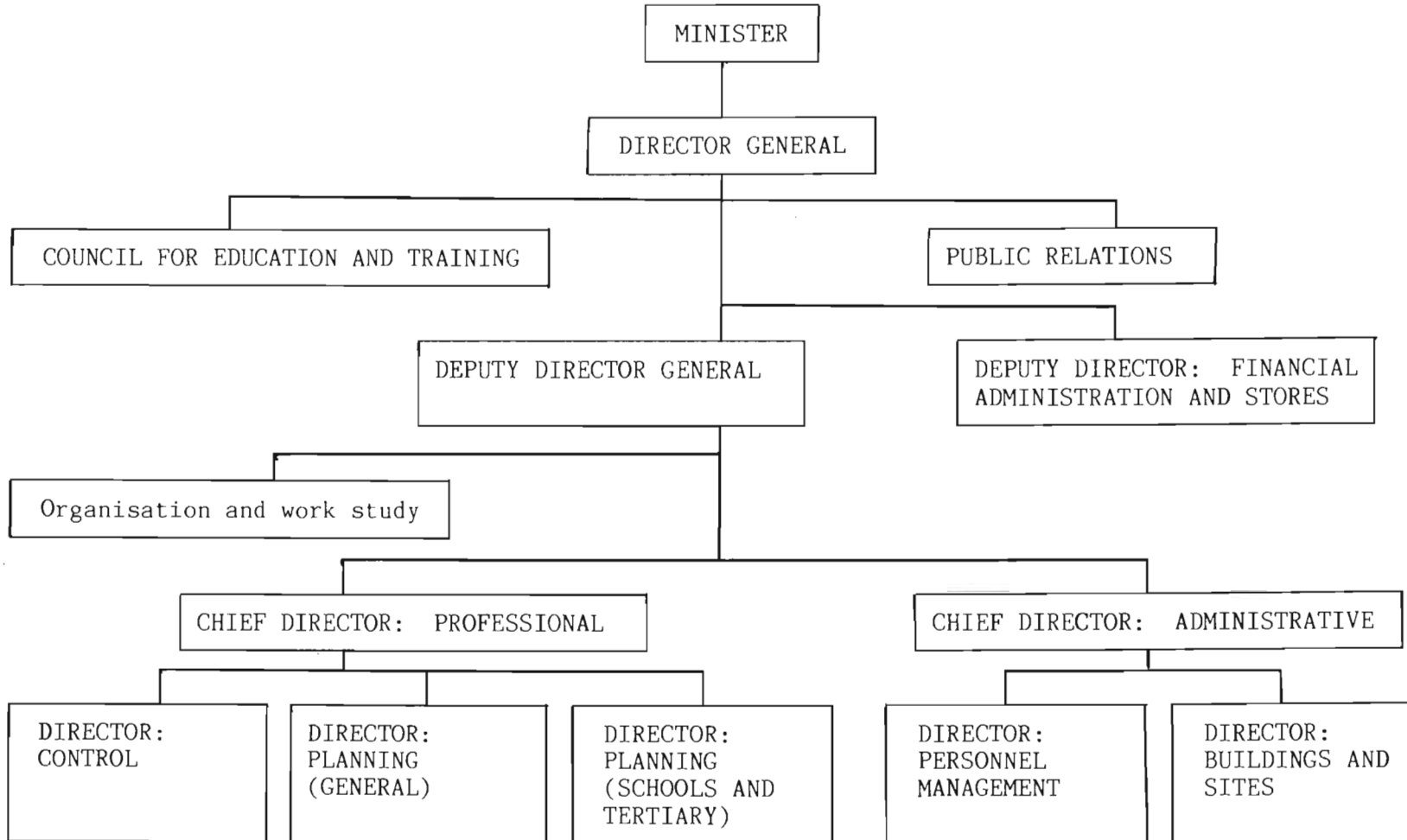
The organisational structure of the aforementioned Department is illustrated in Figure 22.²⁶⁾

25. Each of these phases of control of Black education is dealt with in detail in Union of South Africa: Report of the Commission on Native Education: 1949-1951, UG 53/1951, Government Printer, Pretoria, 1951, pp. 33-36.

26. Behr, op. cit., p. 206.

FIGURE 22

ORGANISATIONAL STRUCTURE OF THE DEPARTMENT OF EDUCATION AND TRAINING



From Figure 22, it is noteworthy that the aforementioned Department has created a post for a Deputy Director: Financial Administration who is responsible to the Director General, the executive head of the Department.

3.3 FINANCIAL PROCESS

3.3.1 PRIOR TO 1979

3.3.1.1 BANTU EDUCATION ACT, 1953 (ACT 47 OF 1953)

In terms of the aforementioned Act, the control of Black education was transferred from the provinces to the Union Department of Native Affairs.²⁷⁾ In 1954, the Government decided that the State should continue to pay, into the Bantu Education Account, an amount equivalent to its expenditure in 1953, that is, R13 million per year. Any excess over the amount would be met by Black taxpayers themselves.²⁸⁾

27. Subsequently known as the Department of Bantu Education.

28. Horrell, M.: Legislation and race relations, South African Institute of Race Relations, Johannesburg, 1971, p. 65.

To ease the pressure on the Bantu Education Account, Black parents and school boards were required to contribute in the following ways:

- (i) capital costs of lower primary schools (to Standard II) in urban areas would be recovered gradually by adding an amount of 20 cents per month to the rental of houses;
- (ii) Black school boards were required to raise half the capital costs of all other schools, and to pay for maintenance and cleaning;
- (iii) Government and aided-schools were provided with initial supplies of furniture and essential equipment, but school boards had to pay for replacements;
- (iv) to meet their expenses, school boards were empowered to introduce compulsory contributions to school funds in post-primary schools, and to request for voluntary contributions in primary schools;
- (v) the school feeding scheme was abolished; and
- (vi) primary school pupils were provided with readers in three languages, but apart from this, parents had to pay for all textbooks and stationery required by their children.

Black parents became alarmed at the declining standards, due primarily to the financial position. Besides the sums that they were officially required to pay, they raised, voluntarily, further large sums to pay the salaries of additional teachers and the cost of building additional classrooms.²⁹⁾

3.3.1.2 DECISIONS REGARDING THE FINANCIAL PROCESS IN BLACK EDUCATION FOR THE PERIOD 1960-1978³⁰⁾

The following decisions, inter alia, pertaining to the financial process operating in Black education, were implemented in the period 1960-1970:

- (i) until 1963, only four-fifths of the amount paid by Blacks in general taxation accrued to the Bantu Education Account. From that year, the full amount became available for education;

29. Ibid., pp. 65-66.

30. Unless otherwise indicated, the information contained in this section has been borrowed from ibid., pp. 66-68.

- (ii) in terms of the Bantu Special Education Act, 1964 (Act 24 of 1964), the Minister of Bantu Education was empowered to establish special schools for handicapped children, and to grant subsidies to private special schools. Expenditure was defrayed from the country's Consolidated Revenue Fund (not the Bantu Education Account);
- (iii) the salaries of the Minister of Bantu Education and his staff were transferred to the Consolidated Revenue Account from 1963;
- (iv) several schools in the Black reserves have been built and financed by the South African Bantu Trust;
- (v) the Finance Act, 1968 (Act 78 of 1968), provided, inter alia, that if at any time during the course of the month the moneys in the Bantu Education Account were insufficient to defray the authorised charges on this Account, the Treasury could utilise other moneys available in the Exchequer Account to meet the deficiency;
- (vi) the Minister of Finance, in his Budget Speech on 12 August 1970, stated that this was an unsatisfactory method of financing education. A

revised method would be devised when the results of the new basis for Black education were known. Meanwhile, in terms of the Second Finance Act, 1970 (Act 97 of 1970), grants, instead of loans, were made available from the Consolidated Revenue Fund to meet current expenditure for the next two years;

- (vii) since 1969, local authorities have been vested with the responsibility for the erection of higher primary and lower secondary schools, as well as lower primary schools, in urban areas. Black school boards were no longer required to meet half the costs. However, all heads of families in these areas had to pay a school levy of up to 20 cents per month. To meet the balance of their costs, local authorities could borrow from the Bantu Housing Board, or the Department of Community Development; and
- (viii) since 1969, the South African Bantu Trust has assumed responsibility for the building of all schools in Black reserves.

The aforementioned arrangements resulted in a considerable increase of expenditure on Black education. Moreover,

the financial pressure on parents had been gradually reduced. However, parents were still required to make large contributions.

The lack of allocated State funds ensured that schooling was a very expensive enterprise for Black pupils and their parents. Up to 1978, parents were responsible for uniforms, purchasing all stationery and a sizeable number of textbooks for their school-going children. In Soweto, for example, parents, through additions to their rents, were paying 38 cents a month in order to ensure that more schools were built.³¹⁾

3.3.2 PERIOD 1979 TO DATE

During the 1978/79 financial year, there was an increase in State expenditure on Black education. More classrooms were built in the urban areas and more money was allocated for the maintenance of schools in these areas. In 1979, the per capita expenditure of the Black child was R350 per annum.³²⁾

31. Cape Times, 4 September 1975.

32. Sunday Post, 25 March 1979.

On 1 January 1980, a new act, the Education and Training Act, 1979 (Act 90 of 1979), replaced the Bantu Education Act, 1953 (Act 47 of 1953), and the Bantu Special Education Act, 1964 (Act 24 of 1964).

The new Act dropped the designation Bantu and replaced it by Black. It stated that free and compulsory education would be a central aim. It also pledged itself to the active involvement of the parent and communities in the education system. School boards were no longer responsible for the hiring of teachers. Their appointment and dismissal now became the responsibility of the Department of Education and Training.³³⁾

The building and maintenance of Black schools became the responsibility of the DET. It was envisaged that direct control would increase the quality and quantity of schools built. It was claimed that the State's take-over would lead to better facilities as the quality of buildings would be improved and the school buildings would be renovated every seven years. Moreover, it was

33. Hereafter referred to as the DET.



predicted that the number of pupils per classroom would be reduced shortly to 40 in primary schools and 35 in secondary schools, and that the DET proposed to build 14 000 classrooms across the country within three years.³⁴⁾

3.3.3 RECENT DEVELOPMENTS RELATED TO THE FINANCIAL
PROCESS OPERATING IN THE DEPARTMENT OF EDUCATION
AND TRAINING

3.3.3.1 FINANCIAL PROVISION

The DET makes financial provision according to the System of Budgeting by Objectives for the following educational services within the area of its jurisdiction:

- (i) administration;
- (ii) pre-primary and primary education;
- (iii) secondary education;
- (iv) university and technikon training;
- (v) career education;

34. Sunday Post, 25 March 1979.

- (vi) education for handicapped children;
- (vii) teacher training;
- (viii) out-of-school education and training; and
- (ix) auxiliary educational services.³⁵⁾

3.3.3.2 BUDGET INFORMATION

The amounts allocated to the DET for educational expenditure for the period 1978-1988, and the per capita expenditure for the aforementioned period are illustrated in Table 11.³⁶⁾

35. Republic of South Africa: Department of Education and Training: Annual Report 1986, RP 42/1987, Government Printer, Pretoria, 1987, p. 72.

36. South African Digest, 1 April 1988.

TABLE 11DEPARTMENT OF EDUCATION AND TRAININGTOTAL BUDGETED EXPENDITURE AND PER CAPITA EXPENDITURE
FOR THE PERIOD 1978-1988

<u>YEAR</u>	<u>BUDGETED EXPENDITURE</u>	<u>PER CENT INCREASE</u>	<u>PER CAPITA EXPENDITURE</u>
	R		R
1978/79	143 858 000	22,5	68,84
1979/80	181 804 000	26,3	84,57
1980/81	244 153 000	34,3	116,76
1981/82	369 748 000	51,4	167,22
1982/83	475 758 000	28,7	195,03
1983/84	561 318 000	17,9	237,16
1984/85	709 257 000	26,4	291,87
1985/86	917 486 000	29,4	387,02
1986/87	1 157 831 000	26,2	476,95
1987/88	1 487 840 000	28,5	560,50

The expenditure on Black education has increased dramatically in recent years. The budgeted expenditure of the DET for the 1987/88 financial year was R1 487 million which represents an increase of 28,5 per cent over the previous year and a ten-fold increase in the figure for the 1978/79 financial year, namely, R143,9 million.³⁷⁾

Although per capita expenditure for the Black pupil increased by 714 per cent between the 1978/79 and 1987/88 financial years, expenditure for Blacks lags far behind those of the other population groups.³⁸⁾ Consequently, there is an urgent need to increase the financial provision of Black education drastically over the next few years. Only then can equality in educational provision be attained in the RSA.

37. South African Digest, 1 April 1988.

38. Compare the per capita expenditure for Blacks, as illustrated in Table 11, with those for Indian pupils under the control of the Department of Education and Culture of the Administration: House of Delegates - infra., p. 604.

3.3.3.3 PUPIL-TEACHER RATIOS

The pupil-teacher ratios for Black education for the period 1968-1986 are illustrated in Table 12.³⁹⁾

TABLE 12DEPARTMENT OF EDUCATION AND TRAININGPUPIL-TEACHER RATIOS FOR THE PERIOD 1968-1986

YEAR	PUPIL-TEACHER RATIO
1968	58 : 1
1983	40,5 : 1
1984	39,8 : 1
1985	38,8 : 1
1986	37,6 : 1

39. South African Digest, 1 April 1988. Compare these pupil-teacher ratios with that of Indian education - infra., p. 609. Supra., p. 436.

It is gratifying to note that the pupil-teacher ratio has improved from 58 : 1 in 1968 to 37,6 ; 1 in 1986.

3.3.3.4 EXPENDITURE ON BOOKS AND STATIONERY

The expenditure incurred on books and stationery by the DET for the period 1977-1987 is illustrated in Table 13.⁴⁰⁾

TABLE 13

DEPARTMENT OF EDUCATION AND TRAINING

EXPENDITURE ON BOOKS AND STATIONERY FOR THE PERIOD 1977-1987

<u>YEAR</u>	<u>EXPENDITURE R MILLIONS</u>
1977/78	3,5
1980/81	6,8
1982/83	9,4
1984/85	12,9
1986/87	45,1

40. South African Digest, 1 April 1988.

The expenditure on books and stationery increased by 1 188 per cent between the 1977/78 and 1986/87 financial years. The percentage increase between the 1984/85 and 1986/87 financial years was 250 per cent.

3.3.3.5 SENIOR CERTIFICATE EXAMINATION RESULTS

The Senior Certificate Examination results of Black pupils under the charge of the Department of Education and Training for the period 1980-1984 are reflected in Table 14.⁴¹⁾

41. Anonymous: Black education in South Africa,
op. cit., p. 7.

TABLE 14

DEPARTMENT OF EDUCATION AND TRAINING

SENIOR CERTIFICATE EXAMINATION RESULTS FOR THE PERIOD 1980-1984

DETAILS	1980		1981		1982		1983		1984	
	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%
Candidates	10 061		14 477		16 393		19 869		14 682	
Passes: Matriculation Exemption	1 591	15,8	2 067	14,3	1 971	12,0	2 319	11,7	1 905	13,0
Passes: Senior Certificate	3 410	33,9	6 121	42,3	6 548	39,9	8 029	40,4	5 093	40,2
Total Passes	5 001	49,7	8 188	56,6	8 519	51,9	10 348	52,1	7 808	53,2

It is disappointing to note that, except for 1984, the matriculation exemption pass rate registered decreases for the consecutive years between 1980 to 1983 in spite of the increased injections of educational expenditure over these years. Moreover, the overall percentage pass rate in the Senior Certificate Examinations has been fluctuating unsteadily during the period 1980-1984.

Even after 1984, the pass rate at the matriculation level has been low in Black schools. Although there was a four per cent improvement in 1986 and a three per cent improvement in 1987, the pass rate is still below 60 per cent. Only 28,6 per cent of all pupils, who wrote the Senior Certificate Examinations in 1987, received university exemption.⁴²⁾

3.3.3.6 TUITION

Tuition at Black schools is free up to and including matriculation level, while textbooks and stationery are provided to pupils at State expense.⁴³⁾

42. South African Digest, 1 April 1988.

43. Loc. cit.

3.3.3.7 EVALUATION

The aforementioned exposition reveals that significant improvements have been made in the financial provisions for Black education. However, in view of the considerable backlog in Black education created over the years, there is still a great deal that has to be done.

As far as the pupil-teacher ratio is concerned, the DET should continue to strive for an improved ratio until the pupil-teacher ratios for all population groups in the RSA are more or less the same.

It is pleasing to note that increases in educational expenditures exceeded 25 per cent per annum during the period 1984-1987. However, higher percentage increases are required in the forthcoming years to ensure that parity in educational provision is achieved expediently.

In order to restrict wastage in the use of public moneys to a minimum, it is imperative that the Senior Certificate Examination results of Black pupils should improve significantly in the near future.

4. COLOURED EDUCATION

4.1 CONTROL OF COLOURED EDUCATION

Education for Coloureds had mainly been in the hands of mission societies and churches in the nineteenth century and even earlier. After 1910, the Cape Provincial Administration had a separate department of education which administered Coloured education.⁴⁴⁾

Control over education for Coloureds was transferred in terms of the Coloured Persons Education Act, 1963 (Act 47 of 1963), to the Department of Coloured Affairs from 1 January 1964 in the Cape Province and from 1 April 1964 in the other provinces. According to this Act, the responsibility for Coloured education, except university education, was transferred to the Department of Coloured Affairs. After the formation of the Coloured Persons' Representative Council, the Administration of

44. Republic of South Africa: Department of National Education: South African National Education Policy: The structure and operation of the South African education system, Report: Sanep - 170, Government Printer, Pretoria, 1985, p. 3.

Coloured Affairs was established and took over the administration of Coloured education.⁴⁵⁾

After the abolition of the Coloured Persons' Representative Council, the Administration of Coloured Affairs and the Department of Coloured Relations amalgamated from 1 June 1980 as the Department of Coloured Affairs. This Department administered education through a directorate of education. When the Department of Internal Affairs was combined with the Department of Indian Affairs on 1 October 1980, this directorate responsible for Coloured education was retained.⁴⁶⁾

In terms of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), all education for Coloureds falls under the Minister of Education and Culture of the Administration: House of Representatives.

45. Loc. cit.

46. Loc. cit.

4.2 ORGANISATIONAL STRUCTURE FOR THE FINANCING OF COLOURED EDUCATION

The Administration: House of Representatives was instituted on 3 September 1984 to administer those own affairs functions for which it is responsible. The Administration consists of the following four departments, namely, the:

- (i) Department of Education and Culture;
- (ii) Department of Local Government, Housing and Agriculture;
- (iii) Department of Budgetary and Auxiliary Services;
and
- (iv) the Department of Health Services and Welfare.⁴⁷⁾

The overall planning of activities and the formulation of policy for these Departments are managed on a centralised basis by the various head offices, while

47. Republic of South Africa: Administration: House of Representatives: Annual Report 1985, RP 100/1986, Government Printer, Pretoria, 1986, p. 1.

the execution thereof is implemented on a decentralised basis by the regional offices throughout the RSA.⁴⁸⁾

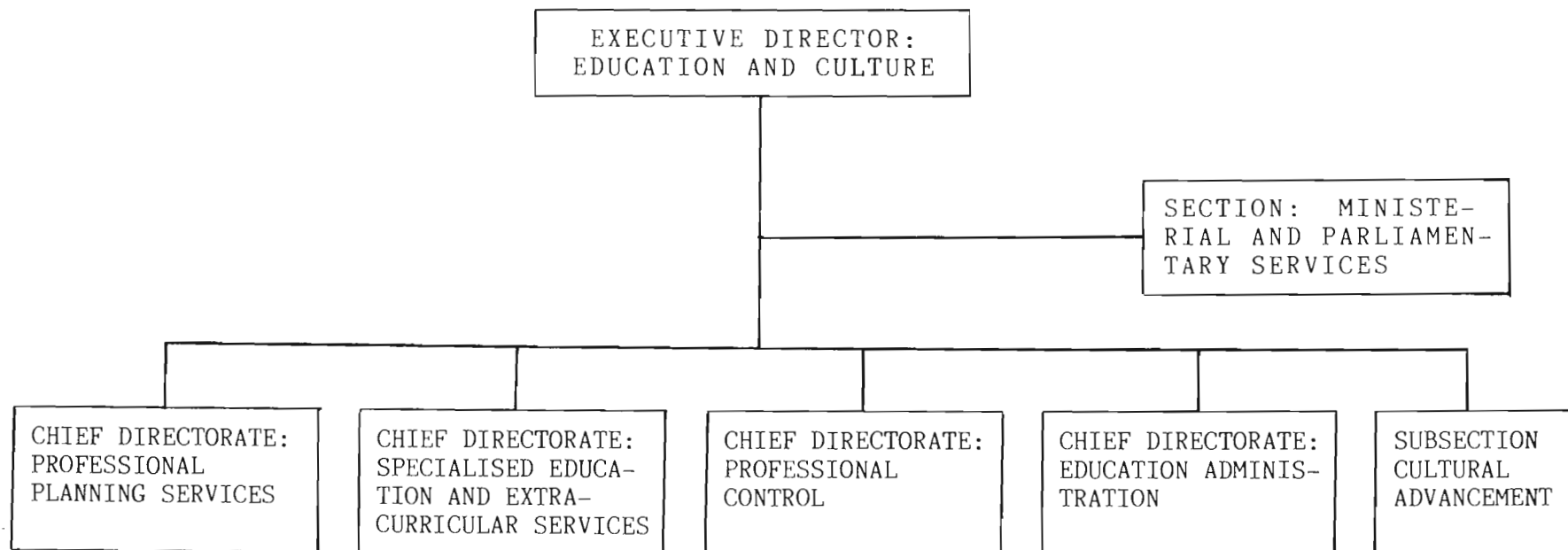
The organisational structure of the Department of Education and Culture of the Administration: House of Representatives is presented in Figure 23.⁴⁹⁾

48. Loc. cit.

49. Republic of South Africa: Administration: House of Representatives: Annual Report 1986, RP 87/1987, Government Printer, Pretoria, 1988, p. 14.

FIGURE 23

ORGANISATIONAL STRUCTURE OF THE DEPARTMENT OF EDUCATION AND CULTURE OF THE
ADMINISTRATION: HOUSE OF REPRESENTATIVES



From Figure 23, it can be deduced that the Executive Director for Education and Culture is responsible for the following directorates and subsection:

- (i) Chief Directorate: Professional Planning Service;
- (ii) Chief Directorate: Specialised Education and Extra-Curricular Services;
- (iii) Chief Directorate: Professional Control;
- (iv) Chief Directorate: Education Administration;
and
- (v) Subsection: Cultural Advancement.⁵⁰⁾

Since the Department of Budgetary and Auxiliary Services of the aforementioned Administration renders supportive services in terms of financial administration to the Department of Education and Culture, it is necessary to examine briefly the organisational structure of the former Department.

50. Compare this organisational structure with that of the Department of Education and Culture of the Administration: House of Delegates - infra., p. 494.

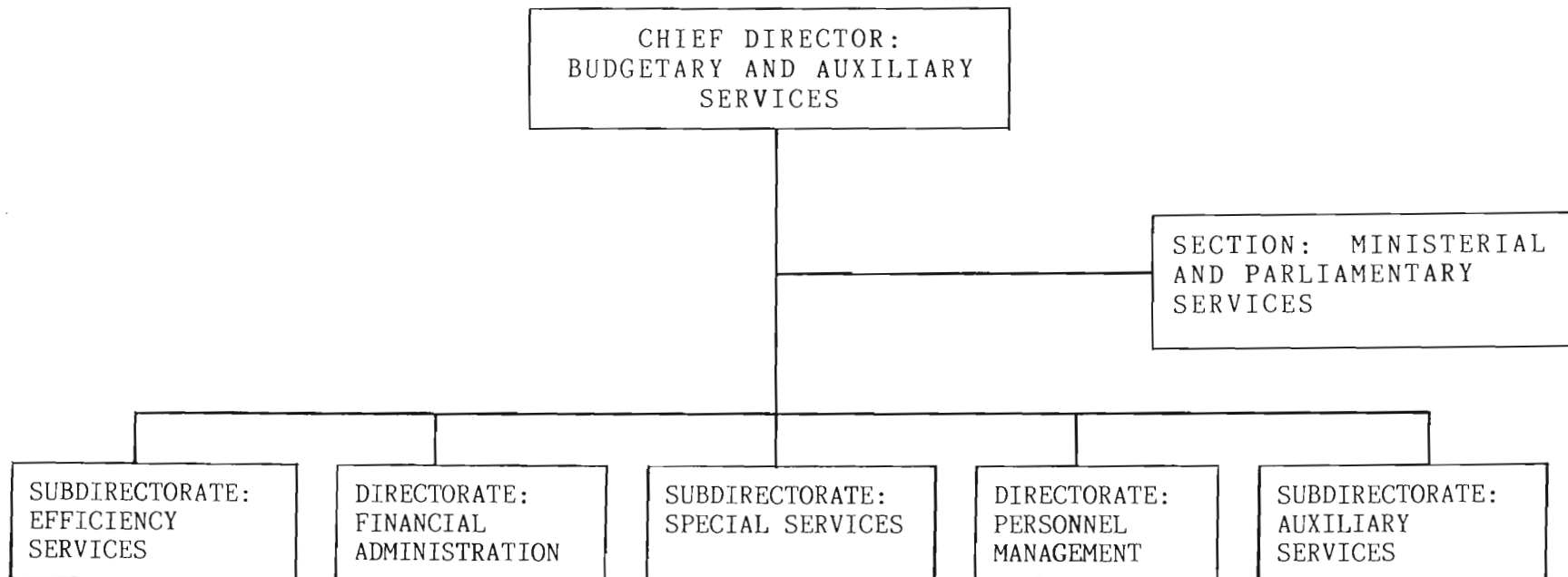
4.3 ORGANISATIONAL STRUCTURE OF THE DEPARTMENT OF
BUDGETARY AND AUXILIARY SERVICES OF THE ADMINISTRATION:
HOUSE OF REPRESENTATIVES

The organisational structure of the aforementioned
Department is illustrated in Figure 24.⁵¹⁾

51. Republic of South Africa: Administration: House of Representatives: Annual Report 1986, op. cit., p. 4. Compare this organisational structure with that of the Administration: House of Delegates - infra., p. 508.

FIGURE 24

ORGANISATIONAL STRUCTURE OF THE DEPARTMENT OF BUDGETARY AND AUXILIARY SERVICES OF
THE ADMINISTRATION: HOUSE OF REPRESENTATIVES



The following five directorates and subdirectorates are the responsibility of the Chief Director: Budgetary and Auxiliary Services:

- (i) Subdirectorate: Efficiency Services;
- (ii) Directorate: Financial Administration;
- (iii) Subdirectorate: Special Services;
- (iv) Directorate: Personnel Management; and
- (v) Subdirectorate: Auxiliary Services.

4.4 FINANCIAL PROCESS

4.4.1 PRIOR TO 1984

Since 1970, the Executive Committee of the Coloured Persons' Representative Council, with the assistance of the Administration, prepared annual estimates of expenditure on education and on other services it controls. These were submitted to the Minister of Education who, in consultation with the Minister of Finance, decided upon the total amount to be submitted to Parliament for appropriation.⁵²⁾

52. Horrell, M.: The education of the Coloured community in South Africa: 1652 to 1970, South African Institute of Race Relations, Johannesburg, 1970, p. 110.

Thereafter, within the limits of the sum voted by Parliament, the Council appropriated moneys for specified services. Unspent balances at the end of a financial year were repaid into the Consolidated Revenue Fund. The Council's accounts were audited by the Controller and Auditor-General.⁵³⁾

4.4.2 SINCE 1984

The Commission for Administration approved the establishment of a Subdirectorate: Treasury for the Administration: House of Representatives to relieve the workload of the Treasury as far as the financial matters of the Budget Account of the aforementioned Administration is concerned.⁵⁴⁾

In terms of the Exchequer and Audit Act, 1975 (Act 66 of 1975), specific powers, which were formerly resorted only with the Minister of Finance and the Treasury, were transferred to the Subdirectorate Treasury: House of Representatives. This extension of the financial

53. Loc. cit.

54. Republic of South Africa: Administration: House of Representatives: Annual Report 1985, op. cit., p. 6.

authority was effected with the alteration of 'Treasury' and the insertion of the definition of 'the responsible Minister' in Section 1 of the aforementioned Act.⁵⁵⁾

The aforementioned amendment implies that the financial authority over 'own affairs' is now vested in the Administration: House of Representatives. Consequently, the financial authority with regard to Coloured education is exercised by the Minister of Education and Culture of the aforementioned Administration.⁵⁶⁾

The task of the Subdirectorate: Treasury is to draft an annual budget whereby funds are granted. Although the needs of the community are unlimited, the means and resources are restricted to the exchequer. Consequently, the executive authority should have at its disposal a budgetary system which enables it, within limits set by the available means, to make realistic decisions concerning the allocation of funds to the different utilisation possibilities based on merit and policy priorities. In order to satisfy the conditions, the

55. Ibid., pp. 6-7.

56. Ibid., p. 7.

wider intentions and objectives of the various departments should be satisfied and the policy objectives should be subjected to close scrutiny, the aim being the allocation of means.⁵⁷⁾

4.5 RECENT DEVELOPMENTS RELATED TO THE FINANCIAL PROCESS OPERATING IN THE DEPARTMENT OF EDUCATION AND CULTURE OF THE ADMINISTRATION: HOUSE OF REPRESENTATIVES

4.5.1 DISTRIBUTION OF FUNDS

To meet the needs of the community regarding services in the 1987/88 financial year, an amount of R2 050 355 000 has been allocated to the Administration: House of Representatives from the State Revenue Fund. Table 15 shows the manner in which the funds have been apportioned.⁵⁸⁾

57. Republic of South Africa: Administration: House of Representatives: Annual Report 1987, RP 48/1988, Government Printer, Pretoria, 1988, p. 8.

58. Loc. cit.

TABLE 15ADMINISTRATION: HOUSE OF REPRESENTATIVESDISTRIBUTION OF FUNDS FOR THE 1987/88 FINANCIAL YEAR

VOTE	ALLOCATION R'000
Budgetary and Auxiliary Services	27 239
Education and Culture	1 099 731
Local Government, Housing and Agriculture	393 598
Health Services and Welfare	549 787
Improvement of Service Conditions	70 000

The allocation to Education and Culture for the 1987/88 financial year represented an increase of 16,1 per cent over the amount voted for the 1986/87 financial year.⁵⁹⁾

59. Loc. cit.

4.5.2 BOARDING AND TRANSPORT ALLOWANCES

The Department grants boarding and transport allowances to indigent primary and secondary school pupils. The amounts granted vary according to the degree of indigence of the parents concerned. In respect of private boarding, and boarding at a State-aided hostel, the allowances may not exceed R290 and R185 per pupil, per annum, respectively.⁶⁰⁾

The transport allowance amounts to R40 per pupil, per annum.

An amount of R5 767 000 was provided for the payment of boarding and transport allowances during the 1984/85 financial year.⁶¹⁾

4.5.3 ADMINISTRATIVE EXPENDITURE

Administrative expenditure, which includes, inter alia, salaries, subsistence and travelling allowances, and

60. These amounts are the same as those allowed for indigent Indian pupils - infra., p. 647.

61. Republic of South Africa: Administration: House of Representatives: Supplementary information to the Annual Report 1985, RP 67/1987, Government Printer, Pretoria, 1987, p. 9.

examination expenses, amounts to R43 201 000 for the 1988/89 financial year. The figure represents a 9,9 per cent increase to the amount voted for the 1987/88 financial year.⁶²⁾

4.5.4 EDUCATIONAL EXPENDITURE

Education, that is, all expenses incurred for the provision of education from the pre-primary level to that of teachers' training, amounts to R984 904 000 in the 1988/89 financial year. This figure represents an increase of 10,15 per cent in comparison with the sum allocated for the 1987/88 financial year.⁶³⁾

4.5.5 COST OF TECHNICAL SCHOOLS

Technical subjects will be offered at the new secondary schools to be built in 1989. These subjects will include, inter alia, fitting and turning, electrical work, welding

62. Republic of South Africa: Administration: House of Representatives: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 26 to 28 April 1988, Government Printer, Cape Town, col. 7673.

63. Loc. cit.

and motor mechanics. The cost of providing a secondary school with these technical subjects amounts to R2,25 million for buildings alone, whereas the cost of equipment amounts to a further R1,25 million.⁶⁴⁾

4.5.6 SENIOR CERTIFICATE EXAMINATION RESULTS

The Senior Certificate Examination results for Coloured pupils under the control of the Department of Education and Culture of the Administration: House of Representatives for the period 1985-1987 are shown in Table 16.⁶⁵⁾

64. Ibid., col. 7674.

65. Republic of South Africa: Administration: House of Representatives: Annual Report 1987, op. cit., p. 11.

TABLE 16ADMINISTRATION: HOUSE OF REPRESENTATIVESDEPARTMENT OF EDUCATION AND CULTURESENIOR CERTIFICATE EXAMINATION RESULTS FOR THE PERIOD1985-1987

<u>SENIOR CERTIFICATE (FULL-TIME)</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Number of candidates	11 052	17 624	18 289
Number of passes	7 115	11 919	12 411
Percentage passes	64,4	67,6	67,9

Although there has been a negligible improvement in the Senior Certificate Examination results in 1987 in comparison with 1985 and 1986, an appreciable improvement has to take place in the near future to justify that additional expenditure is being used efficiently and effectively.

4.5.7 EVALUATION

The formation of the Subdirectorate: Treasury in the Administration: House of Representatives is a major breakthrough in financial administration, and augurs well for the future of matters concerning own affairs. The emphasis in technical education is a step in the right

direction and should bear fruitful results. However, the low rate of passes in the Senior Certificate Examinations leaves much to be desired. A concerted effort is required from all parties involved in education to develop strategies that will lead to an improvement in examination results, and, thereby, enhance the efficiency and effectiveness of the financial process.

5. SUMMARY

With the adoption of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), White education has been subjected to a centralised policy-making and financing body in the name of the Department of Education and Culture of the Administration: House of Assembly. In view of the financial constraints placed on the economy of the RSA, it is likely that White parents of school-going children will be required to pay compulsory school fees soon. The element of accountability of the teacher to the parent will take on a new dimension. Consequently, it is imperative that there is a marked improvement in the Senior Certificate Examination results in the near future.

Significant increases in the financial provisions for Black education has taken place over the last two decades. However, in view of substantial backlogs

created in Black education, such financial injections have not been adequate in terms of increasing demands. Therefore, it is imperative that there is an acceleration in the infusion of funds and resources in order to create a more satisfactory pupil-teacher ratio and raise the per capita expenditure of Black pupils.

In view of the financial constraints, it is essential that parents in the higher income groups for all population groups, together with increased State subsidisation, should bear a larger financial responsibility towards education. Only then can the excess funds be redistributed to Black education in order to attain equal provision in education over the short-term.

As far as Coloured education is concerned, the creation of its own Subdirectorate: Treasury will serve to enhance the efficiency and effectiveness in the operation of the financial process. The emphasis on technical education will assist in augmenting the ranks of skilled personnel in the RSA. However, a more concerted effort is required, from all parties concerned, in improving the Senior Certificate Examination results to ensure that public moneys are being spent economically.

The discussions of the operation of the financial process in the RSA, internationally, and within the education systems of the Whites, Blacks and Coloureds in Chapters III to VI have set the scene for a discussion of the operation of the financial process operating in the Department of Education and Culture of the Administration: House of Delegates. This discussion forms the contents of Chapters VII and VIII.

CHAPTER VIIFINANCIAL PROCESS OPERATING IN THE DEPARTMENT OF
EDUCATION AND CULTURE OF THE ADMINISTRATION: HOUSE
OF DELEGATES WITH PARTICULAR REFERENCE TO ORGANISING
AND FINANCING1. INTRODUCTION

The discussion of the financial process operating in the education systems for Whites, Blacks and Coloureds in Chapter VI has created the environment for the discussion of the financial process operating in the Department of Education and Culture of the Administration: House of Delegates. This discussion is embodied in this chapter and the next.

In this chapter, attention is focused on the following aspects:

- a brief history of Indian education with particular reference to the financial process;
- the organisational structure of the aforementioned Department and the Department of Budgetary and Auxiliary Services; and
- the operation of the financial process pertaining to revenue and expenditure in terms of programmes and item structures relating to primary and secondary education.

2. BRIEF HISTORY OF INDIAN EDUCATION WITH PARTICULAR REFERENCE TO THE FINANCIAL PROCESS

The Department of Education and Culture of the Administration: House of Delegates assumed control of Indian education in 1984. However, the history of the Indian people in the RSA dates back to 1860. In order to place the present system of control over Indian education in its correct perspective, it is considered feasible to assess the nature of control exercised by various authorities from the earliest times.

2.1 INDIAN IMMIGRATION SCHOOL BOARD: 1860-1893

When the indentured Indian labourers arrived in Natal in 1860, a sound educational system had not been established among the Whites. Consequently, no significant development in the education of Indians took place for almost a decade. It was only in 1869 that the first schools for Indians were started by missionaries.¹⁾

1. Vasar, D.: An investigation to determine the rates of return on an investment in a diploma, made by a teacher employed by the Department of Indian Affairs, unpublished Master of Education dissertation, University of Durban-Westville, Durban, 1980, p. 112.

In 1878, the Natal Government made provision for the establishment of the Indian Immigration School Board. The task of this Board was, inter alia, to administer:

"... such sums of money as may be voted from time to time by the Legislative Council for purposes of the Education of the children of Indian parents." (2)

It is noteworthy that very little money that had been appropriated to Indian education was actually spent. For example, in 1879, from a vote of 1 000 pounds sterling, only a sum of 80 pounds sterling was actually spent. The failure to spend the vote for Indian education resulted in a reduction of the subsequent vote to 500 pounds sterling in 1881, of which a sum of only 352 pounds sterling was spent, mainly on Board schools.³⁾

2. Loc. cit.

3. Maharaj, S.R.: "Primary and secondary education", in Pachai, B. (ed.): South Africa's Indians: The evolution of a minority, University Press of America, Inc., Washington, 1979, p. 345.

The Board also considered applications for grants from newly-established schools. In the provision of these grants, consideration was given to factors such as regular attendance and the efficient conduct of schools.⁴⁾

The Board also established its own schools from funds allocated to it. These were known as 'government schools' for Indians. Three such schools were established. The largest portion of the Board's funds was utilised in assisting established schools. These were known as 'government-aided' Indian schools. This pattern of financial provision over Indian education remained until the Indian Immigration School Board was abolished in 1983, when there were 26 schools for Indians.⁵⁾

It is evident that the system of financial provision for the education of Indians was in transition phase. However, the Indian Immigration School Board had played an influential role in co-ordinating early Indian education in Natal and supplementing the effort made by

4. Vasar, op. cit., pp. 112-113.

5. Ibid., p. 113.

the missionaries. Moreover, it represented the first attempt by the Government to render financial assistance to Indian education.

2.2 NATAL EDUCATION DEPARTMENT: 1894-1964

With the abolishment of the Indian Immigration School Board, the control of Indian education was entrusted to the Natal Education Department in 1894. It was significant that an Education Commission, appointed in 1910, recommended that the owners of estates (the employers of the indentured Indians) should provide financial assistance towards the schooling of Indian children.⁶⁾ However, in spite of this recommendation and in spite of Natal acquiring a new position under the South Africa Act, 1909, the status quo with regard to Indian education remained. In fact, for the next two decades from 1910 onwards, Indian education revealed signs of deterioration, particularly in regard to the acute shortage of school

6. Prior to 1903, pupils provided their own books and paid school fees. However, as early as 1903, education was made free and books were provided - vide Malherbe, E.G.: Education in South Africa: Volume 2 (1923-1975), Juta & Co., Ltd., Pretoria, 1977, pp. 566-567.

accommodation.⁷⁾

A direct result of the Cape Town Agreement in 1927 between the Governments of South Africa and India was the agreement by the Natal Provincial Administration to enquire into and report on the question of Indian education in Natal. The resulting Commission made important recommendations to improve educational facilities for Indians. The Natal Education Department reacted positively to these recommendations. Consequently, there was an increase in enrolment and in the number of schools built. However, the system under which education functioned made it difficult for it to expand speedily and effectively.⁸⁾

Important developments after 1940 included, inter alia, the construction of schools and the improvement in the teachers' salary structure. By then it had become common practice in Natal for the Indian community to build schools from their own resources, since the building programmes of the Natal Education Department was slow and inadequate. By the beginning of the twentieth

7. Vasar, op. cit., pp. 113-114.

8. Ibid., p. 114.

century, four-fifths of the schools in Natal were State-aided, the money for the sites being provided by the Indians themselves.⁹⁾ As an encouragement to the Indian community, the Natal Provincial Administration contributed one-third of the cost of the buildings. With the increased cost of buildings, the contribution from the Province was increased by 50 per cent in 1943.¹⁰⁾ However, in spite of the efforts by the Province and the Indian community, the building programme, mainly in the form of State-aided schools, could not keep pace with the growth in the school-going population.¹¹⁾

To alleviate the shortage of school accommodation, a system of platoon classes was introduced in Indian schools in the 1950s. The platoon system worked as follows: while certain classes were taught subjects requiring written work in the classrooms, other classes were taught outside in other subjects. In effect, every class spent half the day indoors and the other half outside. The double shift resulted in certain pupils

9. Malherbe, op. cit., pp. 556-557.

10. Union of South Africa: Report of the Commission on Technical and Vocational Education, UG 65/1948, Government Printer, Pretoria, 1948, p. 276.

