



## **Briefing Note: Status of Committee Recommendations on 2015 Division of Revenue Bill [B5-2015]**

03 August 2015

### **1. Background**

This briefing note aims to provide the Select Committee on Appropriations with feedback on some of the Committee's recommendations in respect of the 2015 Division of Revenue Bill. It should be noted that the Minister of Finance responds to Committee recommendations on the Division of Revenue Bill in the Budget Review document that is tabled with the Budget. Nonetheless, this does not preclude the Committee from requesting National Treasury to provide a progress or interim report on the recommendations made.

The Select Committee on Appropriations made a number of recommendations in respect of the 2015 Division of Revenue Bill, and these are divided into two categories.

#### Recommendations directed to National Treasury:

- i. National Treasury must ensure the alignment of the budgets of various government spheres with core priorities as outlined in the National Development Plan, the 2014-19 Medium Term Strategic Framework, the Provincial Growth and Development Strategies and Municipal Integrated Development Plans;
- ii. National Treasury to include the Financial and Fiscal Commission (FFC) in their discussions with the South African Local Government Association (SALGA) on the issue of unfunded mandates.
- iii. National Treasury should introduce innovative measures to ensure the efficient, effective and economical spending of grant funding.
- iv. National Treasury in consultation with SALGA, FFC and the Department of Human Settlements resolve the outstanding issues related to both the Human Settlements Development Grant and the Municipal Settlements Capacity Grant.
- v. National Treasury should brief the Committee on the withholding and stopping of the Local Government Equitable Share (LGES) to certain municipalities.
- vi. National Treasury should facilitate a discussion with SALGA, FFC and the Department of Cooperative Governance and Traditional Affairs and any other relevant stakeholders on the issue of municipal debt.

#### Recommendations directed to the national Departments of Transport and Basic Education:

- i. The national Departments of Transport and Basic Education should brief the Committee on the latest developments regarding the finalisation of the scholar transport policy.



## 2. Status of Committee Recommendations

Progress on the Committee recommendations are as follows:

- i. National Treasury briefed the Committee on 13 May 2015 regarding the status of municipalities that were affected by the withholding of the LGES. Of the total 59 municipalities affected, 14 had met the requirements set by National Treasury and their March tranche of the equitable share was released on the 16 April 2015. At the time of reporting, National Treasury indicated that they are in discussions with the rest of the affected municipalities to resolve the matter of withholding of the LGES.
- ii. National Treasury still has to brief the Committee on the other recommendations.
- iii. The national Departments of Transport and Basic Education have been scheduled to brief the Committee on 1 September 2015, regarding the finalisation of the scholar transport policy. It should be noted, however, that the national Department of Transport briefed the Portfolio Committee on Transport on 9 June 2015, and presented the approved National Learner Transport Policy. The research brief on the new learner transport policy is attached for the consideration of the Committee.

## 3. References

Department of Transport, (2015). *Draft National Learner Transport Policy*, Presentation to the Portfolio Committee on Transport, June 2015, Cape Town: Parliament of the Republic of South Africa.

National Treasury, (2015). *Annexure A: municipalities affected by withholding of the local government equitable share due to persistent non-payment of creditors*, June 2015, Cape Town: Parliament of the Republic of South Africa.

Parliament of the Republic of South Africa (2015). *Report of the Select Committee on Appropriations on the Division of Revenue Bill [B5-2015]*, dated 28 April 2015. Cape Town.



## Overview of the Learner Transport Policy

August 2015

### 1. Introduction

The brief aims to highlight the main objectives of the new Learner Transport Policy and to provide an indication of the current status of learner transportation.

### 2. Learner Transport Policy

#### 2.1 Background

The national Department of Transport (hereafter referred to as "the Department") presented the approved National Learner Transport Policy to the Portfolio Committee on Transport in June 2015.

