

# Proposal to the DBE:

How to achieve universal LTSM coverage among public school learners and build a viable and competitive publishing industry that can support local education



**PASA**  
PUBLISHERS' ASSOCIATION  
OF SOUTH AFRICA

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# Executive Summary

As articulated in several LTSM forum meetings and the meeting of the 22nd of November 2018 with the DBE, universal coverage remains a challenge for the DBE and the publishing industry. This proposal is an attempt by the industry to ensure that textbooks become more affordable and that all learners have access to the required textbooks procured and that these are delivered to them in time. The proposal also attempts to tackle the issue of access for learners with visual impairment and the empowerment of designated publishers along preferential procurement legislation.

## Key Elements of the Proposal

### 1. Reduction of submission costs

We suggest that submission of LTSM should initially include a couple of complete chapters and a full outline of the content of the book. The DBE should only select a few titles for further development. Publishers will only invest in the titles that have been provisionally accepted.

### 2. Book retention and optimisation

We suggest that the DBE and the industry explore and implement a plan to retain textbooks longer. Once this retention is enhanced, the physical quality of the book should be aligned with retention by optimising the book, i.e. if retention is over 3 years, the DBE should not be calling for and paying for more expensive books that are manufactured to last more than 5 years. Alternatively, if a book is only meant to last one year (and not be retrieved), then the physical quality must be aligned accordingly.

### 3. Centralised procurement and greater economies of scale

We recommend that procurement should be centralised at a national level to create greater economies of scale, and that publishers should indicate prices for bigger batches of quantities. The DBE should benefit from larger quantities by placing one national order per subject and per grade. This will allow publishers to plan and get better input prices. This could also deal with the issue of provinces ordering at different times and having some learners starting the term without books.

### 4. Creating a more competitive environment

We think that the facilitation of a more competitive environment can result in a decrease in prices. We suggest that the DBE set maximum prices that consider costs beyond printing to include research, royalties and other costs that are often not considered. Teachers should be sensitised to consider price when procuring books. We also recommend that the DBE adjusts prices annually to cater for inflation as opposed to its current model of fixing prices for 3 years. The DBE ends up paying because the bulk of the books are bought in the implementation year at a high fixed price.

### 5. Optimising the supply chain

We recommend an optimal supply chain with teacher selection, efficient provincial warehouses and distribution centres that use local booksellers to drop books at schools and ensure that delivery notes are collected and that payment is made against them.

### 6. Accessibility

While dealing with the issue of universal coverage, we also suggest that the DBE create a system where learners with visual impairment and other learning disabilities are catered for along with all the other learners. This can be achieved through a system that identifies materials to be used for Braille or large print production, and caters for simultaneous production, which ensures that accessible materials reach learners at the same time as mainstream materials. We also propose a shorter process to close the gaps in the catalogue for smaller languages and subjects.

### 7. Empowerment

Our proposal suggests the inclusion of titles to cater for designated companies under the provision of preferential procurement legislation. The proposal encourages the DBE to consider the submissions of designated entities and come up with a plan that can empower designated entities while retaining a competitive environment and teacher choice.

The industry prefers a situation where the DBE provides guidelines for the development of quality LTSM that can support the implementation of the curriculum and the industry focuses on developing such materials. However, if the DBE insists on developing materials as well, we feel that the following should be the guiding principles:

- One national catalogue for print materials and one national catalogue for digital materials
- The digital and print catalogues should include all materials, including commercial, state produced and CSI materials
- The materials included in the digital and print catalogues should be subjected to the same submission scrutiny
- All the materials in the print and digital catalogues should enjoy equal status as core materials
- Teachers should be free to choose the materials that they prefer to use from the digital and print catalogues.

We conclude that there is a lot more that can be done by the DBE and the industry to ensure that learners, including those with visual impairment, get enough quality and appropriate LTSM on time, thereby ensuring that the DBE achieves universal access and coverage, while the industry remains viable and able to support the needs of local education. A lot of the suggestions still need to be discussed and refined and we look forward to engaging the DBE to develop the proposal further.