11. Maharaj, op. cit., p. 353.

attending school during the forenoon while others attended in the afternoon.¹²⁾

The year 1961 was heralded as a turning point in the history of education for Indians in South Africa. A separate Government department, the Department of Indian Affairs was created to attend to the needs of the Indian people. The Indians Education Act, 1965 (Act 61 of 1965), entrusted the control of education of Indians to the Department of Indian Affairs. Eventually, in 1966, the Natal Education Department released its control over Indian education.¹³⁾

2.3 CONTROL BY THE DEPARTMENT OF INDIAN AFFAIRS: 1965-1983

Prior to the creation of the Union of South Africa in 1910, each of the different provinces had its own legislation pertaining to Indians within its borders. Even after 1910, the education of Indians remained the responsibility of the respective provincial administrations. However, on 2 August 1961, it was

12. Ibid., pp. 353-354.

13. Vasar, op. cit., p. 115.

announced that the Asiatic Affairs Division of the Department of Interior would be dissolved and replaced by the creation of the Department of Indian Affairs.

The Indians Education Act, 1965 (Act 61 of 1965), provided for the establishment of a Division of Education under the jurisdiction of the Department of Indian Affairs. The education of Indians in Natal, which had previously been controlled by the Natal Education Department was officially placed under the control of the Department of Indian Affairs Division of Education¹⁴⁾ on 1 April 1966.¹⁵⁾

Such a transfer was advantageous in that it produced greater promotion prospects for Indian teachers and made possible greater participation in national funds than was possible under the provincial administrations.

The aforementioned Act provided the important principle that the provision of finance for Indian education was

14. See Annexure 7 for the organisational structure of the Department of Indian Affairs Division of Education, 1983.

15. Vasar, op. cit., p. 117.

the responsibility of the State. The money was provided by the Treasury on the vote of the Department of Indian Affairs.¹⁶⁾

Besides school buildings, all expenditure was derived from the Budget of the Department of Indian Affairs and was allocated as follows:

- (i) salaries, wages and allowances;
- (ii) furniture, equipment, books, stationery and other school supplies;
- (iii) cleaning and maintenance services;
- (iv) bursaries for teacher training;
- (v) grants and subsidies to State-aided schools;
- (vi) grants and subsidies to special schools; and
- (vii) transport and boarding allowances for pupils at State schools.¹⁷⁾

16. Van Rensburg, C.: Stepping into the future: Education for South Africa's Black, Coloured and Indian peoples, Erudita Publications (Pty.) Ltd., Johannesburg, undated, p. 151.

17. Loc. cit.



The system of budgeting in operation in 1966 was Line-Item Budgeting.

At the head of the Division of Education was the Director of Education. Until 1976, the Director was responsible to the Secretary and the Minister of Indian Affairs. Since 2 January 1976, all powers of the Minister of Indian Affairs, in terms of the Indians Education Act, 1965 (Act 61 of 1965), were transferred to the Executive Committee of the South African Indian Council (SAIC).

2.4 CONTROL BY THE DEPARTMENT OF EDUCATION AND CULTURE OF THE ADMINISTRATION: HOUSE OF DELEGATES

With the promulgation of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), the control of Indian education was vested in the Department of Education and Culture of the Administration: House of Delegates. The organisational structure of this Department in the implementation of the financial process is considered below.

3. LOCUS OF THE DEPARTMENT OF EDUCATION AND CULTURE OF
THE ADMINISTRATION: HOUSE OF DELEGATES

The Administration: House of Delegates comprises of four departments, namely:

- (i) Department of Education and Culture;
- (ii) Department of Budgetary and Auxiliary Services;
- (iii) Department of Health Services and Welfare; and
- (iv) Department of Local Government, Housing and
Agriculture.

The Minister responsible for each of the aforementioned Departments, together with the Chairman, constitute the Ministers' Council of the Administration: House of Delegates.

It is noteworthy that the Department of Budgetary and Auxiliary Services is responsible for the financial administration of the other three Departments.

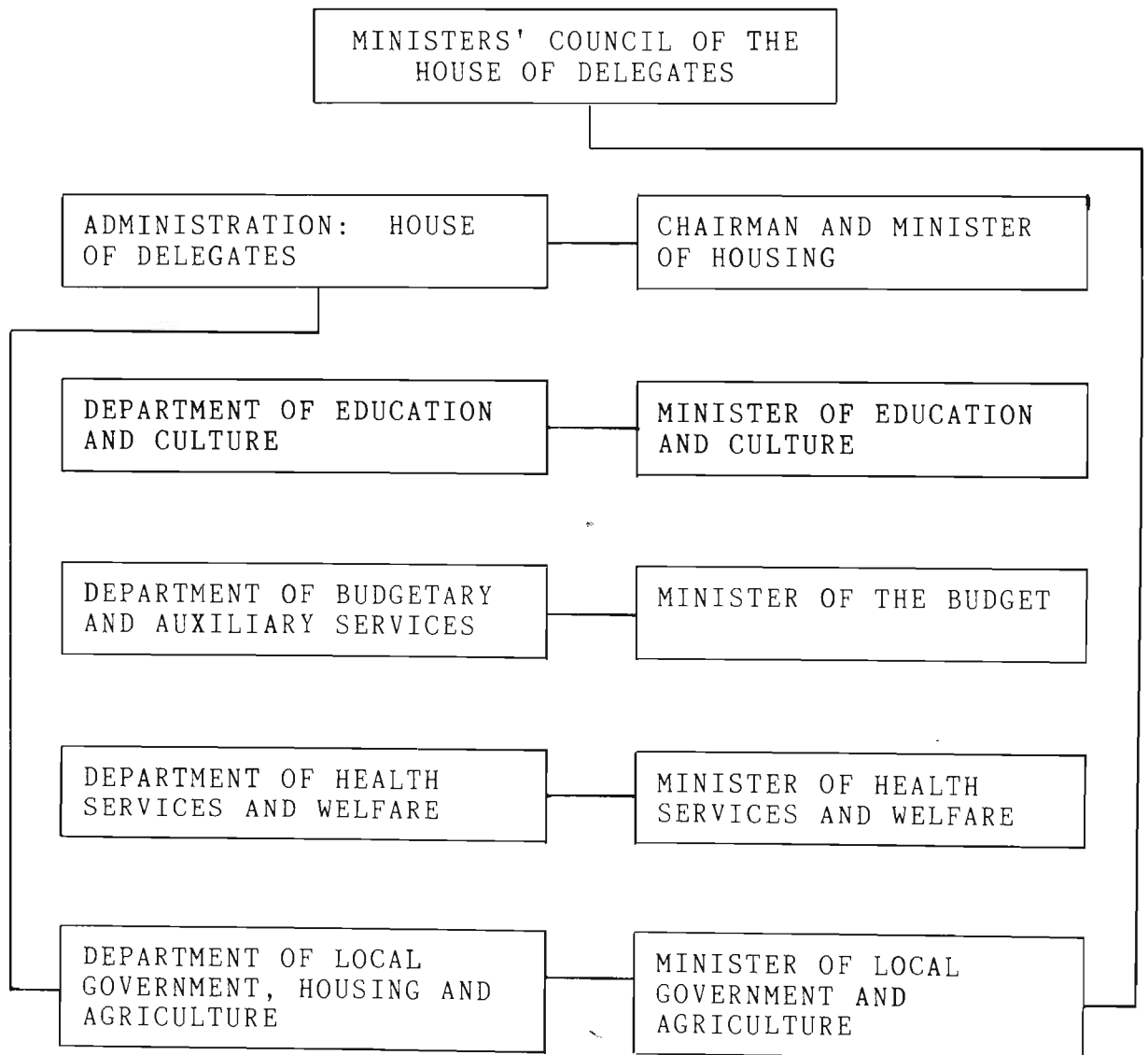
Consequently, a discussion of the financial process operating in the Department of Education and Culture of the aforementioned Administration will necessarily include a discussion of the Department of Budgetary and Auxiliary Services.

The locus of the Department of Education and Culture of the Administration: House of Delegates is illustrated in Figure 25.¹⁸⁾

18. Weyer, I. (ed.): Publico, Vol. 8, No. 3, June 1988, supplement.

FIGURE 25

EXECUTIVE INSTITUTIONS FOR OWN AFFAIRS: LOCUS OF THE
DEPARTMENT OF EDUCATION AND CULTURE OF THE ADMINISTRATION:
HOUSE OF DELEGATES



4. ORGANISATIONAL STRUCTURE OF THE DEPARTMENT OF
EDUCATION AND CULTURE OF THE ADMINISTRATION:
HOUSE OF DELEGATES

Due to the importance and volume of work concerning the financial process operating in the aforementioned Department, it is necessary to make specific organisational arrangements for the implementation of the financial process. The usual organisational arrangements flow from the requirement that a State department should follow specific procedures for dealing with their budgets and related financial matters.

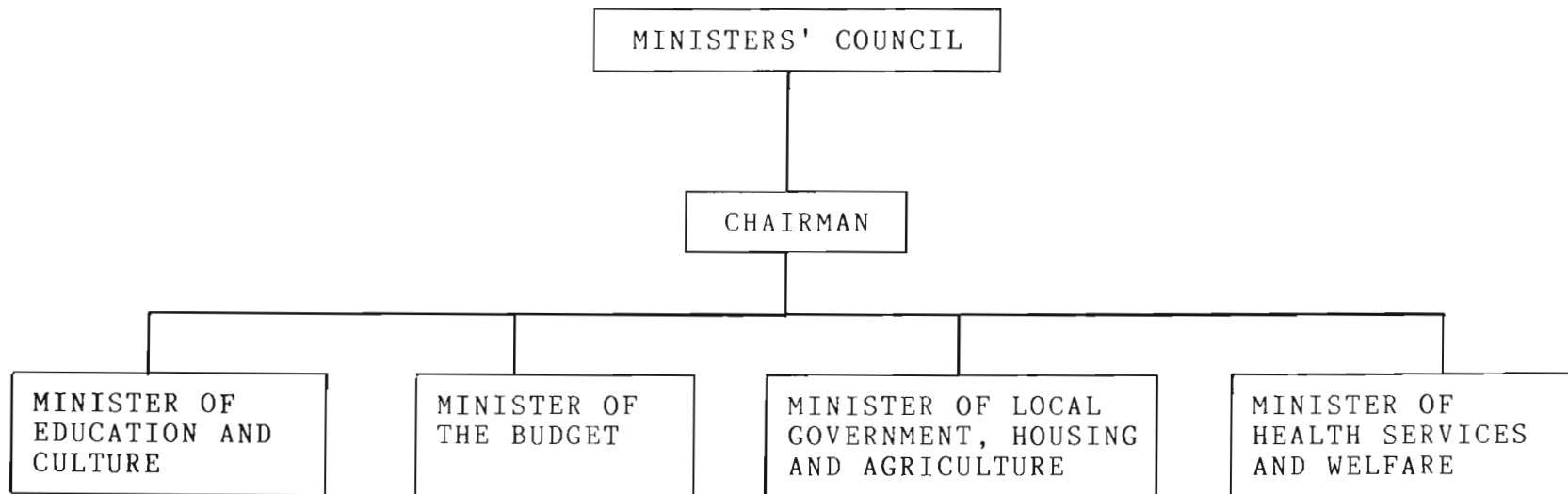
4.1 LOCUS OF THE MINISTER OF EDUCATION AND CULTURE
IN THE ORGANISATIONAL STRUCTURE OF THE MINISTERS'
COUNCIL OF THE ADMINISTRATION: HOUSE OF DELEGATES

The locus of the Minister of Education and Culture of the aforementioned Administration is depicted in Figure 26.

FIGURE 26

ADMINISTRATION: HOUSE OF DELEGATES

LOCUS OF THE MINISTER OF EDUCATION AND CULTURE IN THE MINISTERS' COUNCIL



4.2 EDUCATIONAL STRUCTURE

The Department of Education and Culture of the aforementioned Administration is headed by a Chief Executive Director who is responsible to the Minister of Education and Culture. The aim of this Department is to provide education and promote culture. Its primary functions are, inter alia, to:

- (i) provide professional planning services;
- (ii) control education standards and provide specialised services;
- (iii) provide education administrative services;
- (iv) provide education on a decentralised basis;
and
- (v) to promote culture.¹⁹⁾

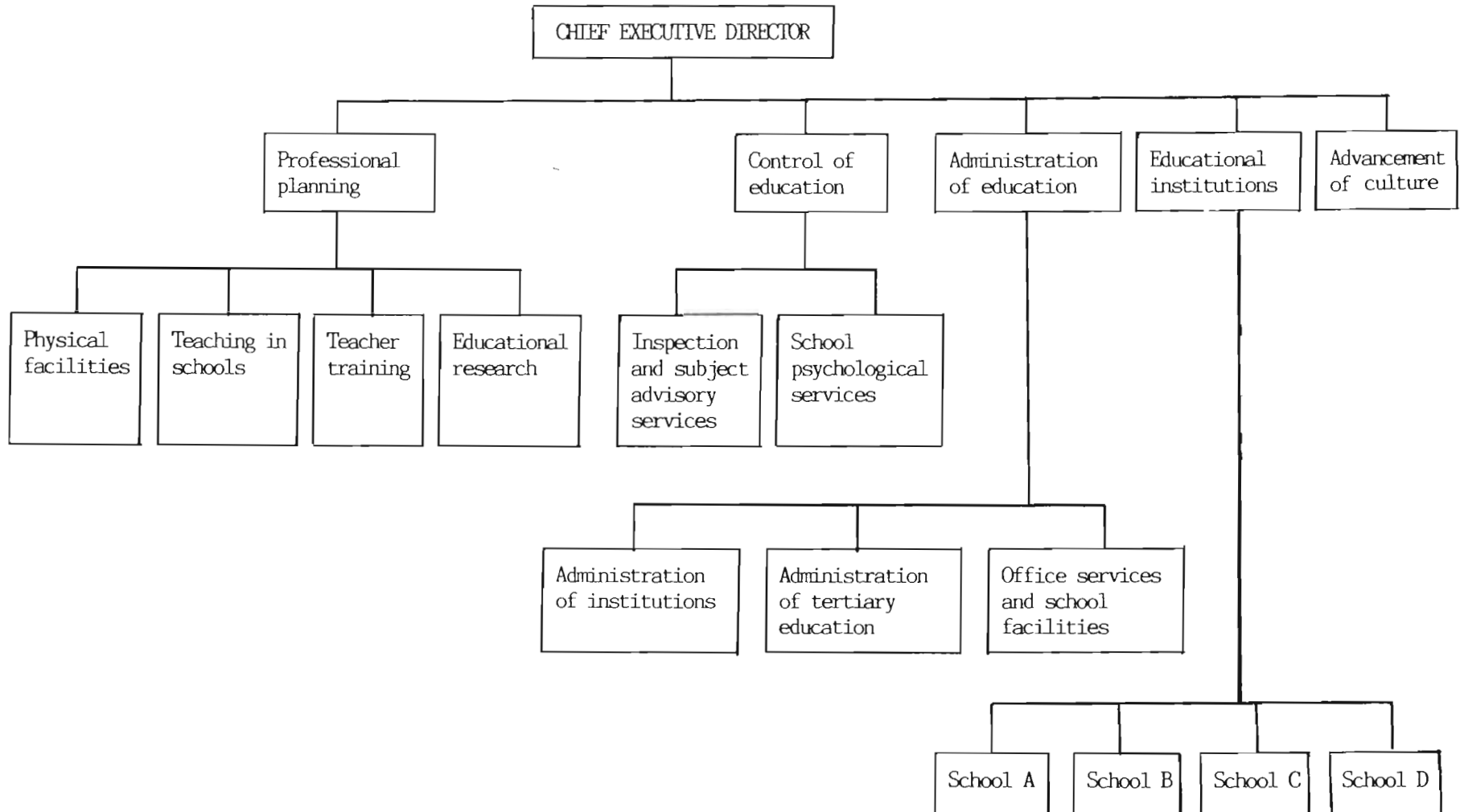
19. Republic of South Africa: Administration: House of Delegates: Annual Report 1986, RP 39/1987, Government Printer, Pretoria, 1987, p. 1.

It is the task of the Chief Director to ensure that the aforementioned functions are executed efficiently and effectively. Figure 27 shows the organisational structure of the Department of Education and Culture of the Administration: House of Delegates.²⁰⁾

20. Van Schalkwyk, O.J.: The education system: Theory and practice (second revised edition), Alkanto Publishers, Alkantrant, 1988, p. 80. Compare this organisational structure with that of the Department of Education and Culture of the Administration: House of Representatives - supra., p. 462.

FIGURE 27

ORGANISATIONAL STRUCTURE OF THE DEPARTMENT OF EDUCATION AND CULTURE OF THE
ADMINISTRATION: HOUSE OF DELEGATES



4.3 DIVISION OF WORK²¹⁾

In order to undertake its wide range of functions related to its general aim, the aforementioned Department is divided into four directorates, namely:

- (i) Chief Directorate: Professional Planning Services;
- (ii) Chief Directorate: Educational Control;
- (iii) Subdirectorates : Educational Administration;
- and
- (iv) Subdirectorates: Culture Promotion.

The functions of the aforementioned Directorates are discussed below.

4.3.1 CHIEF DIRECTORATE: PROFESSIONAL PLANNING SERVICES

4.3.1.1 FUNCTIONS

The functions of this Directorate are to:

21. The information contained in this section has been borrowed from Republic of South Africa: Administration: House of Delegates: Annual Report 1986, op. cit., pp. 1-5.

- (i) provide scientifically-based advice on education matters;
- (ii) plan physical activities;
- (iii) plan school instruction; and
- (iv) to plan teacher education services.

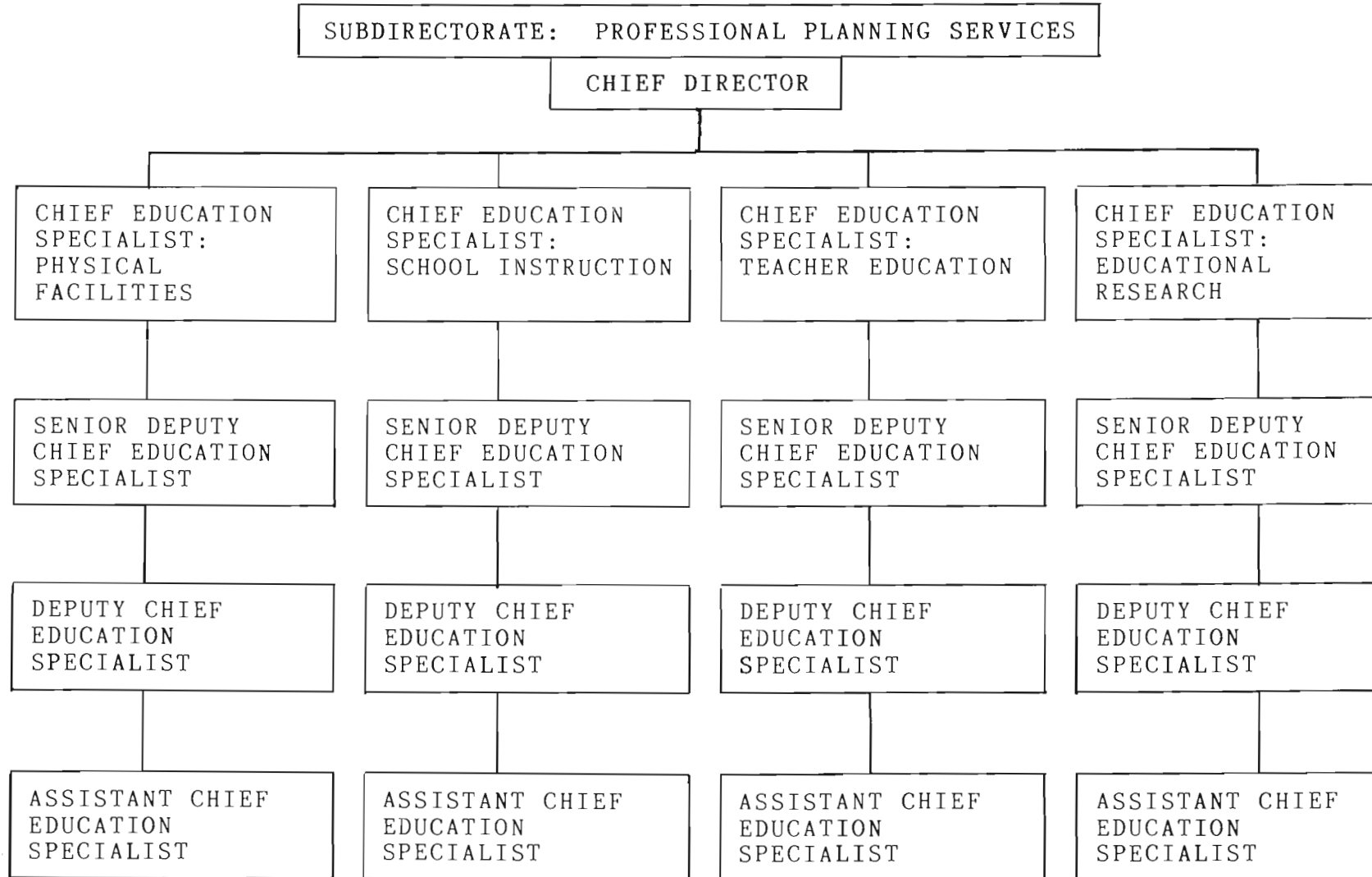
4.3.1.2 ORGANISATIONAL STRUCTURE

The organisational structure of the Chief Directorate: Professional Planning Services is indicated in Figure 28.²²⁾

22. Ibid., p. 3.

FIGURE 28

ORGANISATIONAL STRUCTURE OF PROFESSIONAL PLANNING SERVICES OF THE DEPARTMENT OF
EDUCATION AND CULTURE OF THE ADMINISTRATION: HOUSE OF DELEGATES



4.3.2 CHIEF DIRECTORATE: EDUCATIONAL CONTROL

4.3.2.1 FUNCTIONS

This Directorate undertakes to:

- (i) provide guidance, evaluation and control in respect of school organisation and management;
- (ii) provide advisory services to educators in matters relating to teaching practice;
- (iii) evaluate and control educational standards;
and
- (iv) to provide counselling services to pupils.

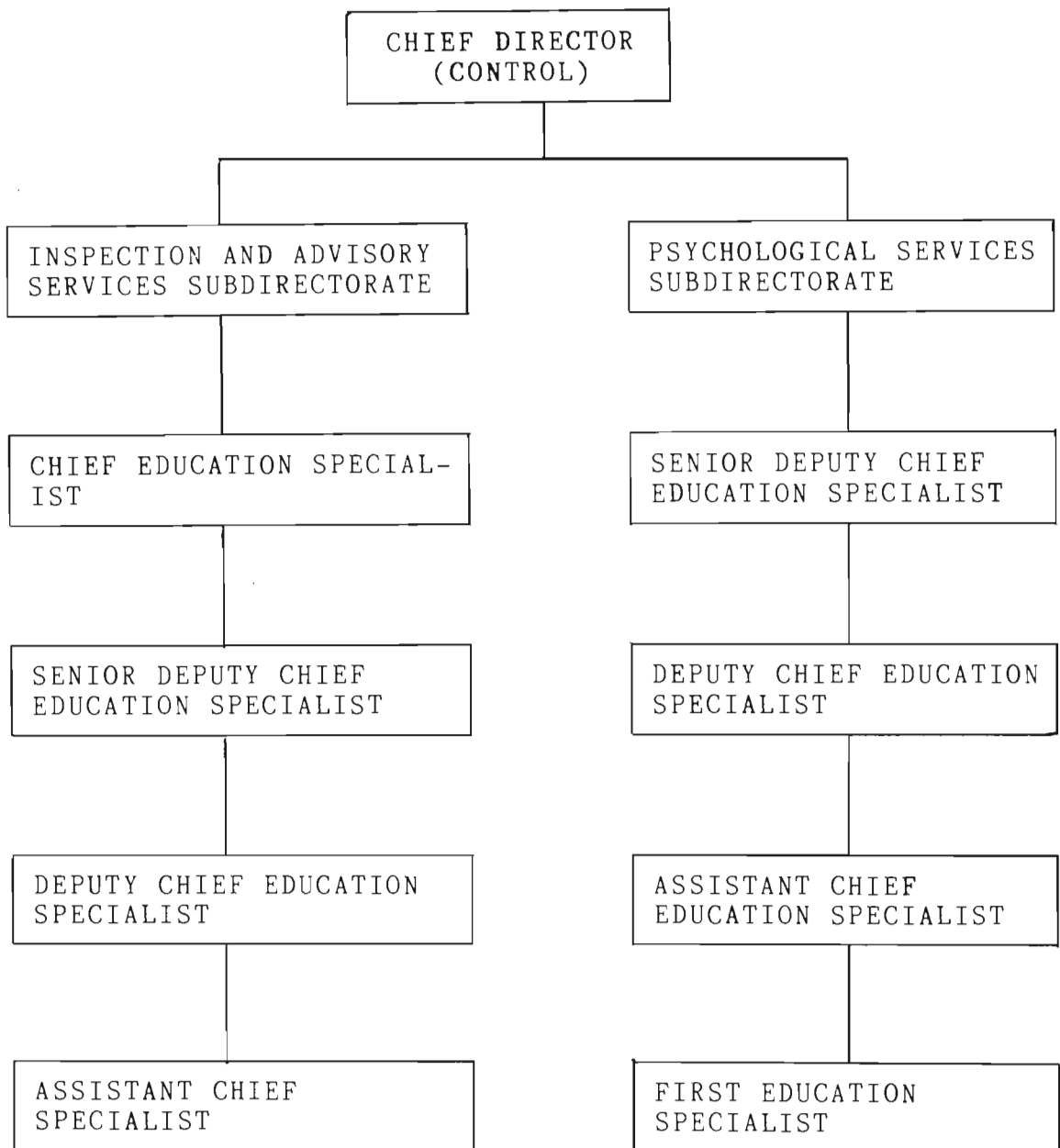
4.3.2.2 ORGANISATIONAL STRUCTURE

The organisational structure of the Chief Directorate: Educational Control is shown in Figure 29.²³⁾

23. Ibid., p. 4.

FIGURE 29

ORGANISATIONAL STRUCTURE OF THE CHIEF DIRECTORATE:
EDUCATIONAL CONTROL OF THE DEPARTMENT OF EDUCATION AND
CULTURE OF THE ADMINISTRATION: HOUSE OF DELEGATES



4.3.3 SUBDIRECTORATE: EDUCATIONAL ADMINISTRATION

4.3.3.1 FUNCTIONS

This Subdirectorate performs the following functions, namely, to:

- (i) attend to pupil and institution matters such as, inter alia, boarding and travelling allowances, contract bus services and sports facilities - Rand for Rand subsidy;
- (ii) regulate tertiary education; and
- (iii) to provide general auxiliary services.

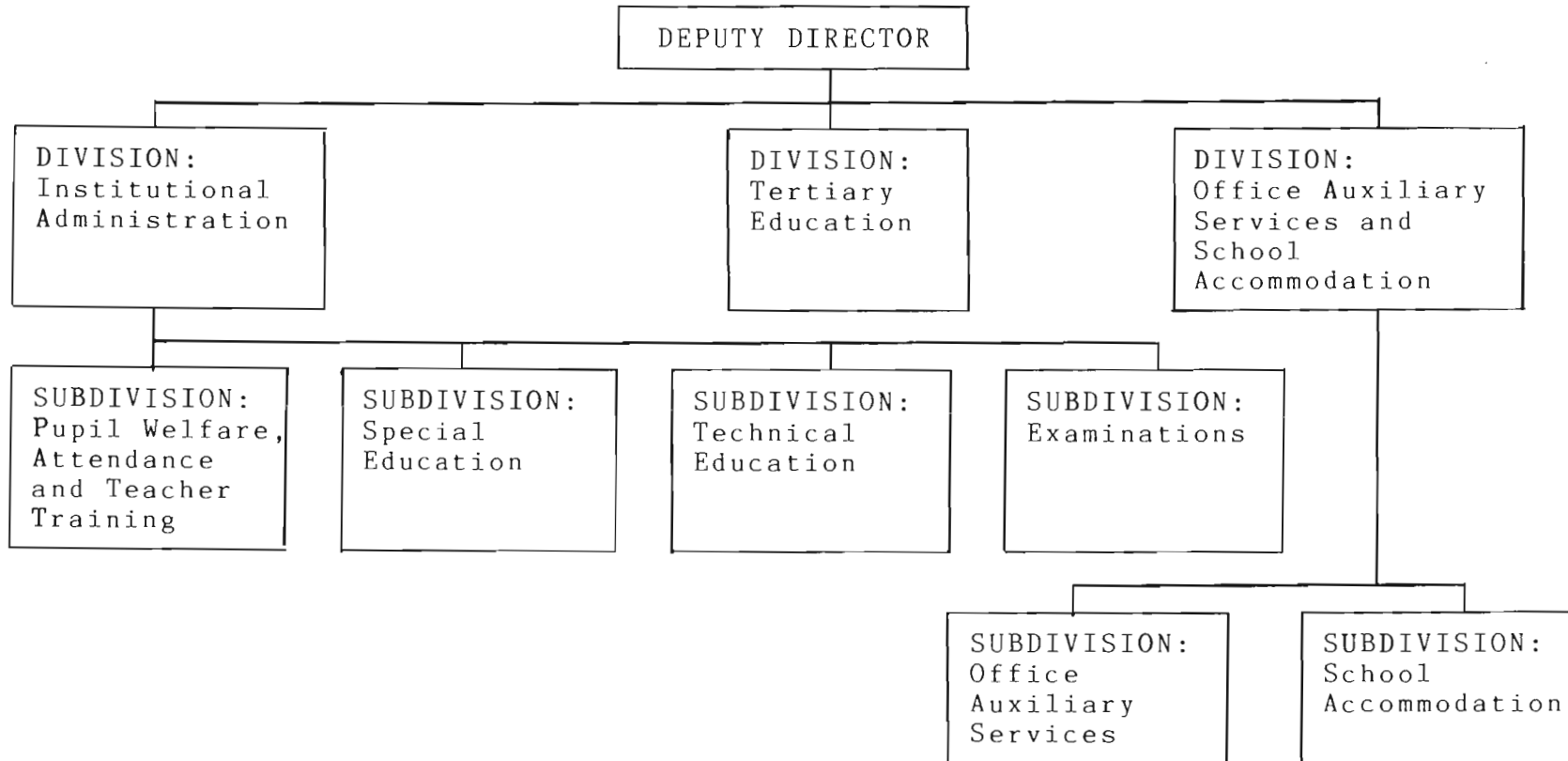
4.3.3.2 ORGANISATIONAL STRUCTURE

The organisational structure of the Subdirectorate: Educational Administration is depicted in Figure 30.²⁴⁾

24. Ibid., p. 5.

FIGURE 30

ORGANISATIONAL STRUCTURE OF THE SUBDIRECTORATE: EDUCATIONAL ADMINISTRATION OF THE DEPARTMENT OF EDUCATION AND CULTURE OF THE ADMINISTRATION: HOUSE OF DELEGATES



4.3.4 SUBDIRECTORATE: CULTURE PROMOTION

4.3.4.1 FUNCTIONS

The functions of the aforementioned Subdirectorate are to:

- (i) promote physical recreation facilities;
- (ii) promote the arts and sciences;
- (iii) promote youth matters; and
- (iv) to provide specialist services for the promotion of family education and home building.

4.3.4.2 STAFF

The approved staff establishment of the Subdirectorate: Culture Promotion comprise:

- 1 Deputy Director: Cultural Affairs;
- 1 Assistant Director: Cultural Affairs; and
- 1 Senior Cultural Affairs Clerk

4.4 EVALUATION

From the aforementioned exposition of the organisational structure of the Department of Education and Culture of

the aforementioned Administration, it can be deduced that a close liaison exists between the four Directorates. It is noteworthy that the Division of Office Auxiliary Services and School Accommodation is responsible for the control of expenditure in the financial process operating in the aforementioned Department. However, the Department of Budgetary and Auxiliary Services of the aforementioned Administration plays a supportive role to the Department of Education and Culture in the implementation of the financial process. Therefore, the organisational structure of the Department of Budgetary and Auxiliary Services is discussed hereunder.

5. DEPARTMENT OF BUDGETARY AND AUXILIARY SERVICES OF THE ADMINISTRATION: HOUSE OF DELEGATES

5.1 INTERACTION BETWEEN THE DEPARTMENT OF BUDGETARY AND AUXILIARY SERVICES AND THE DEPARTMENT OF EDUCATION AND CULTURE

The primary task of the Department of Budgetary and Auxiliary Services is to establish the monetary needs of the following Departments in the aforementioned Administration:

- (i) Department of Education and Culture;

- (ii) Department of Local Government, Housing and Agriculture; and
- (iii) the Department of Health Services and Welfare.

Moreover, the Department of Budgetary and Auxiliary Services assists the aforementioned Departments in preparing their estimates of expenditure and estimates of revenue. Funds are drawn on a monthly basis from the Exchequer, the relevant payments are executed and a proper book-keeping system is maintained to control expenditure and revenue in a sound manner.²⁵⁾

From the foregoing, it is evident that the Department of Budgetary and Auxiliary Services plays an influential role primarily in the implementation of the financial process operating in, inter alia, the Department of Education and Culture. Since these two Departments are inextricably linked, it has been deemed necessary to include a discussion of the organisational structure of the Department of Budgetary and Auxiliary Services.

25. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Third Session, Eighth Parliament, 26 to 30 May 1986, Government Printer, Cape Town, col. 3920.

5.2 LOCUS OF THE MINISTER OF THE BUDGET IN THE
HIERARCHY OF EXECUTIVE AUTHORITY AND EXECUTIVE
INSTITUTIONS FOR OWN AFFAIRS

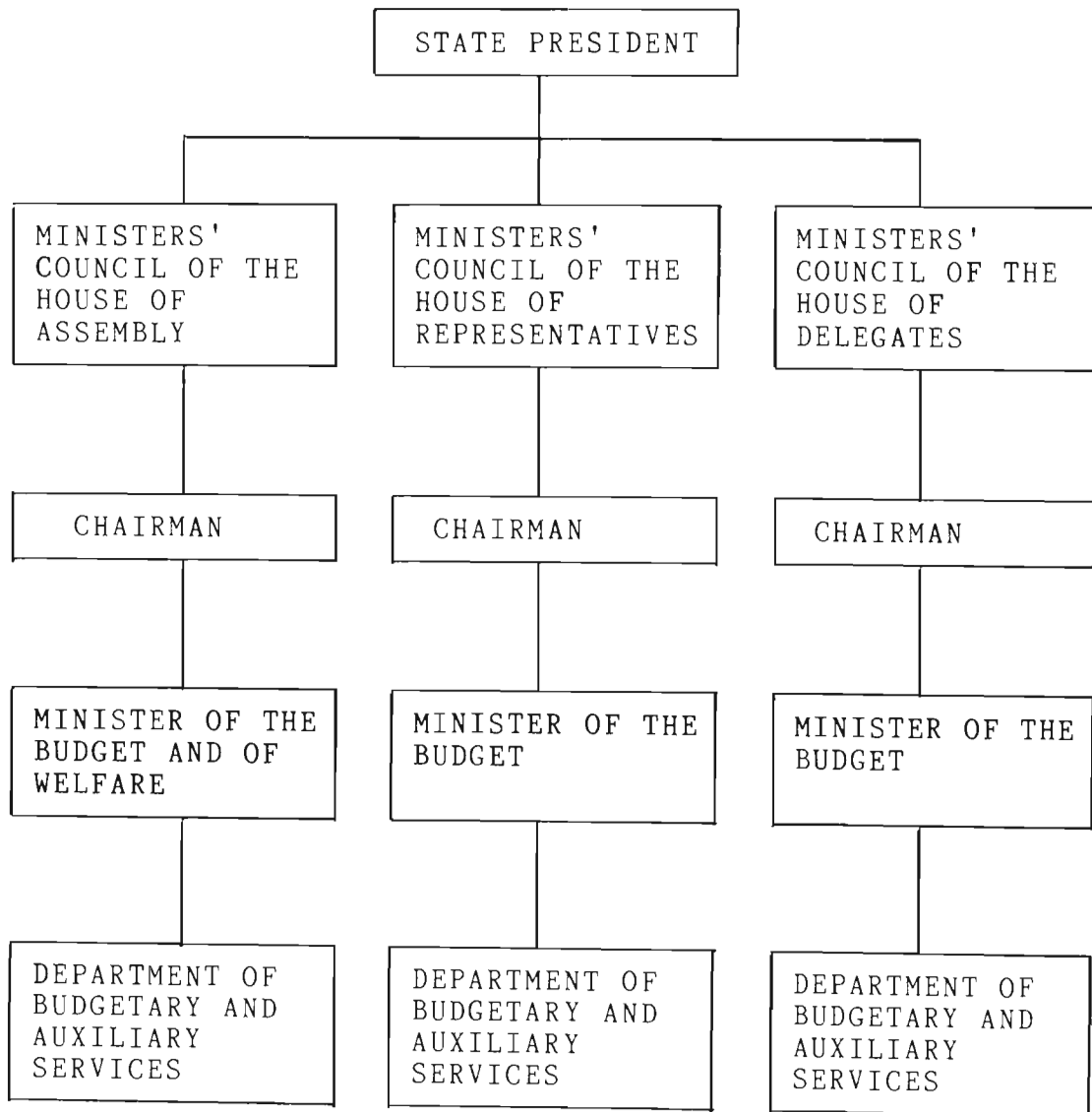
The chief accounting officer of the Department of Budgetary and Auxiliary Services of the Administration: House of Delegates is the Minister of the Budget. The place of the Minister of the Budget of the aforementioned Administration in the hierarchy of executive institutions is shown in Figure 31.²⁶⁾

26. Van Rooyen, L.: "Oudit moet onafhanklik", Publico, Vol. 1, February 1987, pp. 16-17.

FIGURE 31

ADMINISTRATION: HOUSE OF DELEGATES

LOCUS OF THE MINISTER OF THE BUDGET IN THE HIERARCHY OF EXECUTIVE AUTHORITY AND EXECUTIVE INSTITUTIONS FOR OWN AFFAIRS



5.3 ORGANISATIONAL STRUCTURE OF THE DEPARTMENT OF
BUDGETARY AND AUXILIARY SERVICES OF THE
ADMINISTRATION: HOUSE OF DELEGATES²⁷⁾

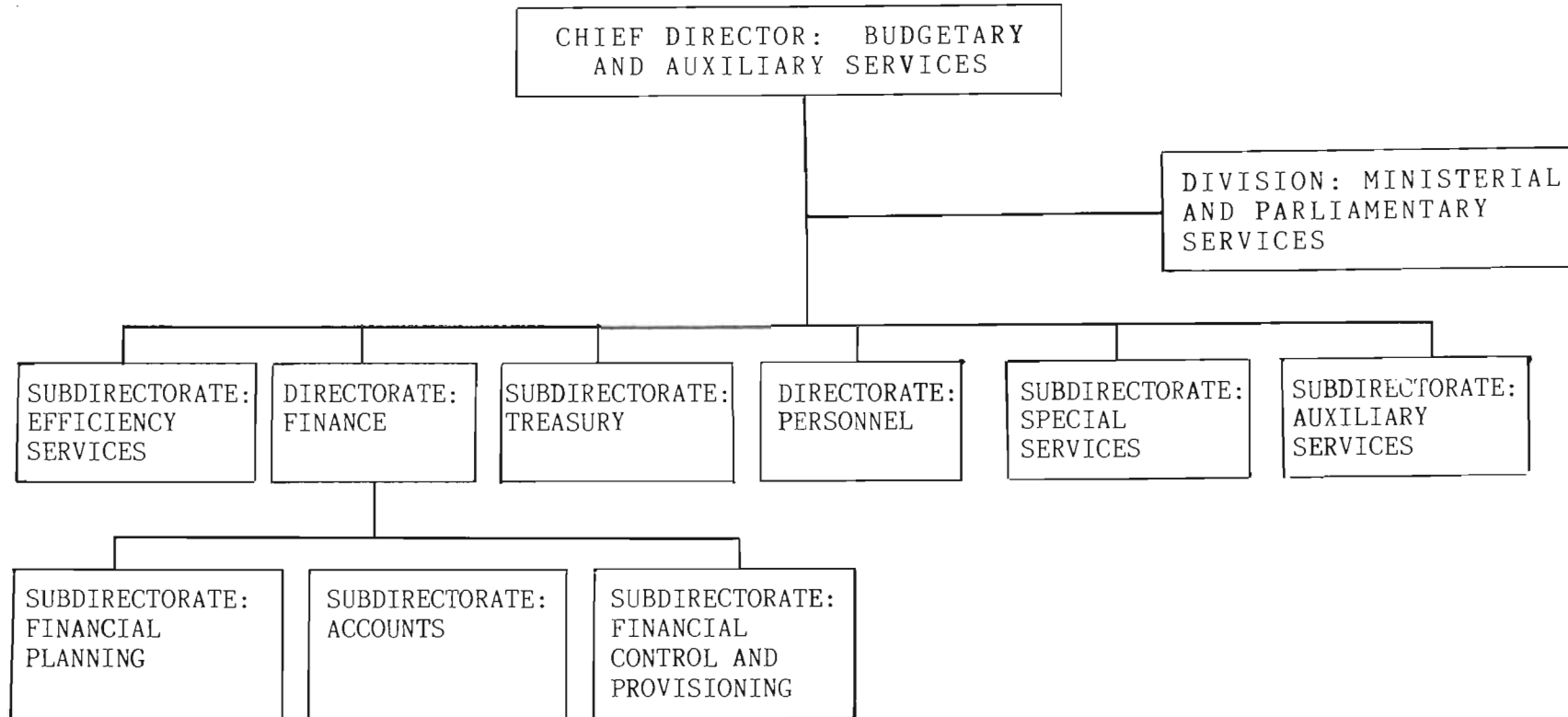
The Department of Budgetary and Auxiliary Services renders a support service to the other three Departments of the aforementioned Administration and not to the general public. The organisational structure of the aforementioned Department is illustrated in Figure 32.²⁸⁾

27. Unless otherwise indicated, the information contained in this section has been extracted from Singh, J. (ed.): "The Department of Budgetary and Auxiliary Services", Fiat Lux, Vol. 20, No. 8, October 1985, p. 1. Compare this organisational structure with that of the Administration: House of Representatives - supra., p. 463.

