

# RESTRUCTURING OF THE PUBLIC TRANSPORT SYSTEM IN GAUTENG THROUGH MASTERPLANNING AND TENDERED BUS CONTRACTS

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## **1. INTRODUCTION**

### **1.1 Existing Public Transport in South Africa**

The existing public transport systems found in South Africa, in many instances, do not meet the needs and requirements of its users fully. This is due to the fact that these systems are characterised by their often dispersed, non-integrated and uncoordinated nature.

Similarly, from the perspective of many other role-players and stakeholders these systems are viewed as not being as efficient and cost effective as they should or could be. The duplication of services, competition between modes and operators and under-utilisation of services contributes to this.

The status quo as described above can mainly be attributed to the following:

- Limited involvement from government in the planning of services;
- Operators planning services in isolation and in such a way as to maximise their patronage and fare income, without taking cognisance of other operators, services or modes;
- Drives towards deregulation (National White Paper, 1986); and
- Insufficient regulation and control as a result of ineffective law enforcement.

### **1.2 Government's Opportunities to Intervene**

In terms of more recent policies and legislation, government has taken it upon itself to become more involved in the provision of public transport. Mechanisms have also been put into place to facilitate this through recent policy and legislation.

The opportunities and mechanisms available to government now and in future to bring about major interventions and to restructure public transport are *inter alia*:

- Rail concessioning,
- Tendered Bus Contracts, and
- Operating License Strategies (OLSs), to be developed in terms of the National Land Transport Transition Act, 2000<sup>(1)</sup> supported by the Taxi Recapitalisation process.

At present rail concessioning is in its infancy stage and OLSs will only be implemented towards the end of 2001. Therefore, the tendered bus contract process is almost the only avenue currently available to government presently, to bring about significant changes to public transport. However, this opportunity may be negated if this process is not managed in such a way that the necessary strategic planning is included. This implies that the planning of bus services should be done taking cognisance of the role of the bus mode within the total public transport system. If this is not done, past inefficiencies may remain for a further period of five years (the length of most the current bus contracts).

Government recognised the above and therefore in terms of Part 7 of the National Land Transport Transition Act, 2000 (NLTTA) <sup>(1)</sup> dealing with planning, it is required that planning authorities with subsidised public transport services in their areas, develop Rationalisation Plans annually. Such plans are aimed to provide the necessary strategic planning foundation for design of tendered bus contracts.

The implementation of the plans envisaged in terms of the NLTTA will commence mid 2001 and therefore deals with the future. However, Current Public Transport Records (CPTRs) had to be developed by most metropolitan transport authorities in terms of the National Land Transport Interim Arrangements Act, 1998. These authorities received assistance for the CPTR process from the consolidated Metropolitan Transport Fund. In order to receive this assistance, such authorities had to prepare business plans based on a document developed by the NDoT for the "Fast Track Public Transport Planning Process". In terms of these business plans attention had to be given to the rationalisation and improvement of subsidised bus services going out on tendered contracts. Therefore, many metropolitan authorities have already prepared "first generation" rationalisation plans, before the NLTTA was finalised and promulgated. These plans to rationalise and improve public transport were fairly superficial and mostly considered strategies to improve capacity utilisation of existing services. These plans, to a large extent also only dealt with the rationalisation within services and not so much with rationalisation between services, operators and modes. The latter will however only lead to the real restructuring of the total system, as well as gains in efficiency and cost effectiveness.

Furthermore, provinces were already faced with the task of designing tendered bus contracts since 1998. The Gauteng Department of Transport and Public Works (Gautrans) recognised the need and opportunities discussed above and decided that a strategic framework was required for the design of bus contracts. It commenced with the Gauteng Bus Masterplan in 1999. This masterplan could be viewed as one of the forerunners to the rationalisation plans of the future.

Further, due to the fact that the sections of the NLTTA dealing with planning, have only come into effect recently, as well as the timing of the planning process, no rationalisation plans have been developed (meeting the requirements of the Act). To prevent a situation arising where the tender bus contract process has to be suspended due to the lack of rationalisation plans, amendments to the Act were brought about to deal with the interim situation.

### **1.3 Purpose of this Paper**

The discussion in the following paragraphs firstly deals with rationalisation plans as required in terms of the NLTTA and then consider the Gauteng Bus Masterplan as a possible example of how such plans could be handled. The discussion is concluded with some lessons learnt from the masterplan exercise and a few ideas on further needs for restructuring and transformation.