# Executive Summary

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Although the SACMEQ report shows a significant increase in textbook coverage from 45.6% in 2000 (2005 report) to 65.6% in 2013 (2017 report), universal textbook coverage has not been achieved. We share the DBE's concerns in this regard, and would like to participate more meaningfully in finding a solution. The efforts so far include: the move from an open list to a limited list of 8 titles in 2013; the move from provincial catalogues to one national catalogue in 2013; the proposal to centralise procurement; freezing catalogue prices for a period of 3 years; and individually sliding textbook prices along increasing quantities. The DBE has also produced its own workbooks and textbooks in specific subjects.

Despite these efforts, universal coverage has remained elusive. Provisioning of LTSM for learners with visual impairment and other disabilities has also remained a challenge. Minority languages and subjects have also not been adequately provided for. While all these efforts towards the achievement of universal coverage have disrupted and affected the industry, they have not crippled it. The industry has remained viable in a mixed state of majority commercially produced, state produced and corporate social investment initiatives (CSI) LTSM. However, we believe that the plans that were explained to the industry at the meeting of the 22nd of November 2018 by the DBE, will harm the industry and undermine South Africa's ability to invest in and develop suitable LTSM in the future.

**We believe that the status quo, where state produced and CSI LTSM is limited to critical areas, should be maintained. If the state insists on publishing, as was reported in the meeting of the 22nd of November, we suggest that the following should be the case:**

- **One national catalogue for print materials and one national catalogue for digital materials**
- **The digital and print catalogues should include all materials, including commercial, state produced and CSI materials**
- **The materials included in the digital and print catalogues should be subjected to the same submission scrutiny**
- **All the materials in the print and digital catalogues should enjoy equal status as core materials**
- **Teachers should be free to choose the materials that they prefer to use from the digital and print catalogues.**

Today there is a rich and diverse pool of content developers right along the whole value chain, including authors, illustrators, publishers, booksellers, distributors, printers, etc. because of the investment and success that the sector has made and enjoyed in the past few decades. The DBE has also relied on this capacity and competencies in its development of learner and teacher support materials as well. The announcement of state publishing also comes at a time when there is greater need to invest in digital content and infrastructure, which can significantly improve the learning experience and improve education outcomes.

Although it does not seem to be appreciated at this stage, introducing one core textbook by the state in every subject and grade, and relegating commercially produced textbooks to supplementary status, will harm the industry. We do not envisage the purchasing of supplementary materials to be above 8% of total textbook purchases. The DBE has acknowledged that publishing is not its core business, and the sustainability or lack thereof will become apparent as curriculum updates are made to the CAPS. This will require considerable investment to meet new requirements. The state will have to bear these costs;

# Introduction

while under the current system, all the risk and upfront costs are borne by publishers. The DBE has acknowledged that it does not have this kind of capacity and will depend on the industry for the foreseeable future. However, the envisaged state publishing model, where the state will provide core textbooks and rely on the industry for supplementary materials or whatever will be left as minority subjects, will destroy the base of the industry and render it non-viable. The implications of the disruption of this base will go beyond education to affect the whole industry, including trade publishing. The adverse impact on turnover, jobs and related industries, including retail, design, distribution, etc. is certain. Commercial publishing relies on more profitable titles (usually subjects with high enrolments) to cross subsidise the smaller titles (subjects with low enrolments).

Unfortunately, this development is coming at a time when more and more black SMEs are entering the industry and significant investment is taking place in local large and international companies by black investors. The adverse impact on economic empowerment and SME development will be significant. Local companies and SMEs will be hardest hit as they do not have a footprint in other markets, as is the case with their international counterparts.

Contrary to current thinking, the economies of scale are exhausted around 50 000 copies. So the savings that are anticipated from the huge economies of scale, created by one core state textbooks are limited. As indicated in the meeting with the DBE on the 22nd of November 2018, we do not believe that all the suggestions to achieve universal coverage that were made in the past have been adequately explored. We also believe that there is more that can be done towards universal coverage without destroying the industry. As we indicated in the meeting of the 22nd, we are compelled to make this proposal and hope that the DBE will give it a chance and engage the industry to resolve this problem.

Ideally, we would like to see universal coverage being achieved without sacrificing the industry and its capacity to develop and provide suitable LTSM to support the education sector and invest in digital and e-learning technology to improve learning outcomes. We would also like to see universal coverage being achieved without disrupting the transformation of the publishing sector and the development of diverse local education publishing.