28. Loc. cit.

FIGURE 32

ORGANISATIONAL STRUCTURE OF THE DEPARTMENT OF BUDGETARY AND AUXILIARY SERVICES OF
THE ADMINISTRATION: HOUSE OF DELEGATES



5.3.1 GENERAL FUNCTIONS

The Department of Budgetary and Auxiliary Services renders administrative auxiliary services to the Administration: House of Delegates. In doing so, this Department performs the following functions, that is, the:

- (i) rendering of efficiency services;
- (ii) managing of financial administration;
- (iii) provision and utilisation of personnel;
- (iv) promotion of security preparedness for the Administration; and
- (v) rendering of auxiliary services.

The administrative head of the establishment is the Chief Director (Budgetary and Auxiliary Services) under whom resorts the Directorate: Finance and the Directorate: Personnel with directors as heads. Figure 32 also illustrates that the Chief Director supervises the tasks performed by the Subdirectorates relating to Efficiency Services, Treasury, Special Services and Auxiliary Services. These Subdirectorates have deputy-directors as heads.

5.3.2 SPECIAL FUNCTIONS

5.3.2.1 DIVISION: MINISTERIAL AND PARLIAMENTARY SERVICES

The Chief Director is also responsible for the aforementioned Division. This Division is further subdivided as follows:

- (i) Subdivision: Parliamentary Services; and
- (ii) Subdivision: Ministry.

The Subdivision: Parliamentary Services executes general supporting services to the departmental head. The purpose of the Subdivision: Ministry is to undertake secretarial tasks for the Minister of the Budget and to promote media liaison.

5.3.2.2 DIRECTORATE: FINANCE

The Directorate: Finance, with a Director: Financial Administration as head, manages the financial administration of the entire Administration: House of Delegates. This Directorate performs the following functions, namely, the:

- (i) maintenance of a financial planning system;

- (ii) calculation and settlement of transactions; and
- (iii) the execution of financial control and the provision of stocks.

The following three Subdirectorates are under the direct control of the Directorate: Finance:

- (i) Subdirectorate: Financial Planning;
- (ii) Subdirectorate: Accounts; and
- (iii) Subdirectorate: Financial Control and Provisioning.

5.3.2.2.1 SUBDIRECTORATE : FINANCIAL PLANNING

The purpose of this Subdirectorate is to maintain a financial planning system. It performs the following functions, namely, the:

- (i) maintenance of the financial management system;
- (ii) provision of aid to management regarding planning, co-ordination of control and budgetary information; and
- (iii) the allocation of funds.

5.3.2.2.2 SUBDIRECTORATE: ACCOUNTS

The purpose of this Subdirectorate is to calculate and settle transactions. It executes the following functions, that is, the:

- (i) calculation and settlement of sundry expenses;
and
- (ii) the administration of personnel remuneration.

5.3.2.2.3 SUBDIRECTORATE: FINANCIAL CONTROL AND ADMINISTRATION

The functions of this Subdirectorate constitute the:

- (i) execution of financial control; and
- (ii) the provision of stocks.

The Provisioning Division of the Department of Budgetary and Auxiliary Services is charged with the responsibility of providing and maintaining, on an agency basis, furniture, books, equipment and other supplies to schools, offices and other buildings falling within the four

Departments of the Administration: House of Delegates.²⁹⁾

5.3.2.3 DIRECTORATE: PERSONNEL

The Directorate: Personnel with a Director: Personnel Management, as head, attends to the provision and utilisation of personnel for the entire administration. This Directorate performs the following functions, namely, the:

- (i) administration of personnel matters in respect to teachers;
- (ii) administration of staff matters of public service personnel; and
- (iii) the provision of training.

A Deputy-Director: Personnel is directly responsible to the Director: Personnel Management. The purpose of the aforementioned Directorate is to administer the personnel matters of teachers and public service personnel. This Directorate consists of three Divisions, namely:

29. Republic of South Africa: Administration: House of Delegates: Annual Report 1986, op. cit., p. 85.

- (i) Division: Staff Provision-Teaching Staff, which provides teaching staff;
- (ii) Division: Staff Provision-Public Service, which administers the personnel matters of civil servants; and
- (iii) Division: Conditions of Service, which applies the conditions of service to both teaching and public service personnel.

5.3.2.4 SUBDIRECTORATE: TREASURY

The Commission for Administration approved the establishment of a Subdirectorate: Treasury for the Administration: House of Delegates to relieve the workload of Treasury, as far as financial matters of the Budget Account of the aforementioned Administration is concerned. Figure 32 indicates that this Subdirectorate is organisationally linked to the Department of Budgetary and Auxiliary Services.

In terms of the Exchequer and Audit Amendment Act, 1984 (Act 100 of 1984), specific powers, which were formerly resorted only with the Minister of Finance and the Treasury, were transferred to the Subdirectorate: Treasury: Administration: House of Delegates. This

extension of the financial authority was effected with the alteration of the definition of 'Treasury' and the insertion of the definition of 'the responsible Minister' in the aforementioned Act.³⁰⁾

The Subdirectorate: Treasury renders treasury functions which are executed in respect of own affairs only. It is responsible for the co-ordination and planning of estimates and exercises financial control.³¹⁾

5.3.2.5 SUBDIRECTORATE: SPECIAL SERVICES

The head of this Subdirectorate is the Chief Director. Its purpose is to promote the security preparedness of the Administration. This Subdirectorate renders the following functions, namely, the:

- (i) gathering of information;
- (ii) development of strategies;
- (iii) development and execution of strategical communication programmes; and
- (iv) the rendering of security services.

30. Republic of South Africa: Exchequer and Audit Amendment Act, 1984 (Act 100 of 1984), section 1.

31. Anonymous: State departments of Southern Africa, Dictum CC, Randburg, 1987, p. 42.

5.3.2.6 SUBDIRECTORATE: AUXILIARY SERVICES

This Subdirectorate, with a Deputy-Director: Administration as head, undertakes the following functions, namely, the:

- (i) rendering of supporting and civic services;
- (ii) rendering of secretarial services to the Ministers' Council;
- (iii) rendering of liaison services; and
- (iv) the rendering of general office auxiliary services.

5.3.2.7 SUBDIRECTORATE: EFFICIENCY SERVICES

A Deputy-Director: Efficiency Services is the head of this Subdirectorate, which renders advice with regard to efficient work performance of the entire Administration: House of Delegates and undertakes

work performance inspections of the Administration.³²⁾

5.4 EVALUATION

The exposition of the organisational structure of the Department of Budgetary and Auxiliary Services indicates that the functions performed by this Department are inextricably linked with the operation of the financial process in the Department of Education and Culture of the Administration: House of Delegates. Hence, the above exposition serves to enhance the understanding of the financial process operating in the aforementioned Department.

The following discussion relates to the operation of the financial process at the regional level, while the operation of the financial process at the local/school level is the subject of discussion in Chapter VIII.

32. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Third Session, Eighth Parliament, 26 to 30 May 1986, op. cit., col. 3922.

6. FINANCIAL PROCESS OPERATING IN THE DEPARTMENT OF
EDUCATION AND CULTURE OF THE ADMINISTRATION:
HOUSE OF DELEGATES: REGIONAL LEVEL

6.1 REVENUE

Revenue for the provision of education by the Department of Education and Culture of the aforementioned Administration is received from the State Revenue Fund³³⁾ as well as from levies, recovery of loans and departmental activities. The revenue is allocated into the Revenue Account: House of Delegates.

Table 17 indicates the estimates of revenue of the Administration: House of Delegates for the financial period 1985-1988.³⁴⁾

33. Supra., p. 310.

34. Republic of South Africa: Administration: House of Delegates: Estimate of revenue and expenditure for the financial year ending 31 March 1986, RP 12/1985, Government Printer, Pretoria, 1985, p. iv; and Republic of South Africa: Administration: House of Delegates: Estimate of revenue and expenditure for the financial year ending 31 March 1988, RP 12/1987, Government Printer, Pretoria, 1987, p. iv.

TABLE 17ADMINISTRATION: HOUSE OF DELEGATESESTIMATE OF REVENUE FOR THE FINANCIAL PERIOD1 APRIL 1985 TO 31 MARCH 1988

ACCOUNT	1985/86	1986/87	1987/88
	R'000	R'000	R'000
Revenue Account: House of Delegates	565 475	711 339	759 922

6.1.1 SOURCES OF REVENUE

The sources from which revenue is derived by the Department of Education and Culture of the Administration: House of Delegates are indicated in Table 18.³⁵⁾

35. Ibid., p. vi; and p. vi; respectively.

TABLE 18

ADMINISTRATION: HOUSE OF DELEGATESSOURCES FROM WHICH REVENUE IS DERIVED

HEAD OF REVENUE	1985/86	1986/87	1987/88
Transfer from the State Revenue Fund (Section 84 of the <u>Republic of South Africa Constitution Act, 1983</u> (Act 110 of 1983))	563 548	709 278	757 841
Levies			
Registrarion/Training/ Examination fees	1 165	1 261	1 097
Boarding fees: hostels	400	410	218
Commission	110	130	150
	1 675	1 801	1 465
Recovery of loans			
Study loans/Bursaries	98	90	120
Departmental activities			
Rental: office accommodation	14	19	25
School receipts	20	25	25
Miscellaneous	120	126	446
	154	170	496
Total	565 475	711 339	759 922

Table 18 indicates that the Administration: House of Delegates receives revenue from the following sources:

- (i) allocation from the State Revenue Fund;
- (ii) levies;
- (iii) recovery of loans; and
- (iv) departmental activities.

A further breakdown of the latter three expenses is also presented in Table 18.

It can be deduced that the revenue received from the State Revenue Fund far exceeds the total of the other three sources of revenue. Allocations from the State Revenue Fund represented 99,7 per cent for each of the three financial years indicated in Table 18. Such a situation prevails in view of the fact that restrictions have been placed by the legislature in the collection of moneys by the Department of Education and Culture of the Administration: House of Delegates.

6.2 ALLOCATION OF REVENUE (FUNDS)

6.2.1 FORM OF ESTIMATES OF THE DEPARTMENT OF EDUCATION AND CULTURE OF THE ADMINISTRATION: HOUSE OF DELEGATES³⁶⁾

The vote of the Department of Education and Culture is drafted according to the System of Budgeting by Objectives. The number of the Education Vote is 3. It has been decided, with the concurrence of the Select Committee on Public Accounts, that as from the 1985/86 financial year, transfer payments in the programme structure will be divided between payments of a current nature and those of a capital nature.³⁷⁾

-
36. Unless otherwise indicated, the contents of this section has been borrowed from Republic of South Africa: Administration: House of Delegates: Estimate of revenue and expenditure for the financial year ending 31 March 1988, op. cit., pp. x-xii.
37. Republic of South Africa: Administration: House of Delegates: Estimate of revenue and expenditure for the financial year ending 31 March 1986, op. cit., p. x.

The details of the estimated expenditure on the Education and Culture Vote, on the System of Budgeting by Objectives, are presented in two ways, namely:

- (i) programme structure; and
- (ii) item structure.

6.2.1.1 PROGRAMME STRUCTURE

The programme structure, which is a presentation according to programmes, explains the general objectives for which funds are requested and sets out programmes established by the Department of Education and Culture to achieve these objectives. On the one hand, the information is descriptive, whereas, on the other, details are provided in the money columns of the estimated expenditure to be incurred on various departmental programmes, and their subdivisions, in achieving the relevant objectives.

The purpose of this presentation of the details of the moneys required on the Education and Culture Vote is to inform the Administration: House of Delegates, in summarised form, of the objectives which will be pursued with the funds and the results or 'outputs' envisaged by the use thereof.

Table 19 depicts the allocation of funds in the four main divisions by the Department of Education and Culture in terms of programmes.³⁸⁾

38. Republic of South Africa: Administration: House of Delegates: Estimate of revenue and expenditure for the financial year ending 31 March 1988, op. cit., p. 3-1; and Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 26 to 28 April 1988, Government Printer, Cape Town, cols. 7753 and 7754.

TABLE 19

ADMINISTRATION: HOUSE OF DELEGATESDEPARTMENT OF EDUCATION AND CULTUREALLOCATION OF FUNDS IN TERMS OF PROGRAMMES FOR THE
PERIOD 1986-1989

PRESENTATION ACCORDING TO PROGRAMMES	TOTAL ALLOCATION: CURRENT AND CAPITAL		
	1986/87	1987/88	1988/89
	R'000	R'000	R'000
1 Administration	11 522	11 549	16 501
2 Education	305 925	342 446	389 290
3 Tertiary education	49 612	50 652	37 644
4 Cultural advancement	569	684	800
AMOUNT TO BE VOTED	367 628	405 331	444 235
Increase	37 703	38 1904	
Percentage Increase	10, 126	9, 160	

Table 19 indicates, inter alia, the four constituent programmes of the Education and Culture Vote towards which funds have been allocated for the 1986/87, 1987/88 and 1988/89 financial years. It is evident that Programme 2: Education, which includes primary and secondary education, receives the largest slice of the Education and Culture Vote.³⁹⁾ Education represented 85 per cent of the total of R405 331 000 allocated to Education and Culture for the year ending 31 March 1988. The amount voted for the 1988/89 financial year is 88 per cent of the total allocation for the aforementioned year.

6.2.1.1.1 PROGRAMME 1: ADMINISTRATION

Under the first programme, which is administration, provision is made for the ministerial and parliamentary staff as well as the management and administrative staff attached to the Department of Education and Culture of the Administration: House of Delegates. The amount provided for the 1988/89 financial year is R16 501 000 which is in respect of the following:

- (i) personnel and administrative expenditure;
- (ii) the purchase of supplies and equipment; and
- (iii) the rendering of maintenance and repair services to furniture and equipment;

39. Supra., p. 434.

The major items of expenditure are as follows:

- (i) salaries and allowances; including housing subsidies and leave gratuities;
- (ii) the State's contribution to Sanitas Medical Scheme; and
- (iii) the purchase of certain school supplies by the Central Stores Division for distribution to schools on request at a later date.⁴⁰⁾

6.2.1.1.2 PROGRAMME 2: EDUCATION

Programme 2, which is the education programme, covers the direct expenditure of the various phases of education. These phases are as follows:

- (i) pre-primary education;
- (ii) primary education;
- (iii) secondary education;

40. Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 26 to 28 April 1988, op. cit., col. 7753.

- (iv) private education;
- (v) teacher training;
- (vi) technical education;
- (vii) the education of children in need of care and handicapped children;
- (viii) community education; and the
- (ix) rendering of auxiliary services related to these phases of education, namely, physical and academic planning, inspection and psychological services and administrative services.⁴¹⁾

Figure 19 illustrates that the amount provided under this programme is R389 290 000 which is R46 844 000 or 13,67 per cent more than the amount voted for the 1987/88 financial year.⁴²⁾

The aim of Programme 2: Education is to develop the mental, spiritual and physical potential through the

41. Ibid., cols. 7753 and 7754.

42. Ibid., col. 7754.

medium of education and training.⁴³⁾

Since the study emphasises primary and secondary education, particular attention is given to these two phases below.

6.2.1.1.2.1 PRIMARY EDUCATION

In terms of primary education, the objectives of the Department of Education and Culture are as follows:

- (i) establish and conduct State primary schools and school clinics;
- (ii) render specific financial assistance to school funds; and
- (iii) subsidise State-aided primary schools.⁴⁴⁾

43. Republic of South Africa: Administration: House of Delegates: Estimate of revenue and expenditure for the financial year ending 31 March 1988, op. cit., p. 3-5.

44. Republic of South Africa: Indians Education Act, 1965 (Act 61 of 1965), sections 3 and 4.

6.2.1.1.2.2 SECONDARY EDUCATION

As far as secondary education is concerned, the objectives of the Department of Education and Culture are as follows:

- (i) establish and conduct State secondary schools and school clinics;
- (ii) render specific financial assistance to school funds; and
- (iii) subsidise State-aided secondary schools.⁴⁵⁾

The allocation of expenditure for primary and secondary education by the aforementioned Department for the period 1 April 1986-31 March 1989 is shown in Table 20.⁴⁶⁾

45. Loc. cit.

46. Republic of South Africa: Administration: House of Delegates: Estimate of revenue and expenditure for the financial year ending 31 March 1988, op. cit., p. 3-7; and Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 26 to 28 April 1988, cols. 7753-7754.

TABLE 20ADMINISTRATION: HOUSE OF DELEGATESDEPARTMENT OF EDUCATION AND CULTUREESTIMATES OF EXPENDITURE FOR PRIMARY AND SECONDARY
EDUCATION FOR THE PERIOD 1 APRIL 1986 TO 31 MARCH 1989

PROGRAMME STRUCTURE	TOTAL ALLOCATIONS		
	1986/87	1987/88	1988/89
	R'000	R'000	R'000
Primary education	130 735	145 035	-
Secondary education	123 628	152 063	-
Total	254 363	297 098	345 268
Increase	42 735	48 170	
Percentage Increase	16, 8	16, 2	

Table 20 reveals, inter alia, that the net⁴⁷⁾ increase in the total expenditure for primary and secondary

47. After deducting current and capital transfers.

education between the 1986/87 and 1987/88 financial years was 16,8 per cent, whereas the net increase in educational expenditure for the 1988/89 financial year is 16,2 per cent. The following inferences can be drawn from the aforementioned statistics:

- (i) there has been a purposeful reduction in primary and secondary education expenditure due to financial restrictions; or
- (ii) the reduction in educational expenditure is due to the deceleration of the increase in the growth rate of Indian school-going children.

The latter seems to be the most likely cause of the reduction in educational expenditures.

Justification for the aforementioned statement is strengthened by examining the statistics revealed in Table 21.⁴⁸⁾

48. Republic of South Africa: RSA statistics in brief, Central Statistical Service, Pretoria, 1988, passim.

TABLE 21

TEACHER AND PUPIL POPULATIONS OF INDIANS IN COMPARISON
WITH THE OTHER POPULATION GROUPS

TEACHERS/ PUPILS	1970	1980	1986	1987
Teachers				
Whites	42 067	50 093	67 847	64 462
Coloureds	16 483	26 470	30 415	32 470
Indians	6 057	8 666	10 878	11 429
Blacks	30 840	69 078	104 542	113 434
Total	95 447	154 307	213 682	221 795
Pupils- Primary				
Whites	556 686	608 208	555 076	541 168
Coloureds	458 001	618 052	604 462	598 103
Indians	123 681	150 356	144 844	144 252
Blacks	1 679 571	2 802 781	3 449 899	3 647 093
Total	2 817 939	4 179 397	4 752 281	4 930 616
Pupils- Secondary				
Whites	297 727	348 167	401 590	404 007
Coloureds	57 507	141 223	202 574	217 529
Indians	39 844	67 224	86 889	91 014
Blacks	166 619	509 072	869 248	1 030 208
Total	561 697	1 065 686	1 560 301	1 742 758
Total Pri- mary and Secondary				
Whites	854 413	956 375	954 666	945 175
Coloureds	515 508	759 275	807 036	815 632
Indians	163 525	217 580	231 733	235 266
Blacks	1 846 190	3 311 853	4 319 147	4 677 301

The total number of teachers and pupils pertaining to Indian education for the period 1970-1987 is reflected in Table 21. Statistics for the other three population groups are included for comparative purposes.

The statistics in Table 21 indicate, inter alia, that the population growth of Indian primary and secondary school pupils registered 33 per cent, 7 per cent and 2 per cent during the periods 1970-1980, 1980-1986, and 1986-1987, respectively. The population of Black primary and secondary school pupils grew by 79 per cent, 30 per cent and 8 per cent, respectively, for the aforementioned periods. The aforementioned statistics have the following implications:

- (i) the Indian population has reached stability in its growth rate. In fact, the decrease in the number of primary school pupils by 592 between 1986 and 1987 is indicative of the fact that there is going to be a decrease in the Indian school-going population in the future. Automatically, there will be a decrease in the demand for Indian teachers in the near future. Consequently, the Minister of Education and Culture of the Administration: House of Delegates stated as follows:

"The point is being reached where the teacher requirements of the department are diminishing and soon it may not be able to offer employment to all those in training. The granting of a bursary is a tacit admission to guarantee employment. This department will have to retain the right to refuse employment to those whose services will not be required".(49) and;

- (ii) the Black population is still showing an appreciable growth rate in its school-going population.

In view of the aforementioned implications, it would be feasible to examine statistics pertaining to school accommodation in Indian education as well as capital expenditure incurred in the construction of schools.

49. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Third Session, Eighth Parliament, 14 to 18 April 1986, Government Printer, Cape Town, col. 1945.

6.2.1.1.2.3 CAPITAL EXPENDITURE

Table 22 indicates the cost of acquisition⁵⁰⁾ of a random sample of schools for the 1985/86 and 1986/87 financial years.⁵¹⁾

50. The cost of acquisition refers to the price paid for the land only. It does not include construction and electrical installation costs which amount to substantial sums of money. For example, the construction and electrical installation costs (excluding the cost of acquisition) of the Tugela Secondary School in 1985 amounted to the massive sum of R2 541 000 - vide Republic of South Africa: Administration: House of Delegates: Annual Report 1985, RP 74/1986, Government Printer, Pretoria, 1986, pp. 101-104.

51. The information contained in Table 22 has been extracted from the following sources:

(i) Ibid., p. 114; and

(ii) Republic of South Africa: Administration: House of Delegates: Annual Report 1986, op. cit., p. 79.

TABLE 22ADMINISTRATION: HOUSE OF DELEGATESDEPARTMENT OF EDUCATION AND CULTURECOST OF ACQUISITION OF PRIMARY AND SECONDARY SCHOOL SITES

TYPE OF SCHOOL	NAME	ACQUISITION PRICE	
		1985/86	1986/87
PRIMARY SCHOOLS		R	R
	Cato Manor	250 000	
	Umzinto	195 000	
	Crown Reef	235 000	
	Fordsburg		510 000
	Parlock No. 1		160 000
SECONDARY SCHOOLS			
	Pietermaritzburg	157 620	
	Richards Bay	142 200	
	Valencia	250 000	
	Malukazi		169 000
	Palmiet No. 1		300 000
	AVERAGE PRICE	204 970	284 750

From Table 22, it can be deduced that the estimated acquisition costs of primary and secondary schools averaged at approximately R200 000 and R280 000 for the 1985/86 and 1986/87 financial years, respectively.

These averages are substantial amounts of money. Consequently, careful consideration should be given to the feasibility of the construction of a new school. In this regard, future trends in the Indian population growth should be projected. Such projections should enable an education planner to arrive at a net result indicating an increase or decrease in the requirements of future school accommodation. In view of the massive costs involved in the acquisition and construction of schools, a new school should only be built if there is an urgent need for one.

6.2.1.1.2.4 PROVISION OF ADDITIONAL ACCOMMODATION

Table 23 illustrates the total number of additional

primary and secondary schools built during the period 1980-1987 and their concomitant capital costs.⁵²⁾

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52. The information contained in Table 23 has been extracted from the following sources:
- (i) Republic of South Africa: Department of Indian Affairs: Annual Report 1980, RP 114/1980, Government Printer, Pretoria, 1980, p. 90;
 - (ii) Republic of South Africa: Department of Internal Affairs: Annual Report 1981, RP 43/1982, Government Printer, Pretoria, 1982, p. 105;
 - (iii) Republic of South Africa: Department of Internal Affairs: Annual Report 1984, RP 38/1985, Government Printer, Pretoria, 1985, p. 96;
 - (iv) Republic of South Africa: Administration: House of Delegates: Annual Report 1985, op. cit., p. 8; and
 - (v) Republic of South Africa: Administration: House of Delegates: Annual Report 1986, op. cit., p. 6.

TABLE 23ADMINISTRATION: HOUSE OF DELEGATESDEPARTMENT OF EDUCATION AND CULTURECAPITAL COSTS OF NEW SCHOOLS BUILT DURING THE PERIOD1980-1987

YEAR	CAPITAL EXPENDITURE ON NEW SCHOOLS	NUMBER OF NEW SCHOOLS BUILT	
		PRIMARY	SECONDARY
	R		
1980/81	14 971 000	19	7
1981/82	10 862 953	19	16
1984/85	43 625 533	8	8
1985/86	38 458 000	8	4
1986/87	43 505 370	3	1

Table 23 reveals that a total of 26 new schools cost approximately R15 million in the 1980/81 financial year, whereas only four schools in the 1986/87

financial year cost approximately R44 million. These statistics, which reveal excessive escalation costs, once again, stress the need for careful planning prior to taking decisions on the construction of new schools.

Moreover, the statistics in Table 23 also indicate that there has been a drastic decrease in the demand for additional school accommodation during the period 1984-1987. Consequently, there is every probability that there will be excess idle capacity in Indian schools in the near future. Administrators should be giving serious thought to alternative ways in which such excessive capacity can be utilised or disposed of in order to ensure that educational resources are used efficiently and effectively.

Having considered capital expenditure, it would be feasible to examine briefly statistics pertaining to current expenditure incurred by the Department of Education and Culture of the Administration: House of Delegates. This aspect is considered below.

6.2.1.1.2.5 CURRENT EXPENDITURE: PRIMARY AND SECONDARY
EDUCATION

Table 24 indicates the current costs of primary and secondary schools for the period 1980-1987.⁵³⁾

53. The information contained in Table 24 has been borrowed from the following sources:

- (i) Republic of South Africa: Department of Indian Affairs: Annual Report 1980, op. cit., p. 102;
- (ii) Republic of South Africa: Department of Internal Affairs: Annual Report 1981, op. cit., p. 114;
- (iii) Republic of South Africa: Administration: House of Delegates: Annual Report 1985, op. cit., p. 24; and
- (iv) Republic of South Africa: Administration: House of Delegates: Annual Report 1986, op. cit., p. 24.

TABLE 24

ADMINISTRATION: HOUSE OF DELEGATES

DEPARTMENT OF EDUCATION AND CULTURE

CURRENT COSTS OF PRIMARY AND SECONDARY SCHOOLS FOR THE PERIOD 1980-1987

ITEMS OF EXPENDITURE	1980/81	1981/82	1985/86	1986/87
	R'000	R'000	R'000	R'000
Salaries	59 356	75 666	208 899	231 519
Text, prescribed and reference books	2 742	3 755	5 091	5 470
School supplies	4 098	5 225	6 524	6 950
Furniture and equipment	3 419	4 758	2 211	3 289
Cleaning and maintenance contracts	1 869	2 269	7 443	-
Subsidies to State-aided schools	586	607	370	594

From Table 24, the following deductions, inter alia, can be made:

- (i) salaries is the largest single item of current expenditure of the aforementioned Department;
and
- (ii) the cost of cleaning and maintenance contracts increased by 298 per cent between the 1980/81 and 1985/86 financial years.

6.2.1.1.2.5.1 CLEANING AND MAINTENANCE

Sneller Services is responsible for undertaking minor repairs and cleaning services in Natal and Transvaal schools under the control of the Department of Education and Culture of the Administration: House of Delegates.

In terms of repairs, an invoice for a service order has to be completed by the school principal. An invoice cannot exceed the sum of R150. However, there is no limit to the number of invoices that can be issued during the year. Sneller Services undertake the following types of repairs at schools:

- (i) replacement of window panes;
- (ii) replacement of washers for tap and toilet systems;

- (iii) replacement of globes and tubes; and
- (iv) replacement of door locks and handles.

As far as cleaning is concerned, a maximum allowance of approximately R2 400⁵⁴⁾ per month, per school is permitted by the aforementioned Department. This allowance is utilised for the following purposes:

- (i) wages for cleaners;
- (ii) cleaning materials;
- (iii) wages for the grass-cutting team, including the driver of the tractor; and
- (iv) wages for members of the slasher team.

Assuming that repair costs average between R2 000-R3 000 per year, per school, the minimum bill for repair and cleaning services could amount to R30 000 to R40 000

54. Or R28 800 per school, per year.

per school, annually.⁵⁵⁾

From the foregoing discussion, it is evident that substantial sums of money are expended annually for cleaning and maintenance of schools under the control of the Department of Education and Culture of the Administration: House of Delegates. In order to reduce cleaning and maintenance costs, the nature of the construction of schools should incur as little of these costs as possible in the future. Administrators should seek the expert advice and guidance of plan drawers and architects in the construction of future schools.

The second way of presenting estimates of expenditure is by means of the item structure, which is considered in the following section.

55. These calculations are based on projected figures.

6.2.1.2 ITEM STRUCTURE

The item structure, which is a presentation according to standard items, sets out the estimated expenditure of the various goods and services required for the pursuance of the objectives of the Department of Education and Culture of the Administration : House of Delegates. This presentation of the moneys required on the Education and Culture Vote provides information regarding the anticipated 'inputs' necessary to pursue the stated objectives. The item structure has been standardised and the standard divisions are as follows:

- (i) personnel expenditure;
- (ii) administrative expenditure;
- (iii) stores and livestock;
- (iv) equipment;
- (v) land and buildings;
- (vi) professional and special services;
- (vii) transfer payments; and
- (viii) miscellaneous.

6.2.1.2.1 PERSONNEL EXPENDITURE

Personnel expenditure refers to all expenditure concerning conditions of service of officers and employees including salaries, wages, remunerative allowances, overtime pay, bonuses and gratuities.

6.2.1.2.2 ADMINISTRATIVE EXPENDITURE

This category of expenditure refers to the normal administrative commitments of the aforementioned Department including subsistence and transport costs, transport expenditure, postal, telephone, telegraph and other communication services, advertisements, membership and registration fees, entertainment expenditure and compensatory payments to staff in respect of transfers and official travelling.

6.2.1.2.3 STORES AND LIVESTOCK

Expenditure in this category relates to the acquisition of stores items of a consumable nature such as chemicals, paint, provisions, printing and stationery.

6.2.1.2.4 EQUIPMENT

Expenditure for equipment is utilised in connection with

the purchase or hiring of non-consumable stores items which do not lose their identity through use, for example, laboratory and scientific equipment, furniture and labour-saving devices.

6.2.1.2.5 LAND AND BUILDINGS

Expenditure on land and buildings are incurred on the purchase or renting of land, building and structure.

6.2.1.2.6 PROFESSIONAL AND SPECIAL SERVICES

Expenditure for these services include payments for services rendered by professional and specialised persons and firms, for example, architects, accountants and garages.

6.2.1.2.7 TRANSFER PAYMENTS

These payments refer to moneys which are not spent by the aforementioned Department on the purchase of goods and services, but are paid over to persons and bodies in accordance with a specific appropriation shown in the programme structure. These include, inter alia, grants-in-aid, loans, social pensions and subsidies.

6.2.1.2.8 MISCELLANEOUS

Miscellaneous items refer to those items not included by the foregoing, such as, inter alia, claims against the State and repayments and remissions.

Table 25 illustrates a summary of expected expenditure for Education and Culture in terms of the standard item structure for the period 1 April 1985-31 March 1988.⁵⁶⁾

56. Republic of South Africa: Administration: House of Delegates: Estimate of revenue and expenditure for the financial year ending 31 March 1986, op. cit., p. 3-2; and Republic of South Africa: Administration: House of Delegates: Estimate of revenue and expenditure for the financial year ending 31 March 1988, op. cit., p. 3-2.

TABLE 25ADMINISTRATION: HOUSE OF DELEGATESDEPARTMENT OF EDUCATION AND CULTUREPROGRAMME 2: EDUCATION

SUMMARY OF EXPECTED EXPENDITURE ACCORDING TO THE STANDARD
ITEM STRUCTURE FOR THE PERIOD 1 APRIL 1985 TO 31 MARCH
1988

PRESENTATION ACCORDING TO STANDARD ITEMS ITEMS	1985/86	1986/87	1987/88
	R'000	R'000	R'000
A Personnel expenditure	232 472	260 104	294 589
B Administrative expenditure	9 340	12 425	9 872
C Stores and livestock	16 837	16 019	16 483
D Equipment	2 711	4 630	13 015
E Land and buildings	-	-	-
F Professional and special services	8 788	1 349	1 340
G Transfer payments	51 676	70 577	68 000
H Miscellaneous expenditure	-	-	-
Total	321 824	365 104	403 299

6.2.1.3 SUBPROGRAMME 'MINISTER'

Provision is normally made for the personal salary and allowances of the Minister on a subprogramme 'Minister' under the Administration programme of the aforementioned Department. This subprogramme is specified mainly for parliamentary procedural purposes and excludes expenditure in connection with the Minister's private secretariat, transport and other administrative expenditure. Provision for the latter is incorporated in the subprogramme 'Administrative auxiliary services'.

6.2.1.4 INTERNAL CHARGES

This item appears on the Education and Culture Vote only. In order to economise, certain school supplies are being purchased by the stores in bulk and supplied to the various schools, on request, at a later date. Provision for school supplies purchased by the stores are made under Programme 1: Administration. The various schools also provide for supplies under Programme 2: Education. Consequently, double provision is made for certain supplies. To eliminate the double provision, the total internal charges payments of the department concerned has to be deducted from the total estimate

to ensure that only the net cash requirements of the department are submitted to the Administration: House of Delegates for appropriation.

6.2.1.5 MANPOWER ESTIMATES

A table illustrating the manpower applied to each programme, by salary-group, forms part of the Education and Culture Vote. The manpower estimates are determined at manpower costs based on average annual earnings inclusive of remunerative bonuses and allowances. The authorised establishment in respect of the Education and Culture Vote is indicated by means of a footnote.

Table 26 illustrates the Department's manpower estimates in man-years for the financial year ending 31 March 1988.⁵⁷⁾

57. Republic of South Africa: Administration: House of Delegates: Estimate of revenue and expenditure for the financial year ending 31 March 1988, op. cit., p. 3-15.

TABLE 26

ADMINISTRATION: HOUSE OF DELEGATES

DEPARTMENT OF EDUCATION AND CULTURE

MANPOWER ESTIMATES IN MAN-YEARS FOR THE FINANCIAL YEAR ENDING 31 MARCH 1988

PROGRAMME	R52 600 AND MORE	R31 200-R52 599	R15 300-R31 199	R7 000-R15 299	R0-R6 999	TOTAL MAN-YEARS
Programme 1	3	1	8	43	9	64
Programme 2		1 468	6 375	4 205	570	12 618
Programme 3			1	2		3
Programme 4			2	3		5
Total man-years	3	1 469	6 386	4 253	579	12 690 a

a: Authorised establishment: 12 699

from Table 26, it can be deduced that the largest number of employees are employed for the execution of Programme 2: Education. Moreover, 50 per cent of the employees receive an income of between R15 300-R31 199 per annum.

6.3 ECONOMIC CLASSIFICATION OF EXPENDITURE

The following general guidelines based on recognised statistical and national accounts classifications, have been adopted by the Department of Education and Culture of the Administration: House of Delegates in allocating expenditures in terms of this classification.

6.3.1 CURRENT EXPENDITURE⁵⁸⁾

Current expenditure is the recurrent expenditure of the aforementioned Department on goods and services not intended for the establishment or acquisition of capital assets or goods indicated under 'Capital Expenditure' below. It includes, inter alia, the purchase of durable goods such as machinery and equipment for schools and research.

58. Supra., p. 63.

6.3.2 CAPITAL EXPENDITURE⁵⁹⁾

Capital expenditure includes expenditure by the aforementioned Department on goods and services resulting in capital formation or the establishment or acquisition by the State on fixed assets such as land, buildings and structures.

6.3.3 TRANSFER PAYMENTS

Transfer payments refer to amounts which are not spent on goods and services by the aforementioned Department, but will be paid over to other bodies or persons. Such payments include all transfers to government bodies, private institutions and households in the following forms:

- (i) grants-in-aid, subsidies, contributions, financial assistance and additions to capital;
- (ii) loans and advances; and
- (iii) pensions and social benefits.

59. Supra., p. 62.

Before dealing with the requirements in respect of the various services of education separately, it is essential to explain how expenditure is apportioned in relation to the services that have to be rendered.

6.4 APPORTIONMENT OF ESTIMATED EXPENDITURE IN TERMS OF THE STANDARD ITEM STRUCTURE WITH SPECIAL REFERENCE TO THE 1988/89 FINANCIAL YEAR⁶⁰⁾

Firstly, personnel expenditure for the 1988/89 financial year amounts to R334 362 000, which includes provision for all salary payments and allowances, normal salary increments, additional teaching and non-teaching staff, appointments, promotions, improvement in qualifications, advancement of merit, merit awards, housing subsidies and leave gratuities.

Provision is also made for part-time classes for adult school-leavers at 16 centres, for which an amount of

60. Unless otherwise indicated, the contents of this section has been extracted from Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Sixth Session, Eighth Parliament, 26 to 28 April 1988, op. cit., col. 7754.

R402 000 is required.

Secondly, the amount allocated for administrative expenditure is R8 811 000 for the 1988/89 financial year. This figure includes allocations for bursaries and study loans for teacher training, and for contract bus services for the transport of pupils and students. Increases in postal and telephone tariffs, government garage transport, subsidised transport and public transport also have to be considered.

Thirdly, the allocation for stores is R18 906 000 for the 1988/89 financial year as against R16 483 000 in 1986/87, an increase of R2 423 000. This allocation is also used, inter alia, for the purchase of library and reference books.

Fourthly, an amount of R7 302 000 has been provided for furniture, equipment and apparatus for the 1988/89 financial year. In the 1987/88 financial year, a sum of R4 523 000 had been set aside for the supply of computer equipment to secondary schools, while R1 703 000 was provided for the purchase of television sets and video cassette recorders for schools, colleges of education and teachers' centres. Moreover, provision is made for the equipping of new schools, replacement schools and additions to existing schools.

Fifthly, the expenditure on professional and special services, for the 1988/89 financial year, will amount to R3 109 000 which includes, inter alia:

- (i) provision for medical and health care services for pupils at the two schools of industries;
- (ii) computerisation of the Senior Certificate Examination results;
- (iii) film library services;
- (iv) research projects;
- (v) examination costs where the services of outside examiners and moderators are utilised;
- (vi) payment of a production fee to the South African Broadcasting Corporation for educational television programmes for schools and licensing fees for television receivers.

Moreover, provision is made for the continuation of a programme to uplift the standard of sport at schools. The amount allocated for this purpose is R15 000 for the 1988/89 financial year.

Finally, provision has to be made for transfer payments which amount to R16 800 000 for the 1988/89 financial

year. This amount is required for the following purposes:

- (i) payment of subsidies for special schools which cater for the education and training of handicapped children;
- (ii) payment of subsidies to private pre-primary schools;
- (iii) payment of subsidies to State-aided schools;
- (iv) payment of boarding allowances to indigent pupils; and the
- (v) payment of a rand-for-rand subsidy⁶¹⁾ in respect of the provision of sports facilities at primary

61. The programme for the provision of swimming pools and tennis courts at primary and secondary schools on a rand-for-rand basis was implemented in 1986. An amount of R500 000 was voted for this purpose in each of the 1987/88 and 1988/89 financial years - vide Republic of South Africa: Administration: House of Delegates: Annual Report 1986, op. cit., p. 23; and Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 26 to 28 April 1988, op. cit., cols. 7754 and 7755.

and secondary schools.

The requirements for the different phases of education, with particular reference to primary and secondary education, will be dealt with hereunder.

6.5 REQUIREMENTS FOR THE DIFFERENT PHASES IN EDUCATION⁶²⁾

6.5.1 PRE-PRIMARY EDUCATION

For pre-primary education, an amount of R1 309 000 is provided for the 1988/89 financial year for the payment of grants-in-aid and subsidies to registered pre-primary schools conducted by private persons, welfare organisations and religious and welfare bodies. This represents an increase of R334 000 over the amount voted in the 1987/88 financial year.

62. Unless otherwise indicated, the information contained in this section has been borrowed from Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 26 to 28 April 1988, op. cit., col. 7754.

6.5.2 PRIMARY AND SECONDARY EDUCATION

The allocation for primary and secondary education for the 1988/89 financial year is R345 268 000, an increase of R48 170 000. Of this amount, R312 693 000 constitutes salaries, allowances and other personnel expenditure, which includes the following:

- (i) provision of annual salary increments;
- (ii) promotions;
- (iii) improvements in qualifications;
- (iv) advancement of merit;
- (v) housing subsidies and leave gratuities in respect of teaching and non-teaching personnel; and the
- (vi) payment of wage subsidies to persons in charge of community-based readiness classes conducted in primary schools.

6.5.2.1 HOW EFFICIENTLY IS THIS MASSIVE SUM OF MONEY BEING EXPENDED?

It is noteworthy that 89 per cent of the total amount voted for the 1988/89 financial year for primary and secondary education constitutes payment of salaries,

particularly teachers' salaries. Consequently, it is clear that teachers share the responsibility of ensuring that money is not wasted. Misspending can assume a number of forms, such as:

- (i) the teacher who faces the class without adequate preparation;
- (ii) loss of or damage to textbooks and stationery;
- (iii) neglect of or damage to buildings and apparatus;
- (iv) unnecessary use of vehicles at State expense;
- (v) absence of teachers without valid reason; and
- (vi) a high failure rate at the end of the year.⁶³⁾

The foregoing incidents result in the ineffective expenditure of funds and delay, unnecessarily, the rate of improvement and development. Consequently, the period for the attainment of the ideal of equal education will be prolonged. Hence, teachers have an unavoidable duty and obligation towards every pupil,

63. Olivier, G.J. (ed.): "The budget", Educamus, Vol. XXXII, No. 4, April 1986, p. 3.

every fellow teacher and every parent to ensure that they fulfil their professional functions punctually, adequately and effectively.⁶⁴⁾

6.5.3 SCHOOL SUPPLIES

The next major item of expenditure is the purchase of school supplies, text and prescribed books, and library and reference books, the cost of which amounts to R16 603 000 for the 1988/89 financial year. This figure represents an increase of R2 053 000 over the amount voted for the 1987/88 financial year.

6.5.4 FURNITURE, EQUIPMENT AND APPARATUS

The amount required for furniture, equipment and apparatus for the 1988/89 financial year is R6 508 000, which is R4 230 000 less than the amount voted for the 1987/88 financial year. In addition to normal requirements, provision is made for new schools, replacement schools and additions to existing schools, and for the supply of television sets and video cassette

64. Loc. cit.

recorders for educational radio and television licences and micro-computers for computer education.

