

SOUTH AFRICAN PUBLIC TRANSPORT: KEEP THE STRATEGY – REVIEW THE ACTION PLAN

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ABSTRACT

In March 2007, Cabinet approved a Public Transport Strategy and its associated Action Plan to improve public transport over a 14-year period, to 2020. The Strategy envisaged two preliminary phases, followed by a nationwide rollout to begin in 2014. This paper suggests that there should be a mid-term review of the Action Plan. The review should adopt the same process as that of the original 2007 Strategy, and culminate in an Indaba late in 2013. The paper considers some matters which might be included in the review. Key existing interests - the minibus-taxi and bus operators - have proved far more difficult to satisfy than had been anticipated. It is reasonable to suppose that similar difficulties and delays will be experienced in other cities and districts where contracts are still to be negotiated. The 2007 Strategy describes its first pillar as being that of effecting significant improvement in current public transport services through a programme of modal upgrading. This element has been largely overlooked but may offer the best opportunity for short-term improvements in public transport. The costs of the process of change are turning out to be higher than had been anticipated. A new source of funding is needed to meet these transformational and transitional costs.

1 THE CASE FOR A MID-TERM REVIEW OF THE ACTION PLAN

In March 2007, the South African Cabinet approved a Public Transport Strategy and its associated Action Plan. The Strategy proposed a bold drive to improve public transport over a 14-year period, to 2020. The Action Plan described a range of specific interventions to implement the Strategy.

The year 2013 marks broadly the halfway point between 2007 and 2020. It seems reasonable to suggest that there should be a mid-term review. To do so is not in any way to cast doubt on the validity of the Strategy or the Action Plan, nor of the capabilities of those who compiled it. It would be a remarkable planner who could predict the exact course of events over a 14-year period.

To propose a mid-term review is simply to recommend a process which any project management team would find it prudent to adopt at this stage in the implementation of a Strategy over a period of 14 years.

It is suggested that there should be a review of the Action Plan rather than the Strategy, or at least, the 'Vision' as described in the Strategy. The Vision includes statements such as

"Overarching Strategic Approach

"A phased implementation of a single, user-responsive, publicly planned and controlled system that integrates routes into a multi-modal mass rapid public transport network, and provides maximum accessibility and coverage in a city or district for all citizens, both in the townships and suburbs as well as rural districts".

These sentiments are wholly in line with proposals in respect of public transport in the 1996 White Paper on National Transport Policy. It is perhaps unfortunate that a decade was to elapse before a Strategy emerged which would begin implementation of the Policy. But in 2007 the Public Transport Strategy was adopted.

A recent factor on the scene is the National Development Plan (NDP) published in August 2012. The Public Transport Strategy is in line with the broad principles of the NDP and its view of the role of public transport.

So the Strategy can be taken as a given. The matter under mid-term review should rather be the Action Plan which accompanied the Strategy. A review of the Action Plan may of course produce indications that elements of the Strategy might be revisited because their implementation has run into difficulties. The Strategy document recognises this :

“By 2014 Phase 1 and 2 network implementation needs to be in place in the 6 metropolitan cities and at least Phase 1 implementation completed in the 6 smaller cities and 6 rural districts. This will cover 18 of the 53 metropolitan cities and districts in South Africa and will provide a rich implementation experience before embarking on a larger nationwide roll-out from 2014 onwards.”

An analysis of the implementation experience to date may conclude that progress has been slower than planned. Whatever the findings, the analysis should - as the Strategy indicates - form the basis for a review of the Action Plan to guide the intended nationwide roll-out from 2014 onwards.

The remainder of this paper briefly suggests some issues which might be considered in the review, together with recommendations for a process similar to that which preceded the 2007 Strategy.

2 NEGOTIATIONS WITH EXISTING OPERATORS

An old military dictum says that ‘No battle plan survives first contact with the enemy’. One would not wish to take the analogy too far, but it is the case that when government takes the field in what it sees as the interests of the population as a whole, it has to deal with existing interests which will be affected..

This has certainly been the case with the Public Transport Action Plan, and the existing operators - the minibus- taxi (“the taxi”) and the bus companies - have proved far difficult to accommodate than had been anticipated.

