

Public transport: Are we getting it right?

Ghalieb Dawood 24 Jul 2017 00:00

Over the past decade, the South African government has spent more than R42-billion on the implementation of the Public Transport Strategy in thirteen priority cities. A recent study by the Financial and Fiscal Commission warns that the current approach to implementing the strategy is simply not affordable.

In 2007, when the Public Transport Strategy (PTS) was implemented, planners envisaged the establishment of a rapid network of rail and Bus Rapid Transit (BRT) services that would radically transform the fragmented public transport system. The aim was to provide customers with a seamless, high-quality, universally accessible, car-competitive service at affordable prices. Cost-effective government subsidies would support affordable transport fares for South Africa's urban commuters.

Yet, 10 years later, only four cities (Johannesburg, Cape Town, George and Tshwane) have developed an operational bus service covering parts of the cities out of the thirteen cities that have been receiving national grant funding.

BRT corridor development has received much focus and funding, but the establishment of BRT corridors has proven to be expensive, especially because the Department of Transport insists on a mandatory automated fare-collection system and universal accessibility.

The cost of operating contracts for BRT also exceeds the original forecasts because the spatial framework of South African cities requires passengers to travel long distances; this feature makes the system vulnerable to cost escalations driven by fuel and labour pricing.

The affordability problem is exacerbated by several other factors. Transport operators in urban municipalities receive low fare-box returns, estimated at between 5% and 25% of total operating costs. Margins are slim because fares have been set at low levels to ensure affordability.

Limited development along transport corridors and directional travel patterns result in low seat renewal along the trip, further impacting returns.

Fare leakage, especially prevalent when conventional ticketing systems are used, further erodes returns. Poor regulation and inadequate law enforcement allow illegal competition to undermine the urban transport system.

Institutional fragmentation of the public transport function across rail, bus and minibus taxi modes also poses a significant challenge. Urban municipalities do not have a mandate or funding for rail or legacy bus services. Therefore, they often implement new services, even though upgrading the existing systems may have been cheaper or more appropriate.

In most instances the government subsidy is not enough to cover operational expenses. The operational subsidy only covers indirect operational expenses such as road maintenance and institutional and oversight costs. Municipalities are not permitted to use government subsidies for direct operational expenses such as drivers' salaries and fuel. Instead, municipalities have to cover these costs which are much higher than anticipated. Given the long-term liability associated with the 12-year operator contracts, the impact on municipal budgets is significant.

Projected operational shortfalls of urban transport networks are well in excess of what most cities can afford. This puts an untenable financial burden on the municipalities and weakens transport system development.

There is an increasing awareness that the current approach to public transport improvement is not sustainable. Much can be done to address transport funding gaps in cities. Their solution is three-pronged.

First, there should be a concerted effort to manage costs. The wall-to-wall system envisaged by the Public Transport Strategy of 2007 has very high operational and infrastructure costs. This approach replaces existing operators, largely minibus taxi

owners – a state of affairs that results in complex and costly transition and empowerment concerns. This full replacement approach is not affordable, and misses an opportunity to leverage existing operators, as opposed to replacing them. Some cities are starting to consider ‘hybrid’ approaches that include existing operators. Others are trying to phase in subsidized bus operations and infrastructure more incrementally.

A second strategy that should be investigated is transit-oriented land and property development. It is vital to create demand patterns that will result in bi-directional travel and seat renewal – both instrumental in increasing fare revenues. Due to apartheid-era spatial development, travel distances in South Africa’s cities are long and travel occurs primarily in a single direction and during peak periods. Transit-oriented development would help to create land use patterns that are able to drive a more sustainable demand for transport.

Thirdly, public transport functions should be consolidated in well-capacitated municipalities, as envisaged in transport policy. Currently, municipalities have control over public transport planning but do not have authority over the implementation of all modes of public transport on their network. This lack of consolidation creates massive challenges for those who are tasked with co-ordinating public transport effectively.

Commuters also suffer as a result. They often have to use two or three modes of transport – minibus taxis, buses and trains – to get to one destination, with each mode requiring a separate payment. The lack of consolidation makes public transport potentially unaffordable for most of the poor.

If South Africa wants to develop a world-class transport system serving all its people, national government will have to take strong action to implement transport policy. Vested interests in public transport should not be allowed to hinder progress in transport development.

Ghalieb Dawood is Manager of Provincial Budget Analysis at the Financial and Fiscal Commission

<https://mg.co.za/article/2017-07-24-00-public-transport-are-we-getting-it-right>