6.5.5 TRANSPORT TO PUPILS⁶⁵⁾

The amount provided for transport of pupils by contract buses for the 1988/89 financial year is R3 720 000, which represents a decrease of R32 000 over the 1987/88 financial year. Transport expenses are incurred for the institution of new bus services necessitated by the establishment of new townships, the closure of certain State-aided schools and their zoning of pupils, the provision of additional buses on existing services, the extension of existing bus routes and increases in contract prices.

6.5.6 PAYMENT OF SUBSIDIES

Expenditure in respect of the payment of subsidies to State-aided schools for the 1988/89 financial year amounted to R734 000, which represents a decrease of

65. See also Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 24 to 26 May 1988, Government Printer, Cape Town, col. 1628.

R49 000 over the amount voted for the 1987/88 financial year.

The subsidies vary according to the pupil enrolment at each school and range from R15 to R40 per pupil, per annum.⁶⁶⁾

Provision for the payment of a grant-in-aid to State-aided schools towards the cost of major repairs and renovations had been made for the first time in the 1986/87 financial year.

6.6 PROGRAMME 3: TERTIARY EDUCATION

Under Programme 3: Tertiary Education, provision is made for the financing of current and capital expenditure in respect of the University of Durban-Westville and the M.L. Sultan Technikon.⁶⁷⁾

66. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Third Session, Eighth Parliament, 14 to 18 April 1986, op. cit., col. 1935.

67. Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 26 to 28 April 1988, op. cit., col. 7755.

6.7 PROGRAMME 4: CULTURE

In terms of the provisions of the Culture Promotion Act, 1983 (Act 35 of 1983), the Department of Education and Culture of the Administration: House of Delegates created a Directorate of Cultural Affairs which is meaningfully engaged in promoting the cultural interests of the Indian community.⁶⁸⁾

Under Programme 4: Cultural Advancement, provision is made for the promotion of cultural affairs such as physical recreational activities, arts and sciences, youth affairs and the rendering of specialised cultural services. In this regard, an amount of R800 000 has been provided for the 1988/89 financial year. This figure represents an increase of R116 000 or 16,9 per cent over the amount voted for the 1987/88 financial year. The payment of a grant-in-aid to approved cultural

68. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Third Session, Eighth Parliament, 14 to 18 April 1986, op. cit., col. 1935.

institutions comprises a major part of the expenditure under this Programme.⁶⁹⁾ An amount of R430 000 had been included in the estimate for the 1987/88 financial year for this purpose.⁷⁰⁾

6.8 EVALUATION

A close interdependence exists between the Department of Education and Culture and the Department of Budgetary and Auxiliary Services of the Administration: House of Delegates. The supportive role played by the latter Department in the operation of the financial process enhances the efficiency and effectiveness of the process.

The presentation of the estimates of expenditure in terms of programmes and item structure is feasible and introduces strict discipline over the expenditure of public moneys.

69. Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 26 to 28 April 1988, op. cit., cols. 7755 and 7756.

70. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 10 to 14 August 1987, Government Printer, Cape Town, col. 1822.

7. SUMMARY

The outline of the historical development of Indian education reveals that remarkable progress has been made in the financing of education since 1860. However, it is noteworthy that many of the earlier schools were built on the sole initiative of the Indian community.

The organisational structure of the Department of Education and Culture of the Administration: House of Delegates reveals that the directorates and subdirectorates work in close liaison with each other under the control of the Chief Executive Director, who, in turn, is accountable to the Minister of Education and Culture.

The organisational structure of the Department of Budgetary and Auxiliary Services illustrates that this Department plays an influential role in the implementation of the financial process operating in the Department of Education and Culture.

In terms of expenditure, teachers' salaries comprise the largest single item of expenditure. Substantial sums are also expended on cleaning and maintenance of schools. To reduce these costs, it is desirable that careful consideration should be given to the nature of the construction of future schools.

Capital expenditure relating to the acquisition, construction and electrical installation costs of primary and secondary schools involve massive sums of money. Feasibility studies should be conducted on the desirability of building new schools in the future.

The massive inputs in terms of current and capital expenditure should result in the attainment of desirable outputs in the form of improved internal and Senior Certificate Examination results. However, there is still room for improvement in the examination results in Indian education. A marked improvement in results would justify the economical and judicious use of public moneys.

The preparation of estimates of expenditure in terms of programmes and item structures has introduced strict discipline in the allocation of appropriated moneys by the Department of Education and Culture. Such discipline augurs well for the smooth functioning of the financial process in the future.

This chapter has focused attention on the generic process of organising in the operation of the financial process. Consequently, the other five generic administrative processes will be the subject of discussion of Chapter VIII together with a consideration of the financial process operating at the school level.

CHAPTER VIIIFINANCIAL PROCESS OPERATING IN THE DEPARTMENT OF
EDUCATION AND CULTURE OF THE ADMINISTRATION: HOUSE
OF DELEGATES AT THE REGIONAL AND SCHOOL LEVELS1. INTRODUCTION

The operation of the financial process at the national level has been considered in Chapters III and IV. In Chapter VII, attention was focused, inter alia, on the organisational arrangements pertaining to the operation of the financial process in the aforementioned Department at the regional level. Consequently, the remaining thread of the financial process that still has to be considered relates to the other five generic administrative processes at the regional level as well as the operation of the financial process at the school level. These aspects are the subjects of discussion of this chapter.

Consequently, this chapter focuses attention on the following aspects:

- the generic processes of policy-making, financing, staffing, work procedures and control relating to the operation of the financial process at the regional level; and
- regulations pertaining to the administration and control of school funds at the school level.

Prior to the discussion of the generic administrative processes pertinent to the operation of the financial process, it would be useful to consider the concept of 'finance' in relation to own affairs.

2. FINANCE¹⁾

The term 'finance' in relation to own affairs of the Administration: House of Delegates includes the following:

- (i) estimates of revenue and expenditure, but excluding the form in which such estimates shall be prepared;
- (ii) the appropriation of moneys for the purposes of such estimates, but excluding such appropriation of moneys for any purpose other than for which they are by or under any general law made available for appropriation;
- (iii) levies authorised by or under any general law, on services rendered over and above payments for such services;
- (iv) the receipt of donations;

1. Supra., p. 26.

- (v) the making of donations not amounting to a supplementation of appropriations contemplated in (ii); and
- (vi) the control over the collection and utilisation of revenue, subject to the provisions of the Exchequer and Audit Act, 1975 (Act 66 of 1975),

but excludes the levying of taxes and the raising of loans.²⁾

From the aforementioned definition of finance, it is evident that there are legislative restrictions placed on the Department of Education and Culture of the Administration: House of Delegates over the collection of public moneys. Such restrictions are in keeping with the State's policy whereby the provision of public moneys is centralised whereas the power of execution of public expenditures is decentralised in the hands of the executive education State departments of the RSA.

2. Republic of South Africa: Republic of South Africa Constitution Act, 1984 (Act 110 of 1984), Schedule 1, Article 10.

3. GENERIC ADMINISTRATIVE PROCESSES PERTAINING TO THE
FINANCIAL PROCESS OPERATING IN THE DEPARTMENT OF
EDUCATION AND CULTURE OF THE ADMINISTRATION:
HOUSE OF DELEGATES

Organising, as a generic administrative process, in the financial process operating in the aforementioned Department, has been considered in Chapter VII. Consequently, this discussion concentrates on the other five generic administrative processes, namely, policy-making, financing, staffing, work procedures, and control.

3.1 POLICY-MAKING IN THE FINANCIAL CYCLE OF THE BUDGET

The budget cycle of the aforementioned Department commences in February, when the Department is requested to prepare its multi-year or five-year estimates. The starting point is year 0 - 1, that is, the previous financial year. Comparative figures are requested, per programme, for the Department for year 0 - 1, year 0, that is, the current financial year, and year 0 + 1 to 0 + 3, the following three financial years.³⁾

3. Republic of South Africa: Budget Speeches, 1986-87, Government Printer, Pretoria, 1986, p. 46.

During the presentation stage, several meetings are conducted to discuss fund requirements and to allocate priority codes⁴⁾ to the various services. After consultation with the Minister of Education and Culture of the aforementioned Department, estimates are submitted by the programme managers to the Directorate: Financial Administration of the Department of Budgetary and Auxiliary Services of the Administration: House of Delegates for the necessary further attention. During the second week in April, the estimates are discussed at a meeting of the Departmental Budget Committee under the chairmanship of the Director General in his capacity as accounting officer. Representatives of Treasury also attend the budget committee meetings. The aforementioned Committee refers the estimates, together with their recommendations, to the Ministers' Council for approval.⁵⁾

Since the budget cycle is on a five-year basis, the Ministers' Council of the Administration: House of

4. Supra., p. 233.

5. Republic of South Africa: Budget Speeches, 1986-87, op. cit., p. 46.

Delegates will have to submit their requirements over a five-year period. However, from time to time, there will be an upgrading of the figures that have been submitted in order to make the budget as realistic as possible. Moreover, depending on the economic climate at the point in time, adjustments will have to be made, with possible reductions in some areas and upgrading in others.⁶⁾

The draft estimates are, thereafter, submitted to Treasury.

From the aforementioned policy-making procedures, the following budget cycle can be deduced, in diagrammatic form as illustrated in Figure 33.

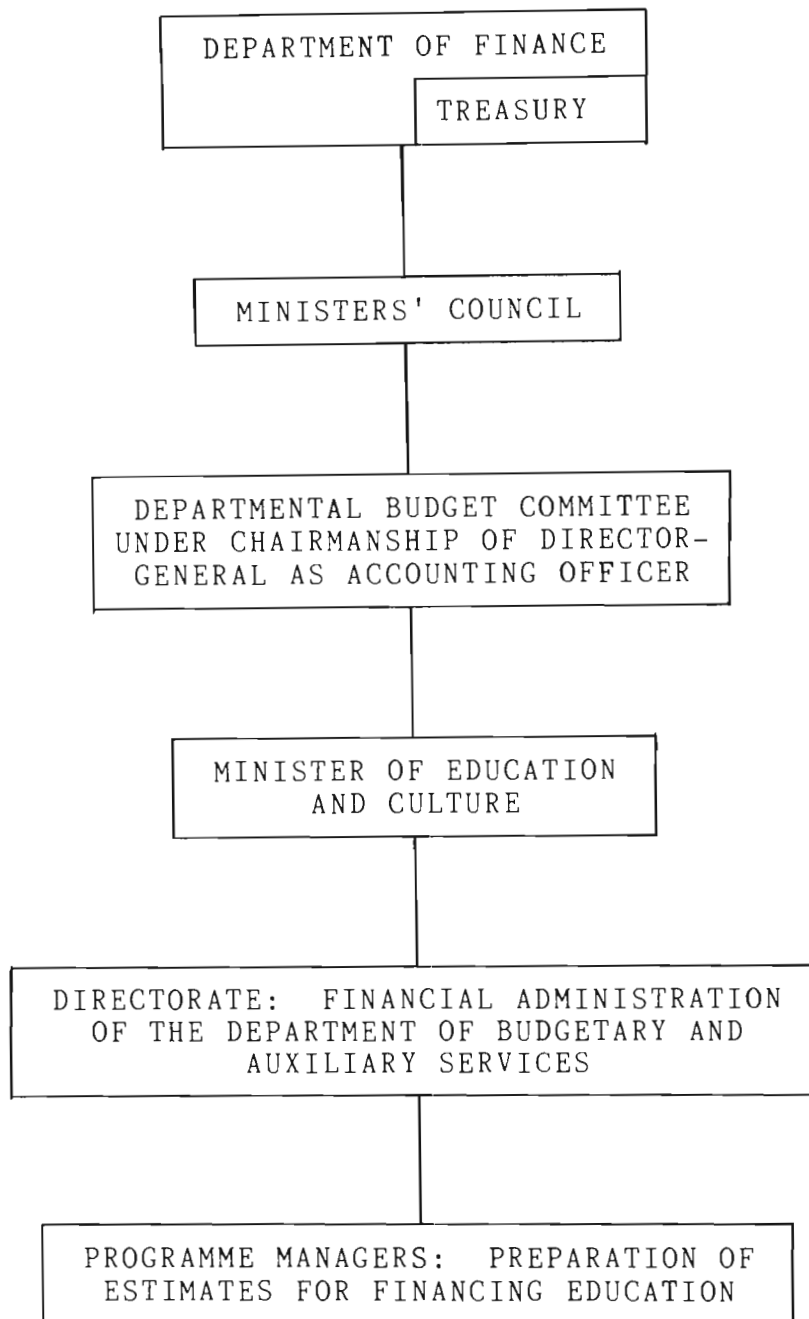
6. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 8 to 12 June 1987, Government Printer, Cape Town, col. 601.

FIGURE 33

ADMINISTRATION: HOUSE OF DELEGATES

DEPARTMENT OF EDUCATION AND CULTURE

THE BUDGET CYCLE AS PART OF THE FINANCIAL PROCESS



After studying the estimates and comparing priorities of all the departments, that is, own affairs and general affairs, the Treasury advises the Administration: House of Delegates on a guideline amount for the forthcoming (0 + 1) financial year. This guideline amount may not easily be exceeded but adjustments within the Department of Education and Culture may be made in the light of the Administration's own priorities. For example, the allocation of Vote 3: Education and Culture was less than appropriated for the 1986/87 financial year and representations were made to Treasury to increase the guideline amount by more than R8 million. This request was successful. The Minister of the Budget of the aforementioned Administration stated that his Administration was prepared to respond to appeals made by the State President and the Minister of Finance to cut back its requisitions, but not to the extent where the cut will be unjust to the Indian community.⁷⁾

Since the 1987/88 financial year, the provision of funds for expenditure on educational services has been

7. Republic of South Africa: Budget Speeches, 1986-87, op. cit., p. 46.

calculated according to a formula in terms of the provision of the National Policy for General Education Affairs Act, 1984 (Act 76 of 1984). These funds would be allocated to the departments by the Minister of National Education. The task of the Chairman of the Ministers' Council of the Administration: House of Delegates will be to impress upon his Administration of the gravity of the situation and the need to determine priorities so that the reduced allocation would prove adequate.⁸⁾

The aforementioned financing formula is considered, inter alia, in the following discussion of 'financing' as a generic administrative process operating in the Department of Education and Culture of the Administration: House of Delegates.

8. Republic of South Africa: Budget Speeches, 1987-88, Government Printer, Pretoria, 1987, p. 33.

3.2 FINANCING FOR OWN AFFAIRS⁹⁾

3.2.1 STATUTORY AUTHORISATION

With the promulgation of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), statutory authorisation was granted to a dispensation in which final responsibility for own affairs was vested in the Minister of the Budget. The Minister of Finance is charged with the responsibility of dealing with the finances of general affairs, while responsibility for the finances of own affairs is entrusted to the Minister of the Budget.

In respect of specific powers in the Exchequer and Audit Act, 1975 (Act 66 of 1975), the Minister of the Budget and the Subdirectorates: Treasury of the Administration; House of Delegates possess the same power as those of the Minister of Finance and the Treasury. However, specific powers, for example, the levying of taxes and the raising and granting of government loans, are the sole responsibility of the Minister of Finance.

9. Unless otherwise indicated, the information contained in this section has been extracted from ibid., pp. 26-28.

Since the Administration: House of Delegates has its own Revenue Account, the function of piloting its appropriation laws, that is, the part, additional and main appropriation, through the Administration every year has been entrusted to the Minister of the Budget. The fact that the Minister of the Budget has been charged with this function entails that the Treasury has to apply overall forward control over funds, as well as overall post-budgeting control, within the Administration. Moreover, constant attention has to be given to revenue planning and the determination of financial priorities within the Administration.

The responsibilities of the Director General, as overall accounting officer of the Administration: House of Delegates, are directly related to the exercise of such control. While the Director General is accountable before the Standing Committee on Public Accounts of Parliament for the overall expenditure of the Administration as a general affair, the respective departmental heads are also accountable to the Standing Committee on Public Accounts of the Administration: House of Delegates.

Financial expertise and advice are prerequisites in any body politic. In view of the fact that own affairs are

occupying a fully-fledged position in the constitutional dispensation of the RSA, the role of own affairs Subdirectorates: Treasury, as a financial adviser to the Administration: House of Delegates, has grown in importance.

In the aforementioned Administration, increasing emphasis is being given to correct revenue planning in terms of the principle of formula financing. It is noteworthy that proper planning of expenditure cannot succeed without proper planning of revenue.

3.2.2 FINANCING FORMULA

The chief source of revenue of the Administration is the formula amounts that have to be paid over in terms of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983).¹⁰⁾ For this purpose, formulae have to be developed to do justice to own affairs as well as to the respective population groups. Consequently, exceptional expertise is necessary for devising, refining and constantly revising these important formulae.

The Minister of the Budget stated in his Budget Speech

10. Republic of South Africa: Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), section 84 (a).

on 3 June 1987 that the basic formula for education had been accepted by all three Ministers' Councils, as well as the Cabinet. For the finalisation of the formula, the Department of Education and Culture of the Administration: House of Delegates makes inputs after consultation with the interested parties. However, the final decisions rest with the Minister of Finance.

3.2.3 DRAFT PREPARATION OF THE FINANCING FORMULA

Although common financing formulae for education departments in the RSA have already been drafted, they have not yet been formalised as general policy, as certain parties concerned still have to be consulted.¹¹⁾ Therefore, these formulae have been shrouded in secrecy.

11. In so far as education is concerned, this formula was determined without the involvement of the Administration: House of Delegates. This formula was based on 1984 legislation, over which the aforementioned Administration had no control - vide Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 8 to 12 June 1987, op. cit., col. 600.

The actual formulae together with the strategy for implementation will be announced as soon as negotiations have been completed. These formulae were drafted during the period 1981-1987.¹²⁾

The bodies that were consulted prior to the application of these formulae were:

- (i) the South African Council of Education (SACE);¹³⁾
and
- (ii) the Universities and Technikons Advisory Council (UTAC)¹⁴⁾ in respect of the use of formulae for universities and technikons as a frame of reference for the calculation of the budgets for the 1987/88 financial year.

12. Republic of South Africa: Administration: House of Assembly: Debates of the House of Assembly, (Hansard), Fourth Session, Eighth Parliament, 9 to 12 February 1987, Government Printer, Cape Town, col. 16.

13. Supra., p. 286.

14. Supra., p. 287.

3.2.4 FINANCING FORMULA¹⁵⁾ AS AN AID TO FINANCIAL DISCIPLINE

For the 1987/88 financial year, the provision of funds for expenditure on educational services was calculated according to a formula in terms of the provisions of the National Policy for General Education Affairs Act, 1984 (Act 76 of 1984). The provision of these funds was allocated to the education departments, including the Department of Education and Culture of the Administration: House of Delegates, by the Minister of National Education.¹⁶⁾

The Minister of Finance earnestly requested the Chairman of the Ministers' Council of the aforementioned Administration to impress upon his Administration the gravity of the situation and the need to determine priorities so that the reduced allocation, in terms of the financing formula, would prove adequate. The guideline amount for Education and Culture was made

15. Supra., p. 329.

16. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 8 to 12 June 1987, op. cit., col. 555.

known to the aforementioned Administration during October 1986. However, this amount, calculated in terms of a formula, was totally inadequate to meet the needs of the Administration. In spite of negotiations with the Minister of National Education and the Minister of Finance, an appeal for additional funds proved to be futile. Consequently, the Chairman of the Ministers' Council of the aforementioned Administration was compelled to cut back on capital works in order to reduce the requirements of the Department of Education and Culture and to generate more funds for education.¹⁷⁾

The Chairman of the Ministers' Council of the Administration: House of Delegates was of the opinion that the Education and Culture Vote for the 1986/87 financial year revealed a 'disquieting aspect'. He stated as follows:

"The comparative figures for the different Houses make very disturbing reading. The Education and Culture Vote for the House of Delegates is R365 million, for the House of Representatives it is

17. Loc. cit.

R869 500 000, but for the House of Assembly it is R3 069 000 000. With respect to the 4 : 1 formula, this, in my view, in no way serves the need of our community. It is totally inadequate. ... They underline the fact that R3 billion which is voted for the House of 'Education and Culture' in the Assembly is way beyond four times as much as we have".(18)

However, the Minister of Education and Culture of the Administration: House of Delegates impressed upon the fact that the financing formula has been developed to ensure that, within the constraints of limited State revenue, each population group's minimum needs are met and disparities between them systematically chipped away, parity of per capita spending being the long-term

18. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Third Session, Eighth Parliament, 24 to 26 March 1986, Government Printer, Cape Town, col. 1675.

goal.¹⁹⁾

In view of the restrictions placed on the State financing of education, it may be feasible to augment the State's contribution by the levying of compulsory school fees.

3.2.5 FEASIBILITY OF INTRODUCING COMPULSORY SCHOOL FEES

It is anticipated that further cutbacks in State educational expenditure will be implemented in future years resulting in the introduction of alternative sources of income. One such source of income is the levying of compulsory school fees. Pupils' parents in the high-income levels could be requested to contribute a substantial share of school fees. Such a sacrifice would pay handsome dividends in accelerating the attainment of equal provision of education in the RSA. This arrangement will enable the Government to utilise the savings towards the upliftment of Black education.

19. Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 21 to 24 March 1988, Government Printer, Cape Town, col. 4368.

Moreover, the Minister of Education and Culture of the Administration: House of Delegates stipulated that the greater involvement of parents in the education of their children will go a long way towards the attainment of excellence. In this regard, the De Lange Report of 1981 and the subsequent White Paper on the Provision of Education in the Republic of South Africa in 1983 give support to greater parent involvement in education. Besides contributing by way of curricula and administrative inputs, parents are likely to assume greater responsibility for the financing of education. For education to be relevant, it is imperative that the private sector should be involved in the decision-making process, and also accept co-responsibility for the funding of education.²⁰⁾

The aforementioned Minister stated that there was an immediate need to study alternative strategies for financing education and to seek other resources to address this problem. He stipulated as follows:

20. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 10 to 14 August 1987, Government Printer, Cape Town, cols. 1805-1806.

"Finance is essential to maintain present education standards as well as to meet the envisaged curricula changes. If we are to develop excellence in a technological society it is essential that the necessary resources are made available".(21)

However, the Minister pointed out that if and when the need arises to levy school fees, such a proposal will be thoroughly discussed and negotiated.²²⁾

3.2.6 FINANCIAL PROVISIONS TO PUPILS AND TEACHERS

3.2.6.1 PUPILS' TEXTBOOKS AND STATIONERY

The Department of Education and Culture of the administration: House of Delegates provides, inter alia,

21. Ibid., col. 1806.

22. Loc. cit.

free books and stationery to all pupils up to Standard Ten.²³⁾

3.2.6.2 TEACHERS' SALARIES

The salaries of teachers are provided by the State.

In this regard, the Indians Education Act, 1965 (Act 61 of 1965), stipulates as follows:

"(1) Notwithstanding anything to the contrary contained in any law but subject to the provisions of subsections (2) and (3) of this section, the conditions of service, salary scales, allowances and leave privileges of persons (other than officers and employees) employed in any post included in the establishment of a State school, school of industries, reform school or a State-aided school, shall be determined or prescribed by the Minister in consultation with the

23. Behr, A.L.: New perspectives in South African education: A review of education in South Africa, 1652-1984 (second edition), Butterworth Publishers (Pty.) Ltd., Durban, 1984, p. 227.

Minister of the Budget and on the recommendation of the Commission for Administration".(24)

Hence the responsibility for the determination of teachers' salaries rests with the Minister of Education and Culture, the Minister of the Budget and the Commission for Administration.

The aforementioned quotation also makes reference to 'allowances'. One such allowance is the housing subsidy provided to teachers. The procedure for the granting of a housing subsidy is outlined below.

3.2.6.3 HOUSING SUBSIDY²⁵⁾

A housing subsidy, which is provided by the State and distributed through the Department of Education

24. Republic of South Africa: Indians Education Act, 1965 (Act 61 of 1965), section 11(1).

25. The information pertaining to housing subsidy has been extracted from Olivier, G.J. (ed.): "Housing subsidy", Educamus, Vol. XXXII, No. 8, September 1986, p. 22.

and Culture of the Administration: House of Delegates, is calculated in terms of a formula based on the applicant's annual salary, the amount of a mortgage loan, the redemption period of the loan and the monthly capital and interest redemption.

The housing subsidy was introduced to give financial assistance in respect of a housing loan.²⁶⁾ A person qualifies for a housing subsidy provided that he/she:

26. The Minister of Finance, Barend du Plessis, stated that direct and indirect subsidies for the 1983/84 financial year amounted to over R2 300 million. He expressed serious misgivings about the problem of ever-increasing subsidies. Consequently, the Cabinet decided that an in-depth study should be undertaken on housing subsidies, their magnitude, distribution, and impact on the property market. The Minister was of the opinion that such a study could be supplemented by an investigation into other unsatisfactory aspects of the present system of subsidies and hidden benefits - vide Republic of South Africa: Budget Speeches, 1984-85, Government Printer, Pretoria, 1984, p. 13.

- (i) is appointed on a full-time basis;
- (ii) is a contributing member of a pension fund or is, on completion of a qualifying period of two years, compelled to become a member of a pension fund;²⁷⁾ and is in possession of a dwelling²⁸⁾ which
 - (a) is registered on his/her name;
 - (b) is normally occupied by him/her and dependants; and
 - (c) holds a mortgage bond with a registered financial institution, for example, building society.

In many cases, a married woman does not qualify for a housing subsidy. Only if a married woman is, out of necessity, the only breadwinner in the family, can she qualify for a housing subsidy. An unmarried woman,

27. That is, he/she has pension payments taken off his/her salary each month or will have to start paying pension within two years.

28. For example, a house.

who marries, has to cancel her subsidy immediately if she is not, out of necessity, the only breadwinner of the family.

In applying for a housing subsidy, Form OWG 709²⁹⁾ has to be completed. This form is available at the Regional Office of the Administration: House of Delegates. This form and a statement from the financial institution concerned have to be forwarded through the Regional Office to Head Office for the calculation of the housing subsidy. A housing subsidy is currently payable on a maximum amount of R50 000.

Staffing for Indian education has substantial financial connotations. The following section relates to staffing matters of the Department of Education and Culture of the Administration: House of Delegates.

29. See Annexure 8 for a copy of an application form for a housing subsidy.

3.3 STAFFING

Staffing requirements, in this context, will relate to both pupil and teacher requirements of the aforementioned Department.

3.3.1 TEACHER AND PUPIL POPULATION

The number of teachers and pupils that were under the control of the Department of Education and Culture of the Administration: House of Delegates for the period 1982-1987 is reflected in Table 27.³⁰⁾

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30. The statistics reflected in Table 27 have been extracted from the following sources:
- (i) Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 8 to 12 June 1987, op. cit., col. 32;
 - (ii) Republic of South Africa: Administration: House of Delegates: Annual Report 1986, RP 39/1987, Government Printer, Pretoria, 1987, p. 80; and
 - (iii) Republic of South Africa: RSA statistics in brief, Central Statistical Service, Pretoria, 1988, passim.

TABLE 27ADMINISTRATION: HOUSE OF DELEGATESDEPARTMENT OF EDUCATION AND CULTURENUMBER OF PUPILS AND TEACHERS FOR THE PERIOD 1982-1987

YEAR	PUPILS		TEACHERS	
	NUMBER	% INCREASE/ DECREASE	NUMBER	% INCREASE DECREASE
1982	224 576	-	9 534	-
1983	228 210	1,6	9 957	4
1984	230 811	1,1	10 057	0,9
1985	232 367	0,7	9 612	-4
1986	231 733	-0,3	10 878	13
1987	235 226	1,5	11 429	5

The statistics in Table 27 reveal that both teacher and pupil populations fluctuated unsteadily, showing both increases and decreases during the period 1982-1987. Such unsteadiness could be a revelation that the pupil population and, consequently, the teacher population, are expected to fall in the near future.

3.3.2 SCHOOL POPULATION AND CAPACITY UTILISATION

Characteristics such as the school population and capacity utilisation of schools are important indicators of the degree of efficiency and effectiveness with which educational expenditures are being utilised. Consequently, such statistics are an important revelation of the degree of success with which the financial process is being implemented by the Department of Education and Culture of the Administration: House of Delegates.

In Table 28, reference is made to a random sample of schools under the control of the aforementioned Department.³¹⁾

31. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Third Session, Eighth Parliament, 24 to 26 March 1986, op. cit., cols. 19-22.

TABLE 28ADMINISTRATION: HOUSE OF DELEGATESDEPARTMENT OF EDUCATION AND CULTUREMAXIMUM POSSIBLE SCHOOL ACCOMMODATION AND ACTUAL
CAPACITY UTILISATION AS AT 11 MARCH 1986

NAME OF SCHOOL	TOTAL NO. OF PUPILS THAT CAN BE ACCOMMODATED	CAPACITY OF SCHOOL ACTUALLY BEING UTILISED
Collegevale Primary School	720	94 %
Overport SRS Primary School	1 080	65 %
Clayton Primary School	1 080	89 %
N.P.S. Primary School	1 080	56 %
Springfield Model Primary School	420	92 %
Overport Secondary School	960	105 %
Centenary Secondary School	960	96 %

From Table 28, the following inferences can be made:

- (i) the average actual capacity of the aforementioned schools was approximately 84 per cent in 1986; and
- (ii) the closure of the N.P.S. Primary School, without replacement, will result in an average school accommodation of approximately 96 per cent among the seven remaining schools.

The foregoing observations indicate that capital expenditure in Indian education can be curbed substantially if careful future projections of the school population is made on an area basis. Besides capital expenditure, maximum school utilisation will also result in substantial savings in terms of current expenditure such as cleaning and maintenance.

Sound and cordial interaction between members of the teaching staff and pupils is conducive to the creation of a productive environment in which the success rate in the internal and external examinations is maximised. The following section examines pupils' examination results.

3.3.3 PUPILS' EXAMINATION RESULTS

The success rate of pupils in the internal and external examinations is another factor that determines the degree of efficiency and effectiveness with which public moneys are utilised.

Table 29 reflects statistics pertaining to the 1985 examination results of pupils under the control of the Department of Education and Culture of the Administration: House of Delegates.³²⁾

32. Ibid., col. 26.

TABLE 29ADMINISTRATION: HOUSE OF DELEGATESDEPARTMENT OF EDUCATION AND CULTUREINTERNAL AND EXTERNAL RESULTS IN THE 1985 EXAMINATIONS

STANDARD	NUMBER WROTE	NUMBER PASSED	PERCENTAGE	
			PASSED	FAILED
6	20 612	19 417	94	6
8	16 438	14 618	89	11
10	11 071	9 473	86	14
Total	48 121	43 508	90	10

From the statistics in Table 29, the following deductions, inter alia, can be made:

- (i) 4 613 pupils of a total of 48 121 pupils failed the 1985 examinations conducted by the aforementioned Department;
- (ii) the failure rate increases progressively in the higher standards;

- (iii) a total of 10 out of every 100 pupils failed the 1985 examinations; and
- (iv) in terms of per capita expenditure of R1 386,³³⁾ a total of R6 393 618³⁴⁾ was wasted by the aforementioned Department. This is an extremely high price to bear, particularly in times of financial stringency when there is an urgent need to redistribute additional income to the underprivileged sections of the population.

33. The per capita expenditures for the undermentioned years are as follows:

	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>
Excluding capital expenditure	1 112	1 319	1 714
Including capital expenditure	1 182	1 386	1 904

- vide Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 8 to 12 June 1987, op. cit., col. 14; and Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 26 to 28 April 1988, Government Printer, Cape Town, col. 7753. Supra., p. 450.

34. Obtained by multiplying the number of failures (4 613) with the per capita expenditure (R1 386).

Table 30 sheds light on the Senior Certificate Examination results for the period 1980-1987.³⁵⁾

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35. The statistics contained in Table 30 have been extracted from the following sources:
- (i) Republic of South Africa: Department of Internal Affairs: Annual Report 1984, op. cit., p. 104;
 - (ii) Republic of South Africa: Administration: House of Delegates: Annual Report 1986, op. cit., p. 12;
 - (iii) Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 22 to 24 June 1987, Government Printer, Cape Town, col. 66;
 - (iv) Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 28 to 31 July 1987, Government Printer, Cape Town, col. 136; and
 - (v) Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 26 to 28 April 1988, op. cit., col 7745.

TABLE 30

ADMINISTRATION: HOUSE OF DELEGATES

DEPARTMENT OF EDUCATION AND CULTURE

SENIOR CERTIFICATE EXAMINATION RESULTS FOR THE PERIOD 1980-1987

DETAILS	1980	1981	1982	1984	1985	1986	1987
(a) Number of full-time candidates taking full examination	5 805	6 492	7 307	10 499	11 071	11 359	12 429
(b) Number of passes	4 672	5 453	6 333	9 056	9 473	9 767	11 575
(c) Percentage pass	80,48	83,99	86,67	86,66	85,57	85,98	93,12
(d) Number of candidates taking subjects that would qualify them for matriculation exemption	3 991	4 282	4 674	5 112	5 728	6 000	-
(e) Number qualifying for matriculation exemption	2 056	2 411	3 096	3 550	3 577	3 783	4 625
(f) Percentage matriculation exemption pass	35,41	37,14	42,37	69,44	62,44	63,05	-

An analysis of Table 30 reveals the following:

- (i) the overall pass rate at the Senior Certificate level is now steady at around 86 per cent;
- (ii) the percentage of candidates sitting for full exemption courses has been decreasing. These percentages represented 68,75 per cent and 50 per cent in 1981 and 1987, respectively. The positive effect of this adjustment is that the success rate of these candidates is as high as 65 per cent. However, the negative effect of such statistics is that the relative proportion of Indians, with the potential of pursuing careers requiring a high degree of skill, is decreasing. Consequently, every effort should be made to enable as many pupils as possible to sit for Matriculation Exemption, thereby ensuring that public moneys allocated for education are used efficiently and effectively; and
- (iii) in spite of the aforementioned improved pass rate for Matriculation Exemption, the overall failure rate has fluctuated between 30 per cent to 65 per cent during the period 1980-1987.

These statistics, coupled with the failure rate in the internal examinations, as illustrated in Table 29, reveal a substantial failure rate in Indian education.

The failure rate could be attributable to the fact that many of the failures are inclined towards a technical education rather than an academic education. If this is the case, then a portion of the allocated educational expenditure should be channelled for the promotion of technical education and computer education.³⁶⁾

The aforementioned change in direction in education would ensure a higher pass rate and the efficient and effective use of public moneys. The savings, realised through higher pass rates, could be utilised to raise educational standards among the underprivileged so that the goal of equal provision of education would be obtained expediently.

36. It is noteworthy that the Department of Education and Culture of the Administration: House of Delegates announced a major development within its educational sphere in the provision of training facilities to prepare the youth for the computer age. A massive R11,02 million has been spent on computer education equipment alone. A total of 1 682 computers and 294 printers have been installed. By the end of 1987, computer facilities had been provided at 133 secondary schools, and at all technical colleges, colleges of education and teachers' centres - vide Sunday Tribune, 27 March 1988.

Another aspect of staffing that can have a significant impact on the financial process is pupil-teacher ratios.

3.3.4 PUPIL-TEACHER RATIOS

To ensure that moneys allocated to the Department of Education and Culture of the Administration: House of Delegates are used efficiently and effectively, it is imperative that reasonable pupil-teacher ratios are maintained. Moreover, to ensure that classrooms are used to their maximum capacity, it is necessary to maintain an acceptable average number of pupils per classroom. Such an average should be close to the norm.

The pupil-teacher ratio of the aforementioned Department, as at 31 March 1987, was 24,7 : 1 and 18,5 : 1 for primary and secondary schools, respectively. The average number of pupils per classroom as at the foregoing date was 30 and 31, respectively,³⁷⁾ The norm applied by the Department in respect of the number of pupils per

37. Compare these pupil-teacher ratios with that of Black education - supra., p. 451.

classroom for primary and secondary schools is 36 and 32, respectively.³⁸⁾

The foregoing figures indicate that there is excess school accommodation in Indian education. The fact that the existing number of pupils per classroom is below the norm, particularly in the primary schools, indicates that education planners should be cautious with the allocation of capital expenditure in the future.

The execution of efficient work procedures and methods also play an influential role in the financial process operating in the Department of Education and Culture of the Administration: House of Delegates.

3.4 WORK PROCEDURES AND METHODS

The Directorate: Financial Administration of the Department of Budgetary and Auxiliary Services of the Administration: House of Delegates is operating the

38. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 8 to 12 June 1987, op. cit., col. 27.

financial process on the Financial Management Accounting System. The Directorate's management, which implemented the System has provided the necessary training to subordinate staff members.³⁹⁾

In pursuance of its primary function, namely, that of rendering advice concerning efficiency in work performance, the Subdirectorate: Efficiency Services serves the Department of Education and Culture in various fields. These include, inter alia, the following:

- (i) aspects of organisation and establishment;
- (ii) mechanisation;
- (iii) automation;
- (iv) work procedures and methods;
- (v) accommodation; and
- (vi) decentralisation.⁴⁰⁾

39. Republic of South Africa: Administration: House of Delegates: Annual Report 1985, RP 74/1986, Government Printer, Pretoria, 1986, p. 116.

40. Republic of South Africa: Administration: House of Delegates: Annual Report 1986, op. cit., p. 87.

Recently, substance had to be given to Cabinet's call, echoed by the private sector, for a smaller, more efficient Public Service to enhance the operation of the financial process in the aforementioned Department. This could be achieved by placing greater emphasis on work study investigations, since work simplification serves to create a favourable climate for accomplishing the goals of a smaller, more efficient service. This could be done if sufficient attention is devoted to, inter alia, procedures and methods, form design and control, and work measurements.⁴¹⁾

Table 31 reflects particulars of the Subdirectorato's: Efficiency Services activities during 1986, in comparison with 1985. The purpose of presenting these comparative statistics is to show the degree to which the efficiency of the operation of the financial process had improved or deteriorated during these two years.⁴²⁾

41. Loc. cit.

42. Loc. cit.

TABLE 31

ADMINISTRATION: HOUSE OF DELEGATES

ACTIVITIES OF THE SUBDIRECTORATE: EFFICIENCY SERVICES FOR THE FINANCIAL YEARS

1985 AND 1986

TYPE OF INVESTIGATION	NUMBER AND IMPLICATIONS (FINANCIAL OR OTHER)	
	1985	1986
Organisation and establishment	13: R687 600 additional per annum	21: R1 986 790 additional per annum
Work Procedures and Methods	Nil	14: 229 procedures adjusted
Form design and control	continuous: 1 545 forms investigated 430 forms eliminated 2 356 reams of paper valued at R10 600 saved	continuous: 1 171 forms investigated 125 forms eliminated 1 665 reams of paper valued at R8 450 saved
Mechanisation/Labour saving devices	15: R472 576 additional expenditure	19: R54 635 additional expenditure

The statistics of Table 31 reveal, inter alia, that:

- (i) a total of 229 procedures were adjusted in 1986;
- (ii) control measures implemented in the use of paper resulted in a total savings of R19 050 for the years 1985 and 1986; and
- (iii) there was a drastic decrease in expenditure pertaining to labour-saving devices from R472 576 in 1985 to R54 635 in 1986, that is, a decrease in expenditure of 88 per cent.

The application of the aforementioned work procedures is commendable and augurs well for the future.

Perseverance in the innovative use of work procedures should enhance the smooth functioning of the financial process and result in the efficient and effective use of public moneys allocated for education.

The generic process of control is another cog in the public administration machinery to ensure the efficient and effective operation of the financial process. This generic process is dealt with hereunder.

3.5 CONTROL OF EXPENDITURE

The Financial Management System (FMS) was introduced by the Administration: House of Delegates to implement better control over budgets and expenditure. Moreover, this System is utilised as an instrument for effective management and the administration of the financial process on a decentralised basis. This System is being applied successfully in the aforementioned Administration.⁴³⁾

Although it is the responsibility of the Department of Education and Culture of the aforementioned Administration to guard against overspending, the Department of Budgetary and Auxiliary Services still monitors all expenditure on a monthly basis to avoid possible overspending. Consequently, the latter Department renders a supportive service to the former. By doing so, the Administration and the State save unnecessary expenditure in avoiding duplication of certain auxiliary services.⁴⁴⁾

43. Ibid., p. 74.

44. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 15 to 19 June 1987, Government Printer, Cape Town, col. 1125.

Since 1985/86, the Department of Education and Culture of the aforementioned Administration, and the other Government departments, supply the Department of Finance with projections of their estimated monthly drawings for the entire financial year. These figures serve as:

- (i) an early warning system for the Treasury of overspending by the Department of Education and Culture;
- (ii) a discipline for the Department to contain its expenditures within the budgeted amount; and
- (iii) a basis for the determination of the monthly Exchequer deficit and the scheduling of the State's financing and borrowing programmes.⁴⁵⁾

The co-operation of the Department in the implementation of the new approach assisted significantly in the Government's attempt to restrict the increase in State expenditure to essential extensions and/or specific expenditure programmes.⁴⁶⁾

45. Republic of South Africa: Budget Speeches, 1986-87, op. cit., p. 9.

46. Loc. cit.

3.5.1 CONTROL IN TERMS OF THE FIVE-YEAR PLAN

In the Second Reading of the Appropriation Bill on 21 March 1988, the Minister of the Budget of the Administration: House of Delegates stated that it is the policy of the Ministers' Council of the aforementioned Administration to contain spending on the Indian community's educational needs. Such stringency measures within the next five years should be consistent with the five-year plan and the financing formula agreed upon for the greater good of the RSA. The Minister also indicated that additional amounts spent on education would have to be financed by savings elsewhere in the Budget of the Administration: House of Delegates.⁴⁷⁾

In other words, additional requests for money cannot be made to Treasury. Rather, a redistribution of allocated moneys within the departments of the aforementioned Administration will have to take place. Such discipline in the expenditure of public moneys

47. Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 21 to 24 March 1988, op. cit., col. 4365.

is an effective form of control in the financial process operating in the aforementioned Department. The strict implementation of the stringent control measures by, inter alia, the aforementioned Department will assist in the speedy attainment of equality in the provision of education in the RSA.