## 2. THE NATIONAL LAND TRANSPORT TRANSITION ACT, 2000 <sup>(1)</sup>

As mentioned before, rationalisation plans have to be prepared by all planning authorities, which have subsidised public transport services operating in the areas under their jurisdiction. These plans, together with the OLSs, will form the operational component of the public transport plans.

### 2.1 Purpose of Rationalisation Plans <sup>(2)</sup>

Section 25 (1) of the NLTTA indicates that rationalisation plans should have a short-term rationalisation focus and a long-term restructuring aim. The plan is also not aimed at subsidised bus transport, but also has to include other modes of public transport. An interpretation of this section of the Act, indicates that the purpose of a rationalisation plan is;

- i. To eliminate inefficiencies within the subsidised bus system, which become apparent from an assessment of the applicable CPTRs.
- ii. To create a framework for the restructuring of tendered bus contracts, taking cognisance of the total public transport system and its modes, in order to obtain a more efficient and cost effective public transport system.
- iii. In the longer term, to also facilitate the restructuring of services provided by all modes forming part of the public transport system, including *inter alia* rail concessioning, bus contracts and the recapitalisation of the taxi industry.

### 2.2 Objectives to be achieved through Rationalisation Plans <sup>(2)</sup>

Clause 25. (1) of the NLTTA also gives the objectives of rationalisation plans, which are as follows:

- To rationalise within and between public transport modes (including services across local and provincial borders);
- To determine the extent of subsidisation of services;
- To determine where and to whom subsidies should be targeted;
- To minimise levels of subsidy;
- To minimise competition between public transport services and operators;
- To stimulate competitive bidding between public transport operators through the structuring of tenders;
- To ensure that passenger demand is met effectively and efficiently; and
- To facilitate and promote modal integration.

The contents of rationalisation plans required by the Act is very much in line with the above objectives.

### 2.3 Discussion

From the purpose and objectives mentioned above it becomes clear that a rationalisation plan for a specific planning authority should deal with subsidised public transport in an integrated manner and that such plan should be closely coordinated with the such an authority's OLS. It also becomes apparent that a rationalisation plan should be based on certain principles and policies regarding the allocation of subsidy to public transport.

A rationalisation plan should also create a framework for the design of tendered bus contracts and rail concessions. Requirements for subsidised service provision, is provided in terms of Part 10 of the NLTTA on regulated competition.

### 3. GAUTENG BUS MASTERPLAN <sup>(3)</sup>

#### 3.1 Background

The bus function was devolved to the respective provinces in and around 1997. As a result, Gautrans became responsible for the management of a substantial portion of the subsidised bus services in South Africa. Currently the subsidy budget being managed by the Province is in the order of R610 million. A summary of the extent of subsidised bus services and contracts managed by Gautrans is given in Annexure A.

Gautrans was also faced with the design of its first set of tendered bus contracts for services within the Lekoa-Vaal area (Sebokeng/Evaton to Meyerton, Vereeniging and Vanderbijlpark) in 1998. During the design of these contracts, as well as the design of contracts for bus services being operated from the south-western areas of the Gauteng Province to Johannesburg, Gautrans identified the need for a broader strategic framework within which the individual service designs could be developed. This was due to the extent, complexity and the number of operators and services being operated from the Lekoa-Vaal and south-western area into Johannesburg. For example different operators were operating separate services from areas such as Evaton, Ennerdale, Lenasia and Eldorado Park to Johannesburg and surrounding areas, all using the Golden Highway. Another example of such a situation is the services being operated from Soshanguwe, Garankuwa and Mabopane to the Tshwane area. To highlight this point, the desire lines of these services are shown in Figure 1.