The Learner Transport Policy was developed in response to the realisation that there was a policy gap due to challenges, such as:

- (i) Operational issues related to unauthorised service providers, the use of un-roadworthy vehicles, and learners having to walk long distances due to not having access to school transportation;
- (ii) Planning issues related to poor co-ordination and transport plans that were not aligned to transport needs;
- (iii) Funding issues related to a non-standardised tariff formula and a lack of co-ordinated funding, resulting in insufficient provision of learner transport services; and
- (iv) Institutional capacity due to insufficient management capacity, for example, inadequate law enforcement, which resulted in poor monitoring of service providers.<sup>1</sup>

The Department developed the Learner Transport Policy in collaboration with the Department of Basic Education. The policy clarifies the role and responsibilities of the two national departments and the respective provincial departments.

¶ The Department of Basic Education indicated (in their presentation to the Portfolio Committee on Basic Education on 3 March 2015) that the two national departments are responsible for the development and review of policy and national guidelines on learner transport. They were also tasked with monitoring the overall achievement of accessibility to schools and transport objectives.<sup>2</sup>

<sup>1</sup> Department of Transport (2015)

<sup>2</sup> Department of Basic Education (2015)



The provincial Transport Departments are responsible for the registration and licensing of operators, route design and monitoring of learner transport systems.<sup>3</sup> While, the provincial Education Departments are responsible for transport planning and co-ordination, and the identification of beneficiaries. In addition, the provincial Education Departments must provide inputs to service design and the monitoring of learner transport services in conjunction with the provincial Transport Departments.<sup>4</sup>

## 2.2 Policy Objectives and Focus Areas

The objective of the Learner Transport Policy is to improve access to quality education by providing safe, reliable and secure learner transport. This requires a co-ordinated, integrated and sustainable transport system as well as the effective management and oversight of the implementation of the learner transport system.<sup>5</sup>

Key areas of the Learner Transport Policy, include:

- Institutional framework for policy implementation: a national inter-department institutional mechanism will be established to oversee and monitor the implementation of the Policy in line with the key performance indicators developed;
- Learner transport planning: a joint Planning Committee comprised of the provincial Departments of Transport and Education as well as the municipalities will be established;
- Learner transport safety and security: vehicles used to transport learners have to meet the safety requirements of the National Road Traffic Act (No. 93 of 1996);
- Criteria for learner beneficiaries: those that qualify for subsidised learner transport must be a disadvantaged Grade R to Grade 12 learner;
- Service design: the learner transport service design must include aspects of road infrastructure, pick-up and drop-off points and signage;
- Procurement of transport services: only authorised operators with approved modes of transport may be contracted;
- Remuneration of transport operators: a standardised measure of remuneration shall be implemented based on total kilometres travelled. The condition of the road may also be factored when considering the remuneration of operators;

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<sup>3</sup> Department of Basic Education (2015)

<sup>4</sup> *Ibid.*

<sup>5</sup> Department of Transport (2015) and Department of Basic Education (2015)



- Funding: learner transport shall be funded through Provincial Treasuries' budget allocations;
- Modal integration: all modes of transport (e.g. cycling) should be promoted and these modes should be integrated and complementary to existing means of transportation;
- Universal design: vehicles used to transport learners must adhere to the requirements and principles of universal design, particularly vehicles transporting learners with disabilities;
- Law enforcement: provincial departments of transport and Municipalities must ensure that there is sufficient and efficient law enforcement to monitor learner transport operators. Punitive measures should be instituted against those that violate national road traffic regulations; and
- Monitoring and evaluation: every three years, an independent assessment shall be undertaken on the impact of the implementation of the Policy.<sup>6</sup>

#### **Comments and Questions**

The Department of Transport indicates that key areas of the Learner Transport Policy shall be funded through the provincial treasuries' budget allocations:

- (i) How was learner transport funded prior to the new Learner Transport Policy?; and
- (ii) Clarify whether the funds allocated through Provincial Treasury budgets are comprised of the equitable share to the province or the budget allocation to the provincial treasuries?

### **2.3 Policy Implementation Status**

According to the Department of Transport the Policy was approved by Cabinet and is now at implementation stage.