3.5.2 CONTROL OVER MANPOWER UTILISATION

In response to the Government's appeal to curb public expenditure, the Minister of the Budget of the aforementioned Administration stated that he supported fully the approach of the Minister of Finance to streamlining the system of controlling expenditure. He called upon his colleagues in the Administration to guard against possible overruns on the allocations of their departments.⁴⁸⁾

Consequently, the intended policy of the Department of Education and Culture, as from the 1986/87 financial year, was to utilise its manpower more efficiently by promoting productivity. The Minister of the Budget

48. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Third Session, Eighth Parliament, 24 to 26 March 1986, op. cit., col. 1500.

emphasised that expenditure will be monitored continuously and the allocated funds will be appropriated in the most economical manner.⁴⁹⁾ Consequently, the goals of the Department of Education and Culture in the next five years would focus on pupil-teacher ratios, pupil-classroom ratios and per capita expenditure.⁵⁰⁾

The operation of the financial process in education can also be enhanced by implementing control measures at the local or school level.

3.5.3 CONTROL AT THE SCHOOL LEVEL

3.5.3.1 TEACHER INSPECTIONS

Proposals to rationalise teacher inspections have already been considered by the Department of Education and Culture of the Administration: House of Delegates.

49. Loc cit.

50. Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 21 to 24 March 1988, op. cit., col. 4363.

Such a rationalisation programme will eliminate duplication in inspection⁵¹⁾ services created by the system which requires inspection for routine purposes, merit awards and the evaluation of placements in promotion posts to be carried out in the same cycle of service.⁵²⁾

Such a rationalisation programme should result in a reduction of the number of superintendents required and realise savings in educational expenditure of the aforementioned Department.

The control over excessive leave-taking and absenteeism by teachers is another area in which substantial savings

51. Since 1987, the designation 'Inspector' has been replaced by 'Superintendent'. The three levels of superintendents, commencing with the highest rank, are as follows:

Superintendent of Education
Deputy Superintendent of Education; and
Assistant Superintendent of Education.

52. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Third Session, Eighth Parliament, 24 to 26 March 1986, op. cit., col. 1505.

can be realised by the Department.

3.5.3.2 CASUAL LEAVE-TAKING AND ABSENTEEISM

Excessive casual leave-taking and absenteeism of teachers result in the wastage of substantial sums of public moneys. The alarming rate of absenteeism among teachers prompted the Minister of Education and Culture of the Administration: House of Delegates to make the following statement:

"Letters are being addressed to educators with poor leave records on a continuous basis drawing their attention to the consequence of their absenteeism".(53)

Casual leave-taking and absenteeism result in the loss of many hours of pupil instruction amounting to substantial sums of taxpayers' money. While every effort is being made to curb expenditure by the Department by controlling absenteeism among teachers, no clear directives have been formulated in terms of the maximum

53. Republic of South Africa: Administration: House of Delegates: Debates of Parliament (Hansard), Sixth Session, Eighth Parliament, 21 to 24 March 1988, op. cit., col. 675.

number of casual leave-taking that is permissible to the teacher on an annual basis. Such directives, as well as centralised control of casual leave-taking by the aforementioned Department, are highly desirable.

3.6 EVALUATION

The generic administrative processes of policy-making, financing, staffing, work procedures, and control serve to highlight the manner in which the financial process operates in the Department of Education and Culture of the Administration: House of Delegates at the regional level.

The preparation of budgets on a five-year basis is desirable and calls for careful consideration in planning and policy-making.

The introduction of the financing formula in education implies strict discipline in the expenditure of appropriated moneys. Such discipline will assist in accelerating the realisation of the national goal of equal provision of education in the RSA.

In terms of staffing of pupils and teachers, it would appear that there will be a marked decline in their populations in the near future. The projected lower pupil population would result in a reduced teaching

staff. Consequently, education planners should conduct feasibility studies in the provision of school accommodation prior to committing capital expenditure in the building of new schools.

The work procedures conducted by the Administration: House of Delegates are commendable and should be intensified. Even greater savings could be realised, particularly in the areas of form design and control, and mechanisation.

A tight rein is being maintained over the control of expenditure. However, a clear set of policy directives should be formulated to curb the rate of casual leave-taking by teachers.

The aforementioned discussion of the generic processes pertaining to the operation of the financial process at the regional leads to a consideration of the financial process operating at the school or micro level. The financial process operating in the Department of Education and Culture of the aforementioned Administration, at the school level, will be considered from the point of view of regulations relating to the

administration and control of school funds.⁵⁴⁾

4. FINANCIAL PROCESS OPERATING AT THE SCHOOL (LOCAL)
OR MICRO LEVEL IN THE DEPARTMENT OF EDUCATION AND
CULTURE OF THE ADMINISTRATION: HOUSE OF DELEGATES

4.1 PREAMBLE

Thus far, the financial process pertaining to education has been considered from the following perspectives:

- (i) the national (macro) perspective, with attention focused on the Central Government (Chapter IV); and
- (ii) the regional perspective with attention focused on the Department of Education and Culture of the Administration: House of Delegates, together with the supportive financial services provided by the Department of Budgetary and Auxiliary Services.

To enable the financial thread to reach fruition, it is necessary to examine the financial process in Indian education operating at the micro or school level. This topic is discussed below.

54. In Indian education, school funds are voluntary contributions made by parents of school-going children. However, these funds do result in substantial sums of money. Therefore, it has been imperative for the Department of Education and Culture to formulate policy directives for the regulation of the collection, safe-keeping and spending of school funds.

4.2 FINANCIAL PROCESS: SCHOOL LEVEL

The financial process operating at the school level is characterised by regulations relating to the administration and control of school funds.

4.3 REGULATIONS RELATING TO THE ADMINISTRATION AND CONTROL OF SCHOOL FUNDS

4.3.1 SCHOOL FUND AND SCHOOL FUND COMMITTEE

In terms of the provisions of the Government Gazette Extraordinary, 1966 (Number R694 of 1966), moneys may be collected or received for the establishment of any school fund to finance the extra-mural activities of a school and, generally, to provide or improve the facilities for the pupils of a school.⁵⁵⁾

In this regard, the Indians Education Act, 1965 (Act 61 of 1965), stipulates as follows:

"(1) Any person admitted to a State school or the person liable for the maintenance of any such person, shall pay such school fees...

55. Republic of South Africa: Government Gazette Extraordinary, 1966 (Number R694 of 1966), 6 May 1966, section 2, p. 57.

(2) Different fees may ... be determined or prescribed in respect of different classes of persons, and the Minister (of Education and Culture) may after such consultation exempt in such manner as he may deem fit any person or class of persons wholly or partly from the payment of fees so determined or prescribed".(56)

From the aforementioned quotations, it is evident that the contribution of a school fund is based on the ability to pay principle.

The school fund of any school is administered by a School Fund Committee which consists of the following members:

- (i) the Principal, ex officio, as chairman;
- (ii) the Senior Deputy Principal, Deputy Principal, if any, or senior teacher, ex officio;

56. Republic of South Africa: Indians Education Act, 1965 (Act 61 of 1965), section 25.

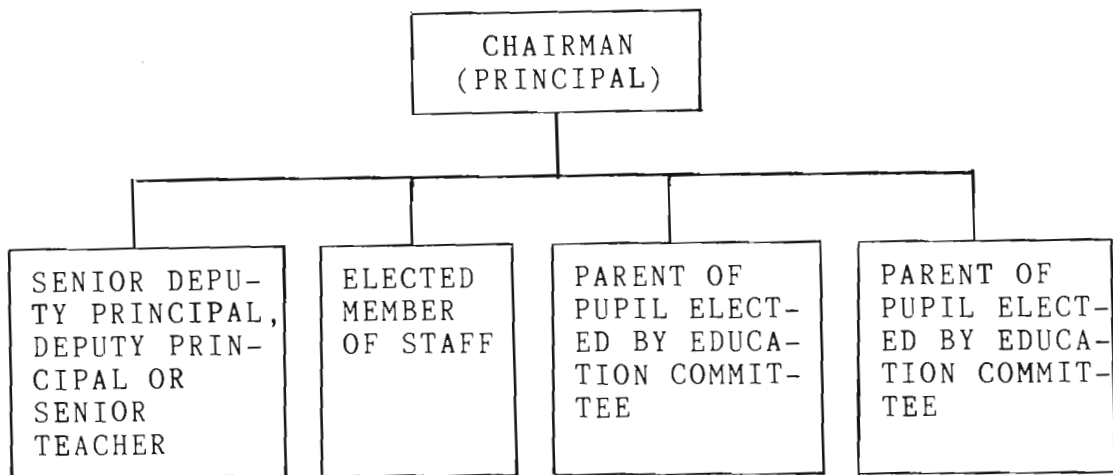
- (iii) any member of the teaching staff elected by such staff, provided there are at least three teachers on such staff; and
- (iv) two parents of children attending the school, elected by the Education Committee.⁵⁷⁾

The organisational structure of the School Fund Committee is illustrated in Figure 34.

57. Republic of South Africa: Government Gazette Extraordinary, 1966, op. cit., section 2, p. 57.

FIGURE 34

ADMINISTRATION: HOUSE OF DELEGATES
DEPARTMENT OF EDUCATION AND CULTURE
ORGANISATIONAL STRUCTURE OF A SCHOOL FUND COMMITTEE



4.3.2 APPOINTMENT OF SECRETARY-TREASURER

It is the task of the School Fund Committee to appoint a person, preferably a member of the permanent staff of the school, who shall not be a member of this Committee to hold office as secretary-treasurer of the

Committee. The secretary-treasurer performs the secretarial duties relating to the functions of the Committee, administers the school fund and keeps the books of the finances of the school fund.⁵⁸⁾

4.3.3 QUORUM AND PROCEDURE AT SCHOOL FUND COMMITTEE MEETINGS

The quorum of any meeting of the aforementioned Committee is three members. All members presented before the Committee are decided by a majority of the members present at any meeting. For this purpose, the chairman has both a deliberative and casting vote at such meetings.⁵⁹⁾

4.3.4 MINUTES OF MEETINGS

Minutes of every meeting of the School Fund Committee are to be recorded by the secretary-treasurer who has to, upon request, furnish the Chief Executive Director with the copy of the minutes of any meeting. The minutes of every meeting are to be read at the next ordinary

58. Ibid., section 5, p. 58.

59. Ibid., section 7, p. 58.

meeting of the Committee and, subject to the concurrence of the meeting, are to be signed by the chairman as proof of their correctness.⁶⁰⁾

4.3.5 COLLECTION AND CONTRIBUTION TO SCHOOL FUNDS

Funds may be collected for any school fund by means of:

- (i) bazaars, sales, concerts and other functions, provided that any scheme or proposal for the raising of school funds are in consultation with the School Fund Committee;
- (ii) acceptance of bequests and donations; and
- (iii) regular contributions by or on behalf of pupils of a school, provided that such contributions are voluntary and that no pupil, who does not contribute or who contributes only a small amount, shall in any way be penalised.⁶¹⁾

60. Ibid., section 8, p. 59.

61. Ibid., section 9, p. 59.

4.3.6 ACCOUNTING PROCEDURE⁶²⁾

The secretary-treasurer is responsible, inter alia, for the following tasks, namely, the:

- (i) issue of all receipts;
- (ii) keeping of the books of account;
- (iii) safe-keeping of such books, receipts and their counterfoils and also all other records or documents pertaining to the school fund;
- (iv) effective control of all accounting matters;
and
- (v) the compliance with all departmental instructions in connection with such funds.

Receipts are to be issued for all funds received and are to be obtained for any moneys paid out. All income and expenditure have to be accounted for.

Books of account and other related documents are to be checked at any time by a superintendent of schools

62. Ibid., section 10, p. 59.

or any other officer authorised thereto by the Chief Executive Director. Any member of the School Fund Committee appointed by the Committee has to check such books and other related documents at least once per school quarter and is to report thereon to the Committee. Any irregularity is to be reported immediately to the Chief Executive Director.

The books and accounts of the Committee are to be closed at the end of each financial year, and are to be audited by an Auditor appointed by the Committee and approved by the Chief Executive Director.

4.3.7 DEPOSIT AND WITHDRAWAL OF MONEYS⁶³⁾

All moneys received for the school fund, whether or not for any specific purpose, are to be deposited, at the earliest opportunity, in a school fund account maintained in the name of the school at any registered commercial bank, building society or post office savings bank.

Withdrawals from the school fund account can be made under the signatures of the secretary-treasurer and

63. Ibid., section 11, pp. 59-60.

the chairman of the Committee or any other member authorised thereto by the Committee.

No expenditure is to be incurred or funds expended without the prior approval of the School Fund Committee. Moreover, all accounts for payment are to be submitted to the Committee for approval.

Provision is to be made for the sum of R20 for petty cash. No hire-purchase agreement can be entered into without the prior approval of the Chief Executive Director. Debts incurred otherwise than in accordance with the provisions of these regulations cannot be defrayed out of the school fund.

4.3.8 RECORD OF EQUIPMENT PURCHASED OUT OF SCHOOL FUNDS OR DONATED TO A SCHOOL

The secretary-treasurer of the School Fund Committee is to keep a register of all equipment purchased out of school funds or donated to the school, and has to ensure that such equipment is properly maintained.⁶⁴⁾

64. Ibid., section 12, p. 60.

4.3.9 PURPOSES FOR WHICH SCHOOL FUNDS MAY BE
USED⁶⁵⁾

With due regard to the conditions of any bequest or trust, school funds may be used for the following purposes:

- (i) purchasing athletics and sports equipment;
- (ii) transporting athletics and sports teams as well as participants in concerts and other school activities;
- (iii) assisting deserving pupils to enable them to benefit by the educational facilities offered by the school;
- (iv) educational excursions or tours;
- (v) school prizes;
- (vi) hiring, purchasing or repairing educational aids not supplied by the Department of Education and Culture of the Administration: House of Delegates;
- (vii) hiring entertainment films;

65. Ibid., section 13, p. 60.

- (viii) improving the school grounds and sports grounds;
and
- (ix) any other purpose approved by the Chief Executive Director.

4.3.10 FINANCIAL YEAR AND STATEMENTS⁶⁶⁾

The financial year of every school fund account commences on 1 April of each year and ends on 31 March of the following year. All books of account of any school are closed at the end of each financial year.

On or before 30 April of each year, a full statement of revenue and expenditure, indicating clearly the position of every donation, bequest and school fund in respect of the preceding financial year and certified correct by the secretary-treasurer and the chairman of the School Fund Committee, together with a return of any equipment purchased or donated, is to be submitted to the Chief Executive Director through the superintendent of schools of the area in which the school is situated.

66. Ibid., section 14, p. 60.

The Chief Executive Director may, in addition to the aforementioned statement, at any time, request for a special report or such other particulars as he may consider necessary in connection with the administration of school funds and also in connection with equipment purchased out of school funds and equipment donated to the school.

4.3.11 ADMINISTRATIVE EXPENDITURE⁶⁷⁾

Expenditure relating to the administration of school funds such as the purchase of receipt and other books of account and stationery may be met out of school funds.

Any member of the School Fund Committee or any teacher or any person assisting such Committee cannot be compensated for the performance of duties relating to the control and administration of any school fund.

4.3.12 DISPOSAL OF SCHOOL FUNDS AND EQUIPMENT ON CLOSURE OF SCHOOL⁶⁸⁾

Whenever a school is closed permanently, the Principal

67. Ibid., section 15, p. 60.

68. Ibid., section 17, pp. 60-61.

of such school shall, before such a school closes, hand over to the Chief Executive Director all available school funds and any equipment purchased out of school funds or donated to the school. However, the School Fund Committee may recommend to the Chief Executive Director that such funds and equipment should be transferred to any particular school. Alternatively, the Chief Executive Director may employ such funds and equipment for the benefit of any school or make them available for any other purpose he may consider desirable.

A final audited statement of income and expenditure has to be submitted to the Chief Executive Director.

4.3.13 FINANCIAL ASSISTANCE TO PUPILS

In terms of the Indians Education Act, 1965 (Act 61 of 1965), the Minister of Education and Culture is permitted to grant financial and material assistance to a pupil at a State school or a State-aided school out of moneys appropriated by the Administration: House of Delegates. However, before granting material and financial assistance, he has to consult the Minister of the Budget of the aforementioned Administration.⁶⁹⁾

69. Republic of South Africa: Indians Education Act, 1965 (Act 61 of 1965), section 24.

A significant item of expenditure is the transport and boarding allowance paid to pupils. Pupils from Standards Five to Ten, who have to travel more than five kilometres to school, are granted a transport allowance or travel by transport provided by the State subject to a 'means test'. Pupils who live away from home to attend school are given a boarding allowance which is also subject to a 'means test'.⁷⁰⁾

The regulations pertaining to the granting of these allowances are discussed hereunder.

4.3.13.1 REGULATIONS PERTAINING TO BOARDING AND TRAVELLING ALLOWANCES

4.3.13.1.1 BOARDING ALLOWANCE

In terms of Government Gazette, 1978 (Number R773 of 1978), a pupil boarding at a suitable boarding establishment,

70. Naguran, C.A.: A critical study of aspects of the political, constitutional, administrative and professional development of Indian teacher education in South Africa with particular reference to the period 1965 to 1984, unpublished D. Phil. degree, University of Natal, Pietermaritzburg, 1985, p. 209.

excluding a State hostel, is entitled to a boarding allowance as determined by the Department of Education and Culture of the Administration: House of Delegates in consultation with the Minister of Finance, subject to the following conditions:

- (i) such pupil is, to the satisfaction of the Chief Executive Director, under proper supervision and provided with suitable food and accommodation;
- (ii) the Chief Executive Director is satisfied that the parent of such pupil is not financially able to care for and lodge him away from his home; and
- (iii) such pupil resides more than five kilometres away from the school and cannot be transported daily to and from school in a suitable manner. However, a boarding allowance may be granted for health or other approved reasons despite the said distance being five kilometres or less.⁷¹⁾

An approved boarding allowance will continue to be

71. Republic of South Africa: Government Gazette, 1978 (Number R773 of 1978), 21 April 1978, section 2, p. 14.

available until the end of the school year for which approval has been granted. However, the payment of a boarding allowance can be discontinued if the Chief Executive Director is satisfied that the pupil concerned is not making the desired progress, or if the pupil discontinues attendance at the school.⁷²⁾

A boarding allowance is not payable in advance. Payment is made half-yearly direct to the person supplying board and lodging to the pupil on receipt of a certificate from the Principal of a school attended by the pupil to the effect that the pupil is under proper supervision and provided with suitable food and accommodation. Payment of such allowance is made in respect of:

- (i) Saturdays, Sundays and public holidays during the quarter, irrespective of whether or not the pupil is residing with the recipient of such allowance on the aforementioned days; and
- (ii) a period during which the pupil is in residence but, due to illness, unable to attend school.

Payment of a grant to a pupil will not be affected if

72. Ibid., section 4, p. 14.

the pupil is absent from the boarding establishment for a period of not more than seven consecutive days during the quarter. However, if a pupil is absent from the boarding establishment for a period in excess of seven consecutive days during the quarter, the allowance for the full period of absence will be withheld. The amount per day to be deducted will be calculated by dividing the boarding allowance granted by the number of school days for the particular year for each day of absence.⁷³⁾

4.3.13.1.2 TRAVELLING ALLOWANCE

In terms of Government Gazette, 1978 (Number R773 of 1978), a pupil is granted a travelling allowance as determined by the Department of Education and Culture of the Administration: House of Delegates in consultation with the Minister of Finance, subject to the following conditions:

- (i) such pupil resides three kilometres or further from the school having the necessary accommodation, except in the case of exceptional circumstances or physical disability;

73. Ibid., section 5, pp. 14-15.

- (ii) such pupil utilises public transport unless the parent provides proof that it is not possible for the pupil to make use of public transport and such parent has to incur expenditure to transport the pupil; and
- (iii) a pupil who has been granted a boarding allowance cannot be granted a travelling allowance.⁷⁴⁾

An approved travelling allowance will continue to be available until the end of the school year for which approval has been granted. However, the payment of a travelling allowance can be discontinued if the Chief Executive Director is satisfied that the pupil concerned is not making the desired progress in his studies, or if the pupil discontinues attendance at the school.⁷⁵⁾

The approved travelling allowance is paid half-yearly in arrears direct to the parent subject to the following provisions:

74. Ibid., section 6, p. 15.

75. Ibid., section 8, p. 15.

- (i) such allowance is reduced by an amount per day calculated by dividing the travelling allowance granted by the number of school days for the particular year for each school day on which the pupil did not attend school, irrespective of the reason for his absence; and
- (ii) such allowance will not be affected when a public holiday falls on a week day in the quarter.⁷⁶⁾

A higher allowance will be paid where the distance to be travelled by a pupil to the nearest school having the necessary accommodation is such that the approved travelling allowance is inadequate and the pupil cannot be transported by means of a bus service instituted by the Chief Executive Director. However, such allowance will be limited to the actual expenditure incurred by utilising public transport and will not exceed the approved boarding allowance. If no public transport or suitable transport exists, the parent of the pupil will be compensated for expenditure actually incurred to a maximum of the approved boarding allowance.⁷⁷⁾

76. Ibid., section 9, p. 15.

77. Ibid., section 10, pp. 15-16.

A means test is applied in the allocation of transport allowances. The means test is based on 80 per cent of the annual household subsistence level as determined for a family of six persons. The means test, which is reviewed every two years, has been applied since 1967.⁷⁸⁾

The Chief Executive Director may, with the approval of the State Treasury, institute bus services to transport pupils to and from schools or award grants-in-aid or subsidies to parents and employer organisations for the transporting of pupils.⁷⁹⁾

78. Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Third Session, Eighth Parliament, 14 to 18 April 1986, Government Printer, Cape Town, col. 104.

79. Republic of South Africa: Government Gazette, 1978, op. cit., section 11, p. 16.

4.3.13.1.3 BOARDING AND TRANSPORT ALLOWANCES GRANTED

Financial assistance granted to pupils in terms of boarding and transport allowances for the period 1979-1986 is reflected in Table 32.⁸⁰⁾

80. The statistics reflected in Table 32 have been extracted from the following sources:

- (i) Republic of South Africa: Department of Indian Affairs: Annual Report 1980, RP 114/1980, Government Printer, Pretoria, 1980, p. 100;
- (ii) Republic of South Africa: Department of Internal Affairs: Annual Report 1981, RP 43/1982, Government Printer, Pretoria, 1982, pp. 112-113;
- (iii) Republic of South Africa: Department of Internal Affairs: Annual Report 1984, RP 38/1985, Government Printer, Pretoria, 1985, p. 105;
- (iv) Republic of South Africa: Administration: House of Delegates: Annual Report 1985, op. cit., p. 23; and
- (v) Republic of South Africa: Administration: House of Delegates: Annual Report 1986, op. cit., p. 22.

TABLE 32

ADMINISTRATION: HOUSE OF DELEGATES

DEPARTMENT OF EDUCATION AND CULTURE

FINANCIAL ASSISTANCE GRANTED TO PUPILS IN THE FORM OF BOARDING AND TRANSPORT ALLOWANCES FOR THE
PERIOD 1979-1986

ALLOWANCE	1979/80		1980/81		1983/84		1984/85		1985/86	
	NO. OF PUPILS	AMOUNT	NO. OF PUPILS	AMOUNT	NO. OF PUPILS	AMOUNT	NO. OF PUPILS	AMOUNT	NO. OF PUPILS	AMOUNT
Boarding allowance	270	R 25 998	201	R 19 613	100	R 19 971	102	R 17 607	68	R 15 921
Transport allowance	17 235	419 203	21 110	586 406	15 851	519 052	6 311	205 720	5 116	189 546

The statistics in Table 32 reveal, inter alia, the following:

- (i) the number of pupils receiving boarding allowance, and the amount of boarding allowance granted decreased by 75 per cent and 39 per cent, respectively, for the 1985/86⁸¹⁾ financial year in comparison with the 1979/80 financial year; and
- (ii) the number of pupils receiving transport allowance and the amount of boarding allowance granted decreased by 70 per cent and 55 per cent, respectively, for the 1985/86 financial year in comparison with the 1979/80 financial year.

81. The Minister of Education and Culture of the Administration: House of Delegates, Kassie Ramduth, stated that a total of 68 Indian pupils received boarding allowances during the 1986/87 financial year. The total amount allocated was R28 000. The amount of boarding allowance varies from pupil to pupil depending on the financial circumstances of the parents. The maximum amount is R290 per pupil, per annum - vide Republic of South Africa: Administration: House of Delegates: Debates of the House of Delegates (Hansard), Fifth Session, Eighth Parliament, 22 to 24 June 1987, op. cit., col. 64. The amount of R290 is the same as the amount allowed for the indigent Coloured pupil - supra., p. 470.

The foregoing deductions reveal that the Department of Education and Culture of the Administration: House of Delegates had, by 1986, reduced a major part of the backlog relating to school accommodation of pupils. Such an effort is commendable, and has resulted in substantial savings in the form of decreased sums granted for transport and boarding allowances to pupils.

4.3.13.1.4 CONTRACT BUS SERVICES

Due to circumstances, it is still necessary to transport pupils from certain areas to the nearest primary or secondary school. To cater for the educational needs of the children, it was decided, in 1985, to introduce ten new contract bus services and, in addition, extend six existing bus routes.⁸²⁾

82. Singh, J. (ed.): "The Department of Education and Culture", Fiat Lux, Vol. 20, No. 8, October 1985, p. 10.

Amounts expended for contracts concluded with private bus companies for the conveyance of pupils between residential areas and schools for the period 1979-1986 are shown in Table 33.⁸³⁾

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83. The statistics reflected in Table 33 have been extracted from the following sources:
- (i) Republic of South Africa: Department of Indian Affairs: Annual Report 1980, op. cit., p. 101;
 - (ii) Republic of South Africa: Department of Internal Affairs: Annual Report 1981, op. cit., p. 113;
 - (iii) Republic of South Africa: Department of Internal Affairs: Annual Report 1984, op. cit., p. 105;
 - (iv) Republic of South Africa: Administration: House of Delegates: Annual Report 1985, op. cit., p. 23; and
 - (v) Republic of South Africa: Administration: House of Delegates: Annual Report 1986, op. cit., p. 22.

TABLE 33ADMINISTRATION: HOUSE OF DELEGATESDEPARTMENT OF EDUCATION AND CULTUREEXPENDITURE RELATING TO BUS CONTRACTS FOR TRANSPORTATION
OF PUPILS FOR THE PERIOD 1979-1986

<u>YEAR</u>	<u>EXPENDITURE</u>
	R
1979/80	795 358
1980/81	1 112 404
1983/84	2 959 400
1984/85	2 898 142
1985/86	3 764 100

4.3.13.1.5 SUBSIDISED TRANSPORT

In respect of pupils who live in areas where no contract bus services are provided, subsidies are paid to parents' organisations.

Amounts expended on subsidised transport by the Department of Education and Culture of the Administration: House of Delegates for the period 1979-1986 are reflected in Table 34.⁸⁴⁾

84. The information contained in Table 34 has been extracted from the following sources:

- (i) Republic of South Africa: Department of Indian Affairs: Annual Report 1980, op. cit., p. 101;
- (ii) Republic of South Africa: Department of Internal Affairs: Annual Report 1981, op. cit., p. 113;
- (iii) Republic of South Africa: Department of Internal Affairs: Annual Report 1984, op. cit., p. 105;
- (iv) Republic of South Africa: Administration: House of Delegates: Annual Report 1985, op. cit., p. 23; and
- (v) Republic of South Africa: Administration: House of Delegates: Annual Report 1986, op. cit., p. 22.

TABLE 34ADMINISTRATION: HOUSE OF DELEGATESDEPARTMENT OF EDUCATION AND CULTUREAMOUNTS EXPENDED ON SUBSIDISED TRANSPORT FOR THE PERIOD1979-1986

<u>YEAR</u>	<u>AMOUNT</u>
	R
1979/80	11 536
1980/81	32 596
1983/84	26 577
1984/85	37 558
1985/86	45 780

It is encouraging to note that the aforementioned Department provides financial assistance in the form of subsidised transport. However, it is desirable that school accommodation should be provided to pupils in close proximity of their homes so that the inconvenience and costs of subsidised transport can be avoided.

4.4 EVALUATION

The regulations pertaining to the provision of boarding and transport allowances to pupils are clearly stated, and provide financial relief to pupils who are inconvenienced by the fact that school accommodation has not been provided in close proximity of their homes. It is desirable that the provision of school accommodation to such pupils in their areas of residence should receive top priority by the Department of Education and Culture of the Administration: House of Delegates.

The regulations pertaining to the operation of the financial process at the micro or school level illuminate the basic foundations of public administration, inter alia, public accountability, legal procedure and efficiency and effectiveness. However, it would appear that the rigid legal rules pertaining to the use of school funds leave the Principal with little or no discretion in decision-making. The feasibility of granting greater leverage to the Principal's decision-making powers should be debated at parliamentary level in an effort to facilitate the operation of the financial process at the school level. However, it is desirable that the stipulated rigid control measures are maintained to ensure that public moneys are spent wisely and judiciously.

5. SUMMARY

In this chapter, attention has been focused on the financial process operating in the Department of Education and Culture of the Administration: House of Delegates at the regional and school levels.

The exposition of the generic administrative processes serve to highlight the actual operation of the financial process at the regional level. The introduction of multi-year budgets, the financing formula, and work procedures emphasise the need for strict discipline in the allocation and spending of appropriated public moneys. Hence, the control factor is important. To enhance control, it is imperative for the aforementioned Department to, inter alia, introduce regulations to curb excessive casual leave-taking by teachers. The fact that financial stringency is resulting in the reduction of State funds towards education should be a reminder to parents that they should brace themselves for the payment of compulsory school fees in the near future.

The financial process operating at the school level comprises of the receipt, authorisation, expenditure and control of school funds contributed voluntarily by parents. Substantial assistance is given to pupils in the form of boarding and travelling allowances,

contract bus services and subsidised transport. However, Principals are not granted discretionary powers in the utilisation of school funds in cases of urgency. It is desirable that Principals should be delegated greater discretionary powers to enable the financial process to function smoothly, and to provide maximum educational benefits to pupils.

Continuous co-ordination, planning and evaluation are of utmost importance in the effective application of the financial process by the aforementioned Department. This task demands exceptional skill and experience, especially if regard is given to the diversity of institutions that are involved in the financial process. Consequently, it is imperative that on-going negotiations take place with the Treasury of the Department of Finance,

CHAPTER IXDESIGNING FUTURISTIC FINANCIAL ADMINISTRATIVE MODELS
FOR EDUCATION WITH SPECIAL REFERENCE TO THE DEPARTMENT
OF EDUCATION AND CULTURE OF THE ADMINISTRATION: HOUSE
OF DELEGATES1. INTRODUCTION

The purpose of this chapter is to attempt to prophesise the future operation of the financial process in the Department of Education and Culture of the Administration: House of Delegates in view of, inter alia, the current parliamentary debates in the RSA on the feasibility of introducing legislation on compulsory school fees for school-going children.

Theory and practice are two different worlds in the operation of the financial process, particularly educational budgeting. From the exposition given in this thesis, it is evident that a sound budgeting system is effected by a sequential order of educational programming, costing and financing. In general, practice appears to have been that the tail (revenue) has been wagging the dog (expenditure). Consequently, the money available has been determined first and the expenditure has been adjusted accordingly.

The educational systems in the RSA operate in environments that are subject to continuous changes, and in which economic and human factors influence the conditions in which the systems operate. Therefore, there will be uncertainty in the models developed for the financing of an educational system. As is always the situation, there is no substitute for knowledge of the system, just as there is no substitute for good judgment in the use of any tool.

In this chapter, attention will be focused, inter alia, on the following aspects:

- (i) education as a costing system;
- (ii) futuristic models of the financial process operating in education with specific reference to Financial Information Systems, the futuristic Model Budget, the futuristic model for the provision of sporting and recreational facilities at schools, and the futuristic model of selective user charges and the reallocation of public spending;
- (iii) a model plan for a child's future education:
education insurance; and
- (iv) the role of delegation and responsibility in improving the operation of the financial process in financial administration.

2. DEFINITION OF TERM 'MODEL'

Gear and Melo state that at one extreme, the model may be a purely subjective idealisation in the mind of the decision-taker. On the other hand, a completely formal and detail mathematical model, requiring a considerable amount of information concerning a number of factors, may be constructed. Between these extremes, a vast array of models prevail, each formally introducing additional factors and calling for more data.¹⁾

Coetzee refers to a model as:

"... a symbol or a physical representation of something to be made or already existing, a plan or a drawing. Also, that which is taken as a pattern or example. In addition, a model could refer to an abstract image of a phenomenon and provides a basis

1. Gear, T. & Melo, A.: Introduction to planning and decision models, Open University Press, Walton Hall, 1974, p. 8.

for propositions ... It is especially in the latter respect that model-building serves as an important tool to public administration".(2)

Chandler and Plano refer to a model as the process of identifying the important components of a system, outlining a structure through which these components are related, and proposing measures of effectiveness for the comparison of alternate policies suggested by the relationships. Models can be highly abstract or replications of an existing system. The common characteristic of all models is that they represent reality in a laboratory setting before taking it into the real world. A model provides an explicit identification of a problem and the assumptions that the model makes about it. The model caters for empirical evaluation and encourages the application of highly developed forms of analysis, as well as providing a mechanism for the discussion of issues. If successful,

2. Coetzee, W.A.J.: Public administration: A South African introductory perspective, J.L. van Schaik (Pty.) Ltd., Pretoria, 1988, p. 52.

it is possible for a model to prove the existence of certain relationships among components of a system and provide the basis for optimising decisions.³⁾

The boundaries of developing a model are restricted by time and money. Since many institutions have a limit on both resources, a model can usually provide only a partial picture of reality, but one which can improve the perception of it by decision-makers.⁴⁾

2.1 SIGNIFICANCE OF MODEL CONSTRUCTION

Modeling, in administrative processes, differs significantly from modeling physical phenomena. The fact that a model can capture only a fraction of reality is even more true in the public sector, because measures of administrative effectiveness are difficult to define.

3. Chandler, R.C. & Plano, J.C.: The Public Administration dictionary, Macmillan Publishing Co., New York, 1986, p. 77. See also Mundel, M.E.: Improving productivity and effectiveness, Prentice-Hall, Inc., New Jersey, 1983, p. 124.

4. Ibid., p. 77.

A useful model requires a clearly formulated problem, an ability to assign numerical or economic values to it, and realistic sources of measurable data. None of these can easily be negotiated in the context of public administration. However, approaches pertaining to the construction of models are being introduced at state and local levels of government since a model helps to enhance the appreciation of decision-makers for the scope of their decisions.⁵⁾

3. EDUCATION AS A COSTING SYSTEM

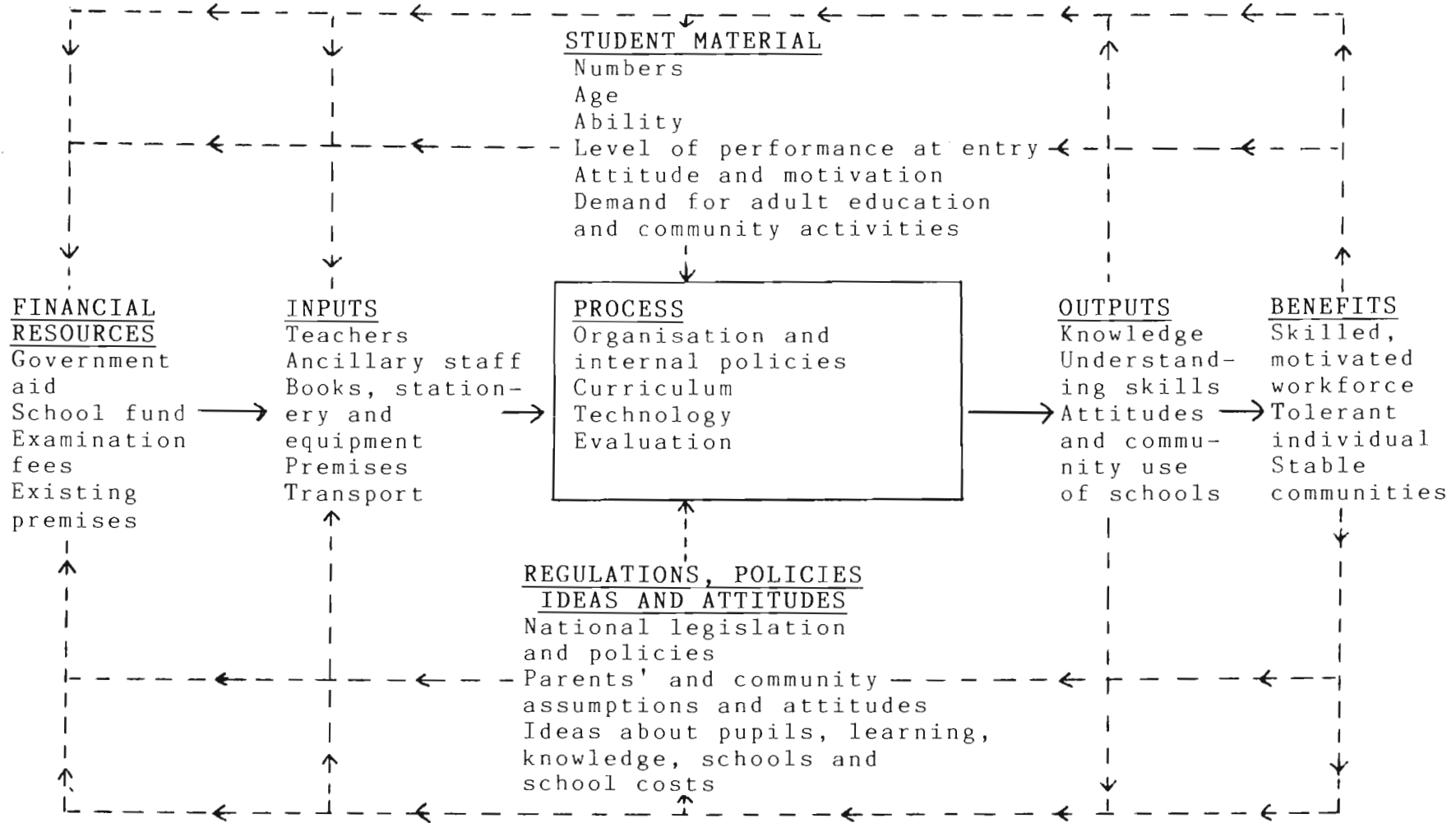
Understanding of school costs can be enhanced if education is visualised as a system where changes in one area affect cost in another. This situation is depicted in Figure 35.⁶⁾

5. Ibid., p. 78.

6. Knight, B.: Managing school finance, Heinemann Educational Books, London, 1983, p. 16.

FIGURE 35

EDUCATION AS A COSTING SYSTEM



From Figure 35, it can be deduced that a school is a cost accountant's nightmare. It is a labour-intensive, non-profit making service institution, with ill-defined objectives, with uncoded inputs, contending with constraints and lacking flexibility in buildings and staff.⁷⁾

With the foregoing bleak picture in mind, it is now possible to look into the feasibility of the formulation of futuristic models pertaining to the financial process operating in education.

4. FUTURISTIC FINANCIAL ADMINISTRATIVE MODELS FOR EDUCATION

It is difficult to foresee the future of school finance unless there is some idea of the future of schools themselves.

4.1 SCALE OF EDUCATIONAL CHANGE

Foretelling the future is a hazardous pursuit. This chapter rests on one primary assumption - that schools in the RSA will undergo greater fundamental changes in the next ten years than in the last hundred. The argument is simple. The schools functioning presently

7. Ibid., p. 17.

are the final flowerings of the schools of the industrial era. Will they be still relevant to the second industrial era, the 'Information Revolution' and post-industrial society? In the near future, a boom of educational technology is forecast. Home learning will be facilitated and individual learning transformed. Simultaneously, new forces in the economy and in society will impose new educational demands. Can the schools of one era serve another unaltered?

