

# **OVERVIEW OF PUBLIC TRANSPORT POLICY DEVELOPMENTS IN SOUTH AFRICA**

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## **OVERVIEW**

This paper provides an overview of the progress made in public transport policy development and implementation across the three modes of public transport in South Africa – bus, commuter rail and taxi - as well as looking at the latest initiatives in these industries.

## **INTRODUCTION**

In a developing country such as South Africa public transport is characterized by a number of peculiarities that are generally absent when compared to the public transport systems in first world countries.

The first and foremost characteristic is probably the abundance of low capacity vehicles (16 seaters) in commuter services and the dominance of this form of public transport in the overall public transport sphere. Associated with this are issues such as vehicle maintenance, inter-association rivalry, industry sustainability and the fleet age profile.

Public transport in developing countries is also generally characterized by a lack of adequate financial resources to fund operational subsidies – not that it is not an issue in any other country, but it seems to be exacerbated in the developing world. The demands of affordable housing, education and health services are just so great that it limits the amounts that the Fiscus can set aside for public transport development and support. This gives rise to issues such as a lack of timeous capital investments to replace rolling stock, lack of integrated transport planning, absence of a firm commitment to public transport etc. On the other hand most of the captive users of public transport are generally not in a position to contribute significantly towards the fare box due to low levels of income and unemployment.

Law enforcement – in both road traffic and road transport, is often also deficient and problematic in the developing world. This often gives rise to unlawful operations and poor driving habits.

South Africa is in the process of tackling most of these issues. There is now a general realization that public transport has a significant role to play in enhancing urban mobility, reducing road congestion, decreasing the impact on the environment through harmful emissions and better serving the economy. The country has experienced sustained economic

growth over the last 12 years or so and it is projected to accelerate. One of the side effects of sustained economic growth has been a growth in car ownership with the resultant dramatic increase in road congestion virtually throughout the country. In the economic heartland of the country, the Gauteng Province, a trip of 40km between Johannesburg and Pretoria in the morning peak can take up to two hours or more. Similar situations are to be found in and around the metropolitan corridors of Johannesburg and Pretoria as well as Cape Town. Investing more money in roads is clearly not the only answer.

Based on the White Paper on National Transport Policy of 1996 and the 20 year Moving South Africa Strategy, significant interventions have taken place and are being accelerated to improve public transport in the country. There is however much to be done, especially with the World Cup Soccer tournament that will take place in 2010.

## OVERVIEW OF PUBLIC TRANSPORT CHARACTERISTICS

A National Household Travel Survey was undertaken amongst 50 000 households throughout South Africa in 2003. The purpose of the survey was, amongst others, to understand the transport needs of households and travellers; to ascertain the cost of transport and assess whether households can afford to pay for the mobility which is essential to their survival; to assess attitudes toward transport services and facilities; to measure the availability and use of motor cars and to understand the travel choices of different market segments. (Key Results of the National Household Travel Survey, 2003). This survey is certainly the most comprehensive of its kind in South Africa and will be used to describe public transport characteristics in the country.

### Household income

As mentioned above, the affordability of public transport is one of the major issues facing developing economies. In the table below it is evident that only about 10.7% of households surveyed in South Africa have a monthly income that exceeds R 6000 (or about US\$ 857 at an exchange of R7/US\$1). The majority (83, 1%) of households have a monthly household income of less than R 6000.

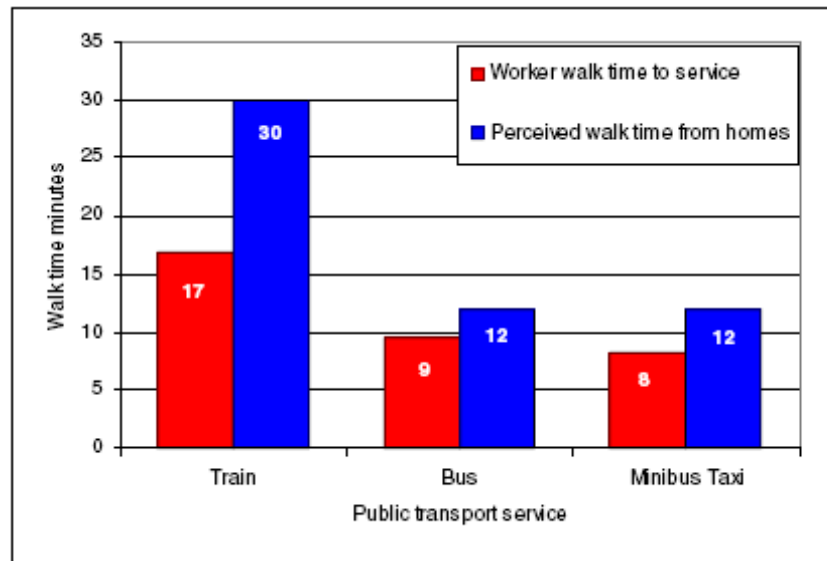
**Table 1: NHTS sample, number of households, population and household income by settlement type**

Settlement type	NHTS Sample	Weighted number of households	Population	Monthly household income (% of households)					
				Up to R500	R501 - R1000	R1001 - R3000	R3001 - R6000	> R6000	Missing
Metropolitan	13 024	4 560 000	15 440 000	15.0	15.3	29.7	13.8	16.6	9.6
Urban	15 495	3 483 000	11 971 000	20.0	20.5	27.5	12.8	13.0	6.1
Rural	17 037	4 389 000	18 990 000	32.1	34.9	23.8	5.0	2.8	1.4
<b>RSA</b>	<b>45 556</b>	<b>12 432 000</b>	<b>46 401 000</b>	<b>22.4</b>	<b>23.7</b>	<b>27.0</b>	<b>10.0</b>	<b>10.7</b>	<b>5.7</b>

\* Reported data weighted to Stats SA 2003 population mid-year estimates

Source: NHTS page 1

The following table depicts worker and household access to public transport.

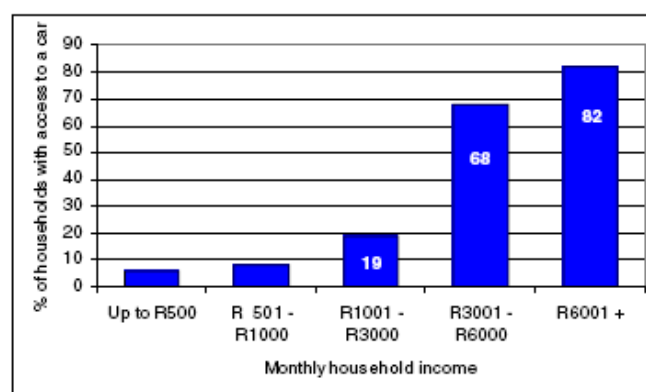


Source: NHTS page 4

**Figure 1: Worker and household access to public transport**

From the figure above it can be concluded that bus and taxi services are relatively more accessible than rail services in terms of walking time to transport modes. This is to be expected due to the route and network flexibility characteristics of bus and taxi services.

