

Public Transport funding in a crisis: A National Treasury perspective

Presented by: Marissa Moore: Chief Director, Urban Development and Infrastructure

Public Finance

28 February 2013



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Overview

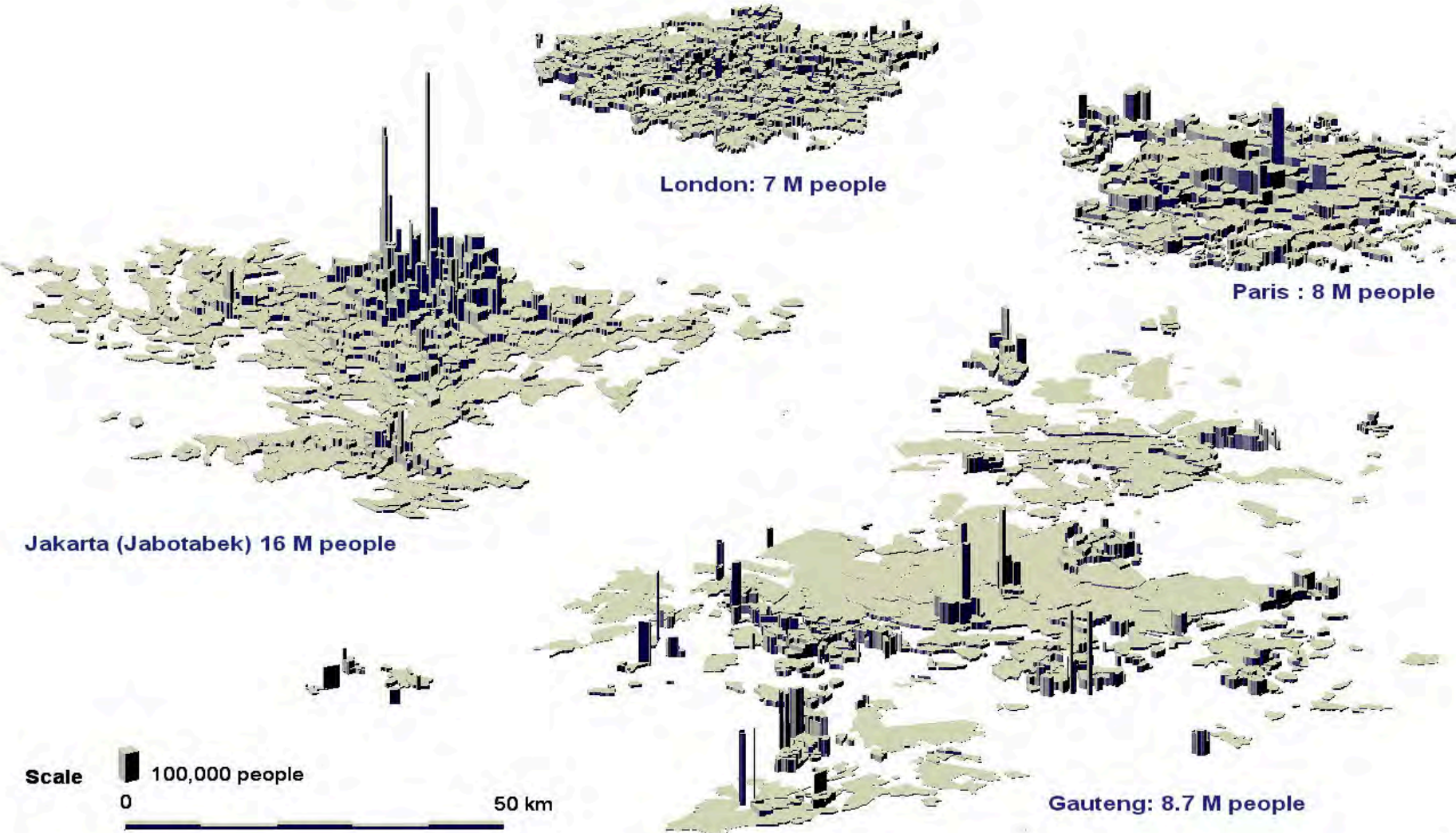
- Public transport challenge in South Africa
- Current situation, funding levels & passenger numbers
- Work to be done

Public transport challenge in South Africa

- Low density in South African cities – expensive for infrastructure and operations
- Affordability:
 - 9.3 million households earning less than R3500/m
 - White Paper objective: 10% of household income
 - Actual expenditure: 30% of households spend more than 10%, while 27.3% spend nothing
- Accessibility, reliability and safety are objectives that mean that one needs frequent services, high geographical coverage and high quality of infrastructure and services. This requires major expenditure increases that are not immediately affordable.