Despite the risks, there is a need to peer ahead to identify the likely trends and assess their financial implications. Technological changes are likely to take place rapidly. However, schools change very slowly, and are set in a firm mould of custom and tradition. Unless new approaches are developed and constraints loosened, it is probable that financial administrators may find themselves trying to finance a new system with the policies and procedures of the old.⁸⁾

4.2 FUTURE OF SCHOOL FINANCE

If it is accepted that schools will alter substantially in the foreseeable future, then it has to be accepted

8. Ibid., p. 168.

that school costs will alter too. It is evident that parents will be playing a more significant role in the financial provision of their children's education in the near future. However, it is not possible to be precise or attach financial values, although it is possible to identify directions in which cost factors will probably move.⁹⁾

4.2.1 CHANGES IN THE EDUCATIONAL COSTS SYSTEM

School costs are a delicate eco-system whereby each element interacts upon others, and where the whole seeks to achieve a precarious equilibrium. Changes in the nature of education and the function of schools will exert pressures at different points in the system which will vascillate from one element to another. An example would be the mere introduction of a large amount of electronic technology into the school which will affect non-teaching technician costs and costs of equipment provision and maintenance. Since it is relatively more expensive than paper and chalkboard, it will encourage more intensive plant utilisation. Consequently, there

9. Ibid., p. 171.

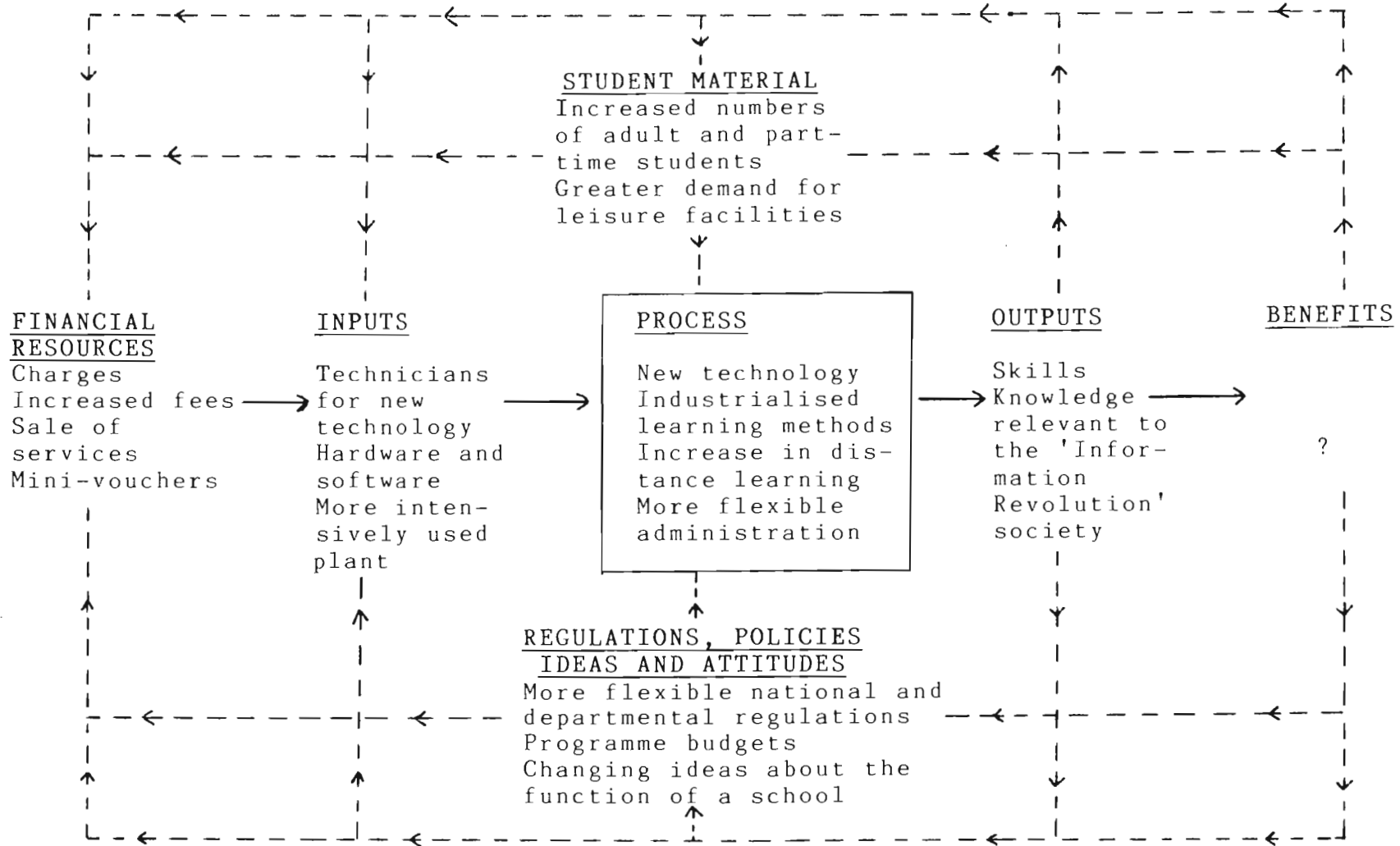
will be greater caretaking and heating costs on the one hand, and more flexible regulations concerning school use and school attendance on the other. This, in turn, will encourage greater use of schools by adults and part-time students, and thereby affect the character of schools themselves and the community's attitude towards them. The curriculum, itself, will undergo changes in response to the needs of the Information Revolution. This will trigger a similar series of reactions in learning methods and school administration, which again might have financial implications for teachers' salaries and administrative support. A change in the system will wind its way back to the base of the cost chain, namely, the actual provision of financial resources to finance the whole operation. Figure 36 attempts to present such possible changes in the cost system.¹⁰⁾

10. Ibid., p. 172. Figure 36 should be compared with Figure 35, to identify the possible changes in the educational cost system as a result of the Information Revolution.

FIGURE 36

POSSIBLE CHANGES IN THE EDUCATIONAL COST SYSTEM AS A RESULT OF THE INFORMATION

REVOLUTION



4.2.2 SOURCES OF ADDITIONAL REVENUE

If the assumption is that schools of the Information Revolution will be more expensive to run, then such change can be financed in one of the following ways:

- (i) Central Government increasing education's share of the national income substantially;
- (ii) recycling the saving of falling rolls. Unfortunately, this seems most unlikely presently and it is more likely that falling rolls will require a real reduction in the service;
- (iii) a sharp reduction in the quality of the other aspects of the educational service;
- (iv) the introduction of educational charges and fees of various kinds, inter alia, school journeys, educational visits, swimming in public baths and examination fees. The State could agree that a defined general education should be free, but that items additional to that should be paid for. This would then leave freedom for individuals to pay for topping-up items. Alternatively, the Government could finance a certain amount of the fringe benefits as well as the core, and leave a smaller range of additional items for parents;

- (v) increased sale of services to adult students and members of the community. Should these be marketed at full cost or market prices, enhanced income would be obtained from fees. After all, adult students, part-time students and employers presently pay substantial fees for courses, seminars, leisure week-ends and special services to commercial institutions. However, policy can lay down that certain services can be offered at less than cost;
- (vi) mini-vouchers can be introduced. The full voucher scheme, applied internationally, seems to have created considerable difficulties,¹¹⁾ mainly because it is an all-or-nothing affair, where the voucher is for a whole year's education. It may be more feasible to provide mini-vouchers. These could be for, say, units of twenty hours instruction, or time for access to educational hardware or software, or they could even be on a subscription basis. Vouchers could be provided free to pupils of school age and could be deferrable, if necessary. They could also be provided to selected groups of adults, for example, the unemployed. The advantage

11. Supra., p. 407.

of mini-vouchers would be to accentuate the whole idea of cost-effectiveness,¹²⁾ with short courses providing value for money; and

- (vii) Central Government accepting the implications of radical changes in educational conditions and creating more flexible regulations and policies to allow for adjustment. This would allow the additional finance for the likely changes to be found from within the schools without impairing the service.

4.2.3 FINANCIAL INFORMATION SYSTEMS

Financial Information Systems, as administrative aids, are beginning to spread rapidly. They have originated from the expansion of computer technology and from improvements in data-handling techniques. The present financial pressures justify their introduction.

A Financial Information System is a software package which can be used on the administrative computer system of the Department of Education and Culture of the Administration: House of Delegates, as well as other

12. Supra., p. 48.

departments of education. The main unit at the Department could be linked to the subsystems in each school which should have its own administrative computer system. Each item of financial information, such as payment, receipt, transfer and total, receives a sophisticated code. Once the code has been attached, it can be retrieved with all other similar items such as electricity costs, premises costs and unit costs.

A Financial Information System is a powerful administrative tool. It could be described as a financial information administrative system, because it is the dynamic administrative applications which are likely to have the greatest long-term effect.

Such a system will have great value for:

- capital planning;
- forecasting and modeling (likely to be especially important with falling rolls and changing Government policies);
- budget preparation (presently a laborious and time-consuming task);
- calculation of inflation increments;

- comparisons, on a historic basis over a period of years, or between schools, or against national averages;
- financial control;
- unit costing;
- recharging; and
- statistical returns.¹³⁾

There is a wide range of possibilities in Indian schools, particularly if they have their own administrative computer connected on-line to the central computer of the Department of Education and Culture of the Administration: House of Delegates. The Financial Information System would then offer the following services:

- (i) instant financial information: schools would be able to know immediately what their current balance was, on inquiry of the computer - and if schools were made responsible for payment of invoices, then allocations would be automatically updated at the time the cheque was paid;

13. Knight, op. cit., p. 178.

- (ii) administration by exception: it would be possible for administrators at schools and the aforementioned Department to instruct the computer to alert them when a particular allocation had exceeded certain given parameters, for example, when a school had spent more than 80 per cent of the monetary allocation for textbooks; and
- (iii) cost audits: since the control factor is important, the Financial Information System would be ideal to implement an annual cost audit which is really a rearrangement of the print-out data under standardised cost headings. It could print out audits early in the financial year, and make possible sophisticated cost comparisons with other similar schools.

It is important that the comparative cost information is actually put to use. The simplest way to achieve this is to ask Principals of schools to present an annual cost audit at full meetings of the Education Committee and staff. Their recommendations should be communicated to the Department. This would only need a simple return as illustrated in Figure 37.

FIGURE 37EXAMPLE OF A SIMPLE COST AUDIT BY PRINCIPALS OF SCHOOLS

_____ School
Cost Audit 19__
I have presented the cost audit for this year to the members of the <u>Education Committee</u> and staff.
They wish to make the following recommendations:
Proposals for economies of scale
Proposals for obtaining better value for money
Proposals for virement
Proposals for more efficient financial procedures
Proposals for alternative sources of income
Other suggestions
Signed _____
PRINCIPAL

The following advantages can emanate from the implementation of the aforementioned procedure:

- (i) it is very simple to operate and should lead to a flow of constructive suggestions to the Department;
- (ii) the aforementioned proposals would have a positive impact on the implementation of an efficient and effective financial process. The operation of the existing financial process would be improved in the following ways:
 - (a) the emphasis on the attainment of economies of scale is bound to lead to a substantial savings in the utilisation of allocated moneys;
 - (b) the proposal pertaining to better value for money will enable financial planners in the Department of Education and Culture of the Administration: House of Delegates to exercise greater care in the preparation of budgets and the distribution of allocated moneys from Treasury;
 - (c) control over the distribution of money by the aforementioned Department would be strengthened further due to the implementation of more efficient financial procedures;

- (d) the proposal pertaining to virement¹⁴⁾ should be given greater attention in the future. Clear guidelines should be formulated to enable departments which realise savings in their allocated expenditure in one year to utilise such savings in the future without affecting their monetary allocation of the next financial year. Such leniency from Treasury will ensure that expenditure is incurred on priority terms only and wastage, in terms of utilising the excess of allocated moneys for a financial year for fear of losing it, will be restricted to a minimum; and
- (e) the proposals pertaining to alternative sources of income should result in the formulation of legislation authorising schools to charge compulsory school fees. The anticipated increased revenue in school finances will relieve the financial pressure at Treasury substantially. Moreover, schools should be given greater autonomy in the budgetary allocation and expenditure of income. However, the Department of Education and Culture of the Administration: House of Delegates can still exercise stringent control through the process of pre-audit and post-audit to ensure that public moneys will be allocated efficiently and effectively;

14. Supra., p. 240.

- (iv) cost analysis: much more sophisticated cost analyses should be possible. A good example would be establishing charges for the letting of school premises so that they:
- (a) do not prohibit use;
 - (b) do not encourage heavy electricity costs; and
 - (c) do recoup a portion of these costs.

With computerised information systems, it will be easier for the aforementioned Department to implement stricter control over schools. Under this model, a school is under constant central watchfulness for deviation from the norm. In addition, it can be argued that it will be easier for education to be administered at the lowest level of the administrative hierarchy, that is, the school level. It is probable that schools will rapidly acquire their own computerised information processing systems which will make it easier for them to control their own budgets.

4.2.4 FUTURISTIC MODEL BUDGET

Whatever form of budgeting is accepted, it can be made to serve the purposes of implementation by specifying the delegation of authority and the time sequence of

required action, if it:

- (i) represents the programmes and projects as well as the activities which are identified by the implementation plan;
- (ii) allocates provisions in terms of branches, offices and institutions which will eventually implement such programmes, projects and activities; and
- (ii) covers the entire implementation plan period so that the anticipated commencement, progress, completion and probable continuation of programmes, projects and activities are reflected by the pattern of financial provision.

However, a detailed budget can be a merciless tyrant if the administrators become slaves to it. Therefore, it is desirable that the aforementioned proposed detailed budget should be recognised only as a working document, and revised at regular intervals of at least three months on the basis of the progress made and the insights gained into problems as each activity is executed.

4.2.4.1 EXAMPLE OF A SAMPLE BUDGETING BY OBJECTIVES SYSTEM

In view of the impending legislation on the levying of compulsory school fees, it is anticipated that schools will be participating in the drawing up of budgets in consultation with the Department of Education and Culture of the Administration: House of Delegates. The model in Table 35 shows a hypothetical example of a secondary school's System of Budgeting by Objectives.

TABLE 35

HYPOTHETICAL EXAMPLE OF A MODEL ILLUSTRATING A SECONDARY SCHOOL'S SYSTEM OF BUDGETING BY OBJECTIVES

RESOURCES OR 'INPUT'				'OUTPUT EVALUATION
DIRECT COSTS ONLY	NUMBER OF EMPLOYEES	DIRECT COSTS ONLY 1987-88	ESTIMATED DIRECT COSTS 1988-89	FOR THE ACADEMIC YEAR ENDING 31 DECEMBER 1987
		R	R	
Principal's salaries	1	50 000	54 000	872 pupils enrolled in Standards 6-10 of which:
Deputy Principals' salaries	2	90 000	97 000	150 out of 175 passed Standard 6
Management salaries	8	262 800	281 200	192 out of 207 passed Standard 7
Teachers' salaries	34	917 520	982 000	160 out of 186 passed Standard 8
Textbooks		35 000	38 000	128 out of 168 passed Standard 9
Other books		7 000	8 000	and in Standard 10, the statistics were as follows:
Instructional supplies		38 000	45 000	38 out of 76 gained Matriculation Exemption
Total		1 400 320	1 505 200	36 out of 60 gained Senior Certificate
				Failure rate in Standards 6-9: 14 %
				Failure rate in Senior Certificate Examination: 54 %

The type of budget illustrated in Table 35 will facilitate comparisons between input and output results of all secondary schools under the control of the aforementioned Department. Principals of schools with poor results will be accountable to parents of pupils attending their schools. Such comparisons will promote the efficient and effective use of public moneys and, thereby, enhance the operation of the financial process.

Moreover, information included in Table 35 would enable decision-makers to understand comparative input and output, per programme. In addition, sophistication in the budgeting system exemplified in Table 35 could be obtained by adding descriptive dimensions of the following aspects:

- (i) programme orientation and history;
- (ii) estimated magnitude of programme for the period 1990-1995;
- (iii) prospective changes in programme orientation;
- (iv) co-ordination and co-operative systems;
- (v) laws and regulations; and
- (vi) the economic classification of programme expenditure.

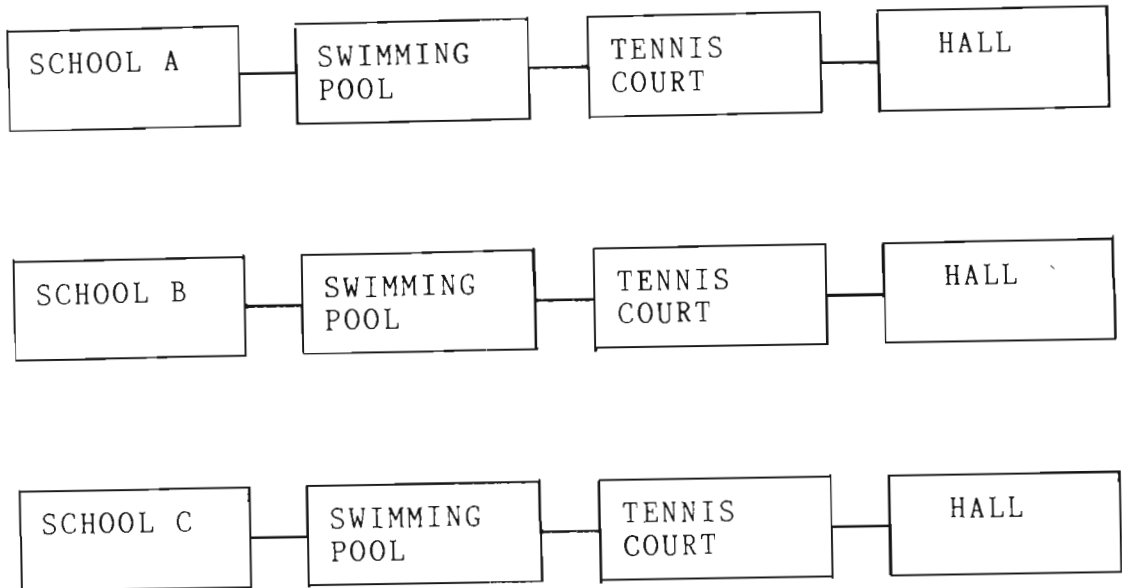
4.2.5 FUTURISTIC MODEL FOR THE PROVISION OF SPORTING AND RECREATIONAL FACILITIES AT SCHOOLS

The Department of Education and Culture of the Administration: House of Delegates, and, consequently, Treasury, could incur substantial savings in the financing of education through the construction of a purposeful plan of sharing of sports and recreational facilities by schools which are situated in close proximity of each other. Presently, several schools have the desire to provide sports and recreational facilities on their premises with revenue obtained from fund-raising drives and financial assistance received from the aforementioned Department.

Figure 38 depicts a model highlighting the provision of the aforementioned facilities at three schools which are in close proximity, of approximately five kilometres, of each other.

FIGURE 38

MODEL WITH EXCESSIVE COSTS FOR SPORTS AND RECREATIONAL
FACILITIES OF SCHOOLS SITUATED IN CLOSE PROXIMITY OF
EACH OTHER

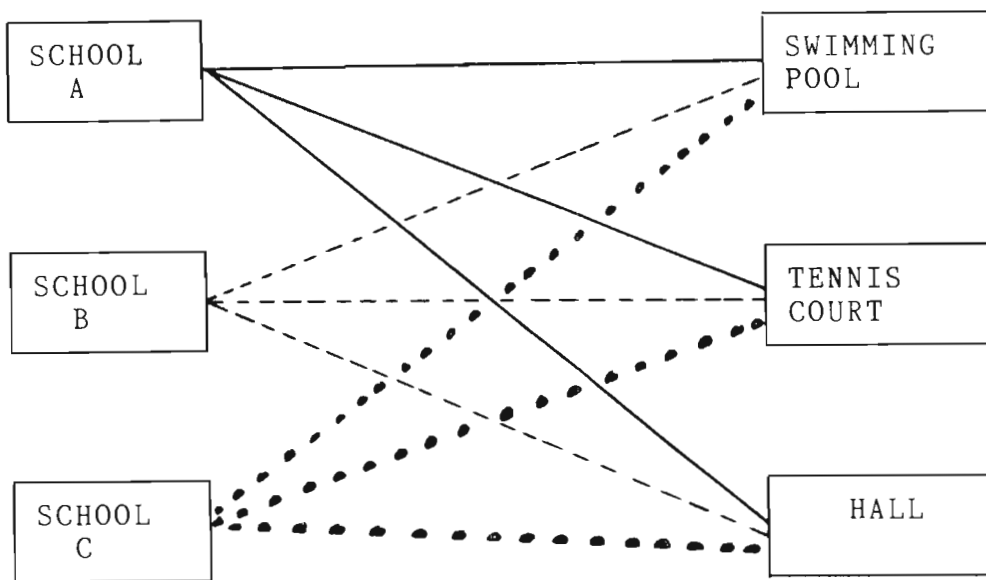


In terms of the aforementioned model, excessive costs are incurred not only in the construction of these facilities, but also with regard to their maintenance and repairs.

The following cost-effective model, illustrated in Figure 39, is preferable to the one illustrated in Figure 38.

FIGURE 39

A COST-EFFECTIVE MODEL FOR SPORTS AND RECREATIONAL FACILITIES OF SCHOOLS SITUATED IN CLOSE PROXIMITY OF EACH OTHER



To reduce average costs and attain economies of scale, it is desirable that a hall should be built on the premises of a school that is in close proximity to other schools in the same locality. Such a strategy will not only reduce the costs of the Department of Education and Culture of the Administration: House of Delegates, but

will reduce school costs substantially since bus fares for pupils and hiring charges for community halls will be obviated. The same strategy could be adopted for other items of capital costs such as tennis courts and swimming pools. However, it is desirable that a particular school in a locality should not have more than one of the aforementioned capital structures to ensure that:

- (i) these facilities are equitably distributed;
- (ii) any one school is not burdened with excessive maintenance and repair costs; and
- (iii) pupils from any one school, without one of these facilities, are not disadvantaged at all times on having to visit other schools for the utilisation of all three facilities.

Such a combined technique in the use of these facilities will ensure that they are being utilised optimally, without too much of idle capacity. Moreover, the repair and maintenance costs of such facilities will be substantially lower than would be the case if each school was provided with all three types of facilities.

4.2.6 FUTURISTIC MODEL FOR SELECTIVE USER CHARGES AND REALLOCATION OF PUBLIC SPENDING

In order to increase the efficiency and equity of the education system, it is feasible to impose selective charges for relatively wealthy socio-economic groups and redistribute incomes to the poorest sections of the community.

4.2.6.1 USER CHARGING IN THE REPUBLIC OF SOUTH AFRICA¹⁵⁾

De Loor states that the factual record in the RSA, in a nutshell, indicates that total Government expenditure, as a proportion of Gross National Expenditure, after a gratifying fall in the later 1970s, has been increasing during the 1980s. There is no easy solution to decrease Government expenditure.

It is important to bear in mind the true nature of the RSA - namely, it constitutes a mixture of the First and Third Worlds, or a modern and sophisticated exchange

15. De Loor, J.H.: Address to the Economic Forum, University of Durban-Westville, 19 march 1986, pp. 3-13.

sector existing alongside a far less developed one. The glaring disparities between the two should be one of the Government's priorities. Undoubtedly, such a process of elimination is bound to cost a large amount of money.

In considering the equalisation of educational opportunity, it is important to take heed of the opportunity cost of tuition in education. Consequently, the population of the RSA will have to brace itself with incurring massive expenditure on education in order to bridge the gap between the First and Third Worlds.

De Looer refers to the principle of user charging as the other 'escape route' for public spending. An old saying has it that "there is nothing for nothing and very little for sixpence" - a thought reflected in Milton Friedman's celebrated reference to free lunches. This dictum contains a profound truth that has been frequently ignored at society's cost. In so doing, errors have been committed on the score of efficiency and equity: efficiency, because Government has continued providing services at below their economic cost, and equity because the resulting subsidy saddles taxpayers with costs that should rest with those who directly benefit from education.

However, De Loor states as follows:

"I am not suggesting that there is no room at all in our thinking for direct or indirect transfer payments to the less privileged segments of our society or in pursuance of other economic aims; but we must constantly seek to ensure that our limited funds for development in this area are used more cost-effectively by being channelled to the right recipients, and that those subsidies that are inescapable are at any rate shown openly in our budget and thus are amenable to parliament's control".(16)

Hence, it is obvious that parents with the ability to pay should make a greater financial contribution towards education in order to attain equality in the provision of education in the RSA. The existing system of financial assistance provided to pupils by the Department of Education and Culture of the Administration: House of Delegates is illustrated hypothetically in Figure 40 in the form of a model.

16. Ibid., p. 13.

FIGURE 40

MODEL ILLUSTRATING HYPOTHETICAL DISTRIBUTION OF PUBLIC
MONEYS TO PUPILS IN A SECONDARY SCHOOL BY THE DEPARTMENT
OF EDUCATION AND CULTURE OF THE ADMINISTRATION: HOUSE
OF DELEGATES

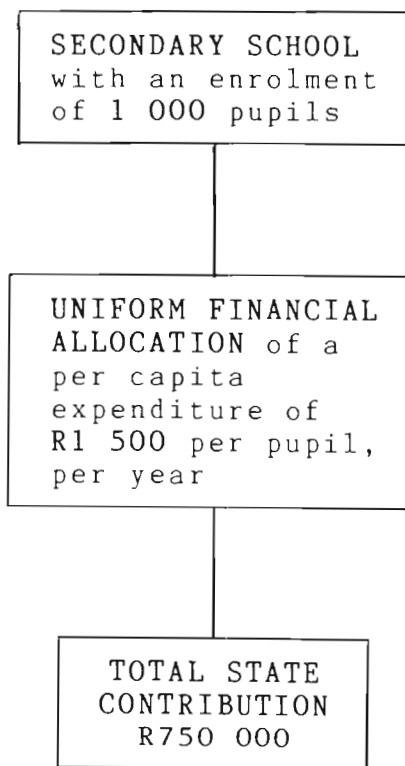
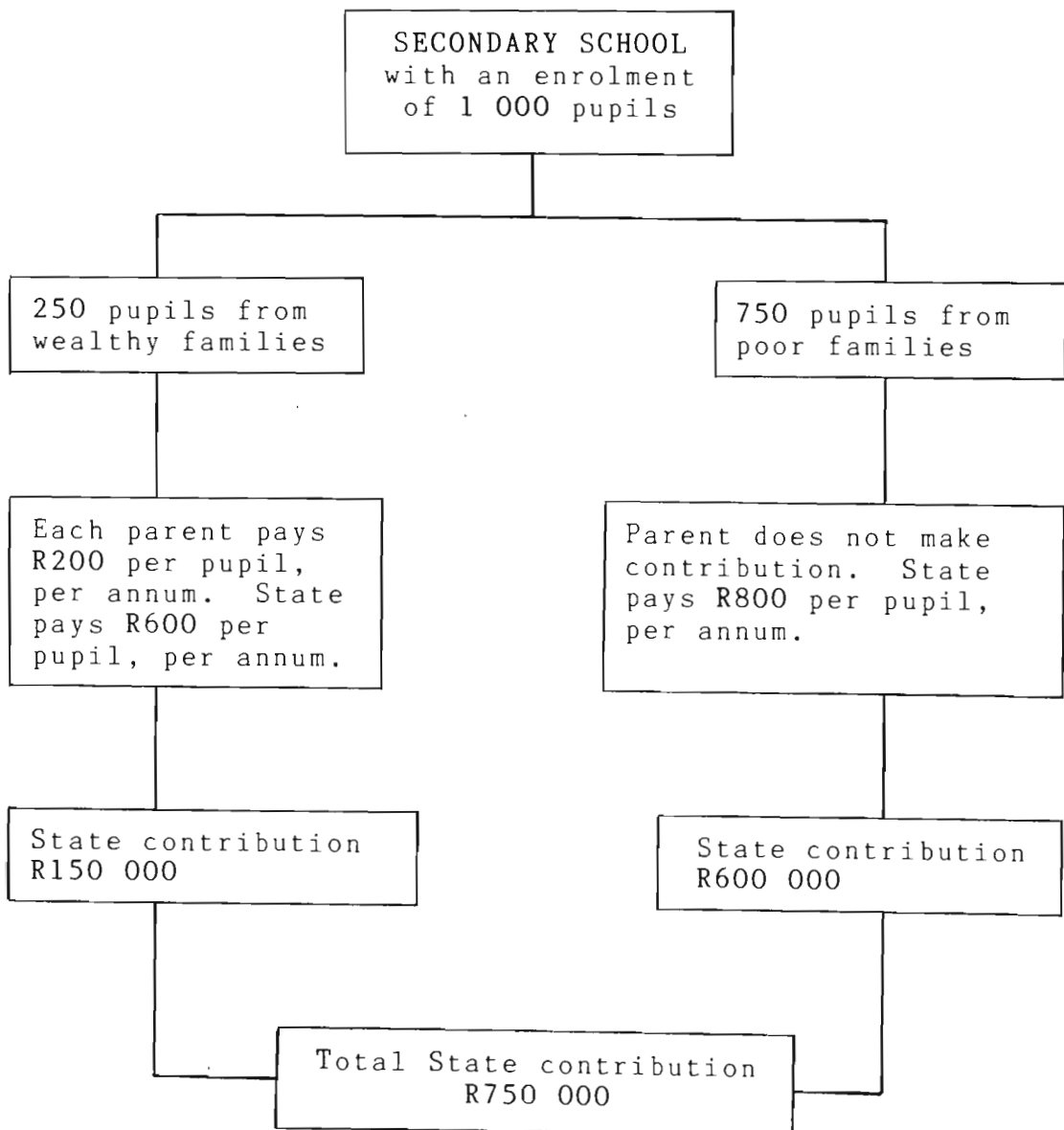


Figure 41 displays the manner in which the existing model can be transformed to allow for a redistribution of financial assistance to pupils without altering the original State financial provision shown in Figure 40.

FIGURE 41

PROPOSED MODEL ON THE REDISTRIBUTION OF PUBLIC MONEYS
TO PUPILS OF A SECONDARY SCHOOL BY THE DEPARTMENT OF
EDUCATION AND CULTURE OF THE ADMINISTRATION: HOUSE
OF DELEGATES



The model depicted in Figure 41 provides financial relief to parents earning low incomes. At the same time, parents with higher incomes play a more active role in the financial provision of education of their children. Such a policy technique is not only in keeping with the ability to pay principle, but will enable the State to provide additional financial assistance to indigent pupils. In this way, the objective of the accomplishment of equal provision of education among all population groups in the RSA will become a reality in the near future.

4.2.6.2 SACRIFICES TO BE MADE

Durr states that the Government of the RSA is striving for parity in the treatment of the various population groups. To achieve parity by 1990 would imply that educational finance will have to equal 38 per cent of the Government's current expenditure in that year, compared to approximately half that percentage in 1988. Such a drastic change is not a practical proposition unless the present priorities on other matters such as housing, defence and health are reevaluated and scaled

down substantially - this, in turn, is also impossible.¹⁷⁾

The problem could be solved by phasing out, to a greater or lesser extent, the 'free' schooling that the better situated section of the population currently enjoys. However, there are obvious limits, both political and economic, to such a process. Undoubtedly, such a transformation would accelerate the attainment of parity among the different population groups.¹⁸⁾

However, the crux of the matter is to what extent will the populace be willing to make sacrifices for the provision of education. In terms of the free market mechanism, there is a good deal of leeway to be made up in ensuring that various economic services, including education, provided by the State should be funded not out of general revenue but on the user charge basis. Thereby, specific services, provided by the public

17. Durr, K.: "The public sector is expected to provide essential services for which sacrifices have to be made", SAIPA - Journal of Public Administration, Vol. 20, No. 3, September 1985, p. 117.

18. Loc. cit.

sector, will be paid for by the recipients themselves rather than by the general body of taxpayers. Moreover, to bring about a more equitable distribution of income and services among the population groups, subsidies should be eliminated, wherever possible. The implementation of the user charge principle is already coming to fruition in, for example, toll roads. Some sections of the population in the RSA have enjoyed a remarkably high standard of living at what may be called 'cut prices'. Therefore, the standard is bound to be adjusted in the light of the current and projected economic realities in which the user charge principle will be applied on a wider scale.¹⁹⁾

From the aforementioned discussion, it can be deduced that segments of the population in the RSA, having the ability to pay, should be exempt from the receipt of State subsidies. Moreover, persons enjoying direct benefits from the utilisation of a service should be responsible for the full expenses of such a benefit. However, carefully considered subsidies, subject to strict control measures, should be provided to the underprivileged sections of the population of the RSA. Such a strategy should result in substantial savings

19. Loc. cit.

in Government expenditure and the provision of increased financial assistance to the underprivileged sections of the population.

The effect of the limited application of user charges on the financial process for education is displayed by means of a model in Figure 42. The proposed model, for the future, showing the effect of the extended application of user charges in the financing of education, is depicted in Figure 43.

FIGURE 42

EXISTING MODEL: EFFECT OF THE LIMITED APPLICATION OF
USER CHARGES ON THE FINANCIAL PROCESS FOR EDUCATION

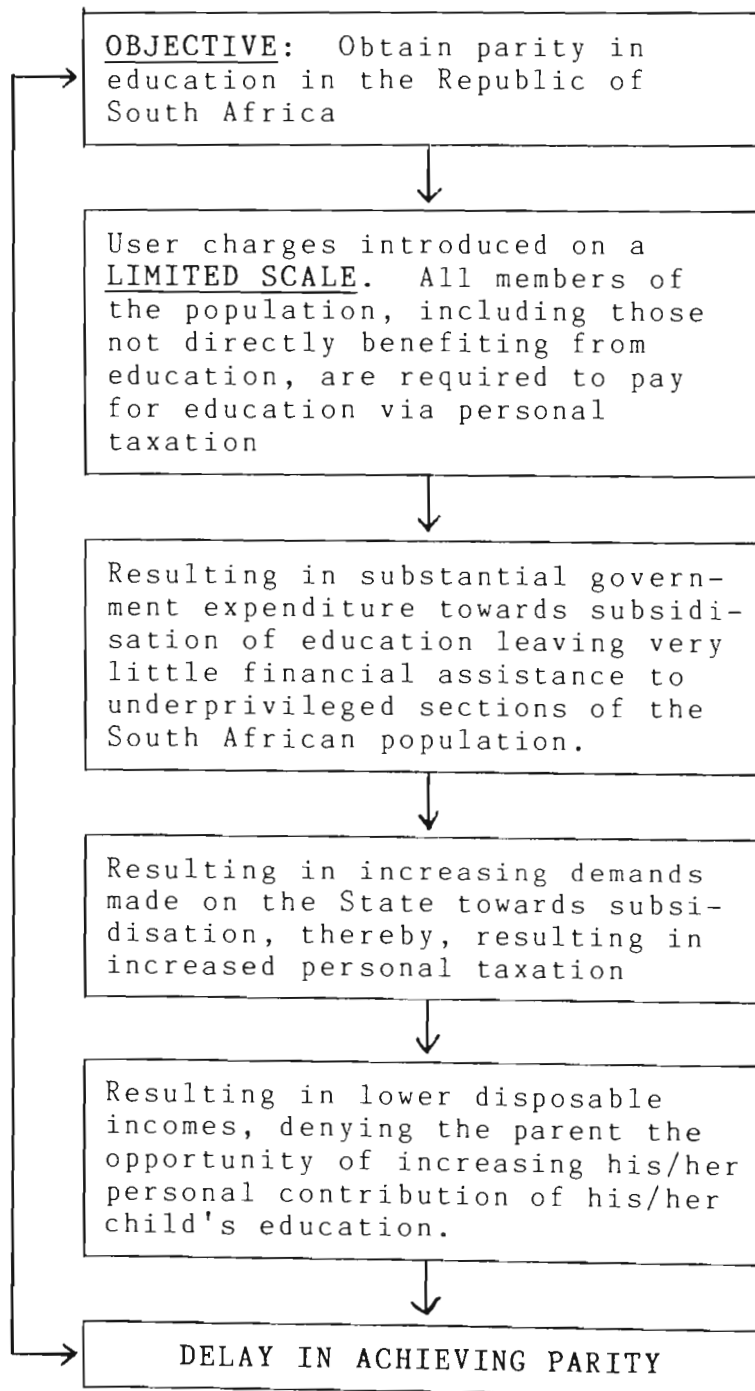
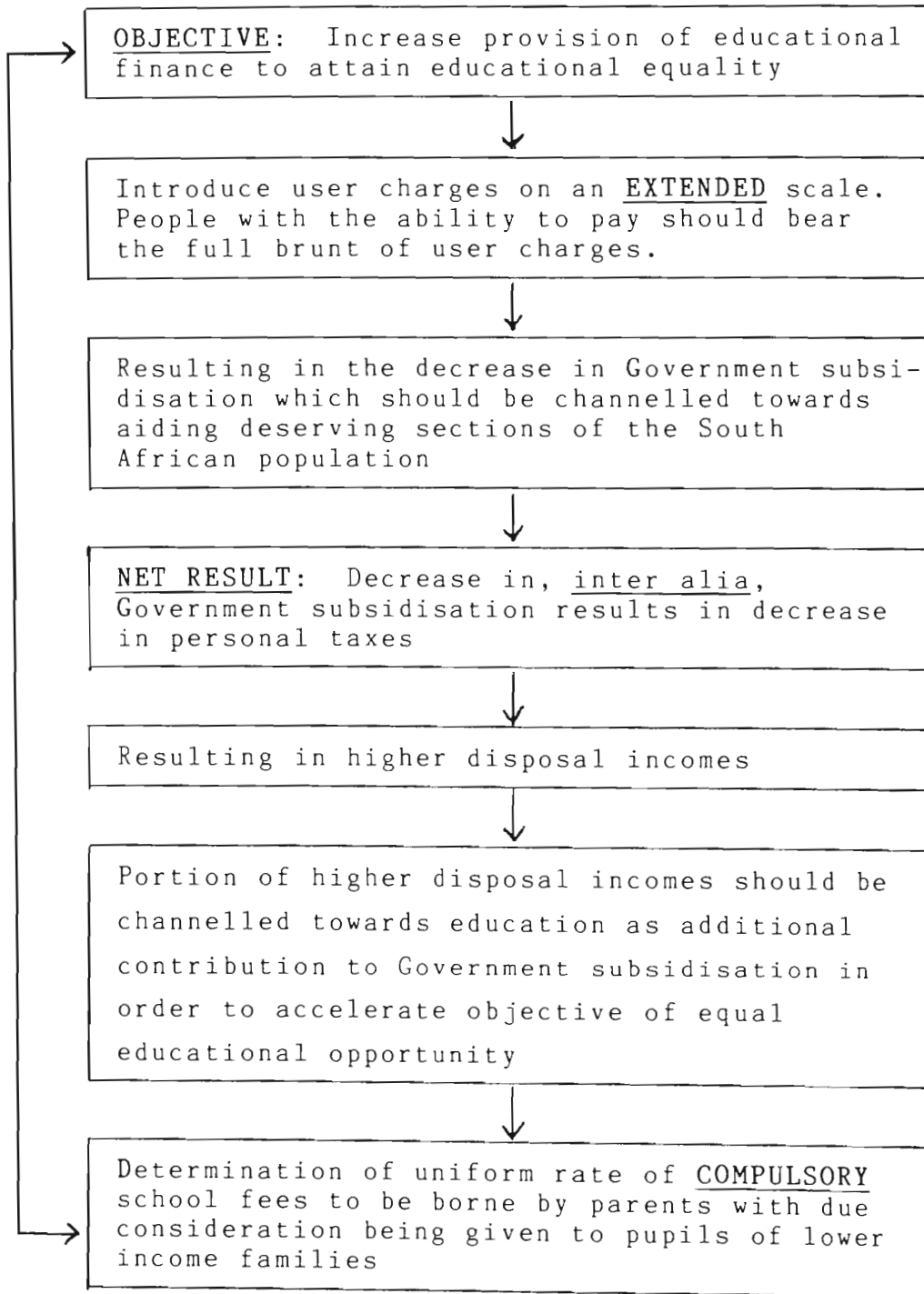


FIGURE 43

PROPOSED MODEL: EFFECT OF EXTENDED APPLICATION OF USER CHARGES ON THE FINANCIAL PROCESS FOR EDUCATION



The degree of success in the implementation of the proposed model in Figure 43 need to be monitored at least once every five years. Hence, it is imperative that an efficient and effective feedback mechanism should be implemented. Public opinion, by means of questionnaires and addresses by ministers to the members of the electorate, should be sought constantly. The responses obtained from the public should be studied carefully, and adaptations, if required, should be made to the model.

It is anticipated that the degree of Government subsidisation will decrease at an increasing rate in the ensuing years. Therefore, it will be necessary to evaluate, constantly, the ability to pay principle of the underprivileged sections of the population in the RSA. With increased State subsidisation towards the underprivileged, it is envisaged that the proportion of the poor will decrease substantially in the near future. Consequently, State provision towards education will decrease, whereas parent contribution is likely to increase. The result would be the provision of further relief of the financial pressure on Government expenditure.

In view of the anticipated increases in parental contributions towards their children's future education,

it is imperative that parents give serious thought to devising financial plans for their children's education. This aspect is considered below.

5. MODEL PLAN FOR A CHILD'S FUTURE EDUCATION:
EDUCATION INSURANCE

The money squeeze in education, aggravated by inflation, Government subsidy cuts and growing population numbers, should compel more parents to make detailed and realistic financial plans for their children's future education. It is obvious that parents, who have enjoyed almost 'free' education in the past, will have to shoulder higher costs in the future.

As a developing country with First and Third World components, and a very large youth population, the RSA has seen a sharp increase in competition for jobs - a trend likely to escalate. The employment uncertainty adds to the traditional concerns which parents hold for the future of their children.

Although money cannot solve all problems, it does make education easier to obtain in the current and future climate. There are several ways in which parents can save for future education costs - including a number

of specially-g geared schemes offered by financial institutions. Alternatively, a personal plan can be implemented through the buying of unit trusts, shares or simply by setting aside a certain sum in a regular savings account every month. However, this requires investment knowledge and self-discipline.

For most, a structured and automatic payment plan is best - and here the products offered by insurance companies are hard to beat. The earlier a start is made to save for a child's future education, the easier and less costly it is.

A child's education can be financed by taking out a life policy in advance and funding fees when due by successive partial encashments.

For example, a parent turning 30 next birthday could invest R125 per month in an endowment policy for 22 years in order to finance the future school and university fees of his/her new born child. By the time the child reaches secondary school, and assuming that the primary school fees were paid out of regular income, an amount of R3 500 could be withdrawn from

the policy in order to contribute towards secondary school costs for the first year.²⁰⁾

Typical cash amounts, available on an annual basis, are listed in Table 36.²¹⁾

20. The Daily News, 24 May 1988.

21. Loc. cit.,

TABLE 36ANNUAL CASH AMOUNTS AVAILABLE THROUGH THE PURCHASE OF
EDUCATION INSURANCE

<u>YEAR</u>	<u>AMOUNT AVAILABLE</u>
	R
13 (Standard 6)	3 500
14	4 025
15	4 629
16	5 323
17	6 122
18 (First year university)	70 000
19	80 500
20	92 575
21	106 461

These amounts are realistic estimates of education fees in the future should education continue at present levels.

Each of the foregoing models emphasise the fact that there is an urgent need to improve the operation of the financial process in education. This aspect is considered below.

6. IMPROVING THE FINANCIAL PROCESS IN EDUCATION:
ROLE OF DELEGATION AND RESPONSIBILITY

Financial administration can be improved, inter alia, in the Department of Education and Culture of the Administration: House of Delegates, by promoting a system in which heads of directorates and subdirectorates have:

- (i) a clear view of the objectives, and assess and measure outputs or performance in relation to the objectives;
- (ii) clearly defined responsibility for making the best use of their resources, including a critical scrutiny of output and value for money; and
- (iii) the information (relating particularly to costs), training and expert advice which they need to exercise their responsibilities efficiently and effectively.

