SABOA PRESENTATION

BUS SUBSIDY TRANSFORMATION
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Prior 1996 the bus subsidy management function was performed by National Department of Transport.

In 1997 the function was devolved to Provinces

The Department manages 34 bus subsidy contracts (32 contracts are funded by PTOG and 2 ceded contracts from North West province are funded by the Province).

The current bus subsidy services are operating in the three metros, namely: City of Johannesburg, City of Tshwane and Ekurhuleni as well as Sedibeng District Municipality.
All the existing subsidized bus contracts, interim and tendered have expired but due to the 2001 national moratorium we were unable to go out on tender.

The moratorium was uplifted with the proviso that Provinces should design the Integrated Public Transport Networks (IPTNs) and solicit funding for the roll out, before going out on tender.
The areas being serviced are:

- Boksburg/ Ekurhuleni,
- Mamelodi/ City of Tshwane,
- Pretoria/ City of Tshwane,
- South Western Area/ City of Jo’burg,
- Vaal/ Sedibeng,
- Eldorado Park/ City of Jo’burg,
- Soweto/ City of Jo’burg
The names of the operators and their contract numbers are:

1. Putco IC48, IC51, IC52, D23-26, D17-19 & D22, GT1187/1-3 and GT667/1
2. Gauteng Coaches GT1062/2 & 4, GT667/1
3. Ipelegeng GT667/2 & 4
4. Atteridgeville bus services D28-30
5. Amogelang GT1062/3
6. Asibemunye GT1062/5
7. Lekoa Transport trust GT1062/1
8. Northwest Star IC53, IC54, IC08 & IC10
9. JR Choeu GT1187/4
10. Moolas D21
11. JHB Metro D20
12. Brakpan IC56
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<tbody>
<tr>
<td>Number of busses subsidised</td>
<td>2582</td>
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<tr>
<td>Number of routes subsidised</td>
<td>3130</td>
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<tr>
<td>Number of kilometers subsidised</td>
<td>99,931,969.72</td>
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<td>Number of trips subsidised</td>
<td>1,780,318</td>
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<tr>
<td>Number of passengers subsidised</td>
<td>93,511,488</td>
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<tr>
<td>Annual Escalation %</td>
<td></td>
<td>6,15%</td>
<td>5,5%</td>
<td>3,05%</td>
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<tr>
<td></td>
<td>4.55%</td>
<td>6.15%</td>
<td>5.5%</td>
<td>3.05%</td>
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<tr>
<td></td>
<td>(reduced to 2.21%)</td>
<td>instead of 6,81</td>
<td>instead of 5,96</td>
<td>instead of 9,86</td>
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National Land Transport Act, No 5 of 2009 stipulates that:

- Municipalities are Contracting Authorities (CA) clause 42 (4) stipulates that only a CA may enter into a subsidized service contract with an operator.

- In terms of clause 11 (1)©(xxvi) one of the responsibilities of the Municipalities is to conclude subsidized service contracts with operators for services within their areas.

- According to section 21 provinces may continue to perform the functions until such time that the functions are assigned to municipalities by the Minister in terms of the Act.

- Rationalization processes and other provisions of NLTA
To put in place contracts for the provision of contracted scheduled, road based services in Gauteng that are consistent with the vision and objectives for public transport in the Province

Fundamentally restructure the bus network and integrate it with the public transport system as a whole.

Break up monopolistic situations

Give opportunities to smaller and emerging public transport operators, including mini bus taxi operators
Phased Implementation Approach

Phase 1 - Progressive roll out of Integrated Public Transport Networks focusing on municipalities (planning authorities) that have subsidized bus contracts with a view to integrating services currently operated in terms of month to month contracts. This phase is further broken down into the following:

Phase 1A(i) – Replacing current bus contracts with new negotiated contracts for “buses only” including both subsidized and unsubsidized services
Phased Implementation Approach  cont.

Phase 1A (ii) - Integration with taxis and small bus operators within the current areas of operation (reduce taxis and increase buses where necessary)

Phase 2 – Full integration (IPTN rollout) for the entire municipal transport area including rail and new services.
PROCESS TO FOLLOW

**Firm network management principles**
(necessary to provide province-wide guidance for the network and operations)

- **Network and operations inventory** (Will answer: what, where, who, when, how much, why for network and operations)

- **Network design** (Will match supply to demand and allocate appropriate modes with expected performance indicators)

- **Funding proposals** (Will identify and quantify sustainable revenue sources for transport in province)

- **Contract designs** (Will designs contracts for implementation)

- **Implementation projects** (Contra implementation and selected pilot projects (e.g. and customer charter))

**End yr 1**  
**End yr 2**  
**End yr 3**
The transformation plan was developed in the past and could not be implemented due to funding constraints.

Engagement with National Treasury is critical.

System designs are valid only for a limited period and should be prepared when implementation is assured to happen, to avoid fruitless expenditure.
KEY TRANSFORMATION ISSUES FOR CONSIDERATION Cont.

- Establishment of joint committees with municipalities for contracting purposes.
- Alignment with IRPTN/BRT systems.
RECOMMENDATIONS

Integrate mini bus taxis into the public transport network

Broaden scope of contracts to non-subsidized routes

Empower small and emerging operators to make them to be part of the tendering process

Ensure transparent tendering process, stimulating initiative and efficiency and avoiding market concentration.

Manage funds so that they are better allocated, use public money optimally and reach users in need
RECOMMENDATIONS Cont.

- Apply new service quality standards
- Professionalize public transport providers (training)
- Improve operational efficiency (new technologies)
- Improve safety and personal security
- Contribute to a better environment
- Ensure people reduced mobility are covered by the service
RECOMMENDATIONS Cont.

Consider integrated tariff and ticketing

Make passenger information accessible

Consider common branding for the public transport system
Each mode should be used in situations where it is most cost-effective and space-efficient.

Modes should not be competing on the same routes in a way which undermines the cost efficiencies of the more efficient mode.

Mini-bus taxis should play a major role over lower volume, shorter distance routes.

Buses should provide services along longer, medium to high-volume corridors.
THANK YOU