Outline

• **What do we know**
  – Results from the National Household Travel Survey
  – Findings in the Public Transport Infrastructure and Systems Expenditure and Performance Review

• **Where we are**
  – Allocations for public transport
  – Allocations vs. ridership
  – Public transport operations performance

• **Where do we need to go**
  – Institutional arrangements
  – Allocative efficiency
Household vehicle ownership

- 71 per cent of households do not own a working car/bakkie/station wagon
- Car ownership higher among high income households

- Car ownership rates in Western Cape (44% of HHs) and Gauteng (39% of HHs) higher than national average
- All other provinces below national average, with ownership in Eastern Cape the lowest (18% of HHs)

Source: Statistics South Africa, 2013
Main transport mode to educational institution

Source: Statistics South Africa, 2013
Main transport mode to work

Source: Statistics South Africa, 2013
Public Transport Usage

Source: Statistics South Africa, 2013
Time taken to work by mode

Source: Statistics South Africa, 2013
Public Transport usage by annual income

- Less than R12 000
  - 11% of bus commuters
  - 0% of BRT commuters
  - 8% of metrorail commuters
  - 21% of minibus taxi commuters

- Less than R72 000
  - 80% of bus commuters
  - 63% of BRT commuters
  - 82% of metrorail commuters
  - 79% of minibus taxi commuters

Source: Statistics South Africa, 2013
Demand for public transport

Where

Affordable price

When

Safety and comfort

Minimal journey time

Source: National Treasury and Department of Planning, Monitoring and Evaluation, 2014
**Cost effectiveness of public transport**

<table>
<thead>
<tr>
<th>Demand</th>
<th>Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Size of peak demand</td>
<td>• Vehicle size</td>
</tr>
<tr>
<td>• Peak to off peak ratios</td>
<td>• Labour conditions</td>
</tr>
<tr>
<td>• Reverse flow</td>
<td>• Cost structure</td>
</tr>
<tr>
<td>• Journey distances</td>
<td>• Right of way and route flexibility</td>
</tr>
<tr>
<td>• Seat renewal</td>
<td>• Headways and other service requirements</td>
</tr>
<tr>
<td></td>
<td>• Effective speeds</td>
</tr>
</tbody>
</table>

*Source: National Treasury and Department of Planning, Monitoring and Evaluation, 2014*
Impact of changes in demand on cost effectiveness

Source: National Treasury and Department of Planning, Monitoring and Evaluation, 2014
Impact of supply on cost effectiveness

- Vehicle size
- Headways and other service requirements
- Labour conditions
- Right of way and route flexibility
- Effective speeds
- Relationship between fixed and variable costs
- Other factors

Source: National Treasury and Department of Planning Monitoring and Evaluation, 2014
Public transport expenditure