The Department reported the following implementation targets, listed in Table 1 below.

<sup>6</sup> Department of Transport (2015), pp. 17-21



**Table 1: Policy Implementation Plan**

<b>Policy Area</b>	<b>Action</b>	<b>Responsibility</b>	<b>Timelines</b>
<b>Institutional Support</b>	Develop and implement a targeted National Learner Transport Road Safety Programme.	Provinces	March 2015
<b>Institutional Support</b>	Implement a scaled-up National Bicycle Programme ( <i>Shova Kalula</i> )	Department of Transport	March 2015 and beyond
<b>Institutional Support</b>	Submit the National Land Transport Amendment Act to Parliament (to empower provinces as contracting authorities).	Department of Transport	September 2015
<b>Law Enforcement and Monitoring</b>	Develop institutional capacity on the implementation of the Learner Transport Policy, Norms and Standards.	Department of Transport, Department of Basic Education and Provinces	September 2015 and beyond
<b>Institutional Support</b>	Institute the National Inter-Departmental Committee (NIDC) and facilitate the provincial inter-departmental committees.	Department of Transport and Provinces.	December 2015
<b>Institutional Support</b>	Finalise norms/standards and operationalise guidelines for learner transport.	Department of Transport	December 2015
<b>Institutional Support</b>	Develop key performance indicators.	Department of Transport	December 2015
<b>Institutional Support</b>	Develop a standardised model contract to guide contracting authorities.	Department of Transport	December 2015
<b>Law Enforcement and Monitoring</b>	Develop and implement a National Policy Advocacy Programme to raise awareness of the Learner Transport Policy.	Department of Transport	December 2015 and beyond



Policy Area	Action	Responsibility	Timelines
<b>Integrated Planning</b>	Implement Integrated Public Transport Networks in selected urban and rural areas taking into account the needs of learners.	Department of Transport and Municipalities.	2015 and beyond
<b>Integrated Planning</b>	<i>Finalise and implement the Public Transport Turnaround Plan</i>	Department of Transport, Provinces and Municipalities.	2015 and beyond
<b>Integrated Planning</b>	Strengthen integrated planning between the Departments of Transport and Basic Education.	Provinces and Municipalities.	2015 and beyond
<b>Institutional Support</b>	<i>Finalise assessment of costing and funding for policy implementation.</i>	Department of Transport	of March 2016
<b>Institutional Support</b>	Monitor learner transport programme implementation.	Department of Transport, Department of Basic Education and Provinces	of Quarterly basis
<b>Institutional Support</b>	Implement Access Roads Infrastructure Programme ( <i>S'hamba Sonke</i> ) and Road Asset Management System (RAMS).	Department of Transport and Provinces	of Ongoing

Source: Department of Transport (2015)

As can be observed from Table 1, policy implementation began in March 2015, with a number of activities scheduled for implementation by September and December 2015 respectively.

It should be noted that, on 3 March 2015, the Department of Basic Education indicated that the learner transport function has been transferred to the provincial Departments of Transport in only five of the nine provinces. The five provinces are: Eastern Cape, KwaZulu-Natal, Mpumalanga, Northern Cape and North West.



### Comments and Questions

1. The Department of Transport indicates that one of the policy implementation activities include the finalisation and implementation of a Public Transport Turnaround Plan:
  - (i) How does public transport feature in the provision of learner transport services?
  - (ii) The Department should provide clarity on what the Public Transport Turnaround Plan encompasses.
2. Why is the scheduled date for the final costing and funding of policy implementation dated March 2016, when policy implementation is already underway?
3. What is the status regarding the transferred learner transport function to the provincial Departments of Transport in the following four provinces:
  - Free State;
  - Gauteng;
  - Limpopo; and
  - Western Cape?

### 3. Current Status of Learner Transport

This section reports on the number of learners that qualify for learner transport and the actual number of learners transported, as well as learner transport expenditure as at 31 December 2014 per province.

