

# ISSUES UNDERLYING THE SLOW PROGRESS WITH THE IMPLEMENTATION OF PUBLIC TRANSPORT POLICY

**An Academic Point of View  
Prof J Walters**

**Presentation to the SABOA Annual Conference  
6 March 2014**

# Overview of the presentation

- What public transport progress has been achieved?
- Current status of bus contracts
- Current issues
- Available funds for public transport
- Conclusions on the funding of public transport
- Proposals to address the lack of policy implementation
- Conclusions

# What public transport progress has been achieved?

- ⦿ Gautrain and its feeder bus system
  - Extensions to the existing system being planned
- ⦿ Two new BRT routes in Johannesburg
- ⦿ One BRT route in Cape Town
- ⦿ Many new BRT systems being planned
- ⦿ Massive recapitalisation of PRASA (R 123b)
- ⦿ Limited success with the taxi recapitalisation programme
- ⦿ Limited success with the bus contracting system

# Current status of bus contracts

- Moratorium placed on further tenders in 2001
- A few negotiated contracts negotiated until 2003
- Interim contracts are now 16 years old
- Short term extensions of contracts for 12 years – following the lapsing of originally tendered or negotiated contracts
- Since 2001 no expansion of the commuter bus system has been allowed

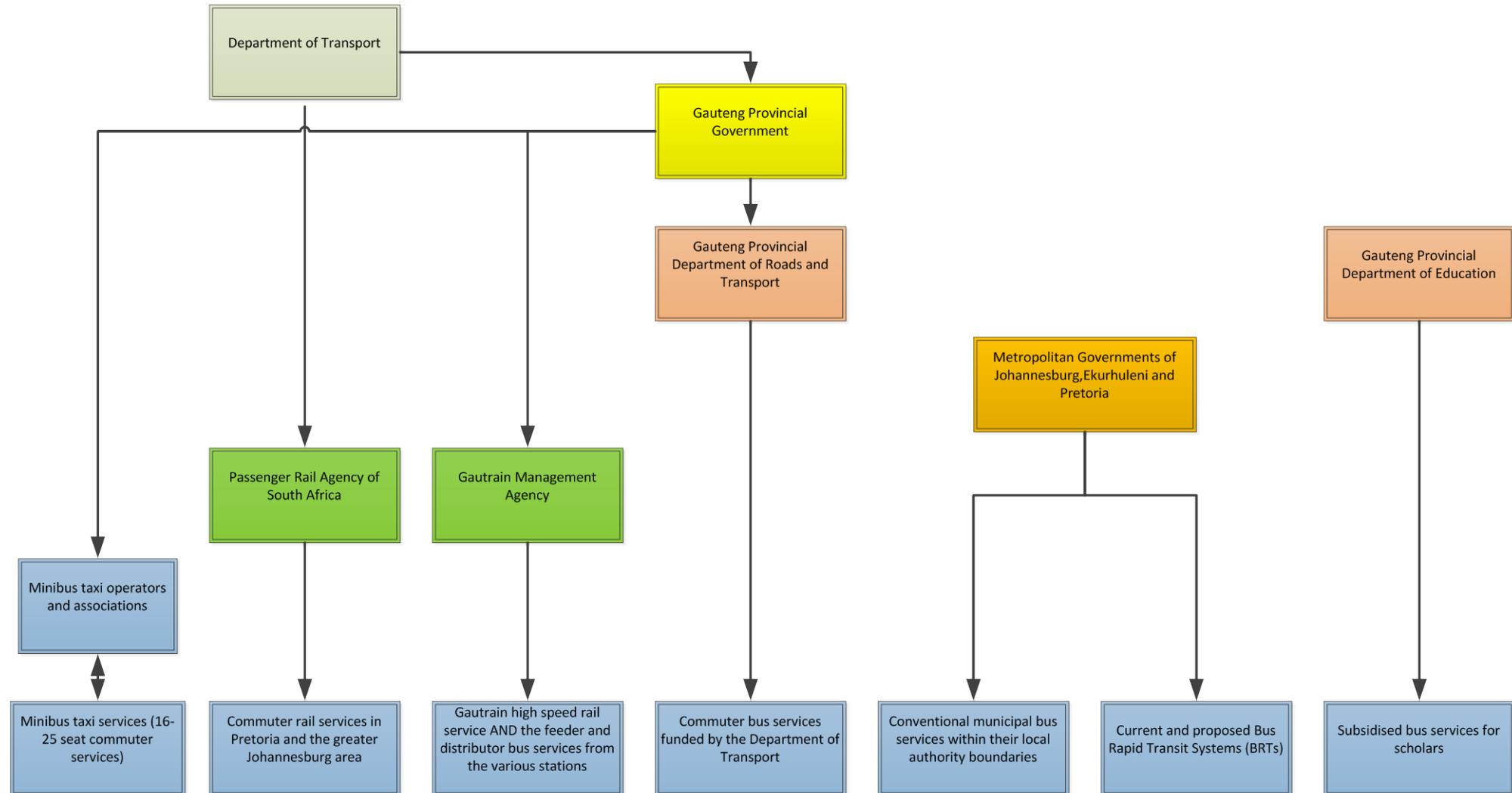
Type of contract	Number of buses	Number of contracts	Percentage of the subsidy budget	Contract characteristics	Duration
<b>Interim contracts</b>	+/- 3849	39	68%	Foreseen as a transition arrangement in 1997. ICs are now 16 years old	3 years originally. In practice ICs are now 16 years old. Contract extensions are between 1 and 3 months. The last round of extensions were up to 6 months
<b>Tendered contracts</b>	+/- 1834	66	28%	Based on a standard contract document. Mostly “stand alone” services in rural/urban areas	5 years originally. Contract extensions are between 1 and 3 months. The last round of extension were up to 6 months
<b>Negotiated contracts</b>	+/-1300	10	4%	Mostly applicable to state-owned and operated bus companies	5 years originally. Contract extensions are between 1 and 3 months. Last round of renewals up to 6 months

