Critical analysis

The slow progress being made with the roll-out of South Africa's public transport systems and the new kilometre-based subsidy system which has stifled growth of the commuter bus industry, have been heavily criticised by the country's foremost expert on public transport, Professor Jackie Walters, writes UDO RYPSTRA

Slow progress is being made with the implementation of public transport policy in the country and, while South Africa has policies which are comparable to others in the developing, and even developed world, they lack in many respects – funding to support the policies, and the human capacity to introduce, monitor and adjust policies.

These are just some of the criticisms of Government's handling of public transport, expressed by Professor Jackie Walters, special advisor to the South African Bus Operators Association (SABOA) in his overview of the South African bus industry which he gave at SABOAs annual convention at the CSIR conference centre in Pretoria recently.

"This lack of real progress does not only impact on operators through an uncertain business environment, but also on the public at large, which is, in general, denied quality public transport services. Due to rapid rise of cost of living owing to exceptional increases in electricity, fuel, the introduction of carbon taxes on new car sales, education costs, and general inflation, it is expected that the public would turn to alternative forms of commuter transport to get to and from work. We need to deal fundamentally with the public transport industry so that existing and future generations can benefit from it," he said.

Walters, who is head of the Department of Transport and Supply Chain Management at the University of Johannesburg, and the Director of the Institute of Transport and Logistics Studies (ITLS-Africa), said although no visible large scale progress was made with public transport policy implementation, some progress was made on a number of issues impacting on policy implementation.

One was the updating of the Public Transport Networks (IPTNs) and IRPTNs which dealt with bus rapid transit (BRT) systems, he said, referring to the Rea Vaya Phase 1A BRT operation which was handed over to a taxi management company that had the majority shareholding in the operation. This was the first of this kind of development in the country.

In other areas, progress was being made with BRT planning. The Gautrain route between Sandton and Oliver Tambo International Airport also became operational just before the World Cup. The remainder of the system was to become operational towards the middle of the year.

"Regarding commuter bus transport, however, little progress has been made. Almost all operators function by way of limited permissions, through interim contracts and extended tendered contracts until the IPTNs are ready to be implemented. At this stage there is little indication as to when this will happen. There are various complexities that still need to be resolved before these plans can be implemented."

Many operators were also operating extended, and even in some cases, extensive commuter bus services without being subsidised in an effort to serve local communities. "This is going to be one of the complexities of implementing IPTNs as these services that are currently not funded through the subsidy budget will have to be included in future operational designs."

Another difficulty that had only been touched upon, but not debated at any length, was how to include the taxi industry in future public transport designs so that neither the bus nor

taxi industries lost market share, or had to reduce operations, Walters said. “In discussions with the DOT it has been mentioned a number of times that services will rather expand than reduce in scope in the future and that no operator will face a reduction in services. In other words, there will not be job losses in the industry due to the design of integrated public transport plans,” Walters said.

The main issue at hand, however, remained the lack of funds to implement and operate acceptable public transport systems. The main aim of the recent conversion of the ticket-based subsidy system to a kilometre-based system through the Division of Revenue Act requirements, was to have a defined public transport budget within which bus commuter services had to operate.

“The net effect of this budgeting process is that growth in the industry is artificially stopped as the number of kilometres is held constant against an increasing demand for services. In addition, no new services (new routes) have been approved in the commuter bus industry (managed by the DOT) since 2002. With huge pressure on consumers to switch to public transport due to huge increases in fuel, electricity, and now toll roads in the Gauteng region, and also encouraged by the DOTs strategy documents and public statements, it is ironic that a major industry such as this one is not allowed to expand its services.”

Walters said that despite the lack of progress with policy implementation bus sales (mostly bus replacements) had increased consistently over the last number of years. This reflected a more positive mood in the industry but also the impact of the World Cup.

“If it wasn’t for the limitations on growth placed by the Division of Revenue Act amongst, especially, the interim contract holders, we would have seen an additional increase in bus sales.” Walters also criticised the high toll fees proposed for the Gauteng region, and which will be applied to other provinces at a later stage.

He said for the past few years road users in the Gauteng region had had to put up with major delays due to, firstly, traffic congestion as a result of overcrowded roads and, secondly, congestion caused by the upgrading of the 185 km (first phase) of the freeway network. “This project is now nearing completion and has made a marked difference in traffic conditions.

Professor Jackie Walters

Professor Jackie Walters holds a Doctoral degree in Transport Economics from the Rand Afrikaans University (RAU) - now the University of Johannesburg (UJ). His academic speciality includes public transport and aviation studies, as well as transport economics and logistics. Under his supervision 18 research-based masters and 13 doctoral students obtained their degrees. In addition to being the Chair of the Department of Transport and Supply Chain Management at UJ, he is also the Director of the Institute of Transport and Logistics Studies (ITLS-Africa), a research unit working in close collaboration with ITLS at the University of Sydney. In his academic career he has read papers at 84 conferences, published or co-published 36 articles, was involved in 22 conference proceedings publications, and has undertaken 46 research projects.

Recent research work focuses on the impact of policies on the development of the commuter bus industry, the public transport tendering system, as well as general overviews of developments in public transport in South Africa. Other recent research involves air cargo trends at Oliver Tambo International Airport (ORTIA), an economic impact analysis of SAs three major international airports and the development of an econometric forecasting model for airfreight, passenger and air traffic movements until 2022. He has also been a specialist adviser to the Southern African Bus Operators Association since 1989.

