

SABOA 2014 AND BEYOND

The Portfolio Committee on Transport is calling on National Treasury to reconsider making available funds necessary for the transformation of the public transport system. The committee, in its efforts to ensure quality universal public transport for every citizen, met with the Department of Transport to consider recommendations on strategies to move towards a commuter-orientated public transport system.

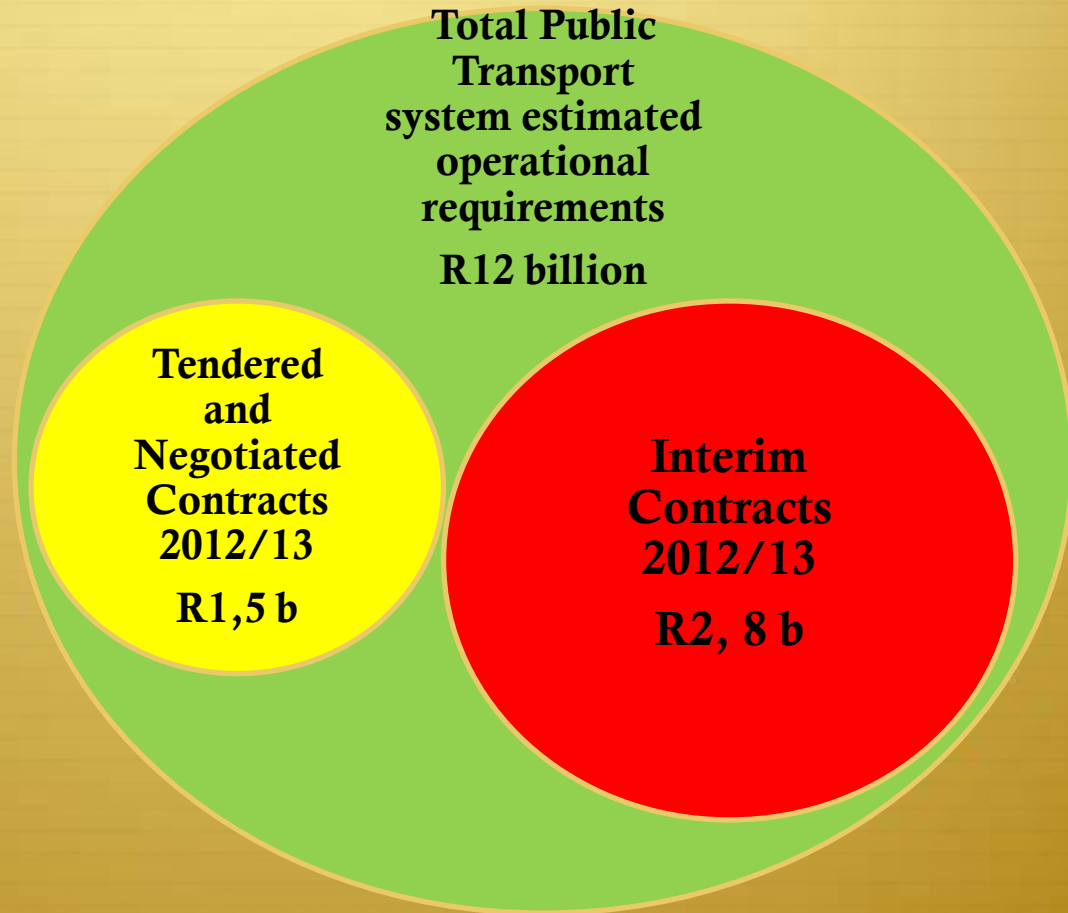
SAFETY ---- RELIABILITY ---- AND DON'T FORGET

- ***AFFORDABILITY***
- ***ACCESSIBILITY***
- ***SUSTAINABILITY***

FOR THE LOVE OF *DORA*

The current PTOG is already fully allocated to existing bus contracts but is far less than what is required to cover the total road based PT system.

When current contracts are eventually replaced OR negotiated, there will be no surplus funds available for the proposed new system.



PROVINCIAL OBLIGATION TO COVER SHORTFALL

- The Department incurred a cumulative subsidy deficit of R1,2 billion during the 2008/09 financial year
- National Treasury provided a once off allocation of R1,2 billion on top of the annual baseline allocation to clear the deficit
- Subsidy allocations were converted from an agency base system to a conditional supplementary grant classified as schedule 4
- Provinces were expected to cover any shortfall experienced by operators.
- Escalation for Interim Contracts was fixed to the equivalent of CPI or baseline increase.

TRANSFORMATION ?