Very early on, one change of substance was found necessary. The 2007 Strategy included the following in its analysis of the characteristics of successful road-based rapid public transport systems :

“Business and institutional structure

“Competitively-bid and transparent processes for awarding all contracts and concessions.”

By 2008, such had been the reaction of the taxi industry that it was decided to allocate the first contracts to existing taxi and bus operators by negotiations rather than by tender.

Appropriate legal powers were included in the National Land Transport Act 2009 for planning authorities to enter into negotiated contracts for a maximum of 12 years.

This change from the Strategy strengthened the hand of the existing operators. The position of taxi operators was already strong because of another proposal in the “Business and institutional structure” section :

“Explicit participation in new network by existing informal/formal operators and drivers, including job, wage and income guarantees to remove the perceived risks of change.”

The income guarantees in particular have caused extensive delays in implementation as the government and taxi representatives have argued over the amounts involved. Taxi operations work on a cash basis, and there are therefore few statistics about gross income; nor is it easy to establish and agree what costs should be deducted so as to determine net income. Bus operators have argued that their current income from government subsidy must be taken into account.

At the time of writing (May 2013) the only 12-year negotiated contract which has been concluded is Phase 1A of the Rea Vaya service of the City of Johannesburg. The only existing operators involved were those of the taxi. The tortuous negotiations have been admirably described by McCaul and Ntuli in their paper at the 2012 SA Transport Conference (McCaul & Ntuli 2012)

Negotiations began in mid-2007. However, some two years later (in August 2009) the City found it necessary to contract with an independent company to begin operations on the trunk route. Even though the infrastructure was complete and the buses ready, no agreement had been reached with the existing taxi operators. It was not until February 2011 that the taxi operators were persuaded to take over the operations.

And this was in a situation where the only operators were taxi owners. In almost all cases there will also be existing bus operators. These will be as keen as the taxi owners to ensure that the changes do not result in them incurring a loss of income.

The City of Johannesburg has already experienced this, according to a newspaper report in January 2013 :

“The routes have been outlined; the stations built; even the artwork is in place. But for Joburg’s Rea Vaya Phase 1B there is still a way to go to implementation. 1B is the new 18km route from Thokoza Park in Soweto to the Joburg CBD with 10 stations along the way. But, while the new stations might appear ready the system is set only to be launched in the middle of this year.

“We’ve been involved in very long talks... because Phase 1B is slightly more complicated than 1A as it includes minibus taxi operators from the top six and greater Joburg taxi associations and companies such as Putco and potentially, Metrobus,” said Rehana Moosajee, member of the mayoral committee for transport. ‘So the discussions are more complicated as they involve a higher number of potentially affected operators.’

“A different methodology than for Phase 1A - which began running in 2009 - had also to be used, she said. For phase 1A they were able to say 585 taxi vehicles had

to be handed in to make way for the new buses. But with the new route, they had to look at converting the number of bus seats “.(Pretoria News, 3 January 2013)

The City of Cape Town has encountered similar problems. A local newspaper report in June 2012 outlined the attitude of the large bus operator, Golden Arrow :

“Golden Arrow Buses said on Thursday it had filed legal action against the City of Cape Town over its plans to introduce extended MyCiti bus services. ‘The matter was lodged with the {Western Cape] High Court on Wednesday,’ Golden Arrow Bus Services spokesperson Bronwen Dyke said.

“The MyCiti bus was the city's own rapid bus service, introduced in 2010 and planned for extension to other areas that Gabs already serviced. Dyke said [the company] along with Sibanye Bus Services and minibus taxi operators, had been in negotiation for a few years over how to operate the routes fairly and distribute market share equally.

“We are not in agreement with the methodology used by the city to allocate MyCiti operations between the three companies, which will be entering into the negotiated contract,’ Dyke said.

According to Gabs' lawyers in court papers, the city was working out the market share of each bus company by multiplying the total number of passengers with the fares collected, excluding any government subsidies.

The bus services were asking that the city look instead at the "economic sacrifice" being made in exchange for an integrated transport service, or at the total turnover of each service.” (News24, 21 June 2012)

It is reasonable to suppose that similar difficulties and delays will be experienced in other cities and districts where contracts are to be negotiated. This, and its implications for the Strategy, must form a significant part of the mid-term review.

