

FINAL REPORT

MOPANI DISTRICT MUNICIPALITY

RATIONALISATION PLAN ON BUS TRANSPORT MOPANI DISTRICT

APRIL 2004



TITLE: MOPANI TRANSPORT PLANS

VOLUME 3: RATIONALISATION PLAN

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The Transport Plans for Mopani District Municipality comprise five volumes:

- a) Volume 1: Current Public Transport Records (CPTR) (prepared by Khanyisa)
- b) Volume 2: Operating Licence Strategy (OLS) (prepared by Siyazi Joint Venture, March 2004)
- c) Volume 3: Rationalisation Plan (RATPLAN) (prepared by Siyazi Joint Venture, March 2004)
- d) Volume 4: Public Transport Plan (PTP) (prepared by Siyazi Joint Venture, June 2004)
- e) Volume 5: Integrated Transport Plan (ITP) (prepared by Siyazi Joint Venture, July 2004)

Terms of reference

The Siyazi Joint Venture was appointed by the Limpopo Province Department of Transport on 4 February 2004 to conduct a Rationalisation Plan (Rat Plan). The Siyazi Joint Venture consists of the following companies:

- a) Siyazi Limpopo (Pty) Ltd that provides taxi-related input.
- b) Transport Economic Support Services (TESS) that provides bus-related input.
- c) Gaming for Future Enterprises that is involved with the financial analyses.

Although the Limpopo Province Department of Transport appointed the Siyazi Joint Venture it was stipulated that a strategy should be followed that would include all role players, with specific reference to the Mopani District Municipality. It was also necessary to ensure that this Integrated Transport Plan would comply with all Local, Provincial and National Government requirements.

**TABLED TO THE DEPARTMENT OF TRANSPORT IN POLOKWANE AND APPROVED
ON.....**

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EXECUTIVE SUMMARY

a) General

The Rationalisation Plan provided for passenger satisfaction, minimised competition between subsidised operators, guidelines to negotiated contracts, recommended routes and timetables, implementation program and a costing exercise for the implementation of the plan.

The end result should lead to a regulated, safe, affordable and reliable service to the Mopani district.

Focus was concentrated on subsidised bus operations, which can be regulated and controlled by the Limpopo Department of Transport

b) Summary

In general address the Rationalisation Plan possible route duplications, competition amongst subsidised operators and future negotiated contracts. Proposed changes to existing routes and timetables were addressed with different options proposed to eliminate future inefficiencies. With the Rationalisation of routes, it is recommended that the Nkowankowa operations presently operated by Great North Transport be transferred to Risaba Bus Service with the negotiation of contracts in the near future. The transfer of Nkowankowa routes to Risaba will lead to a possible saving of between one and two buses. This is due to Risaba already operating from Nkowankowa to Tzaneen. The transfer of the set routes will enable Risaba to combine buses operating to Nkowankowa with buses operating from Nkowankowa to Tzaneen.

With regards to carrying capacity it is recommended that all vehicles to be used in the negotiated contracts be standard 65-seated buses. At present some operators make use of midi (35 seated buses) in their vehicle fleet. Bearing the future taxi recapitalisation program in mind, the possibility of competition between buses and taxis, it would be wise not to create future competition but to minimise it to an expectable level.

In the outlay of the Policy on services provision, the existing policies (National NLTTA 22 of 2000 and Limpopo in Motion) were adopted as a short-term policy. The incorporation of the taxi recapitalisation program with existing bus operation needs to be addressed in the long term.

The Rationalisation Plan provides a framework for future negotiated contracts with existing subsidised and non-subsidised operations. The framework was based on existing specifications as laid down by National Department of Transport.

The impact of the Rationalisation Plan on the various modes of transport will be minimal as a good understanding between subsidised bus operators, Non-subsidised bus operators, scholar and mainline operators and taxis exist. Each transport mode has a duty place to full fill in the greater transport network.

Passenger satisfaction will and is the core around which transport plans should be designed. The Rationalisation Plan took this in mind. With the implementation of negotiated contracts, the following advantages to passengers will come into effect, new and safer vehicles, reliable service, better facilities, scheduled times adhere to, passenger forums through which complains and future fare increases can be addressed.

No major obstacles are foreseen with the implementation of the Rationalisation Plan, except for the financial implications that will follow with the implementation. It is essential that funding be obtain from all role-players, National, Provincial as well as Districts.

The Rationalisation Plan also addresses non-subsidised routes, which should be subsidised with the implementation of the negotiated contracts. Routes that will be effected is:

- Worker routes in the Phalaborwa area not subsidised.

CONTENTS

1.	INTRODUCTION	1
1.1	Background	1
1.2	Purpose	1
1.3	Objectives	1
1.4	Scope of work	2
1.5	Area under consideration	2
1.6	Methodology.....	3
1.6.1	Assessment of the CPTR information	3
1.6.2	Collecting of additional information	4
1.6.3	Development of a Framework for Subsidised service provision	4
1.6.4	Development of Rationalisation Strategies	4
1.6.5	Priorities Proposals and Implementation programme.....	5
1.6.6	Financial Implications.....	5
2.	ASSESSMENT OF CPTR INFORMATION	6
2.1	Stakeholder Identification (Subsidised Operators)	6
2.2	Non-Stakeholder Identification (Non Subsidised Operators).....	7
2.2.1	Contracts with Mines and other organizations	8
2.2.2	Rail Transport.....	8
2.3	Inefficiencies Identified in the Mopani District.....	8
2.4	Ineffectiveness identified in the Mopani District	9
2.4.1	Demand	9
2.4.2	Affordability	12
2.4.3	Reliability	13
2.4.4	SMME'S.....	13
2.4.5	Financial and Training assistance.....	13
3.	COLLECTION OF ADDITIONAL INFORMATION.....	14
3.1	Limpopo Department Of Transport	14
3.2	Risaba Bus Service	14
3.3	Great North Transport.....	14
4.	POLICY FRAMEWORK	15
4.1	Introduction	15
4.2	Short term goal	15
4.2.1	National Land Transport Transition Act (NLTTA 22 of 2000)	15
4.2.2	Limpopo in Motion	21
4.2.3	Long term goal	40
5.	RASIONALISATION, RESTRUCTURING AND EVALUATION	41
5.1	CPTR problem findings.....	41

5.2	Rationalisation of Existing Routes	41
5.2.1	Julesburg to Tzaneen	41
5.3	Non-subsidised services in the area	42
5.4	Freight transport	42
6.	PRIORITISED PROPOSALS AND IMPLEMENTATION PROGRAM.....	43
6.1	Prioritise proposals	43
6.2	Implementation program	43
7.	FINANCIAL IMPLICATIONS	45
7.1	INTRODUCTION.....	45
7.2	Implementation of Negotiated contracts (rationalisation of routes included)	45
7.2.1	Buses and Kilometers to be operated (See Annexure D, Table 4.1)	45
7.2.2	Existing subsidised cost	46
7.2.3	Proposed negotiated contract cost	46
7.3	Implementation of monitoring firms.....	48
7.4	Updating of rationalisation plan	48
7.5	Distribution of total cost.....	49
8.	BIBLIOGRAPHY.....	51

LIST OF MAPS

Map 1 Mopani subsidised routes

Map 2 Routes with possible competition

LIST OF FIGURES

FIGURE 1.

ABBREVIATIONS

MDM:	MOPANI DISTRICT MUNICIPALITY
MDTF:	MOPANI DISTRICT TRANSPORT FORUM
CPTR:	CURRENT PUBLIC TRANSPORT RECORDS
OLB:	OPERATING LICENCE BOARD
OLS:	OPERATING LICENSING STRATEGY
RATPLAN:	RATIONALISATION PLAN
PTP:	PUBLIC TRANSPORT PLAN
ITP:	INTEGRATED TRANSPORT PLAN

APPENDICES

APPENDIX A: SUMMARY OF SUBSIDISED ROUTES

APPENDIX B: ROUTE DESCRIPTIONS

APPENDIX C: TIMETABLES

APPENDIX D: KILOMETERS TABLE 4.1

1. INTRODUCTION

1.1 Background

The Mopani area was tasked for preparing a Rationalisation Plan for the region, which will form part of the Public Transport Plan and Integrated Development Plan (IDP). The area did compile Current Public Transport Records (CPTR) in 2003. The CPTR will form the basis of this Rationalisation Plan.