The following figure depicts access to the motorcar. It is interesting to note that even at the lower end of household income, access to the motorcar is possible. This increases progressively and is quite high at monthly household incomes exceeding R 6000 (approximately US\$ 857). This is a worrying trend in the country, as the middleclass is developing quite fast due to the sustained economic growth experienced at present. Many of the previously captive public transport users are converting to the car for their mobility needs.

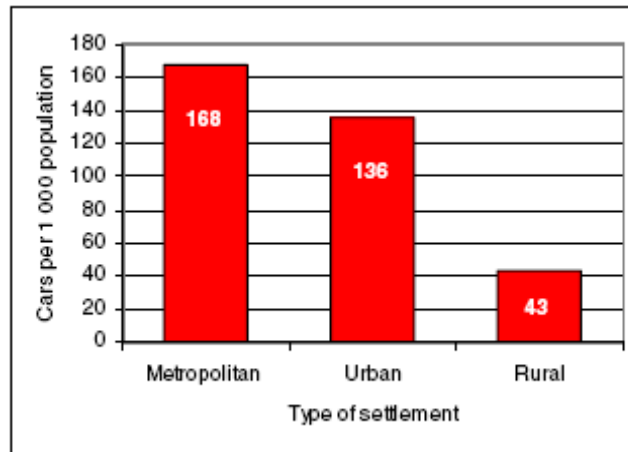


Source: NHTS page 6

**Figure 2: Access to motorcars**

According to the survey, the percentage of households with access to a motorcar is 26.1% with an average of .40 cars per household.

The following figure depicts car ownership characteristics by settlement type.



Source: NHTS page 7

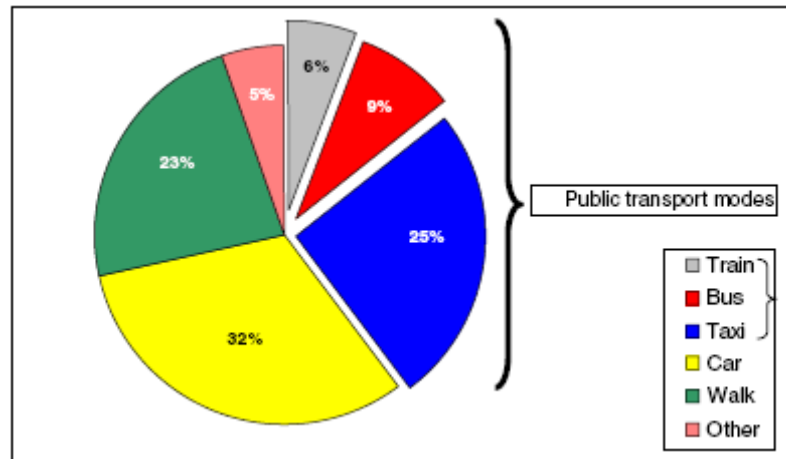
**Figure 3: Car ownership by settlement type in the RSA**

From figure 3 it is apparent that the highest number of cars per 1000 population is to be found in the metropolitan and urban areas. Although still low when compared to first world countries it does not bode well for public transport services as more and more users switch to motor cars for their mobility needs.

The main problems experienced in public transport are that almost half of the households said that their main problem was that public transport was either not available or was too far away. One third of households reported that safety from accidents and bad driver behaviour was the most serious transport problem (especially related to taxi services) and 20% mentioned that the cost of transport was a serious problem. (Key Results of the National Household Travel Survey 2003: 13)

In particular, regarding trains, 71% of users were dissatisfied with crowding, 64% were dissatisfied with security on the walk to stations and 63% were dissatisfied with security on trains. Regarding buses, 74% of users were dissatisfied with facilities at bus stops, 54% with crowding on buses and 51% with low off-peak frequencies. Minibus-taxi users were the most unsatisfied about safety from accidents (67%), a lack of facilities at ranks (64%) and a lack of vehicle roadworthiness (60%) (Key Results of the National Household Travel Survey 2003: 15)

The following figure depicts the main modes of travel to work. About 10 million people regularly travel to work.

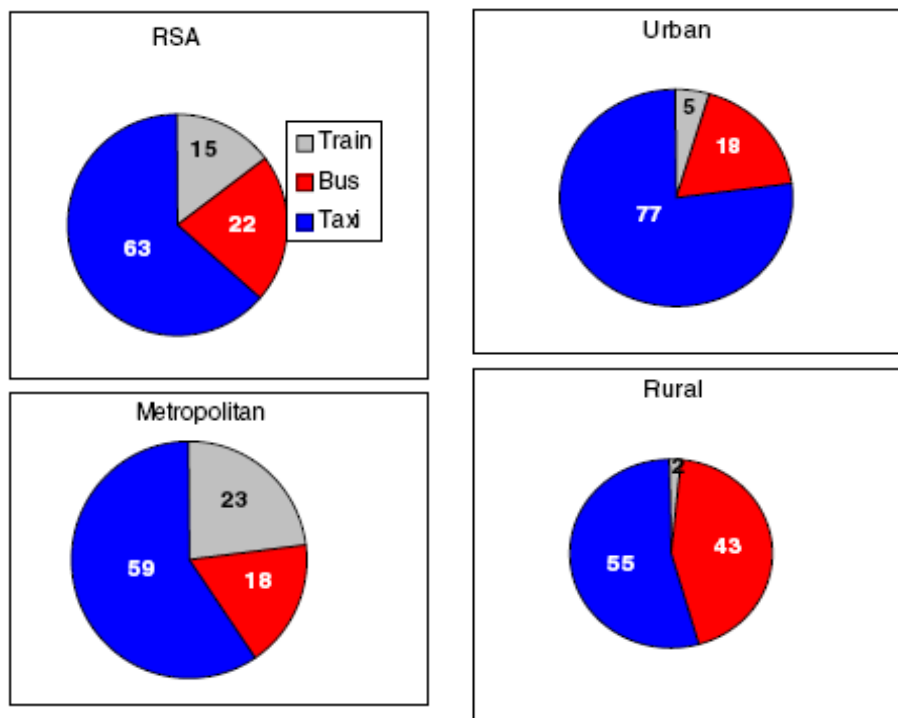


Source: NHTS, page 15

**Figure 4: Main mode of travel to work**

This figure shows that most work trips are undertaken by car (32%), followed by taxis (25%), walking (23%), the bus (9%) and train (6%). The dominance of the minibus taxi as a mode of transport is apparent. This must be contrasted against the opinion of the majority of taxi users who raise taxi safety concerns as their primary concern when using this mode of transport.