3 THE OVERLOOKED ELEMENT : MODAL UPGRADING

The discussion above shows that the substantial problems experienced in implementing the first integrated public transport network route, when only taxi operators were involved, have been compounded in later implementations where the interests of both taxi and bus operators have to be considered.

A way forward may be found in the original aims of the Strategy. This described the overarching service vision of the strategy as being :

“.....to implement a continuous upgrading from the current basic commuter service to an upgraded modal service and (where possible) to an integrated rapid public transport network.”

The intended sequence was further emphasised :

“The interim strategic approach.....rests on two pillars :

“Modal Upgrading

“The first pillar involves effecting significant improvement in current public transport services.

“Integrated Rapid Public Transport Networks

“The second pillar covers what this document refers to as high quality integrated mass rapid public transport networks.”

In other parts of the Strategy ‘Modal Upgrading’ is referred to as ‘Accelerated Modal Upgrading’, emphasising the urgency of this element.

The logic is sound and the intention clear. The Strategy anticipates that integrated public transport networks will not be in place throughout the country until 2020. Existing public transport users should not be asked to wait until then for improvements to existing services. At the same time, a programme of upgrading the individual modes can, if carefully planned, make easier the subsequent implementation of integrated public transport networks.

Yet despite this clearly-stated aim of the Strategy, it appears that the thrust of implementation in the Action Plan has been towards the ‘second pillar’, integrated rapid public transport networks. It can be argued that paying inadequate attention to the ‘first pillar’ has led to delays in achieving improved public transport, especially for current users.

Upgrading is being addressed in each of the three modes (rail, bus and taxi).

3.1 Rail

Upgrading of the rail mode is being handled by way of the modernisation programme of the Passenger Rail Agency of South Africa (PRASA). The programme was described in a presentation in June 2012 by PRASA CEO Lucky Montana to the parliamentary Select Committee on Public Services (PRASA 2012).

A signal technology upgrade and new rolling stock are the two key initiatives :

- Some R7bn will be invested in a modern signalling system.

- More than 7 000 new passenger coaches will be built over 20 years. The first new coaches will be brought into operation in 2014. This date coincides with that mentioned in the Public Transport Strategy as being the year in which Phase 1 and 2 network implementation needs to be in place in six metropolitan cities (ie, those where commuter rail services are mainly found).

It appears that the upgrading of the rail mode is firmly in hand.

3.2 Bus

The easiest way to provide immediate improvements to public transport users, whether in urban or rural situations, would be for government to reach agreement with bus operators for higher frequencies, longer hours of service, and the like. These would, however, inevitably induce reaction from taxi operators on the routes

It would therefore be sensible to concentrate in the first instance on bringing the services of bus operators currently provided in terms of contracts with the province concerned, into contractual relationships with the relevant municipal planning authority, with the operators being paid to provide services planned by that authority.

This would be a valuable preliminary step to the participation by bus operators in integrated services, and would have the benefit of establishing the expectations of those bus operators in respect of income guarantees. The negotiations would take place without there being a need simultaneously to accommodate negotiations with taxi operators.

3.3 Taxi

Taxi operators and their representative structures come into negotiations on the Public Transport Strategy with little experience of formal sector transport operations. Most taxi businesses operate in the informal sector.

One of the reasons for the delays in reaching agreement has been what the Strategy describes as 'the perceived risks of change'.

These apprehensions are described in some detail in the present author's paper 'The Paradox of the Minibus-taxi Industry' (Browning 2006). They can best be dealt with by encouraging the taxi operators to enter into some form of joint management of their operations, whilst for the time being retaining individual ownership.

The professional management which is implied in this arrangement will in itself lead to an upgrading of the standard of service of this mode, as required by the 'first pillar' of the Strategy.

4 PHASING THE PROCESS OF CHANGE

One of the implications of modal upgrading is that bus and taxi operations should be operated under contract to the relevant planning authority. This will be a very desirable precursor to later contracts for integrated public transport networks.

Most of the large bus companies already operate their services via contracts with provincial governments. The Strategy envisages taxi operators entering into similar contracts during Phase 1 :

“Phase 1 network design of (*sic*) municipal and provincial level should move towards gross based contracts in which taxis provide trunk and/or feeder services – either using recapitalised taxis or buses”.

These first-step contracts would be entered into separately by the bus and taxi modes. At a later stage of the Action Plan process they would be linked so as to provide an integrated public transport network.

