OVERVIEW OF PUBLIC TRANSPORT POLICY DEVELOPMENTS IN SOUTH AFRICA

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Overview of presentation

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Introduction

- At the Thredbo 10 conference in Australia a detailed overview of policies regarding the bus, rail and taxi industries was provided.
- Only the major new developments over the last two will be highlighted in this presentation.
Commuter rail developments

- A Passenger Rail Agency (PRASA) was established in 2009 to promote efficiency, accountability and innovation in commuter rail services in the country
  - The drive for more efficient urban transit ahead of the FIFA 2010 Soccer World Cup added to the urgency for rail reform
- PRASA is responsible for:
  - Metrorail – commuter rail in the major metro areas – 15% of SAs rail network; about 592 million pax trips per annum reflecting 1990 patronage levels
  - Shosholoza Meyl – regional and long distance rail; 3.2 million pax per annum and over 19 scheduled services
  - Autopax – a road based long distance passenger service transporting an estimated 2.6 million pax per annum
Commuter rail developments

• PRASA owns 317 stations and operates 4000 train coaches over 3180km of track
• Most of the coaches were built between 1958 and 1985
• Income is made up of 70% state subsidies
• PRASA will be spending:
  - R1.75b (about US$ 250m) on the refurbishing of train coaches in time for the Soccer World Cup, upgrades of stations close to stadiums and technology upgrades
  - R 7b on trains (about US$ 1 billion)
  - R500 m on buses
  - R 1.5b on signaling projects
Commuter rail developments

- Since 2006/7 over 1489 rail coaches have been refurbished to the value of R4b (about US$ 571m)
- The Railway Police have been re-introduced (disbanded in the 90’s)
  - Resulted in a drop in crime of 38%
- Criticism of commuter rail is that the average age of rolling stock is in excess of 40 years
  - Government remains the owner and operator of the services whilst there is definite private sector interests in the commuter rail services
Metrorail train sets

Business Express Service operating between Johannesburg and Pretoria
The Gautrain high speed rail service

- Gautrain is a rail network planned in the Gauteng province that will link Johannesburg and Pretoria as well as the Sandton business district to the Oliver Tambo International Airport (ORTIA)
- Construction began in 2006 and is scheduled for completion in 2011 at a cost of R 25b (US$ 3.57b est.)
- Route network will be about 80 km, 10 stations and 15 km underground
- Speeds of between 160km/h and 180km/h with a minimum frequency of six trains per hour per direction, 18 hours a day
- A Gautrain bus feeder and distribution system consisting of 125 Gautrain branded buses will support the rail service
- It is planned that the airport/Sandton link will be completed before the SWC 2010
Gautrain route
The Gautrain high speed rail service

- The Bombela Concession Company has a 20 year concession to design, build and part-finance and operate the rail service.

- Public (and some political) criticism of Gautrain:
  - The project is focused on attracting motorists from cars to the train service thus being a project for the rich.
  - Existing commuter rail services are in dire need of recapitalisation and the money could be better spent.
  - Perceived lack of integration with existing bus and rail systems (a different track width is being used compared to existing rail services).
Train sets in the train depot
Construction work at the Sandton station
The Sandton station platform under construction looking in a northerly direction
An aerial view of a cantilever bridge over a busy freeway under construction near Centurion, Pretoria
About midway between Johannesburg and Pretoria. Progress with track laying.
Train set on test track about midway between Johannesburg and Pretoria
The linking of Gautrain to Oliver Tambo International Airport (Johannesburg)
Artist impression of the station at Oliver Tambo International Airport (Johannesburg)
The link between the airport station and the airport
David Hensher waiting for the Gautrain to leave the station
Commuter bus developments

- Bus subsidies have been a major issue in SA over the last number of years
- The annual subsidy budget has been inadequate to fund the level and intensity of operations
- The shortfall really began developing from the 2005/06 financial year and resulted in a total estimated shortfall of nearly R1.2 billion (about US$172m) in 2008/09
- The response of government in 2006/7 and 2007/8 was to approach the industry to assist it in rolling over the shortfalls for the last months of the financial year (subsidies paid in the new financial year) which caused the accumulated shortfall
Commuter bus developments