- A task team has been established between the National Department of Transport, National Treasury and Provinces to deal with the overall subsidy funding regime and its challenges.
- By adopting a negotiated approach, as an enabling legal instrument, provides a win win solution to numerous challenges currently facing the public transport industry.
- Government will be able to influence and realize subsidy redistribution and economic empowerment for previously disempowered individuals (SMME/TAXI operators)

KZN PROVINCIAL BUDGET VOTE 2013/14

Subsidized Bus Services

- To achieve the transformation agenda the strategy advocates a 70/30 percent split where 70% is allocated to Africans, women and people with disability and 30% remains with main operators.
- We are pleased to announce that the transformation process of the subsidized bus contract has been completed in UGU (PORT SHEPSTONE) and will now be rolled out in other areas.(Shareholding 60% Taxi 40%Bus)
- The present subsidy allocation received by the Province is INSUFFICIENT to cater for the current commitments, and to this end I will approach the Minister of Transport for further interventions with NATIONAL TREASURY (DORA)
- Adequate funding for existing bus contracts should be availed in order to maintain these contracts while introducing medium to long term solutions
- Fuel/labour cost increases should be covered (NDOT November 2013 presentation)

NDOT OPINION July 2013

We are still trying to have a meeting with KZN on this matter; so up to now we have not had sight of their "empowerment plan or policy." Please note that empowerment is driven by different pieces of legislation or policies and therefore, all we are doing as a sector is to comply with those pieces of legislation. Therefore, without casting aspersion on this matter, I cannot foresee the Department stopping any authority from implementing empowerment, **if it is done correctly.** However, any form of empowerment in the bus industry will either happen within the current contractual arrangements or may be a pre-requisite for a new contract. If it happens within the current contractual arrangements, then the provisions of existing contracts would have to be taken into consideration and respected. If it is part of entering into new contracts, then the provision of the NLTA would apply as to which is the relevant authority to conclude such new contracts and how empowerment should be dealt with in that particular case. It is suggest that we discuss this matter after the meeting of the 11 July and hopefully we will have a full understanding of what exactly is the province intending to do. In the meantime we will continue from our side to try and secure a meeting with the province to thrash out this matter.

KZN Summary of PTOG Allocation

REPORTED STATISTICS

<u>INDIAN</u>		<u>AFRICAN</u>		<u>WHITE</u>	
MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
51,18%	18,04%	30,20%	0,47%	0,10%	0,00%
69,22%		30,67%		0,10%	

ACTUAL STATISTICS

43%

56% (43% OF THIS IS TO 1 INDIVIDUAL OPERATOR)

THE REASON FOR THE CHANGE IS BECAUSE OF TWO FACTORS

- 1. INCLUSION OF SUB-CONTRACTORS (100% AFRICAN)**
- 2. DURBAN TRANSPORT INCLUDED (100% AFRICAN)**

THE USE OF TERMINOLOGY IS AS CONTAINED IN OFFICIAL DOCUMENTATION

THINKING OUT ALOUD

THE BASIC INFORMATION REQUIRED , AND ANY REASONABLE PERSON WOULD ACCEPT THAT THIS SHOULD BE AVAILABLE BEFORE ANY DISCUSSIONS COULD COMMENCE IN "GOOD FAITH"


- **APPROVED NEW TENDER DOCUMENT.**
- **REVISED APPROVED ESCALATION FORMULAE (basis of how the province is going to address the actual escalation and the DORA allocation (Guarantees for the full period should be given in this regard)**
- **How is future growth in demand going to be addressed/funded.**
- **PROPOSED LENGTH OF NEGOTIATED CONTRACT/TENDER**
- **CRITERIA FOR SELECTION OR EXPRESSION OF INTEREST FOR EXISTING SUB-CONTRACTORS/TAXI BODIES OR NEW ENTRANTS/ASSOCIATIONS.**

CONT.....

- **THE EXISTING "SOCIAL/NON-SUBSIDISED" SERVICES/KILOMETRES TO BE INCLUDED.** (if this is not included then it would give a clear indication that this is not a transformation process but merely taking away from the existing operator to give to other parties, which is clearly outside of the NLTA/ITMP/IRPTN/IPTN objectives. (ROBBING PETER TO PAY PAUL))
- **A CLEAR UNDERSTANDING OF TERMINOLOGY "TRANSFORMATION/DEMOGRAPHICS" etc.** as this is creating a grey area as to the true understanding as to what transformation is really about.
- **LRA section 197**
- **There are numerous other basic requirements detailed in the PFMA/NLTA/IRPTN/ITMP/IPTN/LRA which should be completed/complied with before this processes can commence.** + (A - Z just in case I have left out one)

Is this achievable ?

- **RE: TRANSFORMATION OF THE SUBSIDIZED PUBLIC TRANSPORT SERVICE IN KZN**
- At a meeting held on **12 November 2013** at the Department of Transport in Pietermaritzburg, *has* reference;
- Following the above mentioned meeting the Department has deliberated on the counter-proposal received and the discussion on the document that was presented, The Department of Transport - KwaZulu-Natal, in an attempt to conclude negotiations **is in agreement** with the counter proposals tabled.

The background is a light yellowish-gold color with faint, overlapping circular postmarks and stamps. Some of the visible text in the stamps includes "POSTAGE", "AIR MAIL", and "NOV 1950".

THIS IS JUST THE
BEGINNING

THANK YOU