The principle that an administrator, in charge of a directorate or subdirectorate, should be responsible and accountable for his activities, performance and results, and for the administrative resources under his control, usually points in the direction of dividing a department into coherent administrative blocks. In each block, there is an unbroken chain of full administrative responsibility from the most junior to the most senior public official. Full administrative responsibility implies, at each level, more knowledge of, and attention to, the full costs of the resources being used, and more authority to take decisions concerning their resources.

The financial administrative initiative preaches delegation and responsibility within a department. This applies to relations between the Subdirectorate: Treasury of the Department of Budgetary and Auxiliary Services and the Department of Education and Culture of the Administration: House of Delegates. The task is to push it forward and carry it to enduring success. It should be the central theme of the Subdirectorate: Treasury to sustain and accelerate the momentum of change over the months and years ahead.

7. SUMMARY

There is a wide range of sources of finance in education that is available to the State. It would appear that the State would depend primarily on the contributions by parents in the form of compulsory school fees.

School finance is bound to undergo rapid changes with the anticipated introduction of compulsory school fees by parents of school-going children. The shift in primary responsibility from the State to the school will have far-reaching implications for the administrators of a school staff in terms of accountability and responsibility.

Therefore, the Principal of a school, in particular, should be au fait with budgeting techniques to enable him to evaluate input and output results. His expertise should enhance the operation of the financial process that would be executed on a relatively larger scale in the near future.

It is anticipated that the introduction of the Financial Information Systems will enable administrators and education planners of the aforementioned Department to exercise greater care in the preparation of school



budgets and in the distribution of allocated moneys. Distribution should be such that schools with the largest number of indigent pupils receive the largest share of the State allocation.

It is evident that substantial savings in educational expenditure can be realised if schools, which are situated in close proximity of each other, consult each other before the construction of capital structures such as tennis courts, swimming pools and halls. The objective should be to avoid duplication of such facilities, and promote the concept of sharing each other's facilities in order to maximise utilisation of such facilities and, thereby, ensure the efficient and effective use of public moneys.

It is feasible to introduce user charges on an extended scale in the RSA to ensure that the population, in general, has a larger disposal income. Only then would it be possible for parents of school-going children to play a more active role in the financial provision of their children's education. However, it is noteworthy that the application of user charges, on an extended scale, would imply that greater sacrifices would have to be made by the population of the RSA to realise the

Government's objective of the attainment of parity in the provision of education.

In view of these anticipated sacrifices, it is imperative that parents of school-going children, in particular, should formulate careful plans for the financing of their children's future education. In this regard, an education insurance plan seems to be the most appropriate in the provision of encashments on an annual basis for a child's future education.

It is important to note that there are still many deficiencies in man's ability to project data for financial models. The foregoing projection models are promising as projection instruments. However, each has relative advantages and disadvantages, and should be used judiciously.

Without new developments in models for projecting educational expenditures, long-term budgeting will be a hazardous exercise. In the absence of satisfactory projections, educational expenditures and their costs can be valid bases for budgeting. It is, therefore, probable that budgeting will remain on a crisis-to-crisis, short-term basis and emphasis will continue to be

determining 'what the traffic will bear' before expenditure determination. Hence, the tail (revenue) will continue to wag the dog (expenditure).

Those who participate in developing plans and models for an adequate programme of education and its financing should take into account the entire development programme required by the population of the RSA in order to ensure appropriate co-ordination and avoid severe shortages and surpluses in certain areas. The planners and administrators should provide for the wisest possible use of scarce funds in a manner most compatible with the development objectives appropriate for the population of the RSA.

CHAPTER XCONCLUSIONS AND RECOMMENDATIONS1. CONCLUSIONS

In Chapter I, the factors that have given rise to the research have been considered. The central theme appropriate to the study has been enunciated, namely, the need for greater efficiency and effectiveness in the operation of the financial process in the Department of Education and Culture of the Administration: House of Delegates. Chapter I also includes an exposition of a multitude of definitions that are pertinent to this study.

Chapter II presents an exposition of the legislative, executive and judicial authority at the central government level in the RSA. Attention is also focused on the provincial/regional and local levels of government. However, the constitutional framework of the RSA forms the basis within which the financial process operates. In the implementation of the financial process in education, cognizance has to be given to the fact that all legislative power is vested in the State President and Parliament which consists of three Houses. The

procedure in connection with money bills emphasises the supremacy of the legislature in the implementation of the financial process. The Government's White Paper on the Provision of Education in the Republic of South Africa in 1983 stipulates that every effort will be made to attain equal standards in education in the forthcoming years. The formation of the National Council will enable all population groups in the RSA to participate in the proposed new constitutional dispensation and attain, inter alia, parity in educational provision.

At the provincial government level, the all-White Provincial Councils were abolished since 1 July 1986. Their powers were transferred to the Provincial Executive Committee. Since 1 April 1987, money was allocated to the provinces from the State Revenue Fund. These allocated amounts are subject to stringent control measures.

The promulgation of the Regional Services Councils Act, 1985 (Act 109 of 1985), introduced the concept of regional services councils. It is envisaged that these councils will relieve the burden of individual local authorities through the rendering of services which are beyond their financial and administrative capabilities.

Although local authorities constitute the lowest tier in the governmental hierarchy, they provide the foundations

on which the welfare of the people is built since they form a close link with the communities whom they serve.

Chapter III focuses attention on the components of the financial process pertaining to the procurement, custody, distribution and control of public moneys. The historical development of the financial process reveals that the RSA has come a long way since the post-Union period. The promulgation of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), and the amendments of the Exchequer and Audit Act, 1975 (Act 66 of 1975), have led to the formation of three separate revenue accounts for the Whites, Coloureds and Indians, respectively. Money is appropriated to each of these accounts through the State Revenue Account. In addition, the Exchequer Account and the Paymaster General's Account play significant roles in the custody and the periodic distribution of public moneys. The discussion of State finance relating to State departments presents a concise account of the nature of the operation of the financial process.

Significant progress has been made in the field of budgeting, which is vital for the efficient and effective implementation of the financial process. The operation of the System of Budgeting by Objectives by State departments in the RSA has introduced strict discipline

in the utilisation of public moneys. Moreover, the maintenance of control by Parliament over the money that it appropriates forms the cornerstone of the State's financial system.

In Chapter IV, the operation of the financial process in the RSA's education system is discussed within the context of the six generic administrative processes of public administration, with particular reference to policy-making and financing. The Government has set up numerous policy-making bodies on the macro level with the express intention of attaining parity in educational provision within the next few years. In this regard, reference has been made to the Government's ten-year education plan.

In terms of financing, the financial implications of the eleven principles of the De Lange Report of 1981 have been considered. These principles emphasise, inter alia, that additional finance should be channelled in the provision of education of indigent pupils, and that parents should play a more influential role in the provision of their children's education in the future. The exposition of the financial process in education highlights aspects such as, inter alia, the financial provision by the State, compilation of an inventory of needs and the compilation of a budget.

An international perspective of the financing of education is presented in Chapter V. Empirical evidence reveals that there is a positive correlation between the cost and the quality of education. The statistics pertaining to international expenditure on education reveal that there is a wide disparity in expenditures between developed and developing countries. However, it is noteworthy that the developed countries are offering financial assistance to the developing countries in order to bridge the gap.

It is interesting to note that for over 80 per cent of the hours in the year, the typical classroom lies idle and undisturbed. A similar situation prevails in schools in the RSA.

In developing countries, education is not making its maximum contribution to development due to, inter alia, misallocation of resources among schooling levels, and the inequality in the distribution of educational costs and benefits among the various income groups. Policy options are addressed to redress the aforementioned problems. Moreover, the need for financial aid in developing countries is stressed.

The financing of education in developed countries has been considered from the point of view of the generic

administrative processes in public administration pertaining to policy-making, organising, financing and control. These processes are considered in the context of specific countries together with the supporting empirical evidence.

The exposition on the maintenance of school facilities emphasises the importance of efficiency and effectiveness. An interesting observation, based on empirical evidence, is that a positive correlation does not exist between luxurious school buildings and examination results. Consequently, emphasis should be placed on 'adequacy' rather than on 'luxury'.

To augment the public's financial contribution towards education, the feasibility of the implementation of education vouchers is considered. However, their application in the USA and the UK has not achieved the desired results.

Chapter VI focuses attention, in brief, on financial aspects pertaining to the education of Whites, Blacks and Coloureds in the RSA. The statistics pertaining to examination results for all three population groups reveal that there is still room for improving the efficiency and effectiveness of the operation of the financial process. However, it is pleasing to note that substantial

improvements have been made in Black education. Greater financial provision towards education by the State and a marked improvement of the pupil-teacher ratio augur well for the State's objective of the attainment of educational parity for all population groups in the RSA.

Chapters VII and VIII highlight aspects pertaining to the operation of the financial process in the Department of Education and Culture of the Administration: House of Delegates. The organisational structure of the aforementioned Department reveals that the directorates and subdirectorates work in close unison with each other in the execution of their administrative and financial functions. The Department of Budgetary and Auxiliary Services plays a supportive role in the implementation of the financial process by the Department of Education and Culture. Consequently, a discussion of the organisational structure and the financial functions of the latter Department have been considered.

The discussion of the form of estimates prepared by the Department of Education and Culture serves to highlight concisely the manner in which the financial process operates at the regional/departmental level. The preparation of the budget in terms of the programme structure and the item structure reveals that thorough

planning and preparation is conducted by the aforementioned Department. Comparative figures, between the 1987/88 and 1988/89 financial years have been used to illustrate the rate of increase or decrease of financial provision for each programme for the aforementioned financial years. Of the four programmes, Programme 2: Education, which includes primary and secondary education, receives the largest financial contribution.

Consideration is also given to the other five generic administrative processes, namely, policy-making, financing, staffing, work procedures, and control, and their relevance to the operation of the financial process.

An examination of the operation of the financial process at the local or school level is conducted. The regulations, relating to the administration and control of school funds, focus attention on aspects such as, inter alia, the School Fund Committee, collection and distribution of school funds, deposit and withdrawal of moneys, and the disposal of school funds on the closure of a school.

Based on the discussion of the aforementioned Chapters, the following models for the financing of education are proposed for future implementation in terms of anticipated

changes in the implementation of the financial process:

- (i) futuristic model of the educational cost system resulting from the Information Revolution;
- (ii) futuristic model budget;
- (iii) futuristic cost-effective model for sports and recreational facilities;
- (iv) futuristic model for the redistribution of public moneys to pupils of a secondary school;
- (v) futuristic model on the extended application of user charges in the RSA; and
- (vi) model plan for a child's future education: education insurance.

Each of the aforementioned models has been proposed with one objective in mind, that is, the necessity of improving the operation of the financial process in education, with particular reference to the Department of Education and Culture of the Administration: House of Delagates.

2. RECOMMENDATIONS

In analysing the financial process operating in the Department of Education and Culture of the Administration: House of Delegates, several facts come to light. Since the promulgation of the Republic of South Africa

Constitution Act, 1983 (Act 110 of 1983), extensive developments have taken place in the field of education. Although the survey reveals that the operation of the financial process is, in the main, satisfactory and efficient in the aforementioned Department, the following recommendations are advanced to improve the financial procedure in general, but more particularly in the Department of Education and Culture of the Administration: House of Delegates.

Recommendation one

The Department of Education and Culture of the Administration: House of Delegates should encourage research into educational costs and finance.

The present system is bedevilled by the fact that there is very little research on the financial administrative aspects of education. Research in these aspects has been very thin indeed. It is hoped that this thesis would, at least, provide some spur and assistance to researchers in a neglected field. Particularly promising areas would be functional unit costs, costs of individual schools, and the use of school time. There is also need for academic centres to establish library sections on

school finance. Not only is the present literature very thin, it is also hard to come by.

Recommendation two

The financial process runs like a golden thread through all public activities and every public official should be aware of his personal responsibility as an obligation for efficient and effective financial administration.

All public officials should realise that if anyone is the cause of maladministration, corruption or theft, such official will be personally held responsible. Everybody should realise their accountability to taxpayers.

Recommendation three

Financial authority should be delegated to Principals, staff members and parents by the Department of Education and Culture of the Administration: House of Delegates.

Since a System of Budgeting by Objectives emphasises a hierarchy from the bottom to the top, it is preferable that such a budget should be developed by practitioners who will render the service or who will use the supply or

equipment to be budgeted. Consequently, a basic necessity is the drastic decentralisation of financial administration in Indian schools in the RSA, and the delegation of financial authority to school Principals for hiring, budget development and curriculum development, with advice from teachers and families served by the school.

Recommendation four

The Principal of a school should be allowed to exercise his discretion in the utilisation of school funds to satisfy priorities without obtaining the prior approval of the School Fund Committee or the Chief Executive Director.

The primary aim of all education is to maximise the educational benefits of the pupils. This aim can be achieved successfully if the Principal is allowed to exercise his discretionary powers and provide services required by pupils expediently.

The present regulations relating to the administration and control of school funds do not permit the Principal freedom in the use of his discretionary powers. Due to this limitation, urgent educational needs, such as the purchase of a set of textbooks out of school funds, may

need to be met urgently in order to maximise the benefit of pupils. The procedure for obtaining permission from the School Fund Committee and the Chief Executive Director is time-consuming.

There is an urgent need to grant the Principal greater discretionary powers in the utilisation of school funds. In this way, the operation of the financial process can be expedited, and the needs of the pupils can be met timeously.

Recommendation five

A set of well-defined financial policies should be formulated for schools.

Presently, schools under the control of the Administration: House of Delegates do not have a well-developed set of policies for the financial process, as they do, for example, in relation to examinations and discipline. All they have are a few policies concentrating on, inter alia, monetary allocation, placing of orders, purchasing and inventory control.

Such a situation has developed partly because schools consider costs of little importance. Moreover, it is because they do not ask the right questions. They ask

questions relating to the examination policy and what sort of outcomes they should expect. However, some of the obvious questions concerning school costs are not asked, let alone answered. For example, is it possible to achieve economies of scale in the total running cost of the school? Is it possible to get better value for money within the total costs of the school? Is the balance of the cost structure correct? What constraints could be modified to make better use of the school's financial resources?

Each school should appoint a co-ordinating committee for financial affairs such as, inter alia, building maintenance, lighting, grounds, unofficial school funds and stock control. Regular financial reports of this committee should be presented at staff meetings and management committee meetings. The committee's suggestions to questions of the foregoing nature should be communicated to the Department of Education and Culture of the Administration: House of Delegates. This type of integrative consultation could introduce financial awareness to a wider base of the population participating in education. Moreover, the financial knowledge and expertise of all those participants in financial administration would be enhanced.

Recommendation six

Duties pertaining to financial matters in a school should be delegated to all members of the management team to ensure that there is efficiency and effectiveness in the operation of the financial process.

It is imperative for every member of a school's management team to have a sound knowledge of the financial procedures pertaining to education. Knowledge can be acquired through the delegation of various tasks relating to financial matters. Such tasks include scrutinising, inter alia:

- (i) monetary allocation for textbooks;
- (ii) monetary allocation for library books;
- (iii) school's petty cash payments;
- (iv) State petty cash payments;
- (v) receipt of school funds;
- (vi) transport claims by members of staff;
- (vii) official and unofficial telephone accounts; and
- (viii) repair and maintenance costs.

To ensure that they become efficient and effective Principals, the aforementioned tasks should be assigned to members of management on a rotation basis annually so that each member will eventually have a working knowledge of the entire spectrum of financial affairs. Such knowledge will, hopefully, enable them to increase their awareness of the enormous costs involved in the financing of education. Flowing from such awareness, they should be able to make valuable contributions towards the implementation of a cost-effective method of financing education in their respective schools. Part of the savings could be channelled into the purchase of additional educational aids to enhance the quality of education. A reduction in the unit cost of education would also benefit society as a whole in the form of reduced personal taxation.

Recommendation seven

A workable model should be formulated for the implementation of the financial process in education.

A substantial effort should be made to improve the knowledge and skill required for personnel responsible

for financing educational operations. The successful introduction of the new system and procedures requires that staff members be granted the opportunity to take short courses, attend workshops or join study tours for training in specific areas of financial administration. Training of this kind for educational finance personnel can be organised by the Department of Education and Culture of the Administration: House of Delegates. Moreover, as new systems are developed in selected schools, these institutions could serve as models for others.

Recommendation eight

In-service education on the operation of the financial process in education should be provided to all members of the teaching staff on an annual basis.

This recommendation could be realised by the adaptation of the length of the current academic year. For example, if a school year is reduced by two days, savings in transport, lighting and cleaning could probably be sufficient to provide reasonable in-service education on the financial process in education for the whole teaching force. Pupils would lose one per cent of contact time for the academic year. However, if such

a loss would contribute to the achievement of more than one per cent in the efficiency of their learning, then such an adaptation would be worthwhile.

Recommendation nine

Leaders in education should be schooled in scientific administration, in which financial educational administration should constitute an important part of the groundwork of educational and administrative training.

In the training of leaders in education, the component of financial administration should be explicitly incorporated. It is only when the leaders of education have been so equipped that they can handle their administrative situation with the maximum amount of efficiency, that the optimum utilisation of educational funds may become a reality. Only then can they hope to attain the ideal of equal educational opportunities and, by implication, equal standards. In this way, education, in its entirety, can make a contribution to the maximum economic progress in the RSA.

Recommendation ten

Teachers should be relieved of tasks such as typing and duplicating to promote economy at the school level.

Whilst there are substantial practical difficulties in providing adequate clerical assistance in school at the time and place when they are needed, there is a strong economic case in principle for the attempt to be made. Classroom materials typed and duplicated by teachers are very expensive in terms of opportunity costs, that is, the value of what is given up¹⁾ when actions such as typing and duplicating have to be implemented.

Typing and duplicating are tasks which are increasing in volume and are performed with regularity throughout the year. The appointment of an additional clerical assistant who is efficient in a variety of tasks, particularly typing and duplicating, could prove to be a cost-effective measure in view of the multitude of

1. For example, the supervision of written work and the preparation of an additional worksheet for the 'highflyer'.

opportunity costs foregone when these tasks are performed by teachers. Besides the aforementioned opportunity costs, other such costs include, inter alia, the following:

- (i) teachers reporting late to classrooms as a result of the delay caused in the queue outside the duplicating room; and
- (ii) very high repair and maintenance costs of the duplicating machine as a result of use by several teachers who are not efficient in its manipulation.

Recommendation eleven

Wastage in education, caused by excessive casual leave-taking by teachers, should be reduced to a minimum.

Human nature is such that allowance has to be made for a teacher who absents himself/herself from duty because of illness, or who has to take casual leave to attend to urgent and unforeseen problems. However, there should be a limit to such allowances, particularly in the case of casual leave-taking.

Just as a teacher is governed by regulation not to exceed 12 days of absence per year, so too, should regulation be promulgated limiting a teacher to a maximum of, say, 12 hours of casual leave per year. Should a teacher exceed the maximum time permitted for the year, he should be subjected to a salary deduction. For example, a teacher who earns R3 000 per month, that is, R100 per day or R14 per hour, and who exceeds the maximum casual leave-taking limit by six hours for the year, should have R84 deducted from his/her salary at the commencement of the new academic year.²⁾

Obviously, such an innovation would increase administrative work and possibly lead to the employment of additional administrative personnel. However, the benefits to be derived by introducing the aforementioned legislation are anticipated to outweigh the additional costs. Firstly, pupils would receive a greater volume of expert tuition from specialist teachers rather than being confronted by a relief teacher with little or no knowledge of the relevant subject matter. Secondly, the use of teachers

2. The sum of R84 is obtained by multiplying R14 by 6 hours.

for relief duty would be reduced to a minimum, allowing teachers to devote more time to, inter alia, supervision of written work and the preparation of instructional aids, which could enhance pupil output. The foregoing are just two of the several advantages emanating from the implementation of the aforementioned regulation which will ensure that idle capacity of pupils, in particular, and wastage in education, in general, are reduced to a minimum.

Recommendation twelve

There should be centralisation of instruction in subjects generally offered by a few pupils in each school to ensure a satisfactory pupil-teacher ratio, and, consequently, efficiency and effectiveness in the operation of the financial process.

Research results have proven conclusively that there is little solid evidence to reveal that a better pupil-teacher ratio (smaller classes) actually leads to greater teaching efficiency. Therefore, to ensure that funds are used efficiently and effectively, it is necessary to maintain, as far as it is practically possible, an equitable distribution of pupils per class size for all subjects offered at a school. Subjects such as,

inter alia, Housecraft, Home Economics, Music, Technical Drawing and Metalwork are generally offered by a relatively few pupils in the Senior Secondary Phase. The average costs per pupil in the provision of instruction in the aforementioned subjects tend to be excessive.

These excessive costs could be curtailed drastically through pre-planning by the Department of Education and Culture of the Administration: House of Delegates. Closely situated schools should be grouped in terms of defined localities. Principals should be requested to submit approximate enrolment figures of pupils desiring to offer the aforementioned subjects in the forthcoming year. These estimates should be prepared and despatched by Principals in the last quarter of the year preceding the year in which pupils are to enter into the Senior Secondary Phase.

By collating the relevant statistics received from Principals, the Department could inform Principals of the proposed arrangement for the offering of these subjects in the ensuing year. For example, schools A, B and C in a particular locality projected that a total of eight, nine and five pupils, respectively, will be offering Housecraft in the following year. Instead of offering this subject at all three schools with pupil-teacher ratios well below the average, Housecraft could

be offered at any one of these three schools with a pupil-teacher ratio of 22 : 1. Such an arrangement would make a substantial contribution to the curtailment of current and capital costs.

Unfortunately, such a cost-saving device would inconvenience pupils, teachers and parents. Pupils, for example, may have to travel a few kilometres to school. A few teachers would be redundant. Parents will have to bear the additional transport costs. However, it is evident that the foregoing cost-saving technique has the advantage of eliminating idle capacity without affecting the quality of education.

Recommendation thirteen

Excessive expenditure should not be incurred in the building and maintenance of premises.

Empirical research has proved conclusively that there is no positive correlation between excessive spending on premises and favourable examination results. Consequently, enormous amounts of expenditure are not recommended in the construction and maintenance of school premises. The emphasis should be on adequacy rather than on luxury. Moreover, regular supervision

of work by maintenance staff should be implemented to ensure that their services are utilised efficiently and effectively. On the basis of the findings of such supervision, inefficient and ineffective members of the maintenance staff can be dismissed. In addition, staff deployment could be reviewed periodically to detect the existence of idle capacity. If such a situation exists, the maintenance staff complement could be reduced, thereby resulting in the decrease in educational expenditure without affecting the quality of education.

Recommendation fourteen

The planned maintenance of school plant is essential to enhance cost-effectiveness.

Planned maintenance should be scheduled to avoid interrupting the instructional programme. However, the work schedule should be adequately flexible to cope with emergency maintenance problems. The objectives of a good work programme are, inter alia, as follows:

- (i) to utilise to the best advantage each employee's time and talents; and
- (ii) to distribute the workload equally among all maintenance personnel.

To accomplish these objectives, school administrators should maintain a list of maintenance and repair jobs, arranging them in sequence and setting dates for the completion of particular tasks.

Accidental damage and vandalism vary greatly from school to school. However, they cost money. They can be reduced by internal arrangements. Self-help can be important - for example, pupils reporting damage to premises and defects, and swift repair and painting over minor blemishes. Sometimes a school may have its own handyman or caretaker who can do minor repairs at a much reduced cost.

Much of this good housekeeping is very worthy. It undoubtedly saves money, which is then available for other purposes. Apart from being dull and routine, it suffers from one other disadvantage. In the main, it is saving 'their' money, not 'my' money. Perhaps, schools would be much keener to do good housekeeping if they were able to share in the benefits.

Recommendation fifteen

Future schools should be planned by the Department of Education and Culture of the Administration: House of Delegates with the express purpose of reducing cleaning and maintenance costs.

The average minimum cleaning and maintenance costs of a school amount to approximately R30 000 to R40 000 per annum. These costs totalled to approximately R13 million-R18 million in 1987 for the upkeep of 441 schools under the control of the aforementioned Department. This is an extremely high cost that the Department has to bear.

Consequently, administrators should make every effort to plan and design future schools in such a manner that cleaning and maintenance costs would be reduced drastically. In this regard, expert advice and guidance should be sought from plan drawers and architects.

Recommendation sixteen

Administrators of the aforementioned Department should be giving serious thought to alternative ways in which excess idle capacity in school accommodation in Indian schools should be utilised in the future.

From the statistics presented on Indian education in Chapters VII and VIII, it is evident that the existing school accommodation will be under-utilised in the near future. Therefore, administrators should be hard at work in devising plans for the alternative uses of idle capacity in school accommodation.

The Department could dispose of excess land and buildings after consultation with the Minister of National Education and the Minister of Finance. Should such a proposal materialise, the proceeds from such a sale could be shared in an agreed ratio between the Department of Finance and the Department of Education and Culture of the Administration: House of Delegates. The excess income generated into the Treasury would accelerate the attainment of equal provision in education in the RSA.

Recommendation seventeen

Schools should request all departments to keep reasonably full inventories of their textbooks and other books, minor equipment and consumable items such as stationery, art materials and chemicals.

Undoubtedly, such inventories involve time-consuming stock-taking, but they prevent a great deal of loss.

Simple procedures within a school can prevent substantial loss of items: proper labelling; insisting that textbooks are numbered before issue, and the number recorded; covering textbooks and providing shadow boards for specialist rooms such as industrial arts and art rooms. In departments short of textbooks, lending out a set of books for a piece of homework is a sure recipe for waste of time and books. If books are in short supply, it is better for one book to be issued among a pair of pupils and homework to be set over a longer period. Proper issuing systems for departments and libraries are essential. Books lost or damaged should be replaced by the pupil concerned.

Recommendation eighteen

Postage and telephone at schools should be used economically.

A school may find that its postage and telephones are used to some extent for private use. However, this can be reduced to reasonable levels by checking outward postage and by keeping telephones under lock and insisting that all official calls should be made after 13h00, whenever possible.

Recommendation nineteen

There has to be a more concerted effort on all parties involved in education to improve the pass rate in the examinations, particularly the Senior Certificate Examination.

The primary objective of education is to ensure that the educational input, in the form of expenditure, manpower and resources, is used economically to produce the desirable output, that is, a refined, educated individual who will pursue a trade or career and contribute towards the upliftment of the economy of the RSA.

From the exposition of examination results in this thesis, particularly Senior Certificate Examination results pertaining to Matriculation Exemption, it can be concluded that there is still room for improvement before the educational authorities can be satisfied that educational expenditure is being utilised efficiently and effectively. It is imperative that the heads of the different education departments meet periodically to discuss strategies that would lead to a marked improvement in examination results. Only then can the wastage of public moneys in education be restricted to the bare minimum.

Recommendation twenty

The identification of pupils with technical ability, as opposed to academic ability, at an early stage could lead to improved results in internal and external examinations and result in substantial savings of public moneys.

An analysis of examination results in this thesis has revealed that 10 out of every 100 pupils, per annum, fail the examinations conducted by the Department of Education and Culture of the Administration: House of Delegates. In money terms, this is an extremely high cost which the taxpayer has to bear.

There is every probability that many of these failures are not academically inclined. Some of them may be technically orientated. Consequently, it is imperative for teachers to identify pupils with such inclinations as early as possible and introduce them to a technically-orientated course.

The projected improvement in examination results would ensure that public moneys are used efficiently and effectively. Moreover, technical expertise of pupils would enhance the upliftment of the economy of the RSA. Furthermore, the resultant savings, from the higher success rate in examinations, could be channelled into the financial provision of education of the underprivileged. Consequently, the Government's goal of achieving parity in educational provision would be realised expediently.

Recommendation twenty one

Treasury should encourage, on a continuous basis, inter alia, the Department of Education and Culture of the Administration: House of Delegates to spend allocated money wisely in terms of priorities during a financial year.

Allocated money not spent by the Department in one financial year is not necessarily available to the

Department in the following financial year. Such an arrangement can lead to several practical difficulties. For example, a favourable balance in the Department's account at the end of a financial year could imply that the Department has been inefficient in the utilisation of allocated moneys. To avoid criticism from pressure groups, in particular, the Department may tend to utilise available moneys on items not urgently required during a financial year.

It would be feasible, efficient and effective if the Department is permitted to carry over surplus balances from one financial year to the next. Such an arrangement would enable the Department to execute transactions in terms of priorities. For example, there might be a delay in the publication of a new set of Physical Science textbooks for senior pupils. Instead of hurriedly utilising the available balance on the purchase of a set of outdated Physical Science textbooks, the Department of Education and Culture (and, automatically, schools) should be permitted to carry over such balances into the next financial year. The set of new Physical Science textbooks can then be purchased in the new year with the old allocation. As a control measure, Treasury should be notified timeously of the Department's reasons for wishing to withhold money in one financial year for utilisation in the next financial year.

Recommendation twenty two

With the attainment of equal standards in education, the number of policy-making bodies for the financing of education should be reduced drastically.

Presently, the policy-making process for the financing of education on the macro level is complicated and involves a large number of policy-making bodies. Due to continuous restraints placed on financial resources, a large number of policy-making bodies is not feasible. Every attempt should be made to attain cost-effectiveness over the short-term.

Therefore, the present number of policy-making bodies should be reduced drastically with the attainment of equal standards of education in the RSA. Such a reduction will result in substantial savings which can be channelled to enhance the quality of education of the population of the RSA.

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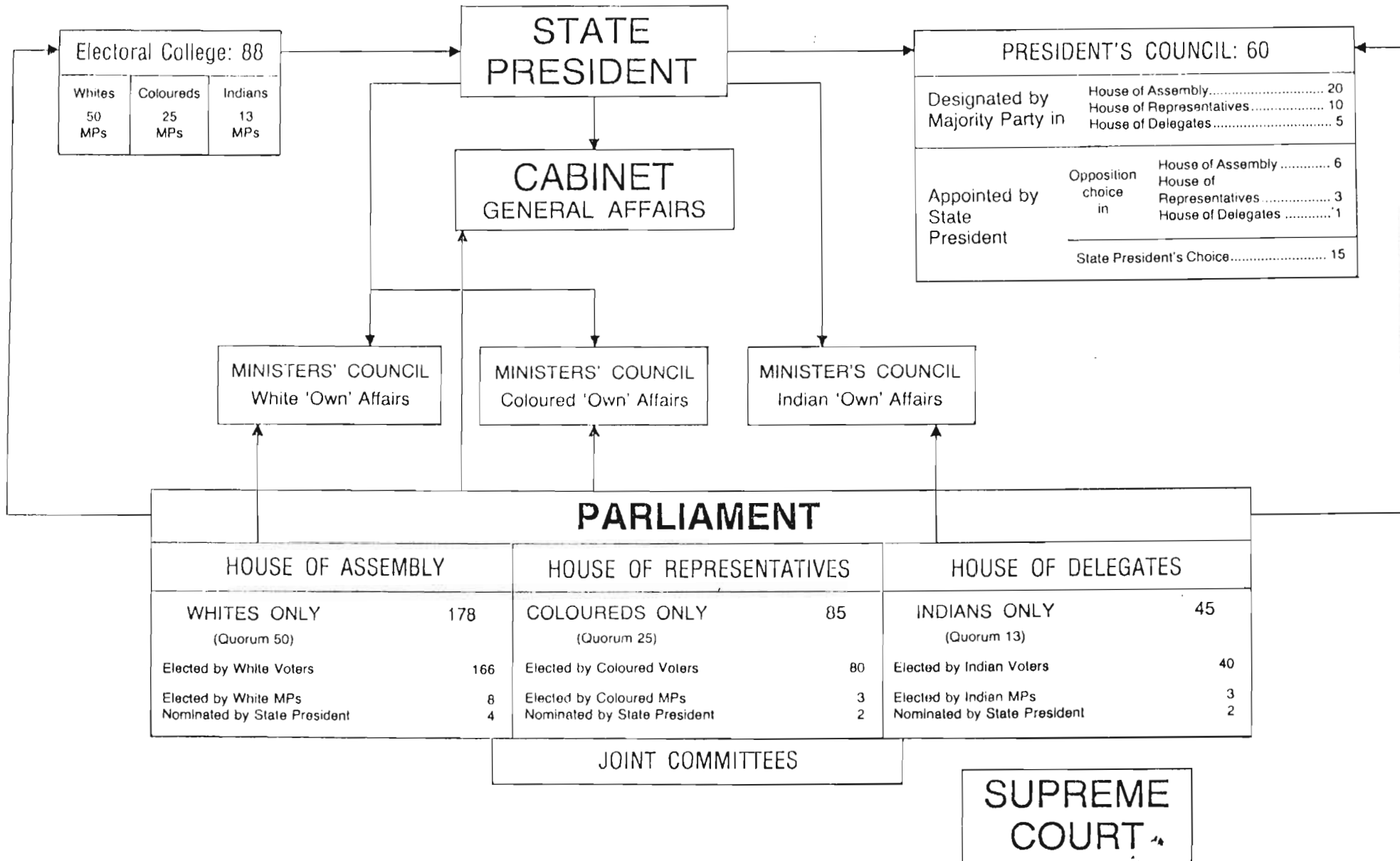
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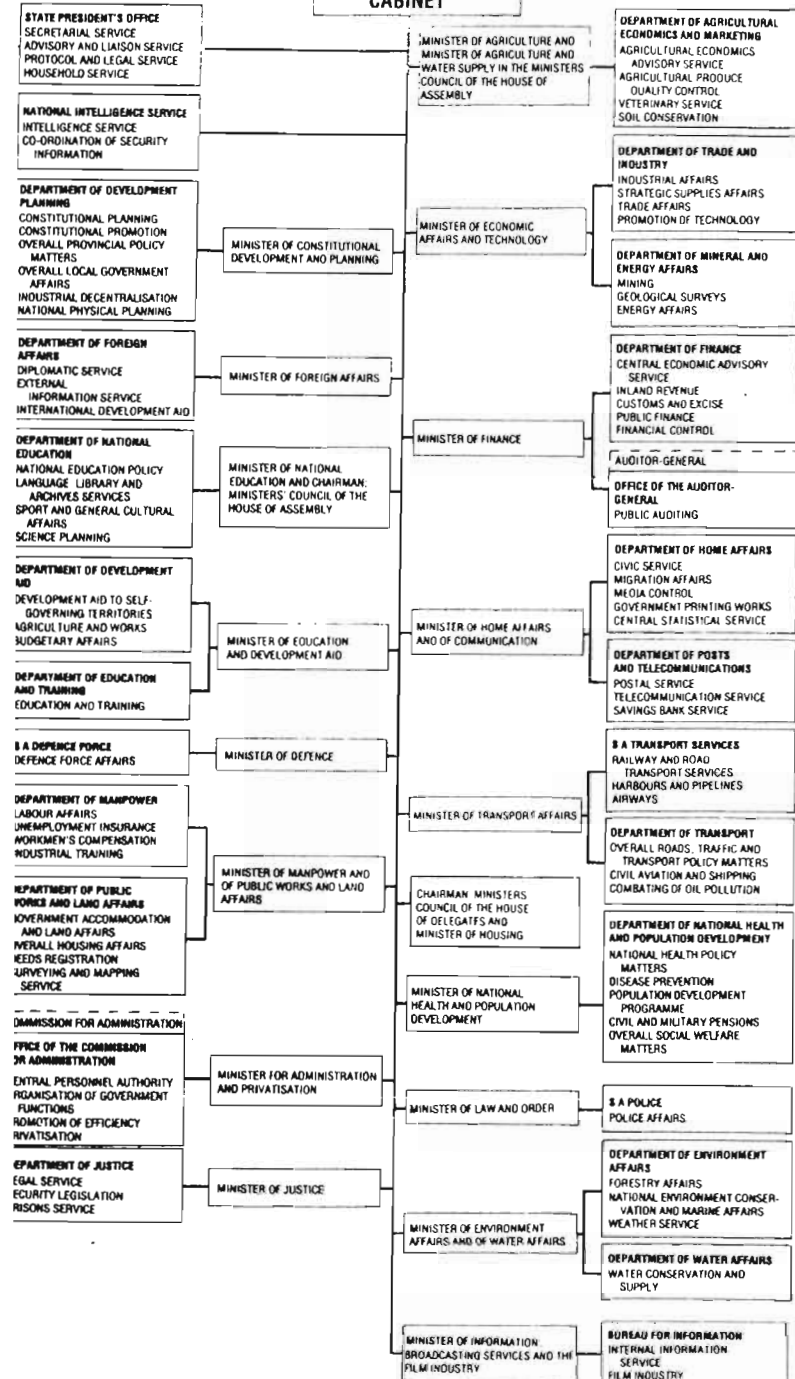
STRUCTURE OF NEW CONSTITUTION