This proposal is not going to delve into the debate on state versus commercial publishing. These debates are extensively explored in the World Bank and UNESCO reports on textbooks and learning materials, and in the most comprehensive study of African education publishing by Brickhill Paul, et al, Changing Public/ Private Partnerships in the African Book Sector. The consensus of both of these reports is that state publishing is a less than ideal intervention to resolve issues of universal textbook coverage because it is not deemed sustainable, and has had devastating impact on the development of the local textbook development and production capacity in Africa and the developing world.

The proposal, which is drafted with reference to the Competition Act, 1998, focuses on suggesting a more viable alternative to state publishing. The detail in our proposal therefore does not stray into any area which may give rise to collusive practices, or which may undermine competitiveness in the textbook sector. However, we feel that the textbook, the procurement process and the supply chain have not been optimised. By this we mean that we do not think that the South African textbook has been defined by the DBE in terms of fitness for purpose; i.e. What is the optimal quality of the textbook, given textbook retention and learning requirements? For example, if in the view of the DBE the retention of the textbook is a maximum of 3 years, do the textbooks have to be manufactured to last for more than 5 years? Isn't a much cheaper disposable textbook or a less durable one that does not compromise the learning experience a better solution?

With the exception of Grade R and FET Literature and situations where more than 8 titles were selected, it was stated by the DBE that price was not a consideration in the selection process. We also feel that the lower prices that are suggested by the higher quantities as envisaged in the last CAPS submission has not been implemented because there is no national consolidation and placement of orders by the DBE to effect savings from economies of scale.

It is also apparent that there is still significant waste in the procurement and textbook management process due to lack of data on available textbooks and textbook retention. With better textbook retention and correct information on available textbooks in the system, the DBE and provinces will be able to channel textbook funds correctly towards needs.

While the critical issue is universal coverage, we also feel that this opportunity must be used to consider the issue of accessibility for learners with visual impairment, close the textbook gaps in the catalogue and consider the need for preferential procurement for designated companies.

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## a) Textbook Cost Reduction

There are many factors that are driving the costs of textbook procurement today. These include an expensive submission system, lack of optimisation of the textbook, and failure to centralise procurement effectively and create economies of scale.

### i) Reducing Submission Costs

The current submission process is very expensive and risky for publishers. Publishers invest in the development of many titles. The current system requires publishers to submit complete books. The majority of these books do not make it and their costs will have to be carried by the few that are approved. This makes these publications quite expensive. Reducing submission costs will reduce the costs that have to be recouped from the approved titles. This will in the end reduce the price of textbooks. We suggest that submissions should initially include a couple of complete sample chapters and a full outline of the content of the book. The DBE should select only those titles that can be further developed into the final titles for the catalogue. The preliminary titles should include contingent titles to cater for some of the selected titles not meeting the final requirements. Publishers will therefore only invest in the further development of provisionally selected titles by the DBE.

### ii) Optimisation of the Textbook

Depending on the condition of use and retention, the current textbook is designed to last at least 5 years. Yet book retention is very low at less than 3 years. This means that there is at least two years of wasteful investment in the current book. So far, the DBE has focused on alignment with the curriculum, design and physical quality in the selection of books. Without price consideration and specifications on the optimal book by the DBE, publishers have been competing by loading excess value into the textbook. If the current rate of textbook retention is maintained, matching up the book's physical quality to its retention will result in significant savings. The DBE should seriously consider a much cheaper disposable book that is replenished every year or optimised for two-year use. The DBE should give publishers very clear guidelines on lower minimum requirements. If publishers are given the opportunity by the DBE to compete on price on lower physical quality attributes based on the DBE's guidelines, we believe that prices will come down significantly. Reducing the durability of the book should not compromise the learning experience and pedagogical attributes of the book.