1.2 Purpose

The purpose of the Rationalisation Plan is:

- a) To eliminate inefficiencies within the subsidized bus system, which become apparent from an assessment of the applicable CPTRs.
- b) To create a framework for the restructuring of tendered bus contracts, taking
- c) Cognisance of the total public transport system and its modes, in order to obtain a more efficient and cost effective public transport system.
- d) To in the longer term also address the restructuring of all modes forming part of the public transport system, including inter alia rail concessions and the recapitalisation of the taxi industry.

However, during the rationalization and restructuring of land based public transport the impact on passengers should always be assessed and customer needs taken given priority.

1.3 Objectives

The objectives to be achieved through the development of the Rationalisation Plan are as follows. Refer to policy framework NLTTA Clause 25. (1).

- a) To rationalize within and between public transport modes;
- b) To determine the extent of subsidisation of services;
- c) To determine where and to whom subsidies should be targeted;

- d) To minimise levels of subsidy;
- e) To minimise competition between public transport services and operators (NLTTA Part 10 Regulated competition);
- f) To stimulate competitive bidding between public transport operators through the structuring of tenders;
- g) To ensure that passenger demand is met effectively and efficiently;
- h) To facilitate and promote modal integration.

1.4 Scope of work

The Rationalisation plan will mainly focus on the following key issues in the bus industry in the Mopani area

- a) Assessment of existing Subsidised services (CPTR Report);
- b) Collecting of additional information;
- c) Policy Framework;
- d) Rationalisation, Restructuring and Evaluation;
- e) Prioritised Proposals and Implementation programme;
- f) Financial Implications;

1.5 Area under consideration

The Area under consideration will be the Mopani District area, which includes the following Municipalities.

- a) Greater Giyani local municipality;
- b) Greater Tzaneen local municipality;
- c) Greater Letaba local municipality ; and
- d) Ba-Phalaborwa local municipality;

The area of operation in all four local municipalities consist of rural area operations, where the population is situated in villages surrounding the four main towns, The areas mainly concentrate on agriculture, industrial, businesses, and domestic and other services.

No subsidised bus services exist in the Phalaborwa area, rendered services also includes services to surrounding mines on a mine contract basis.

1.6 Methodology

The steps that will be followed in defining rationalisation options are presented below.

The methods selected are regarded as most appropriate given the time frame for this study. It should be noted that the most effort would go towards rationalizing the bus services in the Mopani areas of jurisdiction.

Tess and Deloitte and Touche have been appointed as transaction advisors to restructure Great North Transport in terms of the NLTTA. It should be noted that the outcome of this exercise would have a major effect on the Rationalisation Plan proposed in the region.

In fact the Rationalisation Plan, the Restructuring of Great North Transport and the bus tender contract system is very much interlinked and cannot be separated from each other as they inform each other.

The general approach was to focus on the supply of services as recorded in the CPTR of 2003 and specifically on the peak period and if possible, the peak within this period. Savings made to operations during this period have the biggest impact, because it represents direct savings as it reduces the peak vehicle requirement. The vehicle and associated fixed costs present almost 80% of the total cost of a bus operation.

1.6.1 Assessment of the CPTR information

The over- and undersupply of services by operators will provide the basis for concentrating our effort on those operations where the mismatch in terms of supply and demand is the biggest.

If possible the forward (inbound – home to work) and return (out - work to home) will be rationalized between different operators if at all feasible.

As a first step any trip that carries less than 40% of capacity will be cut and the possibilities of integrating different bus services will be addressed on a very coarse level.

The TPR 6 document makes it very clear that, in the short term, the assessment of the CPTR information should be based on issues such as duplication or competition between subsidized services (same market) or under- or over-utilisation of available capacity on the current supply of services.

1.6.2 Collecting of additional information

A thorough assessment will be done of the data collected as part of the CPTR process. As this was the first attempt at collecting the data in the TPR format it is possible that the process must be re-looked at in terms of value for money and the practicality of the data collected.

Although mentioned is made of the Subsidy Management System (SUMS) in the TPR 6 document, that avenue will not be pursued any further at this stage in the process as the SUMS system is not sufficient to develop a detail Rationalisation Plan.

Consultations with the relevant stakeholders, and in this case Department of transport and Subsidised Transport Operators are essential, in order to ensure that the stakeholders understand, contribute and except the Rationalisation Plan.

1.6.3 Development of a Framework for Subsidised service provision

A thorough assessment needs to be carried out to determine what has been developed for the area in question in the past and whether it is still applicable in the new dispensation.

It is critical that the development of a framework be done in an integrated manner with Land Development Planning, and be informed by the Integrated Development Plan (IDP) of the areas.

The TPR 6 document also stated that this step is not a requirement of the first rationalization plan. However, it is important to be aware of the policies that needs to be developed and if possible to start the process.

1.6.4 Development of Rationalisation Strategies

Rationalisation strategies for services, routes and trips for buses will be formulated.

As a start it is important to focus on the financial implication of the services currently being offered in the areas. The current scenario will be weighed against any future scenario in terms of the financial implication that it holds for the Council and the Department.

The focus will fall solely on bus transport and the strategies that will be formulated to bring about the biggest possible savings.

The possible impact on infrastructure and facilities will be assessed as far as possible. Should more capacity be needed on a certain route but the facilities cannot provide for the extra vehicles an assessment will be made of the cost implications of providing facilities for the increased capacity.

1.6.5 Priorities Proposals and Implementation programme

Proposals identified needs to be prioritised in sequence of importance, with the necessary implementation programme to support the effective use of the Rationalisation Plan.

1.6.6 Financial Implications

Budget and funding strategy

2. ASSESSMENT OF CPTR INFORMATION

2.1 Stakeholder Identification (Subsidised Operators)

From the CPTR the following four (4) Subsidised Bus Operators were identified in the Giyani, Modjadjiskloof and Tzaneen areas. No subsidized services are operative in the Phalaborwa area.

Operator	Area of Operations	Vehicles
Great North Transport	Giyani	32
Great North Transport	Tzaneen	67
Matole Bus Service	Kgapane/Modjadjiskloof/Mokwakwaila	15
Risaba Bus Service	Nkowankowa / Tzaneen	5
Total		119

The above information was based on the CPTR done in 2003. Changes to the operations from the above operators since then were not taken into account. The number of vehicles is based on existing operations. Consultation with the stakeholders indicated that a total of approximately 180 buses are presently operating in the Mopani District (Subsidised and Non-Subsidised)

The Department of Transport Limpopo Province currently subsidises all above operators on routes as indicated in annexure A.

Operational Area per subsidized Operator

SUBSIDISED BUS OPERATORS IN THE MOPANI DISTRICT MUNICIPAL AREA	
Subsidised Bus Operator	Operational Area
Great North Transport	Giyani
Great North Transport	Tzaneen
Risaba Bus Service	Tzaneen
Mathole Bus Service	Modjadjiskloof

Distribution of subsidised services

DISTRIBUTION OF SUBSIDISED BUS ROUTES PER LOCAL MUNICIPALITY IN THE MOPANI DISTRICT		
Local Municipality	Number of routes	% in relation with MDM
Giyani	29	27
Tzaneen	72	67
Modjadjiskloof	6	6
Total	107	100

2.2 Non-Stakeholder Identification (Non Subsidised Operators)

Non-susidised operators in the Mopani District mainly consist of;

- a) Scholar Transport
- b) City to City Operations (Tzaneen to Gauteng)
- c) Contracts with Mines and other organizations (Phalaborwa)
- d) Freight Transport (Cross Provinces and Border)
- e) Rail Transport

The following Non Stakeholders in the bus industry were identified

Operator	Type of Operations	Vehicles
Great North Transport	Workers (Phalaborwa)	30
Hlungwane Bus Service	Touring and Scholars	Unknown
Ramathwala Bus Service	Touring and Scholars	Unknown
Jimmy Mabunda Bus Service	Touring and Scholars	Unknown
Mhlanga Luxury Tours	Touring and Scholars	Unknown
Ngobeni Eric	Touring and Scholars	Unknown
Mathole trading as Moss Mat	Touring and Scholars	Unknown
Nonyane Bus Service	Touring and Scholars	Unknown
Mabuza B R	Touring and Scholars	Unknown
Mafemani Watch Mabuza	Touring and Scholars	Unknown
Lik Ndlovu Bus Service	Touring and Scholars	Unknown
Machochi Bus Service	Touring and Scholars	Unknown
Trans Limpopo Bus Lines	City to City	1
Mega Bus Service	Mine Contracts – Phalaborwa	23
Netshituni Bus Service	Scholars	3

2.2.1 Contracts with Mines and other organizations

Mega Bus Service presently operates to Phalaborwa mines on a mine contract basis.