Table 1. Impact on tour/charter/coach operators

	N1, Section 20	N1, Section 21	N4, Section 1	N3, Section 12	N12, Section 19	N12, Section 18
Estimated bus/coach movements per month on the route	5760	6646	872	5240	7608	825
Monthly route km's generated on the route	191791	250896	29735	102955	112644	28994
Est annual additional costs as a result of a R 1,49c/km toll fee	R 3,429,223	R 4,486,020	R 531,661	R 1, 840,835	R 2,014,074	R 518,412

Note: Volume and off-peak discounts were not taken into account in the calculations reflected in the table. It is assumed that all operators will have e-tags fitted to their fleet to benefit from the 25% e-tag discount. The R21 freeway was not included in the survey but is also being tolled. In this exercise it was assumed that all the buses were <12,5m in length as the split of <12,5m and > 12,5m was not determined

Table 2. Impact on commuter bus operators

	N1, Section 20	N1, Section 21	N4, Section 1	N3, Section 12	N12, Section 19	N12, Section 18
Estimated bus/coach movements per month on the route	12064	7232	2872	1724	106	488
Monthly route km's generated on the route	105712	63120	6236	15216	1448	2664
Estimated annual additional costs as a result of a 74,26c/km toll fee	R 942,020	R 562,474	R 55,570	R 135,592	R 12 903	R 23,739

Note: In this table it is assumed that all operators will make use of e-tags and qualify for the 50% additional discount (some commuter buses are however longer that 12,5m thus resulting in the "C" size vehicle classification at significantly higher rates per km but this was not factored into the calculation as the split <12,5m and >12,5m was not determined) The R21 freeway was not included in the survey but is also being tolled.
It can be seen that the N1 sections 20 and 21 will have the most impact followed by the N3 Section 12 and the N4 Section 1.

Table 3. Overall estimated impact (by freeway section) on the bus and coach operators.

	N1, Section 20	N1, Section 21	N4, Section 1	N3, Section 12	N12, Section 19	N12, Section 18	Estimated total financial impact p/a
Estimated annual additional costs	R 4,371,243	R 5,048,494	R 587,231	R 1,974,427	R 2,026,977	R 542,151	R 14,5m

This will not last long, though, as traffic will begin diverting from other roads to the freeway system.

"One factor however could impact this diversion – the impact of exceptionally high toll fees. The toll fees of the new Open Road Tolling (ORT) system were announced early in February and will hit the consumer extremely hard. It will definitely have a negative impact on disposable income as many people will have to pay in excess of R1 000 per month to commute between Pretoria and Johannesburg, as well as commuting from the West to the East Rand.

"There is just no viable public transport system alternative at present for these commuters, although the Gautrain may be feasible for the north-south commuters. Many households also have more than one breadwinner doubling the potential impact." Walters said the impact would also be felt in the commuter bus industry. After a survey that SABOA conducted amongst its members in 2010 to determine the potential impact of the toll fees on respective companies, it was pointed out to the South African National Roads Agency Ltd (SANRAL), that improved public transport services were a strategic focus area of government in an effort to enhance the lives of the general commuting public. This was evident in the DOTs 2007 strategy documents as well as the Land Transport Act, he said.

"The industry lobbied SANRAL to be exempt from the toll fees. It was SANRALs view that the industry, like all other users, will benefit from the new improved roads (safety, travel speeds, lower maintenance and fuel costs), and that it had to pay something for the improved road system. In the absence of total exemption, SANRAL proposed a 50% discount for public transport operators, in addition to the 25% e-tag discount. This is welcomed but the impact will be felt by commuters as operators will be unable to absorb the high costs and will have to pass the increases on to passengers."

Walters said the tour/charter industry also did not appear to benefit from the 50% discount (in addition to the 25% for the e-tag) and would have to pay on average R1,48 per km to use the toll roads. Other than the commuter industry, the tour/charter industry would qualify for additional volume discounts. The imposition of the toll fees by SANRAL raises a number of questions that need to be answered. This is in the interests of the country as similar systems are to be rolled out countrywide using the same technology and probably following the same rationale for determining toll fees. Walters said the methodology used by SANRAL to determine the toll fees was not transparent. The agency was both an infrastructure owner and financier of developments, and it also determined user charges.

"Isn't it time that, similar to other state-owned monopoly services such as ACSA and the National Ports, that an independent overseer be introduced to determine the reasonableness of its toll regime?" he asked. "Gauteng is the economic hub of South Africa which benefits the country as a whole. Why can the impact not be softened by some Treasury assistance for the improvement of the freeways? At present the petrol levy is R1,67 per litre (Diesel R1,52), can a portion of the levy not be dedicated to roads?"

Walters argued that an additional fuel levy of 6c/litre would amount to about R1 billion per annum and that this type of levy would bring some relief to the road user and, throwing his weight behind the growing call for a ring-fenced road fund, he asked:

"What guarantee do we have that once the freeway system is paid for that toll fees will reduce to reflect maintenance and upgrade costs only? What guarantee do we have that toll fees collected in the Gauteng region will only be used on the Gauteng toll roads and not used to cross-fund developments elsewhere in the country?" ∎