*Source: Southern African Bus Operators Association and the DoT (2009). Updated 2013.*

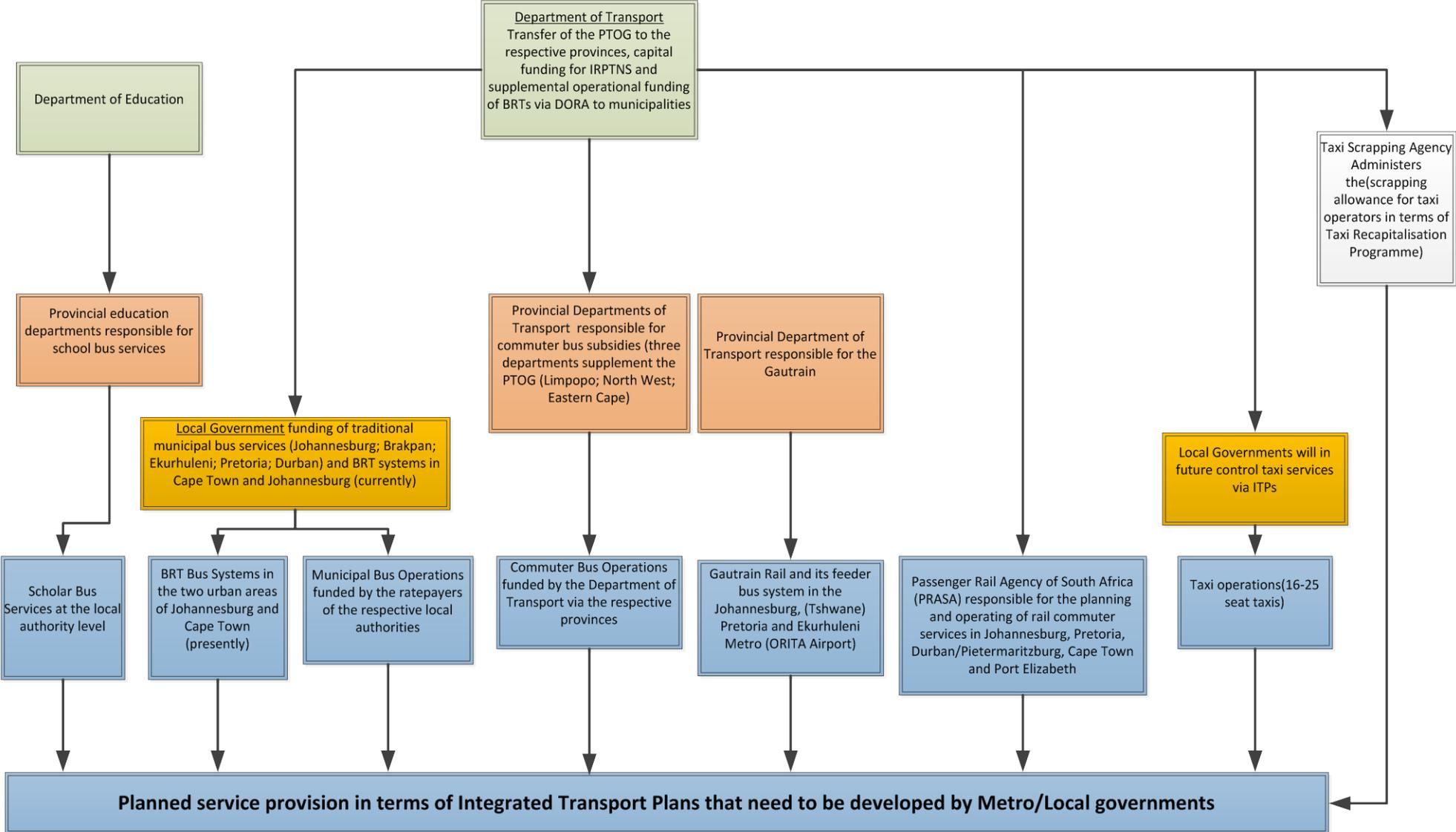
# Current issues

- ⦿ Commuter bus transport policy
  - Lack of progress with the demands of labour re the tendering system and its impact on labour
  - No progress on outstanding issues in the model contracting documents
  - No progress on the escalation formula in the respective contracts
  - No clarity on how DORA will be applied in future contracts
- ⦿ At the more strategic level of government..
  - No ITPs that can be used for the design of the public transport system
  - Lack of institutional memory following elections – national/provincial/local spheres of government
  - Lack of capacity to drive system-wide changes via ITPs
  - Fragmented funding streams – uncoordinated and modally focused
  - Uncoordinated institutional structures – weak overall administration
  - A modal focus at the expense of system development
  - Local authority focus- not a functional area focus (institutional jealousies)