2.2.2 Rail Transport

Spoornet is the owner of all the railway system in the Mopani District area. None of the daily commuters in the Mopani District Municipal Area is transported by means of rail.

The City-to-City operators fulfil this function on a daily basis. A huge demand for Transport exists on a daily basis to Gauteng.

2.3 Inefficiencies Identified in the Mopani District

Efficiency refers to the optimum use of available assets in order to render an affordable service to the community.

2.3.1 Duplication of Routes

No real duplication of routes exist on subsidised routes in the Mopani District, only minor competition between operators exist in areas between Great North Transport and Risaba Bus Service which originate as a result of the following:

Risaba bus service operating certain routes on a non-subsidised basis, which compete with Great North Transport subsidised routes. With the implementation of the negotiated contracts, existing competition will be eliminated as only subsidised routes can be negotiated.

Condition of buses presently operated by the operators. Great North Transport operates with new vehicles whilst Risaba bus services operate with old vehicles. The shortage of vehicles presently experienced by Risaba bus service contributes to passengers walking over to Great North Transport routes in order to make use of their services. It is expected that with the implementation of negotiated contracts that the mentioned competition will be eliminated.

2.3.2 Summary of routes where competition exist

Giyani Operations

No competition exist. One operator to the area.

Tzaneen operations

Nkowankowa to Tzaneen (due to vehicle condition)

Julesburg to Tzaneen (Risaba not subsidised)

Mamitwa to Tzaneen (Risaba not subsidised)

Modjadjiskloof operations

No competition exist. One operator to the area.

No real rationalisation of routes is necessary, as the competition that presently exists will be eliminated once the negotiated contracts are in place.

2.4 Ineffectiveness identified in the Mopani District

Effectiveness refers to service levels in accordance with demand, affordability, reliability, safety and reasonable travel times.

The CPTR report reflected no information on this regard. Consultation and investigations revealed the following.

2.4.1 Demand

Passenger demand in the Mopani district prevails from the rural areas around Thohoyandou, Sibasa and Makhado. Population densities are focused in villages, which is situated around the mentioned towns. Demand consists for services to these towns (workers and shoppers), schools in the vicinity (scholars), Hospitals and other community centers (casual).

Passenger demand therefore consist of the following:

- a) Worker Passengers
- b) Casual Passengers

- c) Scholars Passengers
- d) Other passengers

2.4.1.1 Worker Passengers

Worker passengers in the mentioned areas mainly commutes to the varies Towns (Giyani, Modjadjiskloof, Tzaneen, Nkowankowa and Phalaborwa) and industrial areas where they work. Commuting take place during the morning and afternoon peak hours, which basically consist of:

Morning peak:

Is the time period when all vehicles are operational and consist of the last bus in, till first bus out of operations during the morning peak?

0530 to 0700

Afternoon peak:

1645 to 1800

This form of commuting basically determines the capital requirements (buses), infrastructure (terminus) and efficiency (adhering to time Schedules) of an operator.

This is the only type of passenger transport that is presently subsidized by the Department of Transport. Future contracts and negotiated contracts also concentrate on this type of passenger transport.

Presently demand for worker passenger transport is basically met by the existing schedules operated by existing operators in the mentioned areas, except for the areas operated by Risaba Bus Service. This is due to a shortage of buses experienced by the operator at present. No need for additional operators exists. An increase in the demand can be accommodated through an increase of existing vehicles (buses) and trips where required. However control and monitoring of the service, upgrading of vehicles, facilities and roads needs to be looked at.

The basis of the Rationalisation Plan therefore focused on this form of commuting.

The following observations were made from the existing operations

That demand for transport in certain areas exceeds the supply of services. Areas identified where demand exceeds supply are in the Giyani, Tzaneen and Phalaborwa areas. This can be ascribed to a bus shortage experienced by Great North Transport and Risaba bus service. Great North Transport however is in process with a bus replacement program and at present already 57 vehicles in the Tzaneen area were replaced with new Scania buses. The replacement vehicles were moved to Giyani and Phalaborwa depots to assist. With the restructuring of Great North Transport and the implementation of negotiated contracts, it is expected that all existing vehicles will be replaced and demand will be catered for.

The basis of the Rationalisation Plan therefore focused on this form of commuting.

2.4.1.2 Casual Passengers

This form of passengers is based on an off peak operation, between morning and afternoon peak periods. Passengers basically travel to mentioned towns for shopping purposes, Hospitals and other community centers. The extend of services is determined by the availability of mentioned towns and public centers.

Presently demand for casual passenger transport is met by the existing schedules operated by the existing operators in the mentioned areas. An increase in the demand can be easily being accommodated through an increase of trips where required.

Taxis also play a major role in the transporting of casual passengers.

2.4.1.3 Scholar Passengers

This form of passengers are not subsidised by the Department of Transport, however the Department of Education do assist in certain Provinces.

Commuting is taking place during the morning peak period and afternoon off peak period. Scholars commute to schools in the area.

This type of passenger commuting usually creates difficulties to subsidised operators due to the following.

- a) A lower cash fare is usually charged

- b) Scholars commute during the morning peak period, which increase the demand for services and vehicles during the morning peak.

Presently demand for scholar passenger transport is met by the existing schedules operated by the mentioned operators in the area.

2.4.1.4 Other Passengers

This form of passengers consists of old aged pensioners and disabled passengers. The demands for transport from these passengers are low, but do exist.

No provision is made for vehicles that will assist with the conveyance of old and disabled passengers.

2.4.2 Affordability

The poverty that exist in the Mopani district, require that the costs of public transport service provision are kept at an affordable level. Due to the low level of household income in most of the district, there is a history of continued pressure from the community to keep bus and taxi fares low.

Annually cash fare increases are negotiated with the existing passenger forums in order to eliminate resistance.

A shortcoming in the Mopani area is the non-existence of a bus forum, where fare structures and other problems experienced by operators can be discussed between them. This would result in a uniform fare structure for the area, which at present do not exist.

The following remarks on existing fare structures can be made

That fare structures of some operators are not scientifically determined but rather on competitive principals.

2.4.3 Reliability

Conditions that contribute to an unreliable service

- a) The age and condition of existing vehicles (also addresses safety)
- b) The poor road conditions and non-availability of certain Facilities.

With the restructuring proses of Great North Transport in proses, new vehicles were implemented in the Tzaneen and Modjadjiskloof areas, with Giyani and Phalaborwa to follow soon. This contributed to an increase in reliability of services rendered for the Tzaneen area. Unfortunately this resulted in a competition with Risaba bus service, as the mentioned operator still operates with old vehicles. The implementation of negotiated contracts will solve this problem. The introduction of a vehicle replacement program with financial implications should be considered for Risaba Bus Service.

When Rationalisation of services and routes are considered, cognizance must be taken of the following points.

2.4.4 SMME'S

Basically all operators except for Great North Transport in the different areas are small operators belonging to the previous disadvantage group. Rationalisation should be done in such a way that these small operators would benefit from the system and not disappear.