When analyzing the use of public transport modes for work purposes, the modal shares are as follows:

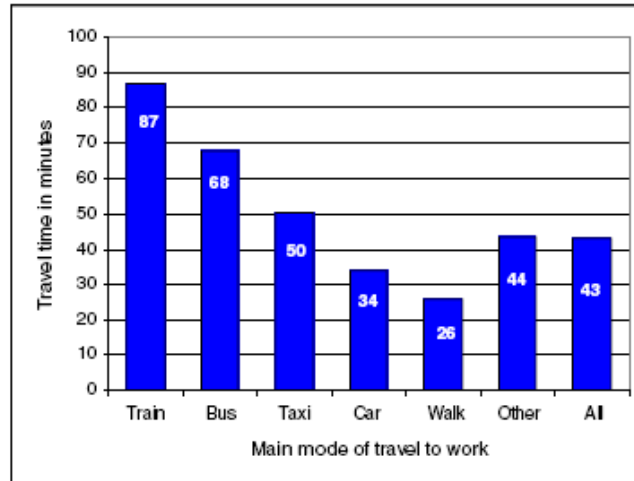


Source: NHTS PAGE 16

**Figure 5: Public transport modes used for work trips**

This figure shows even more clearly the dominance of the taxi. The subsidized modes of transport (bus and rail) have an estimated 37% share of work trips on average in the country. In the metropolitan areas rail is a slightly more dominant mode than bus, but the reverse is true in urban and rural areas where the bus dominates. This is to be expected as commuter rail services are mostly found in the metropolitan areas of the country.

The average commuter travel times by mode of transport is reflected in the following figure 6.

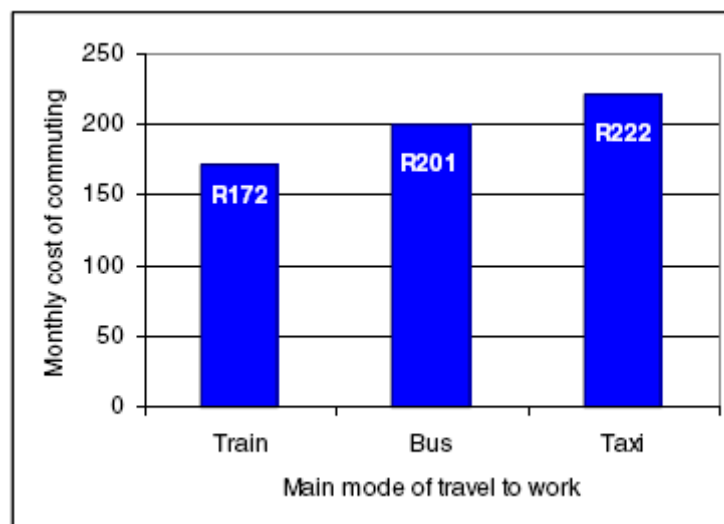


Source: NHTS page 18

**Figure 6: Average commuter travel times by mode**

From figure 6 above it can be seen that the train is the “slowest” of the public transport modes, followed by the bus and taxi. One has to remember, however, that the bus serves long distance settlements whereas taxis generally serve shorter distances. The car is still faster on average than any of the public transport modes.

The following figure depicts average monthly expenditure on public transport per mode.

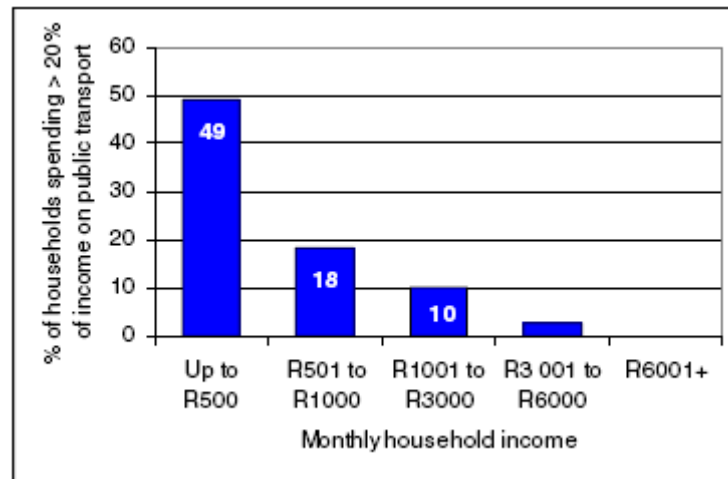


Source: NHTS page 22

**Figure 7: Monthly cost of commuting by public transport**

From figure 7 above it can be seen that the taxi is the most expensive mode of transport (generally short distance trips and not directly subsidized by the state) and the train the cheapest. Both commuter buses and train services are directly subsidized by the state. This should be seen in the context of the percentage of household income spent on public transport in relation to monthly household income.

The following figure depicts the households spending more than 20% of their income on public transport.



Source: NHTS page 24

**Figure 8: Households spending more than 20% of their income on public transport**

It is interesting to note that 49% of households earning up to R500 per month spend more than 20% of their income on public transport. This is clearly unacceptable and has to be addressed in public transport strategies.

When analyzing the percentage of personal income spent on public transport modes the following table depicts the trends in South Africa.

**Table 2: Percentage of personal income spent on public transport by mode**

Percentage of personal income spent on public transport to work						
Mode	< 5%	6-10%	11-15%	16-20%	>20%	Mean %
Train	25.5	30.0	17.0	10.6	16.8	10.4
Bus	22.5	22.4	15.8	11.9	27.4	13.4
Taxi	17.5	22.4	19.9	14.2	26.0	12.2
<b>All</b>	<b>19.8</b>	<b>23.6</b>	<b>18.6</b>	<b>13.1</b>	<b>24.9</b>	<b>12.3</b>

Source: NHTS page 26

From table 2 above it can be seen that despite being subsidized, the majority of bus users spend more than 10% of their income on travel to work (55%). For train users the percentage is 44.4%. Sixty percent of taxi users spend more than 10% of their income on taxi trips.

From the foregoing it is evident that the country faces a multitude of challenges in public transport systems. Affordability and accessibility are major issues as are matters such as safety and security concerns.

In general, public transport policy has been aimed at increasing system efficiency and to redress past inequities. The pace of change is, however, painfully slow and bogged down in financial constraints as well as labour and political issues.