### iii) Centralising Procurement and Increasing Economies of Scale

Although economies of scale are exhausted around 50 000 copies and are limited, we believe that a lot can be served through centralised procurement, even in the current situation where procurement is a provincial function. At the moment provinces order at different times over a period of time, from August to December of the preceding year. This does not allow publishers and printers to consolidate orders, paper and print purchases. Publishers are forced to fulfill small separate provincial or district orders. The quantity categories that were submitted by publishers in the last CAPS submission showed significant reduction in prices with larger quantities. However, because the higher quantities were not met due to lack of consolidation, these reduced prices were not realised. We recommend that the DBE asks publishers to indicate their respective prices along rising quantities. The DBE should co-ordinate provincial ordering and

consolidate all the quantities needed by all the provinces. One national order should be placed with the publishers with an indication of provincial orders. This is likely to result in much lower pricing. Invoicing and delivery should be done at provincial level. This will allow the provinces to receive books at lower prices due to higher consolidated national orders. In addition to enjoying lower prices, the DBE will also be able to ensure that all provinces have ordered and will receive books in time.

## **b) Creating a more competitive environment**

As indicated in the introduction, much more can be done by the DBE to bring the price of textbooks down and help with the attainment of universal coverage. A few suggestions are set out below for the DBE's consideration.

### **i) Establishing Price Bands Along Quantities**

A further suggestion is that price bands could be set along quantities. Care must be taken to make sure that these bands are narrow in order to encourage greater price elasticity, for example 1 to 5000 copies, 5001 to 10 000; 10 001 to 25 000; 25 001 to 50 000 and more than 50 000. This could also be considered by the DBE as part of the selection criteria.

### **ii) Consolidation And Placement Of Orders**

The DBE has not been able to benefit from lower prices associated with larger quantities because central procurement has not been implemented beyond having a national catalogue. The DBE could benefit from lower prices by consolidating provincial orders at a national level, and submitting them as one order to the publisher. Even though it is still the province that is invoicing and paying for the books, the DBE can co-ordinate the ordering process and consolidate the orders at national level. When publishers receive one national order, they are able to plan their print buying and delivery logistics. Central procurement should be confirmed before submission so that publishers can factor in the expected savings from higher orders. If this is done and stuck to, we are confident that the price of textbooks could be reduced significantly.

### **iii) Inflation Adjustment of Prices**

We think that the DBE's current practice of freezing prices in the catalogue over a period of 3 years is costly for the DBE. Prices in the catalogue should be adjustable by annual inflation instead. By freezing the price over three years, the DBE ends up paying a high price in the implementation year when the bulk of the orders are placed. Inflation-related adjustments will ensure that the DBE pays for the bulk of the books at a lower price in the first year of a grade implementation and only pay higher prices on lower top up orders in subsequent years.

## **c) Optimising the supply chain**

Booksellers and teacher choice are an integral part of a healthy and competitive textbook environment. Teacher choice also ensures that teachers select the most suitable LTSM for their classes. Removing teacher choice contributes substantially to the disempowerment of teachers and their deprofessionalisation. Work done in the PILO project suggests that creating a supportive and enabling environment and treating teachers as professionals goes a considerable way to improve learner outcomes. We believe that the supply chain should be optimised to ensure that the right books reach learners on time.

i) Provincial Warehouses

A suggestion is that the consolidated orders that publishers receive are broken into provincial quantities, and that publishers are required to deliver to the provincial warehouses. The warehouses can be managed by a logistics company responsible for receiving the books from the publishers and packaging them per school.

ii) Role of Booksellers

Local booksellers with good knowledge of the schools may also be used to drop the books at the individual schools and collecting delivery notes from the schools back to the warehouse and logistics company.

iii) Payment

The booksellers can be paid by the logistics company against their delivery notes, and the publishers can be paid separately on delivery notes as well. The payment will be made by the provinces although the orders are received centrally from the DBE.

**d) Improving textbook retention**

If the option of the disposable book suggested in a. ii) above is not acceptable, and a more durable book is desired, there is need to maximise the use of the book through appropriate retention of the book. In order to do that, the DBE needs accurate information of supplied textbooks and their condition. The industry is willing to work with the DBE to develop an information management system that will enable it to know the level of coverage across subjects and grades at national level and use such information for accurate replenishment.

i) Records of Textbooks Supplied

The industry can work (within the limits of competition law) with the DBE to establish records of textbooks that were ordered and supplied per subject and grade in different years. If provinces do not have this information, the publisher can report what they supplied each year to a central database.

ii) State of Textbooks and Retention

Categories like **“good”**, **“fair”** and **“damaged”** can be used to describe the state of textbooks at the end of every year with only the books that are described as **“damaged”** to be replaced at the DBE’s instance. The industry can participate in campaigns to encourage learners to look after their books, including adding a page where individual learners indicate that they were responsible for using the book and keeping it in great shape for the next learner. A mechanism can be established for teachers to lodge this information to the logistics company each year and the logistics company can lodge this on to a national database, which should give a full picture of the state of textbook coverage each year.