2.4.5 Financial and Training assistance

Financial and Training assistance to Small operators where needed to eliminate previous Disparities. This will be addressed through the contract system.

3. COLLECTION OF ADDITIONAL INFORMATION

Additional information was collected from the Limpopo Department of Transport, relevant stakeholders, and personal observations.

3.1 Limpopo Department Of Transport

Relevant statistically information was obtained from the Department regarding subsidy amounts and subsidized routes.

3.2 Risaba Bus Service

Consultation with the operator revealed that the operator is of the opinion that certain routes presently operated by Great North Transport should be transferred to Risaba bus service to eliminate possible competition. The areas involved consist of Julesburg to Tzaneen and Mamitwa to Tzaneen. Investigations revealed that Risaba operates the said routes in question without subsidy, which makes Great North Transport the holders of the permits in the interim contract.

3.3 Great North Transport

The operator was informed of the purpose of the Operating license strategy, Rationalisation Plan, Public Transport Plan and the Integrated Transport plan.

Inputs from the operator indicated that competition between them and Risaba Bus Service only exists due to the condition and shortage of vehicles experienced by Risaba Bus Service. It is recommended that this problem be addressed as soon as possible.

The operator further indicated that the Phalaborwa operations operate without subsidisation. This to be looked at with the implementation of negotiated contracts.

3.4 Mathole Bus Service

Rationalisation of routes already took place in the Mokwawkwaila area. Mathole bus service operated to Modjadjiskloof on behalf of Great North Transport, and Great North Transport to Tzaneen. Due to possible duplication and competition the Tzaneen routes were also transferred to Mathole bus service.

4. POLICY FRAMEWORK

National (NLTTA 22 of 2000 and relevant guidelines)

Provincial (Limpopo in Motion)

District (IDP)

Local (IDP)

4.1 Introduction

The Policy Framework for the Rationalisation Plan is divided into a short term (one to two years) and a long-term plan (more than two years).

4.2 Short term goal

The short term Policy Framework will be, the adoption of the existing National (NLTTA 22 OF 2000) and Provincial (Limpopo in Motion) policies. Both policies address Regulated Competition within subsidised operations, Transport Planning and Law enforcement.

4.2.1 National Land Transport Transition Act (NLTTA 22 of 2000)

Regulated Competition

Subsidized service contracts

47. (1) After the expire of any interim contract or current tendered contract, if the public transport service that had been operated in terms thereof will continue to be subsidized, that service must be operated in terms of a subsidized service contract.
- (2) Only a provincial department, a transport authority and a core city may enter into a subsidized service contract with a public transport operator, and, subject to subsection (3), only if-
- (a) The service to be operated in terms thereof, has been put out to public tendering in accordance with a procedure prescribed by or in terms of a law of the province;
 - (b) The tender has been awarded by the tender authority in accordance with that procedure; and
 - (c) The contract is entered into with the successful tenderer.

(3) The Minister may in terms of procedures prescribed, in consultation with the MEC and the relevant transport authority, if any, grant exemption from the requirements of subsection (2) and allow that a contract be negotiated with an operator, once only, in respect of a service or part of a service if-

- (a) The negotiation of such a contract, in the opinion of the Minister, is necessary-
 - (i) To promote the economic empowerment of small business, or of persons disadvantaged by unfair discrimination; or
 - (ii) To facilitate the restructuring of a parastatal or municipal transport operator to enable it to-
 - (aa) Comply with section 48 or to discourage monopolies; and
 - (bb) Promote the economic empowerment of small business, or of 15 persons disadvantaged by unfair discrimination; and
- (b) The negotiation of such contract will not lead to-
 - (i) A substantial increase in the services being provided by the relevant parastatal or municipal transport operator;
 - (ii) More than the prescribed percentage of the total value of subsidized service contracts in the transport area or province in question being subjected to negotiated contracts under this subsection; and
 - (iii) The cost of the negotiated contract, calculated in the prescribed manner, being substantially higher than what would have been the case were the service subjected to competitive tendering under similar terms and conditions;
- (c) The service for which the negotiated contract is contemplated is not at the relevant time, and has not previously been, the subject of a current tendered contract or a contract negotiated under this subsection;
- (d) The contract to be negotiated complies with all requirements prescribed under subsection (4) (a), is substantially in the form of the model contract documents contemplated in subsection (4) (b) and has a maximum validity period of five years;
- (e) The provincial department, transport authority or core city, as the case may be, prepares a business plan that-
 - (i) Sets out how the negotiated contract will be implemented; and
 - (ii) States how the requirements of this section have been complied with; and
- (f) The public transport operator concerned may not for a period of such negotiated contract calculated as 80 percent of the period, beginning on the date of commencement thereof, be party to any other current tendered contract or subsidized service contract, or another contract negotiated under this subsection; and

- (g) The contract provides that the operator must, by a date stated in the contract, which may not be later than two years after the date of commencement thereof, be majority-owned by persons disadvantaged by unfair discrimination.
- (4) The Minister must, in consultation with the MECs-
 - (a) Prescribe requirements for tender and contract documents to be used for subsidized service contracts which will be binding on contracting authorities unless the Minister agrees that an authority may deviate from the requirements in a specific case;
 - (b) Provide model tender and contract documents, and publish them in the Government Gazette, for subsidized service contracts as a requirement for contracting authorities, which may not deviate there from unless this is agreed to by the Minister.
- (5) In performing their functions under subsidized service contracts, public transport operators must comply with all applicable labour legislation and industry agreements, road traffic legislation and other relevant laws, and the model tender and contract documents mentioned in subsection (4) must provide for sanctions to enforce such compliance.
- (6) Where the Minister wishes to act under subsection (3), the Minister must give notice in the Government Gazette of the intention to do so, with particulars relating to the proposed action, and allow interested persons to make comments or representations relating thereto within a time specified in the notice.
- (7) The Minister must consider any comments and representations received before deciding to proceed with the proposed action.

Requirements to qualify as tenderer for commercial service contract or subsidized service contract

48. (1) To qualify as a tenderer for a commercial service contract or a subsidized service contract, an operator and, where appropriate, any person or entity exercising ownership control over an operator, or performing services on behalf of, or in the capacity as agent of, an operator-
- (a) in the case of an unscheduled service must be registered with the Registrar of the province in which the relevant contract is to be performed, where this Act or a replacing provincial law requires such registration; and
 - (b) must conduct public transport operations according to business principles with financial ring fencing; and
 - (c) must be liable to pay income tax, subject to subsection (2), and furnish proof to the satisfaction of the competent tender board or authority that the operator is registered as a taxpayer under the Income Tax Act, 1962 (Act No. 58 of 1962).

- (2) A municipal or parastatal transport operator who does not comply with subsection (1) (c) may qualify to be awarded a subsidized service contract, once only in respect of a particular service, where-
- (a) the service was operated by such operator on 1 October 1996; and
 - (b) the service was not previously subject to an interim contract or a current tendered contract.
- (3) The Minister may prescribe additional requirements or qualifications for public transport operators to qualify as tenderers for subsidized service contracts or commercial service contracts.
- (4) For the purposes of subsection (1) (b), an operator is financially ring-fenced if-
- (a) the business of the operator's undertaking is conducted separately from that of another entity or undertaking or any other organization;
 - (b) the operator keeps separate accounting records, in accordance with generally accepted accounting practice and procedures, of its assets, liabilities, income, expenditure, profits and losses;
 - (c) the operator's undertaking is financially sustainable in terms of its financial statements; and
 - (d) the operator has no unfair advantage as regards access to financial or other support or resources from any organ of state, unless such advantage is part of a scheme which applies generally, approved by the Minister, to protect or advance public transport operators disadvantaged by unfair discrimination.
- (5) For the duration of a commercial service contract or subsidized service contract, an operator and, where appropriate, any person or entity exercising ownership control over an operator, or performing services on behalf of or in the capacity as agent of an operator, must-
- (a) keep separate record, in accordance with generally accepted accounting practices and procedures, of his or her or its financial position, performance, flow of funds and change in financial position;
 - (b) undergo an annual audit by a person registered in terms of section 15 of the Public Accountants' and Auditors' Act, 1991 (Act No. 80 of 1991), as an accountant and auditor, and engaged in public practice as such;
 - (c) comply with the requirements of subsection (1);
 - (d) not enjoy an unfair advantage emanating from an organ of state, but that any advantage emanating from a subsidized service contract is not deemed to be an unfair advantage for the purposes of this section.
- (6) For the purpose of this section-