Spatial Development Challenges

Spatial distribution of population in Gauteng (2001 census) compared to Jakarta, London and Paris



London: 7 M people

Paris : 8 M people

Jakarta (Jabotabek) 16 M people

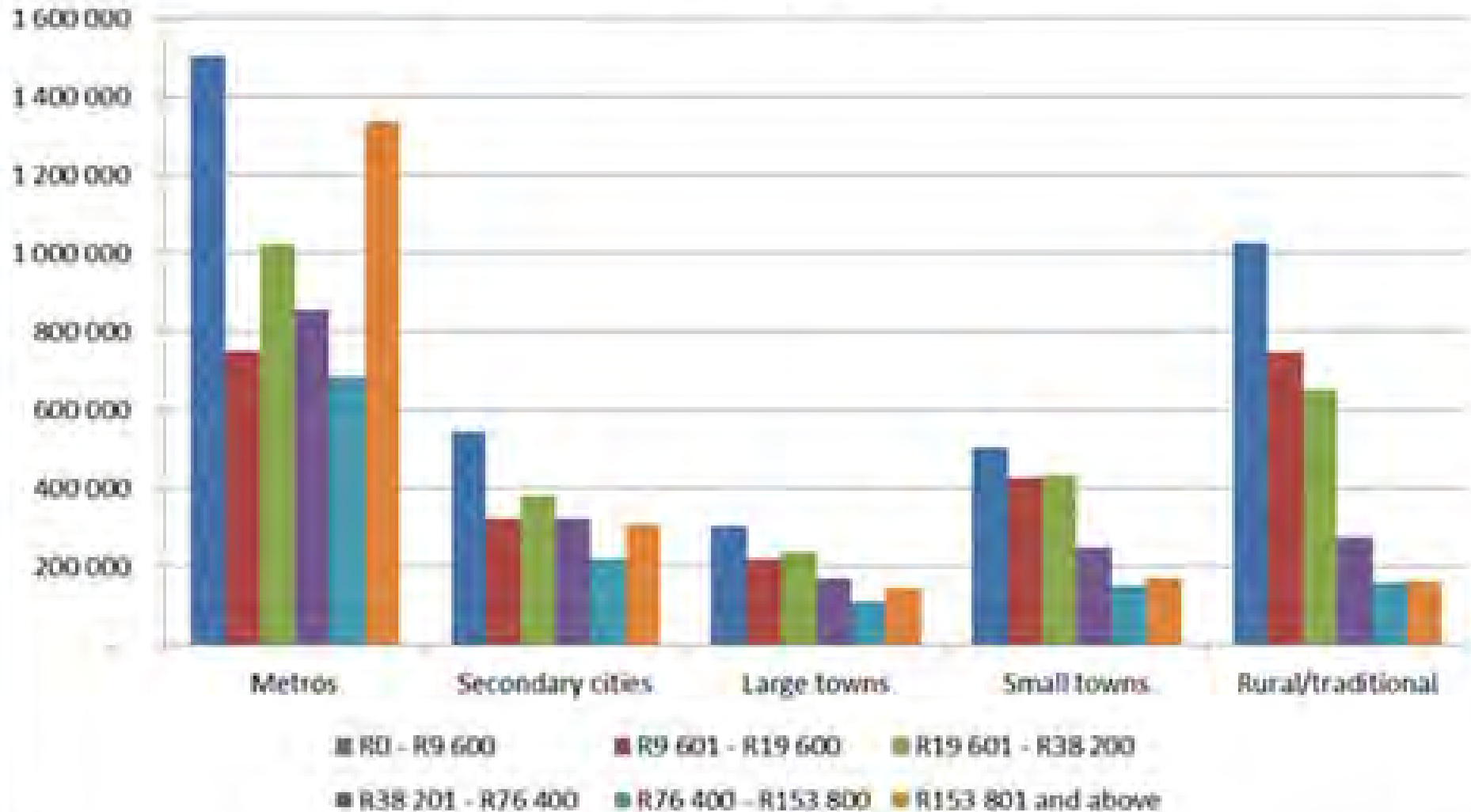
Gauteng: 8.7 M people

Scale 100,000 people

0 50 km

Urban poverty

Annual household income



Public Transport Current Situation

- Modal separation
- Separate fare and ticketing systems
- Lack of regulation
- Roles and functions of national, provincial and local
- Role of the private sector
- Incentives for overcrowding and speeding
- Under-utilisation of assets
 - Routes
 - Peak hour
- Growing private car ownership
- Subsidisation of rail and busses not aligned to use
- Support for recapitalisation
- Infrastructure support for municipal integrated networks and rail