The following three sections of the paper will highlight the main features of the South African government's public transport policy. The policy processes, procedures and progress regarding commuter bus transport in the country have been extensively addressed by the author over the last three THREDBO conferences and will not be repeated at the same levels of detail as previously discussed.<sup>1</sup>

### **The Commuter Bus Industry**

The policy applicable to the commuter bus industry in the country is found in the White Paper on National Transport Policy of 1996 and in a number of other documents such as the Moving South Africa Strategy (MSA), the National Land Transport Transition Act of 2000 (NLTTA) as well as a Model Tender Document and the Heads of Agreement (HOA) between organised labour, the Department of Transport and the Southern African Bus Operators Association (SABOA) that regulates aspects of the tendering system. Part of the policy is also to be found in interim contracts with subsidized operators as an interim measure between the previous policy of lifelong operating rights and passenger subsidies, and the tender for contract system. In this overview I will not dwell on these matters as they have all been described in some detail at previous THREDBO.

The official policy of the Department of Transport is that any bus service that requires a subsidy should be competitively tendered. Provision is also made for negotiated contracts, especially for provincial and local government-owned bus companies as a once-off measure to enable such companies to recapitalize as well as prepare for the competitive regime.<sup>2</sup>

At present there are approximately 10 000 commuter buses (excluding municipal buses (+/- 1100)) of which approximately 7119 are included in the DoT subsidized system. The status regarding the types of services is as follows:

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<sup>1</sup>

- Walters J, Cloete JJ. An evaluation of the tender for contract system. THREDBO 7
- Walters J. Selected issues in competition and ownership in public bus operations in South Africa. THREDBO 8
- Walters J. Regulation and competition in the land transport industry in southern Africa: Recent developments. THREDBO 8
- Walters J. Overview of public transport policy developments in the commuter bus industry in South Africa. THREDBO 9

<sup>2</sup> A detailed analysis of tendered versus negotiated contracts is contained in a paper entitled "The South African experience with negotiated versus competitively tendered bus contracts" delivered at THREDBO 10



**Table 3: Types of services**

	<b>Number of operators/operating areas</b>	<b>Number of buses</b>	<b>Policy status</b>
<b>Services under interim contracts (ICs)</b>	35	3,799	Based on previous ticket subsidy and previous service area. Services need to be either tendered or negotiated. Services funded by the DoT through provincial DoTs. About 66% of the subsidy budget is still under interim contracts.
<b>Services under tendered (TCs) and negotiated contracts (NCs)</b>	80	3,320	Based on revenue kilometres and contract requirements. Not based on integrated transport plans. Most services need to be re-tendered. Services funded by the DoT through provincial DoTs. About 34% of the subsidy budget is allocated to these services.
<b>Services provided by local authorities</b>	3	+/- 1100	Deficit subsidy arrangements. Services funded by Metropolitan Government.

Source: Department of Transport/Southern African Bus Operators Association

At present a very large percentage of tendered contracts have expired with about 8 more due to expire during 2007. These contracts are presently being extended on a month to month basis. <sup>3</sup> The impact of these extensions is quite significant on the industry.<sup>4</sup>

No new tendered contracts (from ICs to TCs) have been entered into since 2002 due to a dispute between organised labour on the one side and the Department of Transport and the organised industry on the other. The dispute relates to the negative impact of the tendering system on labour (wages pre- and post the tender, conditions of service, etc.). During 2006/7 progress has however been made in addressing labours' concerns and the following measures have been agreed in principle (but yet to be implemented):

- Agreement has been reached that the past service benefits of employees will be liquidated and employees need to be retrenched on the last day of the Interim Contract (IC) (a "clean break" provision). An Industry Restructuring Fund will assist employers in the payouts to employees. Contract operators must make provision in the tender price for the normal retrenchment of employees at the end of the contract period, should such an operator lose the contract.
- In the Heads of Agreement it was agreed that employers had to employ 75% of their required workforce from the incumbent IC operator. This percentage has been increased to 85% of the required workforce.
- It has been agreed that basic wages and salaries will be retained when IC employees are offered employment by the contract operator.

<sup>3</sup> These contracts are not renewed due to a number of issues such as labour opposition to the tender system, funding constraints and labour concerns regarding the impact of the tendering system on their conditions of employment and job losses. In addition, many of the existing services are not aligned to newly developed integrated public transport plans.

<sup>4</sup> A copy of the research findings regarding the impact of the month-to-month extensions is available from the Southern African Bus Operators Association (SABOA) website at <http://www.saboa.co.za>

- Set asides for small business development and specific transformation targets are replaced by the Department of Trade and Industry's Codes of Good Practice. These codes govern Broad-based Black Economic Empowerment in South Africa
- Companies, when tendering, will have to adhere to the South African Road Passenger Bargaining Council agreement (an industry bargaining structure that is established in terms of labour legislation to discuss and decide on labour matters). The latter will be included as an annexure in the Model Tender Document (MTD)<sup>5</sup>. Similarly, companies will have to abide by the Basic Conditions of Employment Act. The latter will also be referred to in the MTD.
- The debate on the in- and/or outsourcing of services and certain functions by bus companies is currently under discussion and has yet to be resolved. It is expected that this matter could cause further delays to the tendering system as labour is vehemently opposed to any form of outsourcing of current services. Their main argument focuses on job losses that result from in/outsourcing.
- Decisions need to be taken about the applicability of the main aspects of the agreement (e.g. fixing of wages) to the tender-to-tender situation as the labour issues are the same as that between ICs and TCs

Another issue that has emerged recently relates to a preliminary legal opinion regarding certain elements of the HOA. In this legal opinion the view is that, due to the job guarantee requirement in the HOA (75% of the required workforce of the new operator should be sourced from the incumbent operator), it could be construed as a transfer of a business from one operator to another. This poses serious problems for the continuance of the tendering system and will require proper investigation and research in the months to come. The impact of such an occurrence (should it prove to be accurate) could be that all employees will have to be transferred to the new operator despite the fact that services are normally substantially redesigned and right sized to eliminate the inefficiencies of the previous non-integrated operations.

A major concern of the DoT at present is that most of the tendered contracts and negotiated contracts are not aligned with the integrated transport plans that have been developed or are in the process of being developed. This has given rise to calls to further extend the interim contracts until such time as it is opportune to redesign services in line with such plans. The same rationale applies to the expired tender contracts that are renewed on a month-to-month basis.