- (a) “ownership control” means the ability to exercise or to influence substantially the exercise, of any of the financial and operating policies of an operator so as to obtain a benefit from its activities; and
- (b) “unfair advantage” means, but is not limited to-
 - (i) the receipt by an operator of any direct or indirect benefit, including funds, resources, donations, grants, consideration or other advantage, whether financial or otherwise, which is not available on the same terms and conditions to all other potential operators;
 - (ii) the direct or indirect guarantee or honouring of any of the obligations of the operator, including the arrangement or facilitation of the granting of any such loan;
 - (iii) the direct or indirect provision of a loan bearing no interest, or interest at a substantially lower rate than would be available commercially to a similar operator under similar conditions, or a loan in respect of which interest payments are deferred for a period of more than six months, including the arrangement or facilitation of the granting of any such loan;
 - (iv) allowing an operator to make use, or failing to prevent an operator from making use, of any public resources, including infrastructure, property, facilities, assets, human resources, systems, expertise or intellectual property, or facilitating such action, which would not be available to another similar operator on the same terms and conditions.

Withdrawal of operating license or permit in rationalization of public transport services

51. (1) (a) When a planning authority proposes to rationalize the operation of the public transport services in its area or where a transport plan reveals that there is a surplus of public transport services on a particular route, as a result of which an existing non-contracted public transport service is no longer required, the planning authority must use its best endeavours to offer the holder of the operating license or permit in question any viable alternative service or services in the place of the existing service,
- (b) Such an offer may not be refused unreasonably by that holder.
 - (c) Where the offer of any viable alternative service or services has been accepted-
 - (i) the holder of the existing operating license or permit must apply forthwith to the board in accordance with this Act and applicable provincial laws for the granting of the necessary operating license or operating licenses with regard to the alternative service or services;

- (ii) the planning authority must forthwith furnish its recommendations to the board;
 - (iii) that holder must surrender the operating license or permit for the existing service to the board when it has decided the application.
- (2) (a) If the planning authority is unable to offer any viable alternative service or services to the holder of the existing operating license, or such holder has refused to accept such alternative service, that authority may apply to the board to withdraw the operating license.
- (b) The board, upon receipt of such an application, in writing, must notify the holder of the existing operating license accordingly, and request the holder to furnish reasons, within the time mentioned in the notification, why the existing operating license should not be withdrawn.
- (c) If, after having considered the application and the reasons and representations, if any, furnished by the holder of the existing operating license, the board is satisfied that the operation of the public transport service to which the existing operating license or permit relates, is inconsistent with the proposed new public transport plan, the board may withdraw the existing operating license or permit.
- (d) The effective date of such withdrawal is when the relevant plan becomes operative or a date six months as from the date of the board's decision, whichever occurs last, and the board must by written notice inform the holder of the existing operating license or permit accordingly.
- (3) Where an operating license or permit is withdrawn in terms of subsection (2), the planning authority is liable to pay fair compensation to the person who was the holder of that operating license at the time of its withdrawal, for loss suffered as a result of the withdrawal, unless-
- (a) that holder unreasonably refused the offer of an alternative service;
 - (b) there are good grounds which, in terms of this Act, justify the withdrawal of that operating license;
 - (c) the public transport service to which that operating license relates on the route or routes in question, is supported financially or operated by a municipal transport operator that is not yet financially ring fenced or is funded wholly or partly by the State; or
 - (d) that holder has failed to register as a taxpayer in terms of the Income Tax Act, 1962 (Act No. 58 of 1962), where such holder is required by that Act so to register.
- (4) That compensation must be calculated in accordance with guidelines determined by the Minister in consultation with the MECs, and published by notice in the Government Gazette, and must be best suited to the

circumstances and conditions prevailing in the province, and the Minister in consultation with the MECs must prescribe a minimum amount of such compensation.

- (5) A notice in terms of subsection (2) (c) must be sent to the holder of the withdrawn operating license or permit within the period and in the manner as prescribed by the MEC so as to give that holder sufficient opportunity to submit a claim for compensation and which must, in the manner so prescribed, set out in detail the manner in which the claimed amount is calculated and substantiate the amount claimed.
- (6)
 - (a) The planning authority and such a holder must use their best endeavours to reach agreement on the amount of the compensation within the guidelines determined by the Minister in terms of subsection (4).
 - (b) Should the parties fail to reach agreement as to such an amount, they may approach any competent court having jurisdiction to decide the matter.

4.2.2 Limpopo in Motion

Regulation (Chapter 4)

Requirements for a New Regulatory System

Whilst there is no doubt about the need for efficient technical and traffic regulation, which is being restructured through the RTQS system, there is also consensus that economic regulation should be restored fully as far as public passenger transport is concerned. The focus is rather on the optimum economic balance within the regulatory system; and secondly the logistics of the regulatory system in terms of what extent of regulation should be applied, what mechanisms should be used, how should it be enforced, what supporting systems should there be, how should it be financed and what role should the transport providers themselves fulfil, etc.

There are mainly three important elements proposed in the new regulatory system:

- * Firstly, a set of effective regulating statutes and an institutional structure with sufficient powers, support systems and well thought through mechanisms that would effectively manage the regulatory system;
- * Secondly, an implementation program supported by strict law enforcement measures and sufficient human resources that would ensure the success of the regulatory system;
- * Thirdly, a process that is aimed at the development of the transport industry in general and the taxi industry specifically, that aims at transforming an ill disciplined culture and informal environment into a more acceptable and financially feasible industry, requiring specific skills to ensure the safety of passengers.

Implementation of the Future Regulatory System

The real essence of economic regulation involves:

- * the determination of the optimum number of permits or operating permissions on a specific route or corridor;
- * to consider which routes or corridors are to be subjected to economic regulation and to declare some routes free from regulatory measures;
- * to differentiate between routes and operating permissions that would qualify for financial support.

The above policy instruments should be part of the process to formulate the transport plan, which should then be used as basis for the issue of permissions. Once this is done the problem remains on how to rationalise, through regulatory measures, the current situation with the optimum position. For this purpose the economic regulatory system should be linked with the law enforcement function specifically with regard to criminal offences within the transport industry such as acts of violence, or technical and traffic offences.

In view of the oversupplied taxi market, it is justified to withdraw an operating permission based on criminal and other serious or recurring technical traffic offences. This is one way of rectifying the economic balance in the public transport market. This above policy instrument should be co-ordinated closely with the management of appeal procedures and the dispute resolution process. Authority should be given to regulating bodies in this respect, also in terms of any other regulatory decisions, which could lead to disputes and conflict resolution. The Province should be given powers and resources to provide for such mechanisms.

Measures are to be introduced to control taxi ranks, especially with regard to the access given to legal permit holders to the ranks, the allocation of holding and standing areas to taxi operators, the provision of rank services, the powers of local authorities and individual taxi associations in the management of taxi ranks, as well as the financing and cost recovery of expenditures on taxi ranks. From a control and economic regulation point of view, it is advisable to link taxi rank permits with normal operating permissions and to ensure more direct involvement from the authorities in the management and regulation of taxi ranks.

The principle of validating a public transport operating permission as a permanent authority to an operator, should be regarded on equal terms as any authority that is extended for trading purposes. The same principle applies to whether or not such a permit is transferable to another person. In this respect the same rules should apply when a new permission is issued to a newcomer in the industry. To assist in the regulatory process, some technical requirements are to be specified, in terms of:

- * detailed specifications for route descriptions and how they should be described on the operating permission itself;
- * the technical specifications to produce or display a permission on a vehicle;
- * the linking of defined routes with ranks and other transfer facilities or depots as the main origin or destination point for a route.