The National Land Transport Act of 2009 unfortunately presents an obstacle to this practical approach. Section 41 says unequivocally that :

“Contracting authorities may enter into negotiated contracts with operators in their areas, once only....”

However, a Draft National Land Transport Amendment Bill was published for public comment on 8 March 2013. It proposes the following changes to Section 41 :

“Contracting authorities may enter into one or more negotiated contracts or a combination of such contracts with operators in their areas, once only.....”

and goes on to add :

“Where a negotiated contract is concluded in terms of subsection (1), the contracting authority will not be precluded from—

- (i) concluding other such contracts with different operators or in respect of different routes, even if such routes are in the same area;
- (ii) providing in such contract for the services to be provided under the contract to be increased or amended in a phased manner during the period of the contract, provided that the total duration of the contract does not extend beyond 12 years; or
- (iii) concluding contracts of an interim nature before concluding a negotiated contract in terms of subsection (1), provided that it complies with laws and procedures applying to procurement of the services in relation to such interim contracts.”

This proposed change may well have been encouraged by a realisation that there is a need for an interim contractual arrangement suitable for the process of modal upgrading as part of the transition to integrated public transport networks.

5 FUNDING THE PROCESS OF CHANGE

The process of change from South Africa's existing public transport to the Strategy vision of integrated rapid public transport networks inevitably implies costs. Those costs fall into two categories :

- transformational – the costs of negotiations, capacity building, and the like
- transitional – the cost of interim 'sub-optimal' operations.

The costs are turning out to be higher - possibly much higher - than had been anticipated.

Transformational costs were recognised as far back as 2009, in respect of the first IRPTN route where only taxi operators were involved, a newspaper reported :

“Johannesburg's Rea Vaya bus rapid transit (BRT) service was proving more expensive than expected and would require greater, continuing subsidisation than first planned, councillor Rehana Moosajee said yesterday.

“I think what we are beginning to understand is that the whole transformative nature of the project is bringing costs we didn't factor into our financial planning,” she said.” (Business Day, 14 October 2009)

Some these 'transformative costs' in the case of the City of Johannesburg were described at the 2012 SA Transport Conference :

“Overall the costs of the negotiation process were also significantly more than initially envisaged. Taxi industry capacitation is costly as are the costs of facilitation and the many months of meetings and workshops.” (McCaul & Ntuli 2012)

Transitional costs will arise from the operation of what might be called 'sub-optimal' levels of service during a transitional phase. These will certainly arise if the principle of modal upgrading is adopted. There will be an intermediate stage in which the costs of operation are greater than they would be if it were possible to move directly to the final-stage IRPTN.

These costs of change should be recognised and provided for in a grant additional to the existing Public Transport Infrastructure and Systems Grant (PTISG), Public Transport Operations Grant (PTOG) and the recently-introduced Public Transport Network Operations Grant (PTNOG)

The proposed review of the Public Transport Plan should consider an approach to national Treasury for the creation and funding of a temporary (though not necessarily short-term) 'Public Transport Transformation and Transition Grant' (PTTTG).

6 THE MID-TERM REVIEW PROCESS

The Public Transport Strategy was presented to Cabinet in March 2007. It had been prepared during 2006. In October 2006 the Department of Transport hosted a two-day 'Transport Indaba' at the Vista University campus in Soweto, at which the draft Strategy

was explained. Those attending represented a wide range of interested parties – operators, local government, commuter organisations, trade unions and others.

It is recommended that the mid-term review of the Public Transport Action Plan should adopt the same process and format.

As indicated above, the Strategy suggested that implementation experience gained thus far is intended to be used to guide a larger nationwide roll-out from 2014 onwards.

The latter half of 2013 can be used to draw together the lessons of that experience, with government taking the lead but seeking the input of other stakeholders. This should lead to proposed revisions to the Action Plan which can then be presented at an Indaba towards the end of the year. This in turn will prepare the way for the renewed thrust scheduled to begin in 2014.

7 CONCLUSION

The 2007 Public Transport Strategy, especially the Vision contained in that document, should continue to be the accepted direction of improvement in public transport in South Africa.

The Public Transport Action Plan should be reviewed to determine whether, halfway through the scheduled implementation programme, the Plan requires revision in the light of experience to date and if so, what changes might be desirable.

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