### ***Latest initiatives regarding commuter bus services***

Over the last couple of months a number of strategies have been developed by the DoT to address public transport issues such as:

- To devolve public transport funding to transport authorities in the long term
- To refine Integrated Transport Plans
- To develop Intelligent Transport Systems in support of planning, regulation and enforcement
- To put measures in place to recapitalize the bus, taxi and rail systems
- A phased implementation of gross cost contracts for subsidized services (especially metropolitan services)
- Improved service information, maps, timetables and marketing

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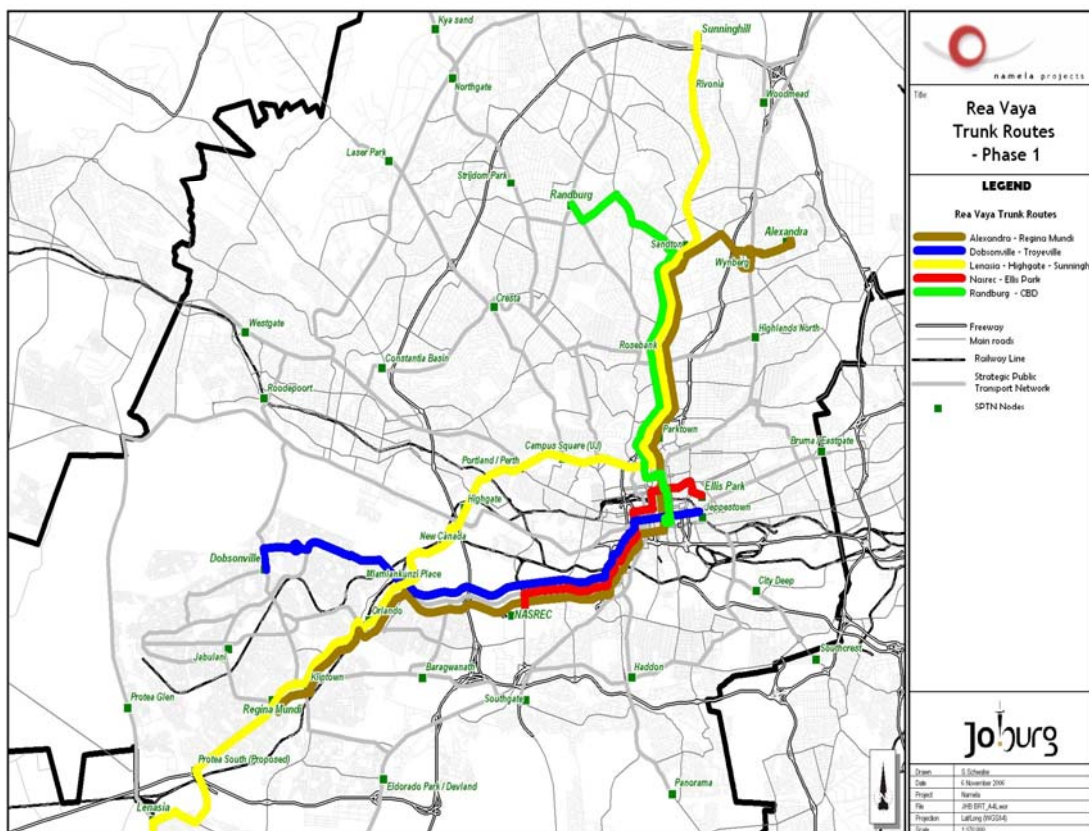
<sup>5</sup> The Model Tender Document (MTD) is a standard bus contracting document that is used for competitive tendering as well as negotiated contracts

- Non-motorised and public space network planning etc.

A major effort is also under way to introduce Bus Rapid Transit systems in some of the main metropolitan areas of the country, especially in preparation for the Soccer World Cup that is to take place in the country in 2010.

These bus systems can come in a variety of forms, from dedicated busways that have their own rights-of-way to bus services that utilize high occupancy vehicle lanes and dedicated freeway lanes to limited stop buses on pre-existing routes.

These systems (when fully developed) have the potential to fundamentally address South Africa's urban congestion problems and to entice the motorist out of the car. Significant successes have been achieved elsewhere and South Africa should be no exception. In Johannesburg it is foreseen that the first phase operation will be in place by 2009 and most of the remaining corridors by 2020. The first phase routes are depicted in the following figure.



Source: Rea Vaya

**Figure 9: Proposed first phase BRT routes in the Johannesburg area**

It is anticipated that a total of 325km BRT routes will be developed in the greater Johannesburg area.

**Summary**

From the above it is evident that no real progress has been made with the competitive tendering system since 2002. A number of negotiated contracts have however been concluded as these contracts are not affected by the issues underpinning the competitive tendering system.

There is currently a significant re-think of the public transport policy and strategy in the country. Some changes could involve a move from net cost contracts in the urban/metropolitan areas to gross cost contracts, a move towards negotiated contracts in the urban/metropolitan areas and competitively tendered contracts for “stand alone” services, longer term contracts, incentives to recapitalize fleets, the use of ITS to ease the management of public transport systems, and integrated ticketing systems between bus, rail and taxi operators.

## **Commuter Rail Services**

### ***The current regulatory framework for rail transport in South Africa***

The current rail commuter network in the country is a reflection of the political past of South Africa whereby labour was conveyed between distant dormitory townships on the outskirts of the cities and jobs in and around the cities. The new dispensation in South Africa brought about very different development behaviour with settlement and travel patterns changing drastically over the past decade. The rapidly changing spatial development and the lack of the required land-use/transport integration, together with low levels of rail development and investment over a number of years, have left the rail mode as a declining choice of public transport. The taxi industry has also slowly but effectively eroded rail and bus patronage levels.

In 1990 the responsibility for commuter rail transport was transferred from Transnet, a state owned enterprise and the national rail carrier responsible for general freight, bulk rail transport and long distance passenger rail services to a government agency, the South African Rail Commuter Corporation (SARCC), reporting to the Department of Transport (DoT). All the rail commuter related assets (infrastructure, rolling stock and land) were transferred to the SARCC. The SARCC mandate was to provide a rail commuter service on behalf of all spheres of government and to financially exploit its land holdings associated with commuter rail stations countrywide. The functions of the SARCC include investment planning, subsidy management and the quasi-regulatory compliance of the operator, Metrorail.

### ***The policy framework for the provision of rail commuter services***

In 1994 South African Constitution assigned the responsibility for public transport to the lowest appropriate level of government. At that stage this level of government mainly dealt with local road planning and provision and some municipal owned bus services. Following the new constitution, a White Paper on National Transport Policy was developed and approved in 1996. Insofar as commuter rail is concerned the White Paper foresaw the concessioning of commuter rail services.

The concessioning of rail commuter services was pursued as an option to revitalise a rail commuter business that required increasing levels of subsidies but was also faced with a steady loss of market share over a number of years. Concessioning was pursued on two parallel levels:- (i) investigating full private sector involvement in operating the rail commuter business, and (ii) transforming the contractual relationship with the current state-owned operator, Metrorail, into a business agreement based on concessioning principles and targeted subsidies.