Of the total 12.1 million learners in the South African public education system, 4.2 per cent or 507 318 learners qualified for learner transport in the 2014/15 financial year. At the end of the third quarter of 2014/15, only 359 165 (i.e. 70.8 per cent) learners were transported, thus a total of 148 153 (i.e. 29.2 per cent) of learners who qualified for learner transport did not benefit from the service.





**Table 2: Learners Transport Status as on the 31 December 2014**

Province	Total Number of learners in the provinces as per EMIS 2014/15	Total Number of learners that qualify for learner transport in 2014/15	Total % of learners qualify for learner transport in 2014/15	Actual number of learners transported to date	Actual % of learners transported to date
Eastern Cape	1 889 307	94 938	5.0%	57 176	60.2%
Free State	656 408	8 965	1.4%	8 793	98.1%
Gauteng	1 944 486	81 490	4.2%	79 420	97.5%
KwaZulu-Natal	2 831 311	71 000	2.5%	22 231	31.3%
Limpopo	1 665 516	36 123	2.2%	18 939	52.4%
Mpumalanga	1 034 151	63 287	6.1%	63 287	100.0%
Northern Cape	284 908	27 235	9.6%	23 420	86.0%
North West	784 184	71 715	9.1%	33 334	46.5%
Western Cape	1 026 744	52 565	5.1%	52 565	100.0%
<b>Total</b>	<b>12 117 015</b>	<b>507 318</b>	<b>4.2%</b>	<b>359 165</b>	<b>70.8%</b>

Source: Department of Basic Education (2015)

From a provincial perspective, the Eastern Cape has the largest number of learners in need of learner transport, followed by Gauteng, North West and KwaZulu-Natal. These provinces, (except for Gauteng), also appear to be experiencing difficulties in meeting their obligations in terms of learner transport provision. Table 2 highlights the percentage of the actual number of learners transported (versus those that qualify), by the end of the third quarter of 2014/15. For example, KwaZulu-Natal only transported 22 231 (31.3 per cent) of the 71 000 learners that qualified for learner transport, the North West transported 33 334 (46.5 per cent) of the 71 715 qualifying learners, Limpopo transported 18 938 (52.4 per cent) of the 36 123 qualifying learners, and the Eastern Cape transported 57 176 (60.2 per cent) of the 94 938 qualifying learners.

In contrast, two provinces transported 100 per cent of qualifying learners, which constitutes a total of 115 852 learners. Of this overarching total, Mpumalanga Province provided transportation for 63 287 and the Western Cape Province for 52 565 qualifying learners respectively. The Free State Province transported 8 793 (98.1 per cent) of the 8 965 qualifying learners and Gauteng Province transported 79 420 (97.5 per cent) of the 81 490 qualifying learners by the end of the third quarter of 2014/15.



**Table 3: Learners Transport Expenditure as on the 31 December 2014**

Province	Budget Allocation (R'000)	Actual number of learners transported as at 31 Dec 2014	Total cost per learner	Expenditure as 31 Dec 2014 (R'000)	% Expenditure 31 Dec 2014
Eastern Cape	356 076	57 176	6 228	201 981	56.7%
Free State	27 589	8 793	3 138	48 349	175.2%
Gauteng	338 349	79 420	4 260	108 592	32.1%
KwaZulu-Natal	168 430	22 231	7 576	100 742	59.8%
Limpopo	152 995	18 939	8 078	87 415	57.1%
Mpumalanga	455 000	63 287	7 189	297 287	65.3%
Northern Cape	116 097	23 420	4 957	9 304	8.0%
North West	240 444	33 334	7 213	135 377	56.3%
Western Cape	242 593	52 565	4 615	207 339	85.5%
<b>Total</b>	<b>2 097 573</b>	<b>359 165</b>	<b>5 840</b>	<b>1 196 386</b>	<b>57.0%</b>

Source: Department of Basic Education (2015)

The total budget for learner transport amounted to R2.1 billion for the 2014/15 financial year, as shown in Table 3. This amounts to a total transport cost of R5, 840.00 per learner for the 2014/15 financial year.