Public Transport Spending

	R'000	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Average annual change - 2009/10 to 2015/16	Proportion of total national public transport transfers - 2013/14
Passenger Rail Agency of South Africa - current		3 185 844	3 154 933	3 339 330	3 526 799	3 678 003	3 887 342	4 066 160	4.2%	16.9%
Passenger Rail Agency of South Africa - capital		3 831 791	5 110 273	6 134 768	6 701 106	7 481 110	10 710 958	13 865 548	23.9%	34.3%
Taxi recapitalisation		625 655	338 877	448 113	462 811	522 268	553 604	579 070	-1.3%	2.4%
Public transport operations grant		3 531 909	3 863 033	4 153 232	4 317 269	4 552 521	4 782 709	5 002 714	6.0%	20.9%
Public transport infrastructure grant		2 418 177	3 699 462	4 611 647	4 988 103	4 668 676	5 126 029	5 278 881	13.9%	21.4%
Public transport network operations grant		-	-	-	-	881 305	744 817	862 024		4.0%
Total national public transport transfers		13 593 376	16 166 578	18 687 090	19 996 088	21 783 883	25 805 459	29 654 397	13.9%	100.0%

- This is added to by provinces and municipalities from their own revenue sources for bus operations, Gautrain and integrated public transport networks infrastructure and operations.

Passenger numbers

Average weekday passengers	
	2011/12
Rea Vaya -average weekday passengers	36 000
MyCITI - average weekday passengers	22 000
Annual provincial bus passengers - subsidised by PTOG	343 843 556
Annual provincial bus passengers - not subsidised by PTOG	36 278 304
Municipal bus services	?
PRASA rail passengers per year	518 000 000
Taxi	67% of public transport (NHTS 2003)
Annual Gautrain passengers	6 676 396

Bus subsidy statistics

	2010/11	2011/12
Number of vehicles subsidised	6 530	6 548
Number of routes subsidised	102 296	103 704
Number of vehicle kilometres subsidised	259 413 572	262 549 584
Subsidy/vehicle	R 49 267	R 52 792
Subsidy/passenger	R 11.23	R 11.85
Subsidy/kilometre operated	R 14.88	R 15.80
Kilometres operated/vehicle	3 310.7	3 341.4
Passengers/vehicle	4 388.2	4 455.4
Passengers/trip operated	52.2	50.8
Passenger revenue/kilometre	R 10.80	R 11.78
Passenger revenue/trip operated	R 425.17	R 449.21
Staff/vehicle	2.1	2.1
Number of subsidised passengers	343 843 556	350 087 010
Number of unsubsidised passengers	36 278 304	44 911 246
Number of trips subsidised	6 591 581	6 887 937

Work to be done - 1

- Funding needs to integrate all modes and become equitable across all modes
- Integrated Rapid Public Transport Networks
 - Modal
 - Timetable, scheduling
 - Fare setting and ticketing
 - Local government manage, regulate and fund
 - Infrastructure to address congestion
 - Operational subsidies relate to objectives, affordability levels
- Assignment of functions

Work to be done - 2

- High demand on subsidisation. Need to ensure efficiency and effectiveness. Performance needs to be measured with same indicators across modes
- Efficiency
 - Delivery to spending
 - Passengers / capital and operational spending
 - Revenue per route km
- Effectiveness
 - Passenger numbers per day
 - Cost as % of household income
 - Departures deviation from time schedules
 - Accident per 1000 km service

Work to be done - 3

- Other revenue sources
 - Local business tax
 - Carbon tax
 - Tolling and road user charges
- Affordability of individuals vs affordability of government – public transport subsidy policy
 - Per km not per passenger
 - Intergovernmental approach
 - Incentive for densification
 - Rural, small cities and metros
 - Equity across modes
 - capital and operational
 - efficiency incentives for municipalities
 - fare policies
 - Full life cycle financial and socioeconomic analysis