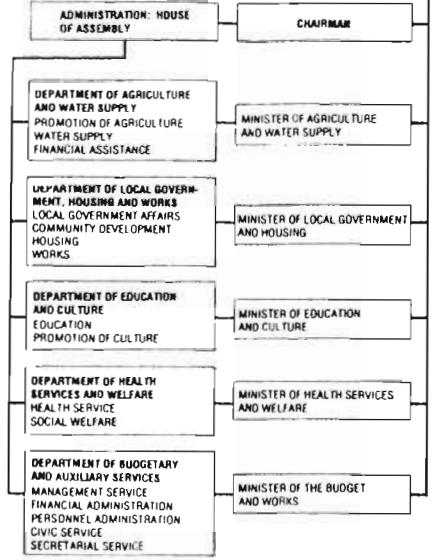
EXECUTIVE AUTHORITY AND EXECUTIVE INSTITUTIONS FOR OWN AND GENERAL AFFAIRS

STATE PRESIDENT

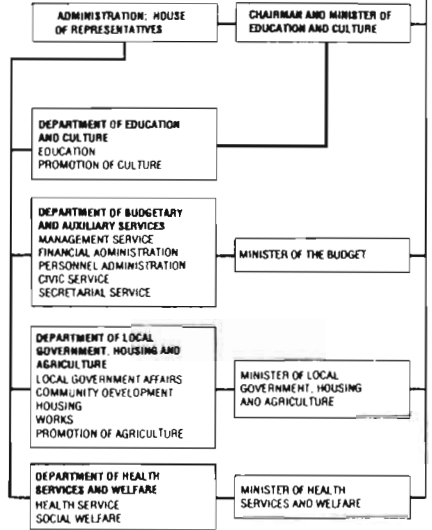
CABINET



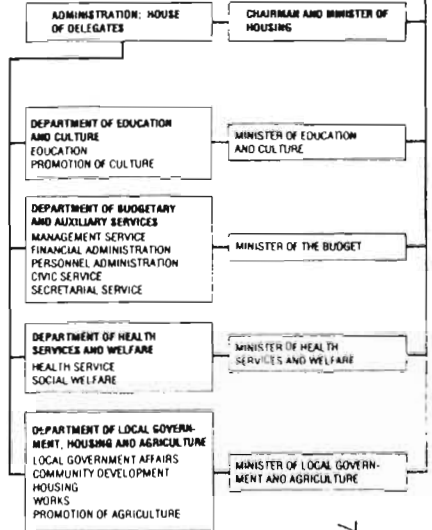
MINISTERS' COUNCIL OF THE HOUSE OF ASSEMBLY



MINISTERS' COUNCIL OF THE HOUSE OF REPRESENTATIVES

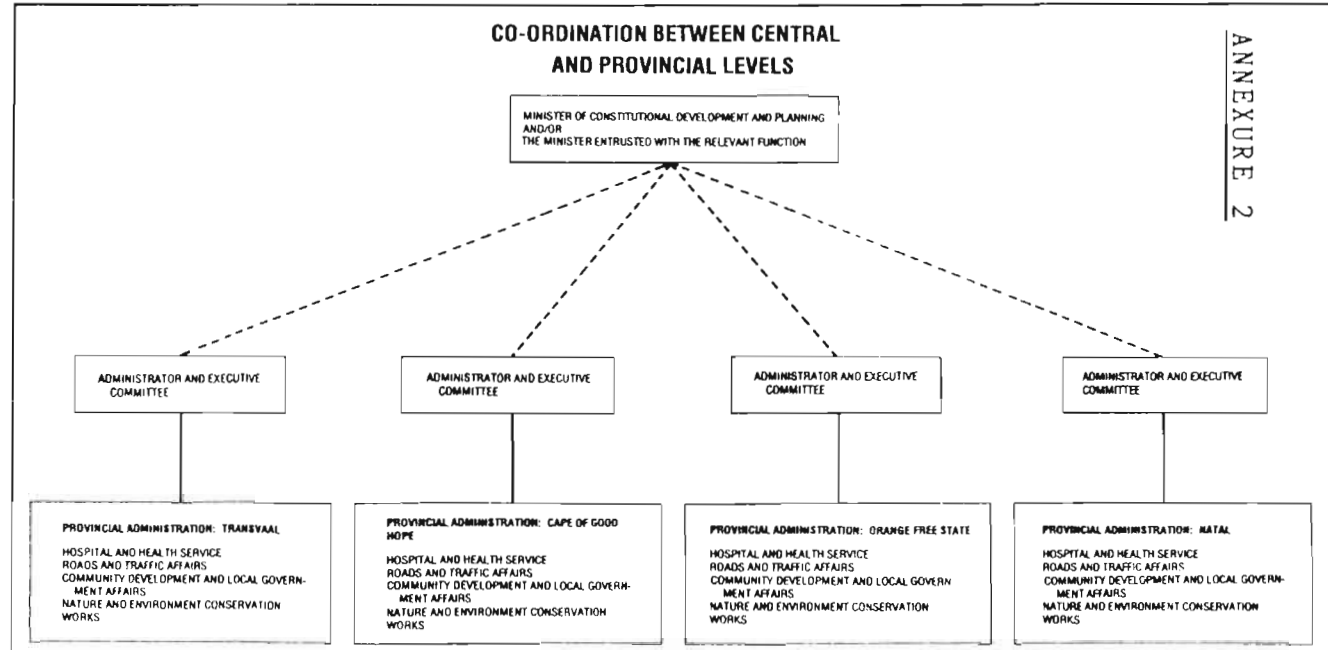


MINISTERS' COUNCIL OF THE HOUSE OF DELEGATES

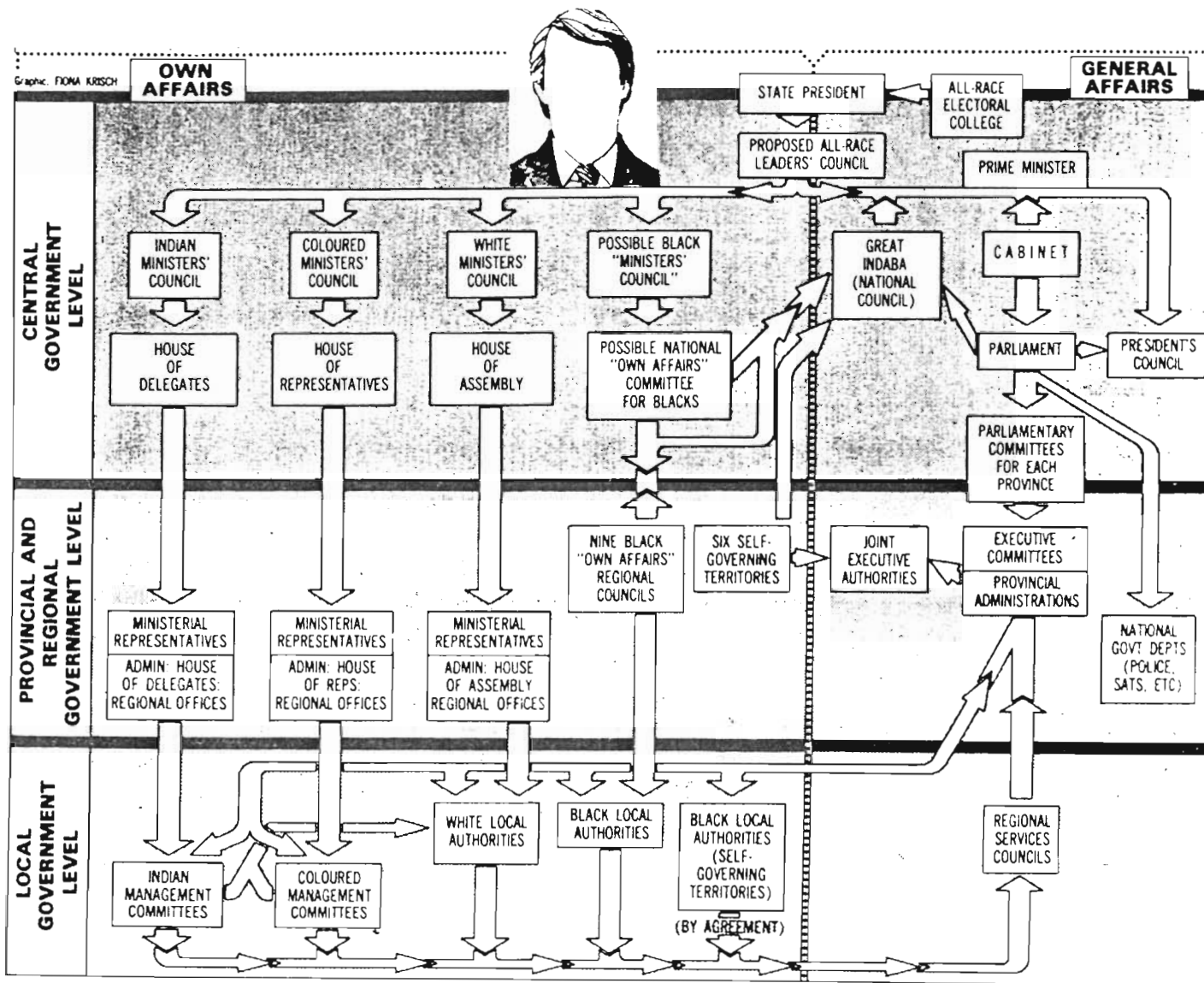


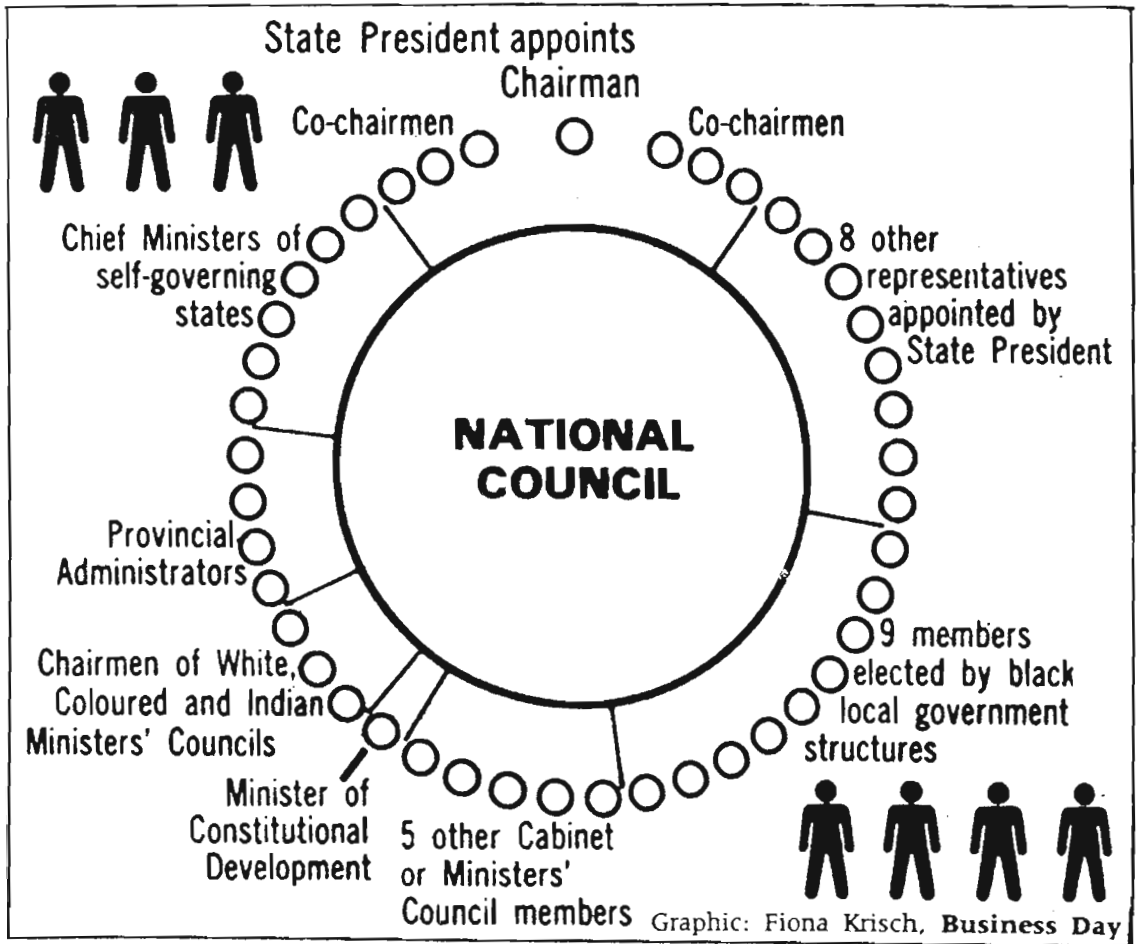
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CO-ORDINATION BETWEEN CENTRAL AND PROVINCIAL LEVELS



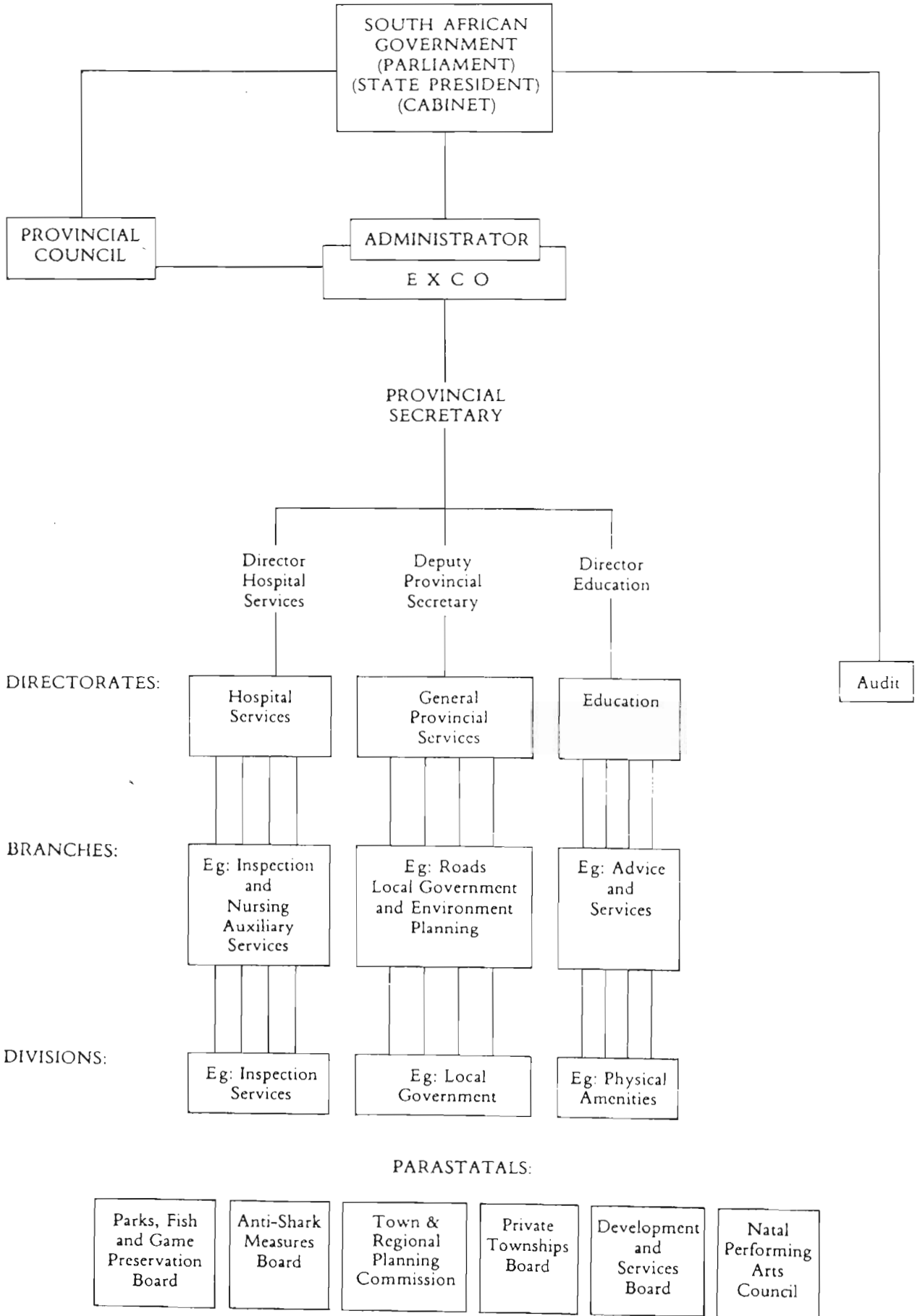
ANNEXURE 2





REGIONAL GOVERNMENT

STRUCTURE OF NATAL PROVINCIAL GOVERNMENT



STAATSINKOMSTEFONDS¹
Inkomste ingevorder²
 R miljoene

Tydperk Periode	Belasting op inkomste Tax on income			Goudmyn- huur- kontrakte Gold mining leases (4004)	Belasting op buitelandse aandeelhouders Non-resident shareholders tax (4006)	Algemene verkoop- belasting General sales tax (4009)	Invoer- rig ³ Customs duty ³ (4010)	Aksyns- rig ⁴ Excise duty ⁴ (4011)	Ander inkomste ⁵ Other revenue ⁵ (4012)	Subtotaal Subtotal (4013)
	Goudmyn- huur- kontrakte Gold mines (4001)	Ander Other (4002)	Totaal Total (4003)							
Jaar geëindig 31 Maart Year ended 31 March										
1982	1 542	6 540	8 082	589	324	2 117	1 182	1 553	1 441	15 288
1983	1 279	8 392	9 671	368	246	3 185	1 490	1 692	1 653	18 305
1984	1 700	9 402	11 102	521	260	3 880	1 314	1 780	1 626	21 483
1985	1 598	11 700	13 298	374	247	5 884	1 334	1 967	2 175	27 279
1986	2 454	14 053	16 507	599	348	8 074	1 675	1 937	2 215	31 355
1987	2 518	16 168	18 686	655	405	8 941	2 206	1 914	3 48	36 290
Jaar geëindig 31 Desember Year ended 31 December										
1982	1 098	7 908	9 006	389	258	2 905	1 599	1 724	1 574	17 455
1983	1 839	9 066	10 905	476	258	3 710	1 286	1 743	1 645	20 023
1984	1 387	10 977	12 364	423	238	5 338	1 363	1 944	2 097	23 767
1985	2 110	13 713	15 823	535	333	7 444	1 463	1 915	2 169	29 682
1986	2 495	15 780	18 275	638	401	8 832	2 237	1 893	2 380	34 656
1987	2 321	17 955	20 276	591	396	9 802	2 315	2 437	3 892	39 709
1986: Jan.	-3	1 452	1 449	-	26	937	191	214	155	2 872
Feb.	1 073	1 144	2 217	182	23	596	136	172	163	3 469
Mrt./Mar.	-	1 465	1 465	-	33	681	152	159	295	2 785
Apr.	-	1 113	1 113	11	46	706	185	139	145	2 345
Mey/May	373	748	1 121	-11	29	678	189	123	141	2 270
Jun.	-	1 469	1 469	-	49	691	183	159	132	2 683
Jul.	-	1 653	1 653	-	25	743	236	168	155	2 980
Aug.	749	998	1 747	298	25	750	219	109	165	3 313
Sept.	-	1 634	1 634	-	44	762	206	144	148	2 938
Okt./Oct.	-	1 455	1 455	-	39	723	209	202	397	3 025
Nov.	303	764	1 067	178	26	775	182	138	142	2 508
Des./Dec.	-	1 885	1 885	-	36	790	149	166	342	3 368
1987: Jan.	-	1 393	1 393	-	26	883	155	204	159	2 820
Feb.	1 093	1 224	2 317	178	26	728	130	197	555	4 131
Mrt./Mar.	-	1 832	1 832	1	34	712	163	165	1 002	3 908
Apr.	-	1 161	1 161	2	39	846	175	168	218	2 607
Mey/May	237	815	1 052	1	36	802	168	140	160	2 359
Jun.	-2	1 297	1 295	-	33	795	198	166	231	2 718
Jul.	-	2 064	2 064	-	27	850	228	166	221	3 556
Aug.	856	1 300	2 156	305	23	813	190	122	291	3 900
Sept.	-8	2 271	2 263	-	49	830	217	301	196	3 856
Okt./Oct.	-	1 592	1 592	-	26	777	225	283	379	3 282
Nov.	136	911	1 047	104	27	836	230	265	203	2 712
Des./Dec.	9	2 095	2 104	-	50	930	236	260	279	3 859

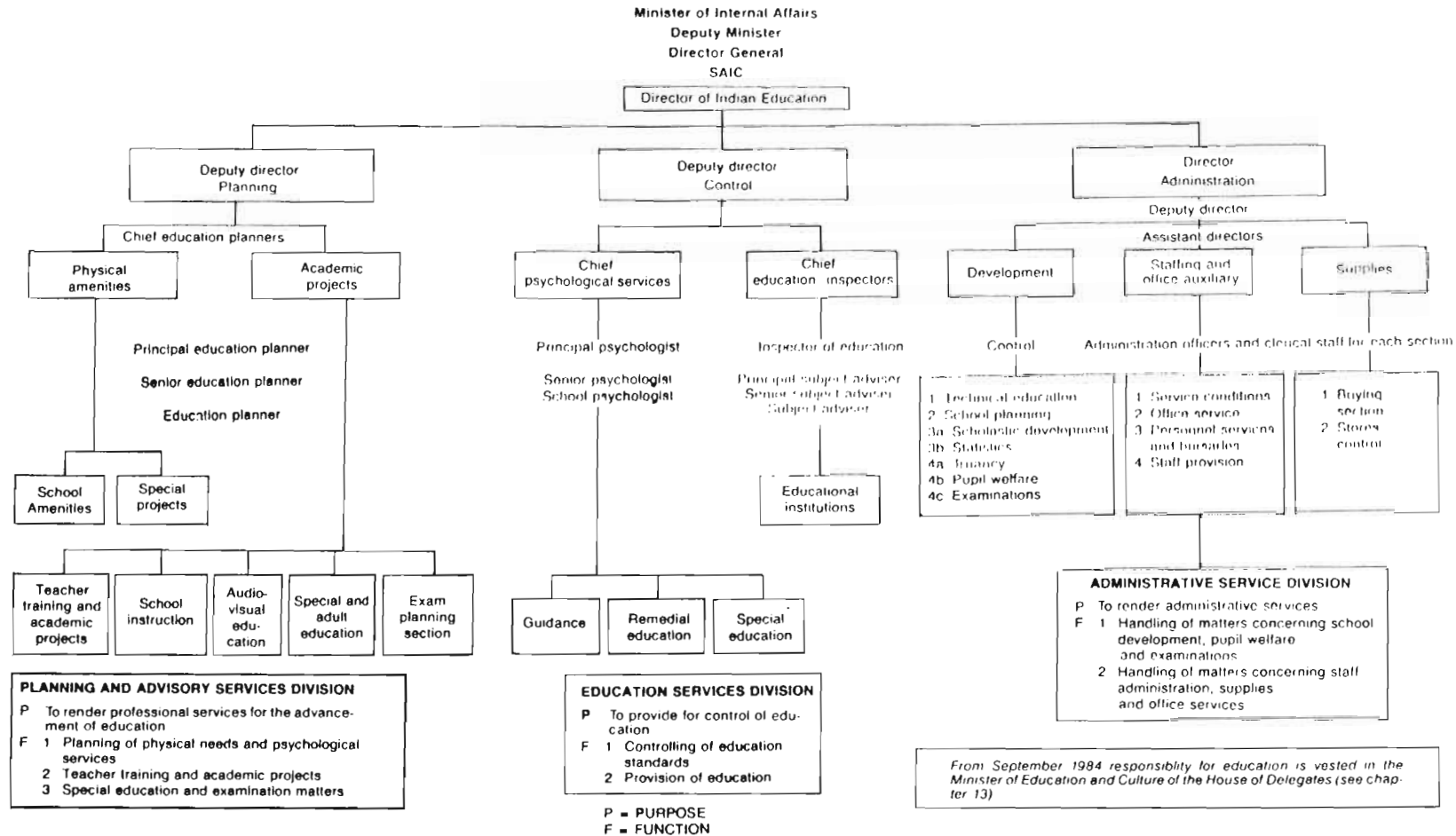
1. Hierdie Fonds bestaan vanaf 1 April 1976 en is voorafgegaan deur die Gekonsolideerde Inkomstefonds wat saamgestel was uit die Inkomsterekening, die Leningsrekening en die Suidwes-Afrikarekening. Tot 31 Maart 1980 het die Staatsinkomstefonds bestaan uit die Staatsinkomsterekening en die Suidwes-Afrikarekening en sedertdien slegs uit die Staatsinkomsterekening. Vanaf Desember 1984 word die inkomsterekenings van die eie sake administrasies en vanaf April 1987 ook die van die provinsiale administrasies ingesluit. Die Suidwes-Afrikarekening is vereng deur die Sentrale Inkomstefonds wat deur die Treasury van Suidwes-Afrika geadmistreer word. Die inkomste van die Sentrale Inkomstefonds en die voormalige Suidwes-Afrikarekening, asook bedrae verskuldig aan aangrensende lande ingevolge bilaterale ooreenkomste, sluitende die belasting op invoergoedere, sluitende nie-toegewese, ander aksyns- en doeane-regie, sluitende seëregte, hereregte, rente en dividende en ander binne-landse inkomste ingevolge Doerane-ene-ooreenkomste, behalwe die Suidwes-Afrikarekening van die Staatsinkomstefonds, behalwe die oordragte l.o.v. belasting op inkomste en algemene verkoopbelasting, behalwe die Staatsinkomstefonds en voor dit die Strategiese Oliefonds.

STATE REVENUE FUND¹
Revenue collected¹
 R millions

Aangrensende lande ⁶ Neighbouring countries ⁶ (4019)	Sentrale inkomste- fonds ⁷ Central Revenue Fund ⁷ (4020)	Selfregerende nasionale state ⁸ Self-governing national states ⁸ (4022)	Subtotaal Subtotal (4023)	Invoering l.o.v. staande toewysings Collections l.o.v. standing appropriations				Totale inkomste Total revenue (4021)	Tydperk Period	
				Sentrale Energiefonds ⁹ Central Energy Fund ⁹ (4014)	Nasionale Padfonds National Road Fund (4015)	Ander Other (4016)	Totaal Total (4017)			
									Jaar geëindig 31 Maart Year ended 31 March	
	477	258	93	14 460	296	155	27	478	14 938	1982
	656	250	145	17 254	292	158	34	484	17 738	1983
	908	250	193	19 132	304	167	20	491	19 623	1984
	1 164	250	287	23 578	307	177	22	506	24 085	1985
	1 220	300	375	29 458	-	-	35	35	29 493	1986
	1 248	349	421	34 272	-	-	25	25	34 297	1987
									Jaar geëindig 31 Desember Year ended 31 December	
	609	264	132	16 450	293	158	35	486	16 936	1982
	845	250	175	18 753	296	163	21	480	19 233	1983
	1 100	250	263	22 154	310	175	25	510	22 664	1984
	1 206	263	357	27 856	82	49	18	149	28 005	1985
	1 234	361	420	32 641	-	-	38	38	32 679	1986
	1 491	349	470	37 399	-	-	24	24	37 423	1987
	305	34	31	2 602	-	-	2	2	2 604	1986 Jan
	-	34	31	3 404	-	-	2	2	3 406	Feb.
	-	32	40	2 713	-	-	18	18	2 731	Mrt./Mar.
	311	29	35	1 970	-	-	1	1	1 971	Apr.
	-	29	35	2 206	-	-	1	1	2 207	Mey/May
	-	29	35	2 619	-	-	2	2	2 621	Jun.
	313	29	35	2 603	-	-	2	2	2 605	Jul.
	-	29	36	3 248	-	-	1	1	3 249	Aug.
	-	29	36	2 873	-	-	1	1	2 874	Sept.
	305	29	36	2 655	-	-	3	3	2 658	Okt./Oct.
	-	29	35	2 444	-	-	2	2	2 446	Nov.
	-	29	35	3 304	-	-	3	3	3 307	Des./Dec.
	306	29	35	2 450	-	-	1	1	2 451	1987 Jan
	13	29	-	4 089	-	-	1	1	4 090	Feb.
	-	30	88	3 811	-	-	7	7	3 818	Mrt./Mar.
	332	29	41	2 205	-	-	1	1	2 206	Apr.
	-	29	41	2 289	-	-	2	2	2 291	Mey/May
	-	29	41	2 648	-	-	3	3	2 651	Jun.
	420	29	41	3 066	-	-	-	-	3 066	Jul.
	-	29	41	3 830	-	-	-	-	3 830	Aug.
	-	29	41	3 786	-	-	3	3	3 789	Sept.
	420	29	41	2 792	-	-	2	2	2 794	Okt./Oct.
	-	29	40	2 643	-	-	2	2	2 645	Nov.
	-	29	40	3 790	-	-	2	2	3 792	Des./Dec.

K8402
 1. This Fund was established on 1 April 1976 and was preceded by the Consolidated Revenue Fund which comprised the Revenue Account, Loan Account and the South West Africa Account. Up to 31 March 1980 the State Revenue Fund consisted of the State Revenue Account and the South West Africa Account but since then comprises only the State Revenue Account. From December 1984 the revenue accounts of the own affairs administrations are included and from April 1987 also those of the provincial administrations. The South West Africa Account was replaced by the Central Revenue Fund which is administered by the Treasury of South West Africa.
 2. To preserve data comparability, the components of revenue collected also include receipts of customs, excise and sales duty on behalf of the Central Revenue Fund and the former South West Africa Account as well as amounts due to neighbouring countries in terms of Customs Union agreements.
 3. Including the surcharge on imports.
 4. Including unallocated, other excise and customs duties.
 5. Including stamp duties and fees, transfer duties, interest and dividends, and other inland revenue.
 6. In terms of Customs Union agreements.
 7. Formerly the South West Africa Account of the State Revenue Fund.
 8. Transfers in respect of tax on income and general sales tax.
 9. Formerly the State Oil Fund and prior to that the Strategic Oil Fund.

Figure 11.2 Organisational structure of the Division of Indian Education, 1983



REPUBLIEK VAN SUID-AFRIKA



REPUBLIC OF SOUTH AFRICA

DEPARTEMENT VAN OPENBARE WERKE EN GRONDSAKE
DEPARTMENT OF PUBLIC WORKS AND LAND AFFAIRS

**AANSOEK OM 'N BEHUISINGSLENING VIR BEAMPTES VAN DIE STAAT/PROVINSIALE
ADMINISTRASIE/STATUTÊRE LIGGAAM/STAATSONDERSTEUNDE INRIGTING
APPLICATION FOR A HOUSING LOAN FOR OFFICIALS OF THE STATE/PROVINCIAL
ADMINISTRATION/STATUTORY BODY/STATE-AIDED INSTITUTION**

DEEL/PART A

**Moet deur applikant ingevul word
Must be completed by applicant**

1. Die lening word benodig vir (Dui met 'n X aan)
The loan is required for (Indicate with an X)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bou Erect	*Strukturele instandhouding Structural maintenance	Koop van Purchase of	Erf Stand	Huis House
				Woonstel Flat
				*Vergroot Enlarge

(*Vergroot" sluit die oprigting van buitegeboue en veranderings om te voldoen aan die vereistes van 'n plaaslike bestuur, in).
(*"Enlarge" includes the erection of outbuildings and alterations to comply with the requirements of a local authority).

2. (a) Volle naam
Name in full

(b) Telefoon
Telephone No.

(c) Geboortedatum
Date of birth

(d) Identiteitsnommer
Identity Number

(e) Rassegroep
Racial group

(f) Huwelikstatus
Marital status

(g) Kinders wat by u inwoon:
Children who live with you

SEUNS/SONS	
Aantal Number	Ouderdomme Ages

DOGTERS/DAUGHTERS	
Aantal Number	Ouderdomme Ages

(b) Indien ongetroud, meld die volgende besonderhede ten opsigte van afhanklikes wat permanent by u inwoon:
If single state the following particulars in respect of dependants who are permanently resident with you:

Naam/Names	Verwantskap/Relationship	Bruto inkomste Gross income

3. (a) Werkgewer
Employer

(b) Werksposadres (alle korrespondensie sal na hierdie adres versend word)
Work postal address (all correspondence will be despatched to this address)

(c) Gestasioneer te
Stationed at

(d) Telefoon
Telephone No.

(e) Rang
Rank

(f) Magsnommer
Force number

(g) Salarisnommer
Salary number

4. Besit u of u gade enige onroerende eiendom?
Do you or your spouse own any immovable property?

Indien JA: (i) is daar 'n woning daarop gebou?
If YES: has a dwelling been built thereon?

(ii) Adres van eiendom:
Address of property

5. Is 'n lening ingevolge die skema voorheen aan u toegestaan?
Has a loan under the scheme previously been granted to you?

(Verstrek die volgende besonderhede as antwoord "Ja" is).
(Furnish the following particulars if answer is "Yes"):

(a) Adres van vorige woning/bouperseel
Address of previous dwelling/building stand

(b) Datum van: (i) Verkoop van vorige woning
Sale of previous dwelling

(ii) Kansellering van verband
Cancellation of bond

- (c) Verkoopprys van vorige woning
Selling price of previous dwelling R
- (d) Minus (i) Balans van vorige lening afgeles
Less: Balance of previous loan redeemed R
- (ii) Prokureurskoste en agentekommis­sie t.o.v. die ver­koop van die vorige woning betaal
Attorney's costs and agent's commission paid in respect of the sale of the previous dwelling R
- (iii) Hereregte en transport- en verbandkoste t.o.v. die woning wat die applikant beoog om aan te koop
Transfer duty and transfer and bond charges in respect of the dwelling the applicant intends to buy R R
- (e) Bedrag wat op nuwe woning afbetaal moet word
Amount which must be paid off in respect of new dwelling R

L.W.—Afdrukke van u rekening by die bouvereniging/versekeringsmaatskappy/bank asook die prokureur en agent se rekenings moet u aansoek vergesel, indien die eiendom minder as 5 jaar gelede verkoop is.
N.B.—Copies of your accounts with the building society/insurance company/bank as well as the attorney's and agent's account must accompany your application, if the property was sold less than 5 years ago.

6. Ek is voornemens om 'n woning te bekom/op te rig†
I propose to acquire/erect† a dwelling at
waarvan die verkoopprys/oprigtingskoste† (insluitende die prys van die grond) sal beloop
of which the purchase price/erection costs† (including the price of the stand) will amount to R.....

7. Ek is bereid om die volgende onbeswaarde versekeringspolis(se) vrywilliglik aan die Staat, Statutêre Liggaam of Staatsondersteunde Inrigting te sêdeer as sekuriteit vir sy borg-aanspreeklikheid in geval van my dood. (Die sessie van onbeswaarde versekeringspolisse aan die Staat, Statutêre Liggaam of Staatsondersteunde Inrigtings geskied uit eie vrye wil en is nie verpligtend nie. Groeplewensversekeringspolisse en ander polisse wat nie gesêdeer kan word nie, moet nie hier aangedui word nie).
I am prepared to cede the following unencumbered insurance policy or policies voluntarily to the State, Statutory Body or State Aided Institution as security for the State's guarantee liability in the event of my death. (The cession of unencumbered insurance policies to the State, Statutory Body or State-Aided Institution is voluntary and not compulsory. Group Life Insurance policies and other policies which cannot be ceded must not be declared).

<i>Aard van polis</i> <i>Nature of policy</i>	<i>Naam van Versekeringsmaatskappy</i> <i>Name of Insurance Company</i>	<i>Bedrag</i> <i>Amount</i>
--	--	--------------------------------

	R
	R

8. Ek verklaar dat—
I declare that—
- (a) die woning wat bekom sal word vir my persoonlike bewoning is. (Skrap indien u in die buiteland aan diens is of amptelike kwartiere bewoon).
the dwelling to be acquired is for my personal occupation. (Delete if you are on service abroad or occupy official quarters.)
 - (b) ek oor voldoende kontant beskik om opmeetkoste (indien enige), hereregte, transport- en verbandkoste te betaal (ongeveer R500 t.o.v. 'n lening van R20 000 en ongeveer R1 000 t.o.v. 'n lening van R30 000).
I have sufficient cash available to pay survey costs (if any) transfer duty, transfer costs and bond charges (approximately R500 i.r.o. a loan of R20 000 and approximately R1 000 i.r.o. a loan of R30 000).
 - (c) die inligting hierbo verstrekk waar en juis is
the information given above, is true and correct.
 - (d) ek die verskil, indien enige, tussen die leningsbedrag en die totale koopprys/oprigtingskoste van woning plus die koopprys van die grond, uit eie fondse sal betaal
I will pay the difference, if any, between the loan and the total purchase price/erection cost of the dwelling plus the purchase price of the land, out of my own funds.

Datum
Date 19..... Applikant/Applicant

* 'n Aansoek om 'n addisionele lening vir die strukturele instandhouding van of vergroting van 'n woning, moet vergesel wees van 'n deur die plaaslike bestuur goedgekeurde plan van die veranderinge, 'n plan van die bestaande strukture en hul liggings op die eiendom met die beoogde veranderinge in rooi daarop aangebring 'n spesifikasie van, onder andere, afwerkings en 'n tender vir die uitvoering van die werk

* An application for an additional loan for the structural maintenance or enlarging of the dwelling must be accompanied by a plan, approved by the local authority, of the changes, a plan of the existing structures and their position on the property with the proposed changes drawn in red thereon, a specification of, inter alia furnishes and a tender for the execution of the work.

† Skrap wat nie van toepassing is nie/Delete whichever is not applicable

DEEL/PART B

Moet deur applikant se Afdelingshoof ingevul word.
Must be completed by Head of applicant's section.

AAN DIE HOOF VAN DIE DEPARTEMENT/STATUTÊRE LIGGAAM/STAATSONDERSTEUNDE INRIGTING.
TO THE HEAD OF THE DEPARTMENT/STATUTORY BODY/STATE-AIDED INSTITUTION.

1. Die inligting en verklaring vervat in deel A is na my beste wete juis
The information and declaration in part A is to the best of my knowledge correct.
2. Die aansoek word aanbeveel/nie aanbeveel nie. (Verstrekk redes indien nie aanbeveel nie)
The application is recommended/not recommended (State reasons if not recommended)

Datum
Date Afdelingshoof/Head of Office

GEBRUIK HIERDIE BLADSY MIV 1 OKTOBER 1982
USE THIS PAGE WEF 1 OKTOBER 1982

DEEL/PART C

*Moet deur die HOOFKANTOOR van applikant se Departement/Statutêre Liggaam/Staatsondersteunde Inrigting Ingevol word.
Must be completed by the HEAD OFFICE of applicant's Department/Statutory Body/State-aided Institution.*

AAN: DIE STREEKVERTEENWOORDIGER, Departement van Openbare Werke en Grondsake
TO: THE REGIONAL REPRESENTATIVE, Department of Public Works and Land Affairs

1. Deel A is sover my kennis en wete strek, waar en juis. Die applikant se finansiële posisie is gesond en ek weet van geen redes wat dit gewaagd maak om 'n lening aan hom toe te staan. Die aansoek word aanbeveel.*
1. Part A is, as far as I am aware, true and correct. The applicant's financial position is sound and I know of no reasons which would make it unwise to grant the applicant a loan. The application is recommended.*
2. Die applikant het reeds voorheen van hierdie skema gebruik gemaak. Die besonderhede is soos volg:
The applicant has previously made use of this scheme. The particulars are as follows:
- (a) Bedrag van lening goedgekeur
Amount of loan approved R
- (b) Bedrag gewaarborg
Amount guaranteed R
- (c) Datum
Date 19.....
- (d) Datum waarop waarborg afgelos is
Date on which guarantee was released 19.....
3. Besonderhede in verband met die applikant is:
Particulars in connection with the applicant are:
- (a) (i) Naam van pensioen- of voorsorgfonds waartoe applikant bydra:
Name of pension or provident fund to which applicant contributes:
.....
- (ii) Aantal jare wat applikant bydra
Number of years applicant has contributed
- (b) Is die applikant ingevolge artikel 13 (5) van Wet 54 van 1957 oorgeplaas? ("Ja" of "Nee")
Has the applicant been transferred in terms of section 13 (5) of Act No. 54 of 1957? ("Yes" or "No")
- (c) Is die applikant aan diens in die buiteland? ("Ja" of "Nee")
Is the applicant on service abroad? ("Yes" or "No")
- (d) Moet die applikant amptelike kwartiere bewoon? ("Ja" of "Nee")
Is the applicant required to occupy official quarters? ("Yes" or "No")
- (e) Ouderdom
Age Jaar
year
- (f) Aantal werklike jare aaneenlopende bevredigende diens voltooi
Number of actual years of continuous satisfactory service completed
- (g) (i) Totale jaarlikse bruto salaris en pensioengewende toelaes met ingang van die datum van die volgende salarisverhoging
Total annual gross salary and pensionable allowances as from the date of next salary increment R
- (ii) Jaarlikse diensbonus
Annual service bonus R
- (iii) Werkgewer se bydrae tot pensioenfonds
Employer's contribution to pension fund R
- (iv) Werkgewer se jaarlikse bydrae tot die mediese fondse
Employer's annual contribution to the medical aid fund R

KANTOORSTEMPEL
OFFICE STAMP

.....
Hoof van Departement/Statutêre Liggaam
Staatsondersteunde Inrigting
Head of Department/Statutory Body/State-Aided Institution

* Indien die Hoof van die Departement, Statutêre Liggaam of Staatsondersteunde Inrigting van oordeel is dat, as gevolg van die applikant se swak finansiële posisie of om ander redes wat aan die Hoof van die Departement, Statutêre Liggaam of Staatsondersteunde Inrigting bekend is, dit gewaagd is om hom aan te beveel, moet die Hoof van die Departement, Statutêre Liggaam of Staatsondersteunde Inrigting die applikant regstreeks meedeel dat sy aansoek nie aanbeveel kan word nie.

* If the Head of the Department, Statutory Body or State-Aided Institution is of the opinion that, by reason of the applicant's unsound financial position or for other reasons known to the Head of the Department, Statutory Body or State-Aided Institution, it would be unwise to recommend him, the Head of the Department, Statutory Body or State-Aided Institution should inform the applicant direct that his application cannot be recommended.

DEEL/PART D

*Moet deur die Streekvertegenwoordiger, Departement van openbare Werke en Grondsake, Ingevol word
Must be completed by the Regional Representative, Department of Public Works and Land Affairs*

**AAN DIE APPLIKANT.
TO THE APPLICANT.**

- | | |
|---|---|
| <p>1. Die maksimum lening/addisionele lening wat oorweeg kan word is:</p> <p style="text-align: center;">R.....</p> <p>2. Bostaande finansiële besonderhede sal vir hoogstens ses maande van die datum hiervan af van krag wees op voorwaarde dat u aan al die voorwaardes waaraan 'n lening kragtens die Behuisingsleningskema vir Beampptes van die Staat, Statutêre Liggame of Staatsondersteunde Inrigtings onderworpe is, voldoen. Indien u gedurende die tyd versuim om enigeen van die voorwaardes na te kom, moet hierdie vorm onmiddellik aan hierdie kantoor teruggegee word.</p> <p>3. Hierdie vorm moet nou by die vereniging/bank by wie u voornemens is om aansoek om 'n lening te doen, ingedien word maar (met uitsondering van die neem van 'n opsie op 'n eiendom), moet geen ooreenkoms met derde partye aangegaan word nie alvorens die vereniging/bank, en hierdie Departement u aansoek om 'n lening skriftelik goedgekeur het.</p> <p>4. 'n Aansoek om 'n lening vir die oprigting van 'n woning moet vergesel wees van twee afdrukke van die, deur die plaaslike bestuur goedgekeurde plan van die woning, asook twee afdrukke van 'n spesifikasie vir, onder andere, afwerkings en die tender.</p> <p>5. Bedrag wat applikant ten opsigte van die koopsom in kontant moet betaal is:</p> | <p>1. The maximum loan/additional loan that can be considered is:</p> <p style="text-align: center;">R.....</p> <p>2. The above financial particulars will be valid for a period not exceeding six months from the date hereof on condition that you comply with the conditions governing a loan under the Housing Loan scheme for State Officials, Statutory Bodies or State-Aided Institutions. If, within that period you fail to comply with any of the said conditions, this form must immediately be returned to this office.</p> <p>3. This form should now be handed to the society/bank to which you propose applying for a loan but no agreement (other than obtaining an option on a property) should be entered into with third parties before the society/bank and this Department has approved your application for a loan in writing.</p> <p>4. An application for a loan to build a dwelling must be accompanied by two copies of the plan of the proposed dwelling, as approved by the local authority, as well as two copies of the specification for, inter alia, finishes and the tender.</p> <p>5. The amount which applicant must pay in cash in respect of the purchase price, is:</p> |
|---|---|

R.....

Datum
Date 19.....

.....
*Streekvertegenwoordiger
Regional Representative*

DEEL/PART E

*Moet deur vereniging/bank Ingevul word
Must be completed by society/bank*

**DIE STREEKVERTEENWOORDIGER
THE REGIONAL REPRESENTATIVE**

Departement van Openbare Werke en Grondsake
Department of Public Works and Land Affairs

Privaatsak
Private Bag

1. **BESONDERHEDE VAN PERSEEL:** (’n Skets word verlang waar dit moeilik mag wees om te bepaal waar die eiendom geleë is)
PARTICULARS OF STAND: (A sketch is required where difficulty may be experienced in locating the property)

Erf No. Stand No.	Oppervlakte Area		
Dorpsgebied Township	Munisipaliteit Municipality		
Naam van straat Name of street	No. van woning No. of dwelling		
Meid onverstreke termyn van huurkontrak, indien huurpageiendom State unexpired period of lease, if leasehold property			
Munisipale waardasie: Municipal valuation:	Grond Land R.....	Verbeterings Improvements R.....	Totaal Total R.....

2. **BESONDERHEDE VAN WONING/BOUPERSEEL WAT AANGEKOOP WORD:***
PARTICULARS OF DWELLING/BUILDING STAND WHICH IS BEING PURCHASED:*

(a) Koopprijs Purchase price	R.....
(b) Balans volgens koopakte/verband verskuldig Balance due in terms of deed of sale/bond.....	R.....
(c) PLUS: Koste van beoogde verbeterings† Cost of proposed improvements	<u>R.....</u> <u>R.....</u>
(d) Lening waaroor aansoek gedoen word Loan applied for	R.....
(e) Datum waarop die woning— (i) gebou is Date on which the dwelling— was built..... 19.....	(ii) betrek kan word may be occupied 19.....

3. **BESONDERHEDE VAN WONING WAT †GEBOU/AANGEBOU/HERSTEL WORD:**
PARTICULARS OF DWELLING WHICH IS BEING †ERECTED/ENLARGED/REPAIRED.

(a) Koopprijs van perseel Purchase price of stand	R.....
(b) Verbeterings sedert aankoop aangebring Improvements effected since purchase	
	<u>R.....</u> <u>R.....</u>
(c) Balans van koopprijs Balance of purchase price.....	R.....
(d) Koste van beoogde verbeterings Cost of proposed improvements	<u>R.....</u> <u>R.....</u>
(e) Strukturele instandhouding (Heë beknopte spesifikasie van beoogde herstelwerk aan) Structural maintenance (Attach brief specification of proposed maintenance work).....	R.....
(f) Lening waarom aansoek gedoen word Loan applied for	R.....