# Fragmented planning of public transport services: Gauteng as an example



# Various stakeholders involved in public transport funding (Illustrative)



# Available funds for public transport

Table 1: Different funding sources (2012/13)

Funding source	Amount (Rand)
Public Transport Operations Grant (PTOG)	4,317,269,000
Public Transport Integration Systems Grant (PTISG)	4,988,103,000
Taxi Recapitalisation Programme (TRP)	495,041,000
Scholar Subsidy	1,255,501,325
Municipal Bus Subsidy	769,155,390
Provincial Bus Subsidies	908,825,000
<b>Total</b>	<b>12,733,894,715</b>

Source: Department of Transport.  
Presentation to the SABOA AGM 30 May  
2013

Table 2: Current and planned BRT **capital funding**  
(excluding operational funding requirements)

System	City/area	Distance/stations	Cost (R billion)	Completion status
Rea Vaya Phase 1A	Johannesburg	25.3km/30 stations	R 3.35 bn	Completed
IRTN	Cape Town	16km/13 stations	R 1.3 bn	Completed
Ethekwini	Durban	34 km/46 stations	R 8.4 bn	Planned
Rustenburg	West of Pretoria	34km/37 stations	R 5.4 bn	Planned
Tshwane	Pretoria	70km	R 4.779 bn	Planned
<b>Total</b>		<b>179 km</b>	<b>R 23.229 bn</b>	