• The annual subsidy allocation was solely inflation related up to 2009/10 and made no provision for service improvements
• This is more than 12 years without a baseline increase
• For the period 2004/5 to 2007/8 the average increase in the year-on-year subsidy was 5.5% and over the same period the cost escalation on bus contracts (capital, labour and fuel costs) averaged between 10% and 12%
• Passenger growth averaged about 12% per annum
Commuter bus developments

- The result of the shortfall of R 1.2 billion was that government would not be able to fulfill its contractual obligations
- Government informed industry in October 2008 that there would be no subsidy payments for the last four months of the 2008/9 financial year
- This was unacceptable to the industry and after exhausting all avenues to resolve the industry decided to enforce the state’s contractual obligations through high court cases in Cape Town and Pretoria
Commuter bus developments

- The result was that the DoT was compelled in a settlement agreement with the industry (made an order of the court) to transfer the necessary funds to the respective provinces for the funding of the contracts
- Treasury made the funds available to the DoT
Commuter bus developments

• The increasing subsidy requirement of the commuter bus industry has created a unique problem for the DoT:
  – The increases in passenger numbers transported by interim contract operators are directly linked to the overall subsidy requirement as such passengers are sold tickets that include varying subsidy values
  – The more tickets sold the more the subsidy increases
  – These increases are not predictable and vary from company to company
  – This leads to budget overruns and the consequent pressure to apply for additional funding later in the year
Commuter bus developments

• In response Treasury is uncomfortable with the interim contract system, (as a result of the ticket-based subsidy system) due to:
  – the lack of financial predictability,
  – the lack of control over the operations of interim contract operators (unlike the tendered and negotiated contracts that require independent contract monitors, the interim contracts are not formally monitored) and,
  – the lack of progress with policy implementation
Commuter bus developments

- The DoT on the other hand points out that Treasury’s unwillingness to adequately fund the system results in a lack of funds for the implementation of the policy and the re-tendering of services
Commuter bus developments

- The funding issues eventually persuaded Treasury and DoT officials to transfer future bus transport subsidies via the Division of Revenue Act (DORA) with the DoT acting as the Transferring Officer, transferring the funds to the provinces that have the contractual relationships with the bus operators.
Commuter bus developments

- In terms of this Act, the annual subsidy (for three consecutive years) is now encapsulated in legislation with a requirement that the ticket-based subsidy system be converted to a kilometre-based system by the end of September 2009.
- This should enable government to control the subsidy payments through a limit on kms operated.
- R 525 million needs to be cut from the projected expenses of bus companies for 2009/10 as the subsidy allocation for 2009/10 is less than the actual claims for the previous financial year.
Commuter bus developments

- Operators are faced with one or a combination of a number of choices/alternatives:
  - To increase passenger fares
  - To reduce the scope of services (operational kilometres)
  - To reduce or cut out services that have been introduced due to community pressure, but not funded by government
  - To increase the cost efficiency of companies
  - To postpone capital projects which may also include bus replacement programmes.
  - To request provinces to make a contribution towards the subsidy budget for the company
Commuter bus developments

- The conversion of the interim contract passenger-based subsidy system to a kilometre-based system is currently underway and should be completed within the next two months.
Commuter bus issues and criticism

- Government has been slow to implement its public transport policy
- The complex relationship between national, provincial and local government is partly to blame
- Complex transitionary agreements between government, labour and the industry is holding up the tendering and negotiated contract regime
- Organised labour has a major influence on public transport policy matters
- Current funding levels are inadequate to implement the agreed public transport policy
BRT developments (focus on Johannesburg)