Formalisation, Structuring and Unification of the Industry

A review of the status of taxi associations is required and also the role they should play in the regulatory process. Continuous splintering of the industry is part of the lack of uniformity and ill discipline. The industry, as a recognised mode of transport did not succeed to become a well organised industry. Yet, the taxi industry insists on some form of self-regulation; whilst, as a counter argument, it is problematic to introduce such form of regulation and at the same time enforce a very strict official regulatory system.

The current circumstances require that the official taxi structures need more enforceable powers.

The validity of using differentiated statutory definitions and non-standard regulatory measures between buses, minibus taxis and metered taxis, is to some extent questionable; also in terms of different types of vehicles. Such statutory definitions could influence the natural evolution of lower capacity vehicles to higher capacity vehicles; and also because the statutory compartmentalisation of minibus taxis versus buses contributes to the unnecessary fragmentation and lack of unity in the public transport industry, which also inhibits the integration of transport services.

The above arguments however do not eliminate the need to regulate specific types of vehicles to be recognised as safe and suitable for public transport. Such policy instrument specifically refers to the use of LDVs to operate as taxis as well as the technical design of vehicles that would be used for public transport.

Administration of the Regulatory System

Registration of taxis should also be extended to include all regulated road transport operators, including the bus and metered taxi operators. A focus is also placed on the recognition and registration of those operators that are currently not legal permit holders but have been operating for some time. The feeling amongst the taxi industry is that these operators must be recognised and they should become legal permit holders.

Following the registration procedures, a public transport data bank is required with different files and/or separate registers for drivers and owners; vehicles; associations and umbrella bodies; ranks, transfer facilities and depots; public transport routes and off-street facilities. Such information should be included as prescribed contents of the transport plan.

There is a need to simplify the regulatory procedures, specifically the extent and number of individual documentation in terms of the operating authority itself, rank permits, driving licenses, the certificate of fitness, etc.

The cost of regulatory administration requires that the level of fees, for operating permits and ranking permits, be controlled by the provincial and local authorities. The same applies to the cost of the renewal of permits and the transfer of permits. Fees are to be standardised to avoid disputes and allegations of discrimination amongst various communities by the local authorities. These measures should be rationalised within the total regulatory system.

Qualification for - and Allocation of Permits

Provincial guidelines, criteria and specifications are to be formulated for the following policy instruments:

- * Qualifications for new market entrants.
- * The maximum number of permits to be allowed to one legal person or individual.
- * Taxi associations are allowed to own taxi permits only if they are registered as legal tax paying institutions.
- * To disallow public servants, especially law enforcement officers, to own permits.
- * Proof of membership of a professional institution or recognised umbrella body or association to qualify for an operating permit.
- * The residential address of an applicant to qualify for an application of a specific permit.
- * The status of recommendations from local authorities and umbrella bodies or associations in the allocation of operating permits.
- * The issue of temporary permits under unusual circumstances.

Cross-Border Regulation

The provincial transport authority must be equipped with powers to control and regulate all transport movements in its area of jurisdiction. However, because transport services reach across borders, close co-operation with the other authorities involved in these issues is essential.

Land Transport Policy Objectives

Service Provision and System Development

- * Establish a balanced, integrated multimodal transport system.
 - * Promote public transport and discourage private transport.
 - * Ensure affordable public transport.
 - * The needs of all transport users must be accommodated, including workers, scholars, disabled, unemployed and senior citizens.
 - * Review the role of public sector operators regarding service provision.
 - * Review the future role of rail transport and establish a rail transport system in the Province.
 - * Existing rail operations and facilities that are used for goods transport and long distance passenger services should be utilised more optimally by using it also for public transport and rail corridors should be strengthened and extended.
 - * All modes of transport to be afforded equal opportunity in the market.
 - * Optimise the utilisation of existing infrastructure and services.
 - * Promote affordable means of alleviating the mobility problem in rural areas, including the use of bicycles, motorcycles and animal drawn transport.
 - * Ensure the most appropriate mode of transport for different circumstances.
-
- * Introduce the principle of a network concept, consisting of concentration and modal integration points that are developed as economic activity nodes; as well as corridor, feeder and distribution services between these nodal points.

- * Co-ordinate the planning of public and private transport.
- * Integrate and co-ordinate the provision of public transport services through scheduling, fare structures etc.
- * Monitor the levels of service provision.

Financial Objectives

- * Apply financial resources as an instrument to achieve the objectives of accepted policy principles.
- * Eliminate unwarranted intervention in the market by means of financial support.
- * Direct financial support to make public transport more affordable to all users.
- * Remove unfair financial inequities, imbalances and discrimination towards sub-regions, users and operators.
- * Allow for warranted financial differentiation to specific groups, operators or regions.
- * Extend financial support to the passengers and the community and not to the operators.
- * Provide financial mechanisms to all modes, passengers and sub-regions.
- * Encourage, where possible, service provision independent from government financial support.
- * Discourage subsidised long distance services. Strive for uniformity of subsidy mechanisms and levels of subsidy.
- * The transport authority responsible for specific subsidised services, should also be empowered to be responsible for funding and financing.

Purpose and Targeting of Subsidies

- * Financial support to be employed in support of policy objectives on the following grounds:
 - + assistance to provide social support to less privileged members of the community who cannot afford the full cost of transport;
 - + assistance to maintain an adequate level of transport services to sustain economic development of the Province;
 - + financial support for technical reasons such as alleviating traffic congestion;
 - + assistance as a means of phasing the arrangements;
 - + financial support to promote technological and management innovation;
 - + to encourage optimum utilisation of the most effective mode of transport;
 - + energy conservation and environmental protection objectives.
- * Prioritise financial support requirements in accordance with accepted policy criteria.
- * Ensure that the financial support would reach the intended beneficiaries.

Public Transport Fares

- * Regulate and control public transport fares.
- * Determine fare levels scientifically within affordability and financial feasibility criteria.
- * Simplify tariff systems.
- * Encourage integrated ticketing system, such as through ticketing.
- * Manage the implementation of fare increases to minimise the impact on passengers.
- * Determine acceptable affordability criteria.

- * Ensure equitable and balanced relationships between different modes' fare structures.

Regulation and Control

- * Ensure that order and discipline in the transport industry can be restored and passengers can depend on a safe and secure system.
- * Eliminate an over supply situation in the public transport industry.
- * Control and regulate to the extent necessary,
- * Regulate the transport system both technically and economically.
- * Enable operators to plan ahead for the provision of services.
- * Regulate the supply of services so as to avoid the waste of resources in the provision of unnecessary capacity.
- * Ensure essential services in rural areas where competition is not advisable.
- * Ensure that regulation will support national social and economic goals.
- * Discourage the use of private transport for commuting through regulatory measures.
- * Market entry should be regulated through appropriate criteria.
- * Ensure free, fair and open participation by all and make the transport market accessible for new participants.
- * Restrict constraints which prevent free competition and that certain groups are given unfair privileges.
- * Regulatory measures should be flexible to allow for different circumstances in different areas.
- * Manufacturing and service provision industries must be safeguarded against unfair competition, over protection and other harmful practices.
- * Subject all public transport operators to technical regulation, but those operators carrying passengers for reward should in addition be regulated economically.
- * Limit predatory competition between operators which may result in excessive risk-taking and unsafe operations.
- * Ensure suitable institutional structures to take responsibility for inter and intra-provincial and international transport regulation.
- * Ensure proper co-ordination and structured management between the regulatory mechanisms and planning and implementation structures.
- * Ensure proper consultation with the neighbouring provinces concerning cross-border traffic and regulation there-of.
- * Ensure that the administrative systems implemented for regulation are affordable, practical and enforceable.
- * Ensure proper empowerment through legislation, funding and human resources to enforce regulations.
- * Ensure that regulatory structures and administrative mechanisms be accessible to the transport industry on local level.
- * Provide structures for mediation, dispute resolution and appeals.