Source: Department of Transport

# Conclusions from tables 1 and 2

## ● **Table 1:**

- From the table it can be seen that about R 12,7bn is spent on public transport in the country.
- In addition to these funds, there are also funds dedicated to the Gautrain and its bus feeder system, as well as the various BRT systems that are in operation in Cape Town and Johannesburg.
- The PRASA government subsidy was R 3,154,933 in 2011 (PRASA Annual report, 2011:79).
- There is a PRASA recapitalisation programme worth R 123 billion

## ● **Table 2:**

- This table excludes the City of Johannesburg (2013) Phase 1B of the Rea Vaya BRT. This phase consists of 13 stations over a distance of 18.5km and came into operation in October 2013. It is estimated that this phase cost R 1.2 bn.
- The overall capital cost of the BRTs that are either operational or being planned therefore amounts to about R 24.429 bn.

# Conclusions from tables 1 and 2

- ⦿ This quantum excludes the operational subsidies for the BRT systems shown in table 2 which are substantial.
  - In the most recent DORA Bill (2014) R 744m is made available for BRTs (R 881m in 2013) to supplement operational funding to municipalities operating approved Integrated Rapid Public Transport Networks (BRTs)
- ⦿ When combining the respective funding sources and requirements of tables 1 and 2 it is evident that about R 37b rand is available and/or earmarked for public transport in South Africa and if the PRASA subsidy is included this figure is close to R40b.
- ⦿ This is significantly more than most analysts would estimate and points to the fact that there is no real shortage of funds for public transport, it is the uncoordinated manner in which the available funds are being spent which leads to modal sub-optimisation and the neglect of others

# Conclusions from tables 1 and 2

- ⦿ In concluding the comments about these tables:
  - It is important that a **more holistic view be taken of the public transport system**, based on integrated transport plans.

# Proposals to address the lack of policy implementation

- ⦿ In the main metros, it would be feasible to establish a provincially-wide transport authority at a supra- local level to play a leading role in coordinating public transport planning and funding across modes of transport
- ⦿ Should operate as independently as possible
- ⦿ Should be capacitated in terms of skills needed to undertake transport planning, its implementation and monitoring:
  - Engineering skills; transport planning; urban planning; transport economics; financial management; contract design and management; operational expertise, social development; environmental management; marketing management etc.
- ⦿ It is important that all public transport funds be consolidated in such an authority and/or that the authority will have control over such funds in planning the transport services for the area

# Proposals to address the lack of policy implementation

## Benefits of TAs

- ⦿ Institutional weaknesses will be addressed.
  - In setting up a transport authority the requisite skills can be acquired to manage the transport policy functions.
  - The institution can function across various local authorities to ensure coordinated planning, in working together with such local authorities.
  - Integrated seamless transport planning therefore becomes possible.
- ⦿ Integrated transport planning would result in a move away from the current “silo- based” transport operations and planning that leads to sub-optimal modal arrangements.

# Proposals to address the lack of policy implementation

## Benefits of TAs

- ⦿ Institutional memory would not be prejudiced every time a national and local election is held.
  - The employees of the proposed transport authority would transcend these political changes, although there may be a shift in focus of a new provincial/local government administration.
- ⦿ The requisite expertise will be available to ensure policy implementation and monitoring.
  - In a country with a critical shortage of skilled and specialised labour in public transport regulation and policy implementation, an authority will address some of these skills issues by pulling together the available expertise and not cut the present expertise so thin amongst the different authorities that policy implementation becomes problematic
  - Areas with low PT capacity could be assisted

# Proposals to address the lack of policy implementation

## Benefits of TAs

- ⦿ As the TA will consist mainly of professionals undertaking urban transport planning; (but reporting at the political level) policy implementation will become easier and more consistent.
- ⦿ Existing funding streams could be better coordinated, based on ITPs – a move away from the current “silo-based” planning and operating of PT

# Conclusions

- ⦿ Existing legislation will probably need to be changed and new legislation introduced to establish TAs
- ⦿ Will be met by opposition from officials trying to protect “their turf”
- ⦿ Will need strong political support and buy-in – supported by strong political leadership