Concessioning, as a policy instrument, was however temporarily shelved in 2003, mainly because of the low market value of the commuter rail business as a result of the significant

investment backlogs and the absence of a rationalised commuter rail service in line with local Integrated Public Transport Plans.

The National Land Transport Transition Act of 2000 (NLTTA) allows for the establishment of Transport Authorities which will deal with, amongst others, the devolution of the rail commuter services and public transport funding functions over the medium to long term. The aim of the NLTTA is also to integrate planning, improve regulation and prepare for full devolution through statutory Integrated Development Plans (IDP's) and Integrated Transport Plans (ITP's).

The NLTTA assigned the public transport planning function, as a first step, to regional and local governments with commuter rail remaining a concurrent function of national and local/regional government. The responsibilities for and approval of the rail commuter component of Integrated Transport Plans (ITP's) resides with the National Minister of Transport, through the SARCC.

The rail commuter business is subsidised by National government to the extent of 65% of total operating costs and capital renewal costs, representing an annual capital subsidy of R700 m and operational subsidy of R2 bn, all of which is managed through SARCC as the Department of Transport's national rail commuter agency. (South African Rail Commuter Corporation, 2007).

### ***The current status of the rail commuter business***

The rail commuter infrastructure represents a network length of 1150 km (2220 km single electrified track), and is generally in good condition with some critical signaling systems needing replacement. The asset base includes a total of 478 commuter stations of which some have been earmarked for refurbishment, upgrade and/or development over the past 10 years. A total of R1,6 bn of private sector investments, covering some 120 developments, have also been facilitated and secured on state land and station precincts over the last 10 years, earning some R140 m - R170 m annually in commercial rental revenue, which is offset against the overall subsidy requirement from government (South African Rail Commuter Corporation, 2007).

The system is operated in 6 metropolitan areas, transporting 2.2 million passengers daily. Three of the major metropolitan commuter networks - Johannesburg, Cape Town and (Tshwane) Pretoria - are together responsible for about 2 million of these movements. The majority of passengers (84%) are working age black people, the majority of which is male. (South African Rail Commuter Corporation, 2007).

In socio-economic terms, rail users are amongst the lowest income groups and least able to exercise modal choice. Access to the rail system, punctuality and security at stations and on trains are the main concerns of users and potential users, resulting in a declining market share of 14% compared to the other modes of public transport (bus and taxi).

The lack of continuous and sufficient investment over the past 15 - 20 years in the rail commuter system further limited the rail's ability to attract new ridership. The average age of the rolling stock fleet of 4500 coaches is currently 31 years, with 39% of the fleet between 30 - 45 years old. Maintenance funds are also insufficient to sustain heavy maintenance cycles and required performance. A large portion of the fleet is now exceeding safety limits of maintenance operability, which has a serious effect on the availability and punctuality of services. (South African Rail Commuter Corporation, 2007).

The total investment backlog of the rail commuter business is approximately R10bn and requires an estimated annual capital investment of R1,5 bn - R2 bn over the next 20 years to sustain the current system. (New rail developments and rail extensions have not been included in this capital requirement calculation). (South African Rail Commuter Corporation, 2007).

### ***Current policy initiatives and reform measures***

A comprehensive recapitalisation of the entire commuter rail system is not considered to be viable due to changed user needs, low patronage levels on certain lines and the lack of adequate funding to attain such an objective. A medium to long term public transport turnaround strategy of appropriate mode deployment, public transport integration, focused investment and suitable institutional arrangements to govern and regulate public transport, especially commuter rail services, is required in order to create a lasting rail legacy.

In response to the declining role of rail transport a National Passenger Rail Plan was developed in 2004. The National Passenger Rail Plan's main objective was to determine the role of passenger rail services in the public transport mix and to devise strategies for short term stabilisation, medium term turnaround and long term expansion of the passenger rail system. The short term stabilisation plan includes the acceleration of rolling stock recovery/refurbishment, improvements in safety and security and a reduction in fare evasion.

The basic strategy for future commuter rail services is to offer services in circumstances where rail performs best, i.e. high-density corridors. This calls for prioritisation and a focused investment strategy/ programme on corridors where rail is clearly the optimum mode. The strategy implies a re-focus of investment and setting of realistic service specifications on some rail corridors, in order to improve total service levels on the priority corridors. Whilst the prioritisation strategy offers focused investment to revitalise core corridors, it will still require at least a doubling of the current funding levels over a five year period.

In 2006 the South African Cabinet approved a Consolidated Regional Rail Plan which is supported by detailed regional, business and operational plans for each of the regions. The consolidated report quantifies the specific infrastructure and rolling stock interventions. It is estimated that, in the short term (3-5 years), funding to the extent of R5,4 billion is required to fund specific infrastructure interventions on priority commuter rail corridors (category A and B corridors with safety critical or network integrity interventions only on category C corridors) (Department of Transport. Public Transport Action Plan: 24). This relates to interventions required over and above the normal capital, asset replacement and station maintenance budgets. Rail corridor investments include allowance for:

- Commuter rail service levels to be improved through increased service frequencies
- Bottlenecks in the network to be removed
- Reliability levels to be increased, and
- Passenger access to and within stations to be improved (Department of Transport. Public Transport Action Plan: 24)

The definitions for the categorization of the corridors are as follows:

- A – Ideal corridor for rail with a quantum improvement in service levels
- B – Important role for rail with service levels reinstated to 2000 service levels
- C - Role of rail uncertain and needs further analysis

D - No role for rail, alternatives to be considered. (Department of Transport. Public Transport Action Plan: 27)

It is estimated that about R2,6 billion per annum will be required in the first phase of the strategy for rolling stock improvement in the priority commuter rail corridors (Department of Transport. Public Transport Action Plan: 24) .

At present the number of train sets that are not in service and the additional rolling stock requirements for the introduction of improved levels of service on the A and B priority corridors are as follows: (Department of Transport. Public Transport Action Plan: 25)

- About 29% of the allocated fleet is currently out of service, i.e. 71 sets out of a total of 343.
- The total fleet requirement for 10 minute headways is 21% higher than the current useable fleet .
- The total fleet requirement for 5 minute headways is significantly higher than even the full allocated fleet (446 versus 343). This represents an additional 138 train sets, or a 30% increase in the number of sets currently available.

According to the Consolidated Regional Rail Plan an additional 174 train sets will be required in order to offer reasonable quality services on A and B corridors. The recapitalization requirement in the medium to long term for 50% of the required fleet (2 600 coaches) will be R 26 billion (Department of Transport. Public Transport Action Plan: 25) .