Land Transport Policy Statements

Land Transport Responsibilities

- * Public transport is an essential service to the community and of equal priority to the provision of housing, education and health services.
- * It is the responsibility of government to ensure an efficient, effective, safe, reliable and affordable public transport system; and that within limitations of affordability, financial support is accessible to all transport users that are in need of social support from government.
- * The extent of government financial support to the identified public transport priorities, is determined in accordance with approved social and other affordability criteria, which would specifically take into account the ability to pay. by the transport user and the ability of government to fund the needs within the framework of development objectives.

Land Transport Service Provision

- * Priorities regarding public transport provision and the allocation of limited government financial support to public transport users, are set in order of where the need for social and technical support is the greatest to specific groups of the community or specific areas or corridors.
- * Priorities for financial support to public transport are also set in terms of those travel purposes that would support government policy objectives relating to social needs and economic growth, reconstruction and development. Accordingly, the provision of- and financial support to public transport for the purposes of work, education, the transport of senior citizens and health reasons, are given preference to public transport for recreation, shopping, tourism and other less vital travel reasons.
- * No discrimination, inequities and imbalances in respect of transport provision and financial support there-of, are allowed outside the framework of the identified priorities, and the differentiated affordability criteria stated above.
- * A dedicated program is required to educate, retrain and re-deploy the participants in the transport industry, with specific attention to small and medium private enterprises, labour intensive practises and low-cost-high-impact solutions.

Ownership

- * No specific preference is given to private or public ownership of public transport operating institutions.
- * The ownership profile should be determined through criteria that would ensure (a) the best utilisation of scarce resources; (b) wider participation of the broader community; and also (c) the collective nature of assets and facilities that could dictate public ownership; (d) the availability of skills, capacities and resources in the respective sectors.

Financial Policy Statements

- * Financial implications of cross-border services are negotiated and co-ordinated with the neighbouring transport authority and if the request for services originates from another authority, then the financial responsibility could be negotiated according to prevailing circumstances.
- * Irrespective of the origin of the request for services and the agreement on funding, the

primary responsibility for planning and administration of subsidised services would remain with the transport authority where political responsibility and accountability must be given to the community.

- * Provision be made for those services where (a) price control of passenger fares would apply to ensure affordable fares to the passengers and to maintain a healthy economic demand and supply balance in the public transport industry; and (b) no statutory price control would be enforced, and for which the normal market forces should apply, especially those that do not receive any financial support from the government or those that are not classified and prioritised as essential social services.
- * Financial support towards subsidising public transport services only to be provided if such services and facilities are defined and quantified in an approved transport plan for the province, which in turn should reflect the policy objectives for the province.
- * Passenger fares to be set according to the passengers' ability to pay.
- * The economic cost of service provision is determined through negotiations with service providers, and/or tendering procedures or invited service provision proposals. Provincial norms and standards to be developed in this respect.
- * A general principle should be that tendered contracts should be pursued as far as possible, as prescribed by national policy, but that under special circumstances and ad hoc requirements, negotiated agreements can be made.
- * Discrimination of various modes to receive financial support be eliminated by applying the following procedure:
 - + A decision must be made which passengers should receive financial support through the specifications of the transport plan.
 - + Once a decision has been taken on where social support should be provided, only then a decision should be taken on what mode is best suited to provide the service.
 - + Value for money and other safety and technical criteria would then be specified and accordingly all modes of transport would be given the opportunity to be considered.
 - + Once a modal decision has been taken, then the Provincial Permit Board would decide who should provide the service. For this purpose long term and short term permissions could be granted.
 - + Subsidies would then be channeled through a specific mechanism that could either be through the operator or directly to the passenger.
- * The budget for public transport subsidies or other means of financial support, to be determined through the following procedure:
 - + The demand for service provision be determined and recorded within the guidelines of preparing a Transport Plan.
 - + Passenger fares be set according to the ability to pay principle.
 - + The total economic cost of service provision is determined, based on the specifications of the plan and the accepted cost and service norms and standards.
 - + Recording the financial implications of the first three steps sets the initial budget requirement for financial support.
 - + The preliminary subsidy budget implications are submitted to the Executive Council to consider the level of funding requirements.
 - + The submission should clearly identify the consequences if the subsidy budget cannot meet the stated requirements.
 - + When the subsidy budget is set by the Executive Council and a shortfall on funding requirements is unavoidable, the service provision plan should be reviewed by means of:

- Reducing service levels in terms of frequencies and rationalised or more economic routes;
- amending the modal split;
- or to explore opportunities to reduce the cost of service provision.
- + As a last resort the fare levels should be reviewed.
- + A revised budget requirement then is submitted for approval.
- * The financial support system is monitored in an accountable and transparent way that will reconcile the value of service provision with the policy objectives as reflected by the targets set in the Transport Plan.
- * Within the framework of pursuing a tendered contract system as far as possible; and that discretion should be used for those operators that find it difficult to participate in a tender system, the MEC can use own discretion to implement financial support mechanism(s) that are appropriate for local conditions. Such financial support mechanisms should have the capacity and the capabilities to achieve the objectives of approved financial policy principles.
- * The current financial support mechanisms to be transferred from central government, be reviewed and that the following forms of financial support mechanisms or combinations thereof be considered:
 - + Capital subsidy mechanisms in respect of fixed and operating assets, including transfer facilities and depots located in strategic positions and operating assets such as vehicles.
 - + Fixed subsidy amounts per vehicle, in accordance with the specifications of the transport plan and predetermined service provision conditions.
 - + The tendered contract system in a revised format that would suit the current circumstances; and which should be used as the main subsidy mechanism.
 - + User side mechanisms to be considered for specific areas or groups of passengers where more than the usual financial support is justified, especially in extreme poor areas or to the elderly and scholars.

Regulation

- * Both technical and economic forms of regulation are introduced to all public transport operators, whether or not services are provided in terms of the specifications of the transport plan.
- * Technical regulation should apply as a standard condition without exception to all public transport operators, whilst economic regulation should only apply where and when necessary; and the PTA to have the authority to declare a specific type of service, route or corridor a deregulated area or route where no economic regulation would apply.
- * Official registers be kept that would form part of the Provincial Transport Plan for permit holders, drivers, routes, ranks, depots and other transfer facilities, umbrella bodies and associations, in accordance with approved guidelines and systems introduced on national level.
- * All public transport operators, inclusive of legal and illegal taxi operators, bus operators and metered taxi operators to register, apply and re-apply for permits as public transport operators, of which these registrations would be taken up in a new provincial register for public transport operators. Current legal operators to submit their existing operating authorities as proof for application. Illegal operators should submit other forms of recognition by current recognised associations or rank permits.
- * Self-regulation to apply if such measures are contained in an official code of conduct and a standard accepted constitution that is part of the conditions of a statutory body for public

transport operators.

- * Proclamations by the Provincial Transport Authority to be issued in terms of:
 - + Specific type of vehicles that would qualify for public transport operations in accordance with specific technical and safety criteria.
 - + The maximum number of permits to be issued under specific circumstances.
 - + The disqualification of and withdrawal of an operating permit as a result of criminal offences and/or traffic offences and/or transgressions of a statutory code of conduct or constitution.
 - + The fees applicable to operating permits and rank and transfer facilities.
 - + The technical requirements of route descriptions that should appear on permits.
 - + The registration of main points of origin and destinations as official start and end points of routes.
 - + The display of permits or any other information or contents of the permit on the vehicle.
 - + Points where passengers can embark or disembark on any given registered route.
 - + The contents of a code of conduct for registered public transport operators.
 - + The procedures and conditions under which- temporary permits are issued.
 - + Differences between permits qualifying for financial support and those that do not.
 - + The amendment or withdrawal of permits issued during the previous dispensation which do not comply to the new specifications for permits.
 - + New market entrants to comply to specific rules and qualifications.
 - + The specific conditions under which issued permits can be withdrawn as a result of criminal, traffic or other offences.