Poor textbook retention is the greatest impediment to achieving universal coverage. Much greater retention is achievable, but it is profoundly dependent on effective school management. We know that this cannot be achieved overnight, but with the use of technology it can be substantially improved. We are interested in engaging with the DBE on ways in which we can assist in improving textbook retention.

## iii) Replenishment

Textbook replenishment can be limited to damaged books with a report by the teacher on the state of textbooks among learners. This process should encourage a culture of looking after textbooks well and ordering replenishments responsibly.

## e) Accessibility

Accessibility for learners with disabilities and minority languages and subjects has been an issue for some time. This has resulted in some learners not having new materials in minority subjects and minority languages. As is the case with learners with visual impairment, learners taking minority languages and subjects have also been negatively affected.

### i) Mainstreaming Learning Materials for Learners with Disabilities

The industry has always been willing to help with the provisioning of appropriate materials to learners with disabilities as part of CSI. However, we believe that provisioning of materials for such learners should be similar to that of all the other learners, i.e. procured on the same basis and delivered at the same time.

We would like to suggest that, as soon as the selected titles are known, the DBE should sit down with representatives of learners with disabilities, select and agree on a limited number of titles to go into suitable and appropriate production. The publishers whose materials are selected may be engaged immediately to provide these materials in the appropriate format. Production of these materials is suggested to start immediately and run parallel to the mainstream materials. These materials may then be delivered at the same time as the mainstream materials.

### ii) Low Enrolment Subjects and Minority Languages

The DBE has indicated that low enrolment subjects and minority languages have not been catered for adequately in the past and has resulted in catalogue gaps. We also suggest that, as in the case of materials for learners with disabilities, gaps in these subjects and languages should be established by the DBE immediately after the selected books are made and an effort should be made to chunk these subjects and languages into viable categories. Publishers should then be invited to pitch for these immediately. As publishers would have had an opportunity to submit for these subjects but decided not to do so, we think that a more limited process should be followed to ensure that these materials can be produced and be available at the same time as mainstream materials. In the event of non-supply by publishers who are included in the current catalogue, we feel that measures should be taken after due notification, to replace such titles with new ones by publishers who can supply.

## f) Preferential Procurement and Empowerment

In seeking to advance empowerment initiatives, we suggest to the DBE that, in line with the preferential procurement legislation, a designated number of titles should be included in the catalogue to accommodate designated empowerment entities.

Organised groups of empowered companies, SMEs, including PASA, APA and SPAZA, have submitted their proposals on how this may be handled. We would like to urge the DBE to consider these and come up with a final proposal that can be discussed with the industry and stakeholders.

A number of suggestions made here including preliminary selection and communication with publishers and economic empowerment of designated companies, will be difficult to implement without knowing the identity of the submitting companies. A way needs to be found to ensure that there is no undue influence in the process of identifying companies for such purposes.

## Conclusion

As indicated earlier, we know that the intention to introduce one core state published title and include commercially produced books only as supplementary materials will destroy the industry base. We also know that this intention comes before the various proposals to achieve universal textbook coverage by reducing the cost of textbooks have been adequately explored. We believe that this drastic measure, with negative unintended consequences, is premature and unnecessary at the moment, and that an effort to achieve universal coverage without harming the industry should be explored. This proposal is the first attempt towards that viable alternative.

There is a lot of detail and clarification that is needed for the benefits of this proposal to be realised. Many of the ideas and options still need to be workshopped and developed between the DBE and the industry. We hope that this proposal is viewed as an attempt to achieve universal coverage without ruining an industry that has a critical role to play in education and economic and social development.

We look forward to exploring this further with the DBE.

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