• Johannesburg is the first metropolitan government in SA to implement a BRT system called Rea Vaya (at least four more metros to follow suit)
• Phase 1A (25.5 km, 20 stations and 40 buses) got underway on 1 September 2009
• Phase 1B will be complete by the June 2010 in time for the FIFA World Cup 2010 tournament
• The entire first phase will be completed by 2013 and will consist of 150 stations over a route network of 122km
• Extensive feeder and distributor services will support the BRT system
Phase 1B for implementation in 2010 for the FIFA 2010 Soccer World Cup comprising 86 km and 102 stations.
Full Phase 1 in 2013 comprising 122kms and 150 stations indicating trunk, complimentary and feeder services.
BRT developments (focus on Johannesburg)

- System has not been without controversy
  - Discussions with the taxi industry have now been going on for more than two years
  - The industry has expressed grave reservations about BRTs and their potential impact on the industry through job losses
  - It has resulted in rolling taxi strikes (a day or two per week for a number of weeks) in cities such as Port Elizabeth and day-long strikes in Cape Town and Johannesburg
  - In Johannesburg, after prolonged discussions, the authorities promised the taxi industry full ownership and operations of phase 1A
  - Discussions with the taxi industry is further complicated through inter-association rivalry and the fact that government only recognises one national taxi industry body, SANTACO
  - Three levels of government are in discussions with taxi operators
  - At the local level there are many taxi associations not affiliated to SANTACO
Taxi industry protests
Typical BRT Rea Vaya trunk bus as well as normal bus
Bus stations
Separation from normal traffic
Taxi industry developments

• The taxi industry in South Africa is responsible for the transportation of an estimated 60-65% of all commuters in the country through the operation of mainly 16-seat minibuses
• This industry is operating in an environment with little official control over their operations, driving standards and vehicle maintenance
• This has led to oversupply and long term sustainability issues
• Taxi rivalry over routes and ranks is common
• To address the sustainability issues in the industry as well as to assist in vehicle replacement the government has embarked upon a R7.7 billion taxi recapitalisation programme

• The main aim of the programme is to replace the 16 seat vehicles with 18 and 19-35 seat vehicles that are purposefully designed to meet the requirements of the type of services on offer

• These vehicles have to meet the South African Bureau of Standards design criteria
Taxi industry developments

• Other aims are to reduce the number of taxis from an estimated 120 000 to 150 000 to about 85 000, to address the economic sustainability issue, to formalize the industry and to effectively regulate the industry.

• A capital subsidy in the form of a once-off scrapping allowance of R 50 000 is given to taxi operators that are willing to trade their old vehicles in on the new vehicles, that are tax compliant and that are lawfully registered as taxi operators.
Taxi industry developments

- Other measures include the introduction of minimum wages, maximum driving hours, leave privileges and passenger liability insurance requirements.
- Initiatives are also afoot to regulate the taxi industry fares (as well as that of buses) through an as yet to be established National Public Transport Regulator.
Taxi industry developments

- To date about 20 000 taxis have been scrapped around the country as part of the recapitalisation programme.
- The scrapping allowance has also been increased to R 55 000 with a further 120 000 taxis to be scrapped.
- This number includes about 30 000 taxis that were originally excluded from the scrapping dispensation due to illegal operations but could subsequently prove that they tried to register their businesses.
Taxi industry developments

- The enforcement of minimum wages and basic conditions of employment in the industry leaves much to be desired. The industry is not unionised therefore the unions have little impact on labour relations in the industry.
- The industry also has a poor road safety record, it generally ignores basic road traffic rules and under-maintains its vehicles.
- If it doesn’t agree with government on governmental interventions it often results in taxi strikes, road blockades and the intimidation of the ordinary motorist.
Conclusions

• Public transport is in a state of flux with progress in some areas and a complete lack of progress (on policy delivery) in others
  – Major initiatives are underway to improve PT in the country – BRT systems and Gautrain as well as the recapitalization of the bus and taxi industries

• General concern is a lack of funding for the well intended wide range of governmental initiatives

• Serious governmental skills shortage at the delivery interface with industry

• The Soccer World Cup in 2010 has been a major stimulus for investments in public transport in the country