Source: National Treasury, 2014
Allocations (2014/15) vs. ridership

## Bus subsidies performance

<table>
<thead>
<tr>
<th>March 2014</th>
<th>Mpumalanga</th>
<th>Gauteng</th>
<th>Eastern Cape</th>
<th>Free State</th>
<th>KwaZulu Natal</th>
<th>North West</th>
<th>Western Cape</th>
<th>Northern Cape</th>
<th>Limpopo</th>
<th>National Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of vehicles subsidised</td>
<td>567</td>
<td>2 370</td>
<td>291</td>
<td>257</td>
<td>1 270</td>
<td>84</td>
<td>1 046</td>
<td>32</td>
<td>390</td>
<td>6 307</td>
</tr>
<tr>
<td>Number of routes subsidised</td>
<td>154</td>
<td>2 868</td>
<td>1 289</td>
<td>234</td>
<td>1 656</td>
<td>133</td>
<td>2 419</td>
<td>21</td>
<td>964</td>
<td>9 738</td>
</tr>
<tr>
<td>Subsidy/vehicle</td>
<td>69 409.89</td>
<td>63 822.56</td>
<td>31 134.33</td>
<td>67 154.80</td>
<td>63 430.96</td>
<td>78 281.16</td>
<td>56 146.09</td>
<td>136 909.01</td>
<td>50 871.76</td>
<td>61 363.02</td>
</tr>
<tr>
<td>Subsidy/kilometre operated</td>
<td>17.11</td>
<td>18.45</td>
<td>17.65</td>
<td>23.38</td>
<td>16.94</td>
<td>19.32</td>
<td>74.76</td>
<td>13.97</td>
<td>24.34</td>
<td></td>
</tr>
<tr>
<td>Passengers/trip operated</td>
<td>73.72</td>
<td>40.32</td>
<td>42.21</td>
<td>75.12</td>
<td>61.38</td>
<td>41.56</td>
<td>46.66</td>
<td>33.22</td>
<td>83.35</td>
<td>55.28</td>
</tr>
<tr>
<td>Trips per vehicle</td>
<td>123.43</td>
<td>69.21</td>
<td>71.18</td>
<td>83.92</td>
<td>76.90</td>
<td>97.11</td>
<td>105.05</td>
<td>48.44</td>
<td>78.98</td>
<td>86.52</td>
</tr>
<tr>
<td>Passenger revenue/kilometre</td>
<td>31.62</td>
<td>9.27</td>
<td>14.91</td>
<td>16.32</td>
<td>11.73</td>
<td>8.44</td>
<td>17.02</td>
<td>11.47</td>
<td>11.79</td>
<td>14.73</td>
</tr>
<tr>
<td>Passenger revenue/subsidy</td>
<td>1.85</td>
<td>0.50</td>
<td>0.84</td>
<td>0.93</td>
<td>0.50</td>
<td>0.50</td>
<td>0.88</td>
<td>0.15</td>
<td>0.84</td>
<td>0.61</td>
</tr>
</tbody>
</table>

*Source: Department of Transport, 2014*
<table>
<thead>
<tr>
<th>Province</th>
<th>No Passengers</th>
<th>Percent</th>
<th>Allocation</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>97 169</td>
<td>5%</td>
<td>195 282</td>
<td>4%</td>
</tr>
<tr>
<td>Free State</td>
<td>80 369</td>
<td>4%</td>
<td>215 900</td>
<td>4%</td>
</tr>
<tr>
<td>Gauteng</td>
<td>428 192</td>
<td>21%</td>
<td>1 819 854</td>
<td>38%</td>
</tr>
<tr>
<td>KwaZulu Natal</td>
<td>349 756</td>
<td>17%</td>
<td>904 783</td>
<td>19%</td>
</tr>
<tr>
<td>Limpopo</td>
<td>219 373</td>
<td>11%</td>
<td>291 852</td>
<td>6%</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>363 272</td>
<td>18%</td>
<td>491 418</td>
<td>10%</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>38 151</td>
<td>2%</td>
<td>43 937</td>
<td>1%</td>
</tr>
<tr>
<td>North West</td>
<td>210 309</td>
<td>10%</td>
<td>90 318</td>
<td>2%</td>
</tr>
<tr>
<td>Western Cape</td>
<td>242 808</td>
<td>12%</td>
<td>779 365</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2 029 399</strong></td>
<td><strong>100%</strong></td>
<td><strong>4 832 709</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Implications for public transport subsidisation

- Public transport demand is characterised by:
  - Long trip distances
  - Uni-directional “line-haul” flow
  - High peak demand and low off peak demand

- National Development Plan and IUUF
  - Linking transport and land-use
    - The right densities and land uses for more financially viable public transport

- Public Transport Strategy
  - Aligning bus services to Integrated Public Transport Networks
Institutional arrangements

- Aligning bus subsidy routes to Public Transport Strategy
- Through the devolution of public transport regulation in terms of the National Land Transport Act
- Providing certainty to operators
  - Entering into negotiated contracts as per the NLTA
  - Changing payment method in areas where IPTN not finalised
  - Negotiate/tender services outside IPTN
  - Last resort to reduce services

Bus Contracts as at 31 December 2014

[Bar chart showing the distribution of bus contracts across provinces, with categories for Interim, Negotiated, and Tendered contracts.]
Towards allocative efficiency

- **Subsidising modes/services that are currently used**
- **Assigning functions to appropriate authority**
- **Subsidising services where the people are**
- **Tension between access and mobility**
- **Aligning modes/services to need**

**Need for operational subsidy policy to improve equity (access) and efficiency (mobility)**
Thank you