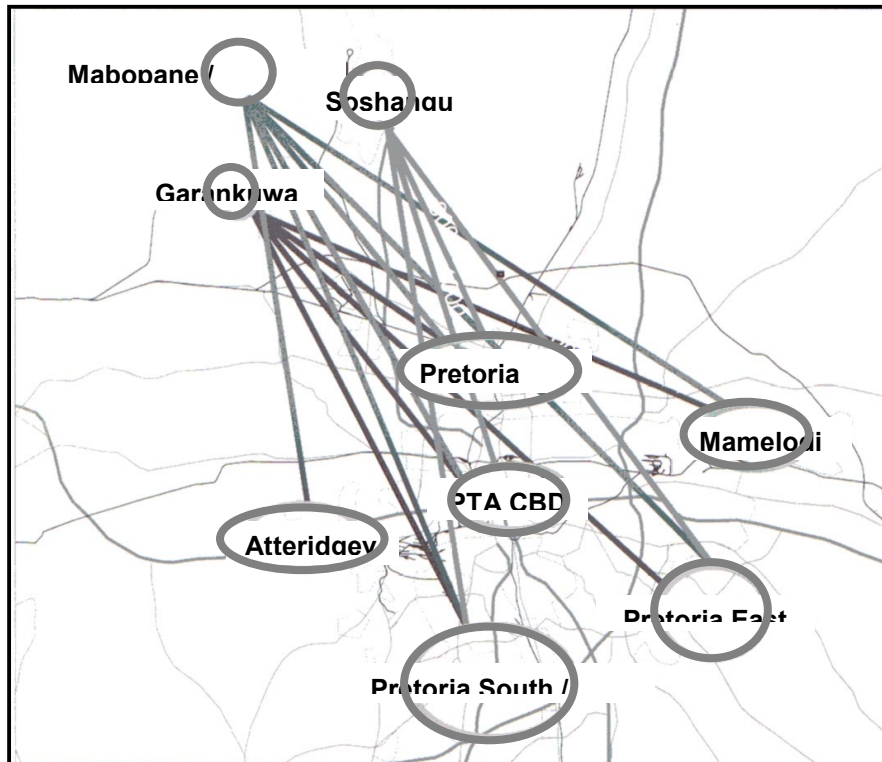
Looking at the subsidised bus transport situation in the Province from a broader perspective, it was anticipated that though coordination and integration at one or more transfer points, efficiency gains could be achieved. More frequent services could be offered to passengers, better capacity utilisation could be obtained by operators and more effective spending of subsidy could be achieved for government.

This led to the conception of the Gauteng Bus Masterplan. The broad aim of the masterplan is to "organise" the subsidised bus transport system in such a way that subsidised bus transport services are provided in a more efficient and cost effective manner.

The specific objectives of the masterplan <sup>(3)</sup> is:

- i. Develop a master plan for the rationalisation and restructuring of bus transport taking cognisance of all other modes of public transport
- ii. Provide a framework for the design of tendered bus contracts

However in the development of the masterplan a clean slate was not available and various issues constrained this process. The following aspects were, *inter alia*, some of the constraints:



**Figure 1: Desire Lines: Present Subsidised Bus Services from Soshanguwe, Garankuwa and Mabopane to the Tshwane Area**

- The tripartite agreement between government, organised labour and the bus operators (SABOA) limited opportunities for transformation;
- Rail planning is to a large extent done at the "national level" through SARCC and operational planning by Metrorail;
- The lack of adequate facilities and infrastructure to enable convenient transfers;
- The subsidy budget is finite;
- Delays with the taxi recapitalisation process; and
- Modal integration is a fairly new concept in South Africa, eg. in relation to through-ticketing.

### 3.2 Approach

The intention was not to have a plan developed by the Province in isolation and impose it on the local authorities, but to embark on a joint effort. Therefore as part of the development of the Masterplan, extensive discussions took place (and are still ongoing) with the local authorities through TCC Working Group 9, as well as bilateral discussions with the relevant local authorities to deal with detailed aspects affecting them.

It was also essential to involve all other role-players and stakeholders as far as possible part of the development of the masterplan (i.e. NDoT, SARCC, consultants, etc.). However, a further challenge would be to also consult more widely with the users.

### 3.3 Principles and Departure Points

The following principles and departure points were used as part of the development of the Gauteng Bus Masterplan <sup>(3)</sup>:

- The rail system and services should form the backbone of the public transport system where available. However, cognisance should be taken of existing line and services capacity constraints, station capacity constraints and availability of adequate facilities and amenities at stations.
- Duplication and parallel public transport services (within and between modes) should be reduced.
- Modal integration should be facilitated (Cognisance should be taken of the existence of transfer facilities, travel time, transfers and user convenience).
- Land use development and transport should be integrated.
- The affordability of services to government and users should be considered
- The letting of bus contracts should facilitate/integrate/coordinate with the implementation of government initiatives (i.e. rail concessioning, Gautrain, commercial contracts, restructuring of municipal bus operators, taxi recapitalisation)

Opportunities to facilitate entry of new operators (SMMEs and PDIs) into the subsidised public transport industry, empowerment and capacitation were considered very important to bring about transformation.

Given all the above, one of the key considerations in mind during the rationalisation and restructuring of subsidised public transport was the impact on passengers. This should always be assessed and customer needs given some priority.