**Table 4: Rail corridor prioritization**

### **“A” CORRIDORS**

Umlazi – CBD – KwaMashu (incl Isipingo)  
Berlin – East London  
JHB Core Central Network (New Canada – George Goch – Germiston)  
Soweto (Naledi – New Canada)  
Soweto (Midway – New Canada – Kwaggastroom (Sebokeng)  
Kraaifontein – Bellville – CBD (via Thornton and Monte Vista)  
Daveyton – Germiston  
Olifantsfontein – Tembisa – Germiston  
Mabopane – Pretoria North – CBD  
Mamelodi Gardens (Pienaarspoort) – CBD  
Simonstown – CBD (Incl Cape Flats (Retreat))  
Khayelitsha – Cape Town (Incl Kapteinsklop – Phillipi)

### **“B” CORRIDORS**

Olifantsfontein – Centurion – CBD (Pretoria)  
Kwesine/Katlehong – Germiston  
Springs – Dunswart  
Moot link (Hercules – Koedoespoort)  
Saulsville/Attridgeville – CBD  
Strand – Bellville – CBD  
Randfontein – Langlaagte  
Vereeniging – Kwaggastroom  
Belville – Sarepta – Langa – CBD (Incl Pinelands link)

## ***Summary***

Commuter rail is seen as the back bone of the major metropolitan areas of the country. The amount of funding being made available to rail is intended to support this objective. The focus will be on strengthening the high density corridors through focused investment and service levels improvements. Commuter rail will also form an essential element of the Integrated Transport Plans, with feeder and distributor services being provided by the bus and taxi modes.

The investment focus will also address some of the major issues commuters have regarding safety, security and the reliability of the services.

## **The Minibus Taxi Industry**

### ***Background***

The minibus taxi industry transports an estimated 65% of all commuters in the country. The industry began small scale operations in about 1982/3. When government legislation facilitated the entry of this mode of transport following a national transport policy review in 1986, the mode of transport rapidly grew to become the dominant mode of transport in the country.

The following table depicts taxi operating statistics.

**Table 5: Taxi operating statistics**

<ul style="list-style-type: none"><li>• Number of people using taxi services each day: 14 million+</li><li>• Number of officially registered minibus taxis on South African roads: 120 000+</li><li>• Average number of taxis per owner: 2</li><li>• Average number of hours taxi drivers spend daily on the road: 8.8</li><li>• Number of days each taxi driver works per week: 6.33</li><li>• Average monthly kilometers driven by a taxi: 8,000</li><li>• Average number of passengers transported monthly per vehicle: 3,161</li><li>• Average time spent daily in a taxi by a passenger: 65 minutes</li><li>• Average number of trips per passenger per day: 2.3</li></ul>
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Source: <http://www.ComutaNet.co.za> as quoted by the Mercatus Policy Series. Policy Comment No 3. Taxing Alternatives: Poverty Alleviation and the South African Taxi/Minibus Industry. Author: K Boudreaux, Senior Fellow, Mercatus Center, George Mason University, February 2006 page 6

Due to the lack of a proper regulatory regime, the industry has been operating in a de facto deregulated environment. This has led to oversupply, capital replacement issues and a lack of long term economic sustainability. It also caused serious inter-association and operator rivalry with major taxi wars taking place in the earlier years of industry formation. This was the result of increasing numbers of taxis competing for passengers on routes. Rivalry still takes place sporadically and often leads to bloodshed, deaths and injuries.

The industry is plagued by poor service standards, low quality (for the purpose for which they are used) and generally unsafe vehicles, a general lack of adequate maintenance, and economic sustainability questions.



As the industry developed, a myriad of local route associations were formed which eventually led to larger local and regional as well as inter-regional associations. This complicated government efforts to engage the industry. This gave rise to government embarking on a process of establishing a single formal consultative structure through which it could consult with the industry. Provincial elections were organised and provincial structures established. From these structures a national taxi council named the South African Taxi Council (SANTACO) was established in Durban in 2001. Not all operators, however, participated in the processes resulting in some large regional associations remaining outside the SANTACO process. This has caused problems although government has persisted in engaging SANTACO in all its taxi industry deliberations.

### ***The Taxi recapitalization programme***

In line with the White Paper on National Transport Policy of 1996, as well as the Moving South Africa Strategy (MSA), government embarked on an elaborate process of restructuring and recapitalising the taxi industry. The MSA strategy was one of the first official documents to detail the various elements of the taxi recapitalization programme.

The programme is valued at R7,7 billion or \$1,1 billion at an exchange rate of R7/\$. The process has the following aims:

- To replace the existing 16 seater vehicles with 18 seaters as well as 19-35 seat vehicles
- To improve the safety and reliability record of the industry through the replacement of old vehicles with new higher quality and safer vehicles. New taxi vehicles need to comply with the South African Bureau of Standards (SABS) safety requirements and are certified once compliance is verified. No other vehicles are allowed to participate in the recapitalisation programme.

The following minibus vehicles have already been certified (Department of Transport. Speech by the Minister of Transport February 2007) by the SABS:

- Toyota Quantum (14 seater)
- Nissan Interstar (15 seater)
- Fiat Ducao (15 seater)
- Mercedes Benz 308 CDI (16 seater)
- Peugeot Boxer HDI (16 seater)

The following midi-bus vehicles have already been certified by the SABS:

- Mercedes Benz (22 seater)
  - Marcopolo Volare SWB A8 (22 seater)
  - Iveco 50C14V15 (22 seater)
  - Marcopolo Volare LWB A 8 (26 seater)
  - Isuzu NQR 500 (35 seater)
- To reduce the number of vehicles estimated to be operating in the industry from about 120 000 to 85 000
  - To address the economic sustainability of the industry, to formalize it and to effectively regulate the industry
  - The new vehicles have to meet new standards regarding roll-over protection, safety belts for all passengers, commercially rated tyres, type 2A braking systems,

speed governors and the introduction of anti tyre burst devices and other safety features to be eligible for the recapitalization programme

- For the transport authority to take control of routes and ranks that are currently “owned” by route operating associations. These associations control entry to such routes and ranks by charging access fees and controlling the numbers of operators on the routes

The taxi recapitalization process has the following characteristics:

- To assist in the formalization of the industry by encouraging larger business units that may be able to participate in the public transport tendering process. As part of this process, taxi operators are required to convert their radius based operating permits to route based operating licenses (for existing vehicles as well as for replacement / recapitalization vehicles). This involves Provincial Operating Licensing Boards that have to advertise the intention to convert the permit to an operating license. Operating licenses are route-specific and controls the number of operators on routes but does not control fares and frequencies
- To ensure that minimum wages are paid to drivers and other employees working in the taxi sector. A taxi driver’s minimum monthly wage was determined to be R 1 350, rank marshals R 1 080 and other workers such as collectors and cleaners R 945 (South African Government. Basic Conditions of Employment Act 1997 Special determination: Taxi Sector. Part B)
- To regulate driving hours. Drivers are allowed to work for, at most, 48 hours per week and must have at least 12 hours a day and 36 continuous hours a week of rest (South African Government. Basic Conditions of Employment Act 1997 Special determination: Taxi Sector. Part D)
- To regulate leave conditions (South African Government. Basic Conditions of Employment Act 1997 Special determination: Taxi Sector. Part E)
- To ensure that operators have adequate passenger liability insurance
- A once-off scrapping allowance valued at R50 000 (about US\$ 7 143) is offered to operators that either wish to trade in their old vehicles for new approved vehicles or wish to exit the industry. The allowance is seen as a form of a capital subsidy to assist operators in acquiring new vehicles. This allowance will be a phased approach over five years. Vehicles that are offered to be scrapped are physically destroyed by mobile compactors to ensure that they do not enter the industry again.
- To ensure that operators pay their income taxes. A tax clearance certificate is required before operators may participate in the scrapping allowance
- A special Taxi Scrapping Agency (the Taxi Scrapping Administrator) was established by the DoT and has a presence in all nine provinces. The Taxi Scrapping Administrator also facilitates the acquisition of new taxi vehicles as desired by the operator. The following are some of the requirements that the successful bidder for the Scrapping Administration Agency (SAA) had to fulfill when bidding for the agency:
  - “Scrapping of the old taxi vehicles (OTVs) currently in circulation
  - Development of the necessary proprietary IT system with integrity and security that assist and support the activities, roles, duties and functions of the SAA
  - Design a Business Architecture and work flow process to guide the scrapping process
  - Identification, verifications, authentication, storage and safeguarding of OTVs

- Effect the necessary electronic funds transfer to the qualifying operators upon successful scrapping of the OTVs
- Make an audit and reconciliation accounts for vehicles scrapped and payments effected” (Department of Transport Press statement, 2006)

The Scrapping Agency is required to set up provincially based Main Centres with a minimum of one Mobile Service Unit per Main Centre. These Centres are required to have secure storage yards for taking custody of taxi vehicles, perform the required inspection and verification processes, storing and actual scrapping of the OTVs.

To date (May 2007) (South African Broadcasting Corporation, 2007) more than 2 500 taxis have been scrapped at an allowance cost of R 50 000 per taxi. The annual target for the scrapping of old vehicles is as follows: (South African Broadcasting Corporation, 2007)

- 2006/2007: 5000
- 2007/2008: 20 000
- 2008/2009: 30 000
- 2009/2010: 20 000
- 2010:2011: 15 000
- 2011/2012: 5000
- 2012/2013: 5000

The following picture depicts a scrapping activity in progress.



Source: IOL

**Picture 1: Taxi scrapping activity in progress**

- To ensure legal operations by insisting that operators, when participating in the recapitalisation process, are legally entitled through operating licenses to operate taxi services
- To enlist the service offering of the industry by offering public transport contracts on lower density routes, either through cooperative ventures and joint ventures or as sub contractors to bus operators

- New taxi vehicles (the standard colour is white) are required to be identified through special distinguishing marks. This mandatory requirement (based on the South African Bureau of Standards specifications) was introduced through a government gazette issued in January 2007. The following are the features of the distinguishing marker requirement: (South African Government Gazette, 2007)
  - A route marker identifying the route number as well as the provincial coat of arms displayed on the front of the vehicle
  - The maximum speed limit (100km/h) displayed on the rear of the vehicle
  - Owner details
  - Vehicle tare and mass rating
  - Rear and side decals
  - Vehicle registration number displayed on the roof of the vehicle
  - Contour (reflective tape) displayed on the sides and rear of the vehicle

### ***Potential negative effects of the taxi recapitalization process***

Despite the well intended goals of the TRP, there are concerns that the process could have some unintended consequences. Some of these are:

- That the benefit of competition in the industry could be stifled through the formalization process and possibly result in larger groupings of operators
- Operators could consider postponing maintenance programmes in anticipation of the scrapping process. This could result in a short term safety issue on the roads
- Taxi groupings have expressed their concern about potential job losses due to the right sizing of the industry. Job losses could also occur in the down stream value chain of the industry, for instance less maintenance requirements, as the vehicles will be much newer than the present fleet, difficulties in working on advanced diesel technology engines etc.
- Many role players are of the opinion that the economic sustainability issues of the industry are not fundamentally addressed and that the recapitalization programme may result in financial hardship. This is motivated by additional programme cost requirements such as vehicle insurance (on high capital amounts), minimum wages, maximum driving hours, tax compliance, capital redemption costs etc. The market is also not necessarily in a position to pay higher fares to overcome these additional costs

### ***Summary***

The taxi recap programme aims to fundamentally change the way the industry is operating. It will also result in its formalization through minimum wages, maximum hours of work and tax compliance requirements. The route specific nature of operating rights will also result in more order in the industry which ought to benefit users and operators alike. Should all the initiatives be successful the country can look forward to a range of public transport modes, each operating in terms of integrated transport plans.

## **CONCLUSION**

It is evident that major public transport initiatives are being rolled out to improve public transport in the country. The process will in all likelihood take place over an extended period of about 10-15 years to reach its final stage.

At present each mode is being dealt with from a “silo” approach which, if not dealt with firmly and timely, will result in sub-optimal public transport systems in the main urban and metropolitan areas. One of the major challenges will therefore be to integrate the respective modes via integrated transport plans and to render seamless public transport services across all transport areas. This will require significant consultation with the affected parties in an effort to convince such parties of the benefit of a systems approach.

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## **LIST OF ACRONYMS**

BRT: Bus Rapid Transit  
CBD: Central Business District  
DoT: Department of Transport  
HOA: Heads of Agreement  
IC/ICs: Interim Contract/s  
IDP/s: Integrated Development Plan/s  
IT: information Technology  
ITP/s: Integrated Transport Plan/s  
MSA: The Moving South Africa Strategy  
MTD: Model Tender Document  
NC/NCs: Negotiated Contract/s  
NLTTA: National Land Transport Transition Act, Act 22 of 2000  
OTV/s: Old Taxi Vehicles  
PDI/PDIs: Previously Disadvantaged Individual/s  
SAA: Scrapping Administration Agency  
SABOA: Southern African Bus Operators Association  
SABS: South African Bureau of Standards  
SANTACO: South African National Taxi Council  
SARCC: South African Rail Commuter Corporation  
TC/TCs: Tendered Contracts