Limpopo Province has the highest transport cost per learner at R8, 078.00 followed by KwaZulu-Natal Province at R7, 576.00 per learner, North West at R7, 213.00 per learner and Mpumalanga Province at R7, 189.00 per learner. The Free State Province has the lowest cost per learner at R3, 138.00.

Expenditure at the end of the third quarter amounted to R1.2 billion or 57.0 per cent, which indicates that provinces are failing to spend their learner transport budgets in accordance with the accepted budget norm of 75.0 per cent. The Northern Cape Province, in particular, appears to have some spending challenges as it reported expenditure of only 8 per cent (i.e. R9.3 million of R116.1 million), followed by Gauteng Province at 32.1 per cent (i.e. R108.6 million of R338.3 million).

Mpumalanga Province reported expenditure of R297.3 million (65.3 per cent) above the national average of 57.0 per cent, followed by the Western Cape Province at R207.3 million (85.5 per cent) and the Free State Province at R48.3 million (175.2 per cent), as shown in Table 3. The Free State expenditure of R48.3 million at the end of the third quarter, is particularly alarming. The province's expenditure is nearly double the allocated budget of R27.6 million and increases the transport cost by R2, 361.00 per learner from R3, 138.00 to R5, 499.00. The escalation in transport costs in the Free State Province by the end of the third quarter signals a lack of proper costing of learner transport costs and resulted in insufficient budgeting for the provision of the service in the province.



### Comments and Questions

Why does the transport cost per learner differ significantly among the nine provinces? Is this due to the distances covered within each province?

## 4. Conclusion

Learner transport has been an ongoing policy issue for far too long. Therefore, the effective implementation of the new Learner Transport Policy is crucial not only to improve access to education but also to prevent any further loss of life due to un-roadworthy learner transport vehicles.

The lack of learner transport service provision (and more importantly the un-roadworthiness of vehicles used to transport learners), are major concerns that are addressed by the new Learner Transport Policy.

As mentioned, the Policy's aims are to improve access to quality education by providing safe, reliable and secure learner transport through co-operation and collaboration with law enforcement authorities.

Key elements of the Policy include: the establishment of safety norms, standards and regulations; branded learner transport vehicles that are easily identifiable; all learner transport vehicles must be roadworthy and the Department of Transport is to establish a Driver Code of Conduct, which would include preventative measures for emergencies, as well as, training in First Aid and advanced driving skills.<sup>7</sup>

The responsibility of ensuring the management and monitoring of the implementation of the policy is vested with both the respective national Departments of Basic Education and Transport and through the proposed inter-department oversight mechanism which will include provinces, Municipalities and School Governing Bodies (SGBs).

Parents and principals have welcomed the new proposed Policy, with one parent, Valerie Philipps (who lost her son, Jody, in the Blackheath railway crash, in August 2010), commenting "I hope this will bring about change."<sup>8</sup>

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<sup>7</sup> Felix, J (2014)

<sup>8</sup> *Ibid.*



### ***Issues of Consideration for Parliament:***

- The Committees responsible for oversight of the Departments of Basic Education and Transport should conduct public hearings on a quarterly basis in order to review the implementation of the Learner Transport Policy to assess whether the policy objectives are being achieved.

### **References**

Department of Basic Education, (2015). *Learner Transport*, Presentation to the Portfolio Committee on Basic Education, 03 March 2015, Cape Town: Parliament of the Republic of South Africa.

Department of Transport, (2015). *Draft National Learner Transport Policy*, Presentation to the Portfolio Committee on Transport, June 2015, Cape Town: Parliament of the Republic of South Africa.

Felix, J. (2014). 'Strict New Rules for School Transport'. *The Mercury*, 19 August 2014. Available from: <http://www.iol.co.za/motoring/industry-news/strict-new-rules-for-school-transport-1.1737292> [Accessed 24 June 2015].