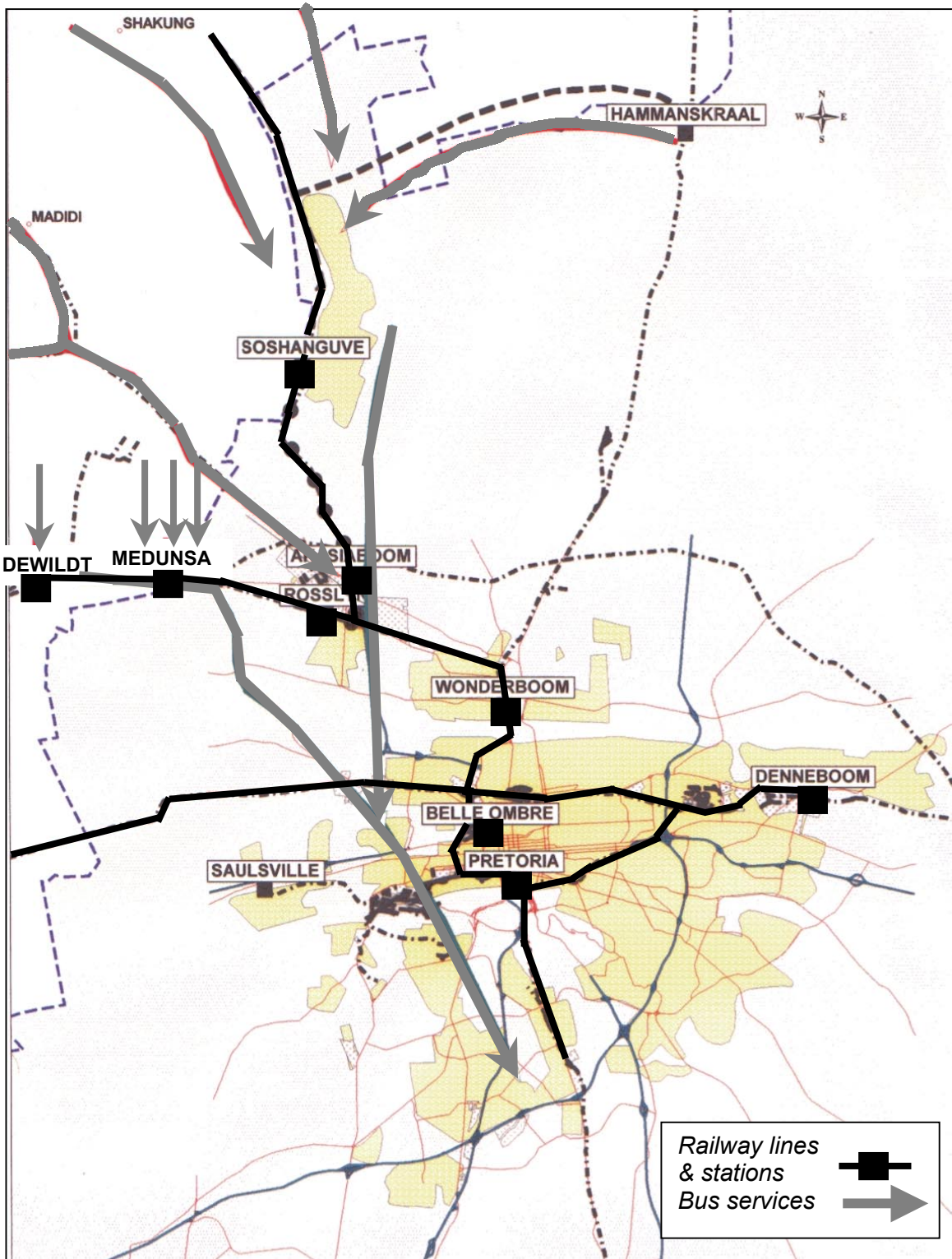
### 3.4 Outputs

The output of the masterplanning exercise was to create a framework for the design of tendered bus contracts. As part of this framework, briefs were also developed for design of such contracts, as well as issues to be further investigated and pursued during the designs of the individual tendered contracts.

Aspects that were introduced as part of the masterplanning exercise and that were to be further developed during the design of the tendered bus contracts, are:

- Direct bus services changed to feeder services to rail;
- Development of transfer nodes and redevelopment of rail stations;
- Integration of municipal bus operators into the public transport system;
- Prescribed joint ventures between established and PDI/SMME operators;
- Vehicle specifications other than standard buses (i.e. midi-buses);
- Prescribed joint ventures and set asides involving mini-bus taxi operators;
- Commercial contracts;
- Opportunities for the implementation of the taxi recapitalisation process, with specific emphasis on the 35-seater vehicles; and
- Bus services to be terminated with the view to be taken up by normal mini-bus taxi operations.

The proposed changes suggested in terms of the Master Plan for the services being operated from Soshanguwe, Garankuwa and Mabopane to the Tshwane area are shown in Figure 2.



**Figure 2: Proposed Restructuring: Subsidised Bus Services from Soshanguve, Garankuwa and Mabopane to the Tshwane Area**

#### 4. BUS CONTRACTS IN GAUTENG

Some of the restructuring and transformation proposals put forward for consideration and further investigation during the tender designs are given in Table 1.<sup>(3)</sup> A number of restructuring initiatives that have been implemented as part of tendered bus contracts are also given below.

**Table 1: Gauteng Bus Contracts - Restructuring and Transformation Proposals**

<b>1. Interim contracts</b>	
<b>Tshwane</b>	<b>Proposed Interventions</b>
Bothlaba: Hammanskraal to Pretoria CBD	Investigate the reintroduction of the Hammanskraal to Pta passenger rail service. Feeder services to Hammanskraal Station and other stations. Distribution of passengers from, East Lynn, Belle Ombre and other stations.
Thari: Brits/Garankuwa to Pretoria CBD	Feeder services to De Wildt, Mabopane and other stations. Distribution of passengers from Belle Ombre Station.
Gare: Babelagi/Soshanguve/Mabopane to Pretoria CBD	Feeder services to Mabopane Station and other stations. Distribution of passengers from Belle Ombre Station.
Homelands: KwaNdebele to Tshwane	Development of transfer nodes (i.e. vicinity of Moloto and/or East Lynn)
Soshanguve to Tshwane	Utilise rail as much as possible Consider synergies with Thari and Gare services
<b>Jhb &amp; East Rand</b>	<b>Proposed Interventions</b>
Soweto to Greater Jhb	Certain routes as set-asides for PDI operators
Tsakane to Brakpan/Springs	One route as a set-aside for taxi operators
<b>2. Tender contract</b>	
<b>Jhb, Lekoa Vaal &amp; East Rand</b>	<b>Proposed Interventions</b>
Thembisa to Jhb CBD and the East Rand	Prescribed 50:50 joint ventures including PDIs
Lekoa Vaal: Sebokeng/Evaton to Meyerton (Alrode)	Prescribed 70:30 joint venture between an established operator and the Meyerton taxi industry
Evaton/Orange Farm to Jhb Northern, Western suburbs	Operation to a multi-modal transfer node to be established to the south-west of the Jhb CBD
Lenasia to Greater Jhb	Prescribed 50:50 joint ventures including PDIs and taxi operators
Eldorado Park to Jhb CBD	Operation to a multi-modal transfer node to be established to the south-west of the Jhb CBD
Eldorado Park to Jhb Western Industries	Set-aside for recapitalised mini-buses (taxi operators)
<b>Tshwane</b>	<b>Proposed Interventions</b>
Mamelodi to Pta CBD	Greater utilisation of rail to Pretoria CBD.
Atteridgeville to Tshwane	Passengers to the north and north-east to be carried by rail Explore the use of commercial (unsubsidised) contracts

**NOTE:** Only a number of restructuring and transformation proposals contained in the Masterplan are given above and not the complete list



## 5. LESSONS LEARNT

A number of lessons were learnt from Gauteng Bus Masterplan process, which should be considered as important inputs to the development of Rationalisation Plans by planning authorities. Some of these lessons are as follows:

- Restructuring is often an incremental process and a number of restructuring cycles will have to be gone through, before a more optimal system (efficient and cost effective) can be established.
- Modes cannot be rationalised and/or restructured in isolation from one-another.
- Restructuring of public transport cannot be done in isolation from land-use planning.
- Adequate participation by role-players and stakeholders is required.
- The Tripartite Agreement between Government, SABOA and Organised Labour limits the opportunities for transformation and restructuring (i.e. Right-of-First Refusal of interim contract holders).
- Care must be taken and more support must be given to new contractors entering the tendered contract environment, to ensure sustainability of such operations.

## 6. FURTHER NEEDS FOR RESTRUCTURING AND TRANSFORMATION

Although significant first steps had been made in the Gauteng Province towards the restructuring of public transport and specifically subsidised bus transport, a far from optimal system exists from many perspectives. Further needs for restructuring and transformation exists and attention will specifically have to be given to, *inter alia*:

- Further transformation, assistance and opportunities for new entrants;
- Role of modes;
- Transfer facilities;
- Passenger preferences;
- Through ticketing; and
- Passenger information systems.

## 7. REFERENCES

1. Republic of South Africa, No. 22 of 2000: National Land Transport Transition Act, 2000, Cape Town, 23 August 2000.
2. Republic of South Africa, Department of Transport, National Transport Planning Guidelines and Requirements for the Implementation of the National Land Transport Transitional Act, Rationalisation Plan, Final Draft, April 2001.
3. Gauteng Provincial Government, Chief Directorate: Transportation management, Bus Master Plan, Draft Project Report, May 2001.

**ANNEXURE A: EXTENT OF SUBSIDISED BUS CONTRACTS MANAGED BY GAUTRANS**

<b>Interim contracts</b>				
<b>Area</b>	<b>Contract no.</b>	<b>Operator</b>	<b>No.-buses</b>	<b>Expiry. Date</b>
<b>Tshwane</b>				
Bothlaba: Hamanskraal to Tshwane	IC53/97	NTI	390	08/31/2000
Thari: Brits/Garankuwa to Tshwane	IC55/97	NTI	180	04/30/2000
Gare: Babelegi to Soshanguve/Mabopane/Tshwane	IC54/97	NTI	275	04/30/2000
Homelands: KwaNdebele to Tshwane	IC52/97	Putco	467	08/31/2000
Soshanguve: Soshanguve to Tshwane	IC51/97	Putco	189	05/31/2000
Pta and WITS SATS	IC51/97	Putco	-	05/31/2000
<b>Greater Jhb, East Rand &amp; Sedibeng</b>				
Soweto: Soweto to Greater Jhb	IC48/97	Putco	441	01/31/2000
Brakpan: Tsakane to Brakpan/Springs	IC56/97	Brakpan City Council	44	06/30/2000
Sharpeville to Lekoa-Vaal		Putco	7	03/31/2000
<b>Tender contract</b>				
<b>Areas</b>	<b>Contract No.</b>	<b>Operator</b>	<b>No. of Bus.</b>	<b>Expr. Date</b>
<b>Greater Jhb, East Rand &amp; Sedibeng</b>				
Lekoa Vaal: Sebokeng/Evaton to Meyerton (Alrode)	GT667/1TM	Comuta Vaal	51	07/31/2003
Sebokeng/Evaton to Vereeniging	GT667/2TM	Ipelegeng	29	07/31/2003
Sebokeng/Evaton to Arcon Park	GT667/3TM	Gauteng Coaches	8	07/31/2003
Sebokeng/Evaton to Vanderbijl Park/Sasol (Sharpeville)	GT667/4TM	Ipelegeng	42	07/31/2003
South Western Areas: Evaton/Orange Farm to Jhb	GT 1062/1 TM	Soweto Bus Services	70	10/30/2004
Evaton/Orange Farm to Jhb Northern, Western suburbs	GT 1062/2 TM	Gauteng Cchs.	30	10/30/2004
Ennerdale to Greater Jhb	GT 1062/3 TM	Amogelang Trans.	20	10/30/2004
Lenasia West to Greater Jhb	GT 1062/4 TM	Moolla's Trans.	10 & 20 midi	10/30/2004
Lenasia East to Greater Jhb	GT 1062/5 TM	Asibemunye	7 & 14 midi	10/30/2004
Eldorado Park to East Rand	D21/95	Moolla's trport.	3	04/30/2000
Eldorado Park to Northern Suburbs	D22/95	Putco	18	04/30/2000
Eldorado Park to Jhb Eastern suburbs	D20/95	GJTMC	11	04/30/2000
Eldorado Park to Jhb CBD and West Rand	D17,18,19/95	Comuta Eldo	47	04/30/2000
Khatorus to Boksburg and Jhb	GT 1287/1-3 TM	Putco Ltd	Approx. 60	02/2006
Thembisa to Jhb	GT 1287/4 TM	J R Cheou	10	02/2006
<b>Tshwane</b>				
Mamelodi to Centurion	D23/96	Putco	80	09/30/2000
Mamelodi to Pta Eastern suburbs	D24/96	Putco		
Mamelodi to Pta Northern suburbs	D25/96	Putco		
Mamelodi to Pta CBD	D26/96	Putco		
Atteridgeville to Tshwane	D27/96	ABS	65	03/31/2001
	D28/96	ABS		
	D29/96	ABS		