- + Within the framework of the land use rights that already exist, the powers of the transport authority or its delegated agents with regard to the right of access and management control measures to be implemented at ranks and other transfer stations under public ownership, or any such facility that is deemed strategic of nature for public transport purposes which is not publicly owned.
- + Appeal and dispute resolution procedures
- + Any requirement or condition in terms of which financial support to any operator or passenger is given.
- * The Provincial Permit Board is responsible for considering all permit applications with an origin in its area of jurisdiction, under the following conditions:
 - + The applicant should be registered as an approved professional public transport operator,
 - + The relevant information in respect of the permit holders, drivers, routes, ranks and other transfer facilities, transport operators and other institutions, vehicle specifications, to appear on the permit application and that the application can only be considered if the relevant items are also contained in the authorising official registers.
 - + The route to be served form part of the PTP.
 - + The issuing of the permit should not result in the total capacity provided to exceed the required capacity for that route, in accordance with the specifications of the PTP.
 - + The applicant is not disqualified in terms of proclaimed requirements relating to criminal or traffic offences or transgressions in terms of a proclaimed code of conduct.
 - + The origin falls under the jurisdiction of the permit board.
 - + If the route's destination falls in another area of jurisdiction, the issue of the operating

- permit have been agreed upon with the other concerned regulating authority.
- + The applicant has submitted proof of access to a registered rank, transfer facility or any other registered point of origin.
 - + The applicant has submitted proof of driving permits, certificate of fitness and operator fitness and has registered as a public transport operator.
 - + The type of vehicle is approved to be safe and suitable for public transport operations.
 - * Promote applications to change the vehicle specifications from one type of vehicle to another type of vehicle with a higher carrying capacity.
 - * Metered taxi services be classified as a different type of transport service provided by taxis and buses, in respect of a limitation to the number of passengers and the right of admission to the vehicle; and that such specifications be contained in the permit.
 - * The bus and minibus public transport service is distinguished from the metered taxi in that the driver or owner cannot reserve right of admission to the vehicle unless a specific code of conduct, as proclaimed, is transgressed by the passengers.
 - * The issue of a public transport permit is an authority for a specific validity period given to an operator, which is also transferable within the framework of the normal requirements applicable to any new permit application, unless specific pre-conditions for the granting of the permit are specified by the regulating authority and/or specifications contained in the PTP which have authorised the issue of additional permits.
 - * The public transport permit be validated annually to ensure that the prescribed conditions are met and to enable the PPB to maintain the regulatory system.
 - * Operating permits to serve as rank permits at the same time on condition that the specified rank or ranks appear as points of origin and/or destination on the permit and that the ranking fees, if applicable, are paid together with the operating permit fees.
 - * Any legal person can apply for a public transport permit irrespective of membership of an association or any umbrella body, on condition that the applicant is registered as an approved public transport operator. The membership with associations must be encouraged as far as possible.
 - * Permit applicants that could have conflict in interest in any way, should not qualify for a permit (for example law enforcement officers).
 - * The recommendation, of local authorities or taxi associations for permit applicants to be approved by the Permit Board, to serve only as supporting documentation for consideration.
 - * Long distance operations be limited in terms of the points where passengers can be picked up and dropped.
 - * The PTA, in concurrence with the PPB and any other effected equivalent authority in neighbouring areas, to be empowered to forbid any public transport service in his area of jurisdiction that originates in another area of jurisdiction and for which an operating permit has been issued by another regulatory authority, if specific circumstances prevail.
 - * The Road Traffic Act and Supporting Systems (RTQS, NATIS, TMS) be accepted and implemented as the combined policy instrument for road traffic matters in the province.
 - * Formulate a dispute resolution and mediation strategy, based on guidelines for procedures to be followed, delegations and an independent panel of mediators and arbitrators; and a statutory transport tribunal.
 - * The dispute resolution and mediation strategy be managed by the Mediation Committee of the PTA and consideration be given to establish an independent statutory body for this purpose that could also take the responsibility of all appeals and disputes.

Policy Objectives (Chapter 9)

Traffic Control and Law Enforcement

- * Promote a law abiding and orderly transport environment.
- * Ensure sufficient powers, human resources, training and funding for enforcement of the law.
- * Ensure that the law enforcement agencies effectively police the area of transportation and to demand accountability on legally actionable grounds against insubordination and negligence in the ordinary court of the land.
- * Create legitimacy of law enforcement agencies.
- * Promote compliance with the law in all areas of transport operations.
- * Ensure improved administrative law procedures.
- * Decriminalise traffic offences.
- * Ensure access to the courts for all.
- * Ensure transparency and accountability in all transport and traffic related programmes.

Traffic Safety

- * Establish safe travelling conditions through safety orientated roads and facilities.
- * Protect public safety and vehicles.
- * Promote programmes for the improvement of organisational, financial, infrastructure, human resources and procedural matters and roadworthiness of vehicles.
- * Improve communication between law enforcement officials and public transport operators.
- * Introduce stricter vehicle and driver requirements, passenger liability cover and simplified regulations.
- * Secure resources for- and ensure the establishment of consistent, effective and visible law enforcement programmes.
- * Promote road safety through safety awareness programmes, education, training, engineering and enforcement of traffic legislation.
- * Maintain accident data management system and follow up on "black spots".
- * Introduce management information systems to support law enforcement.

Security and Violence

- * Aim for a crime and violence free transport system.
- * Ensure a well balanced allocation of powers between the authorities and the government to establish discipline within the industry, specifically the taxi industry.
- * Ensure effective statutory control over harassment of commuters, bus operators and their personnel, intimidation and assault or harassment at transfer facilities and ranks, malicious damage to property related to public transport vehicles, the disruption of traffic by blockade or other measures and the disruption of road transportation in general.
- * Control vandalism, violence, intimidation and the general disruption of transport activities.
- * Protect the public interest, safety and security.
- * Establish appropriate dispute resolution and appeal structures.

Policy Statements

- * Road Traffic Control and Traffic Safety are classified as essential functions.
- * The future provincial strategy should be based on a review and/or endorsement of the national statutes and systems in this regard which are devolved to the provinces (RTQS, NATIS and TMS). Based on this a comprehensive provincial strategy can be formulated on traffic management, safety and control based on increased resources, capacities and more visibility.
- * Within the framework of the possible establishment of a municipal policing agency as provided for in the South African Police Services Act, 1995, (Act 68 of 1995 Section 64) as well as Section 10D(1)(a) of the Local Government Transition Act, 1993 (Act 209 of 1993)), a transport control contingent should be established consisting of local authority and provincial traffic officers with integrated powers and responsibilities with regard to general road traffic matters, a road traffic safety program, public transport regulatory functions.
- * A provincial traffic safety strategy is required, inclusive of a training and media programme to educate the general travelling community and the transport industry; to be implemented by additional functional personnel that would execute the overall function in close co-ordination with the traffic control contingent.
- * An integrated road traffic information system must be established, including official registers of licensed drivers, vehicles and other statutory registers, accident data, traffic volumes and other relevant traffic data. For this purpose regional traffic control co-ordinating committees are necessary to co-ordinate the provincial traffic management strategy, the safety program and the data bank requirements with all local authority structures; with the province as convenor.
- * Guidelines, for further statutory proclamation, need to be formulated to decriminalise specific traffic offences, in collaboration with central government.
- * In collaboration with central government, dedicated courts of law for normal road traffic offences, integrated with economic regulation offences, should be established.
- * Technical guidelines are to be formulated for road infrastructure and traffic management system improvements that are aimed at traffic safety measures.

Planning and Information Requirements (Chapter 3)

It is important to ensure that all the individual elements of the comprehensive responsibility are drawn into an integrated structure consisting of recognised transport authorities on different spheres of government. Executing agencies including transport providers or operators, would act under the umbrella of transport plans approved by the recognised transport authorities.

For this purpose national guidelines and requirements have been approved by COLTO (Committee for Land Transport Officials) which are referred to as Transport Planning Guideline and - Requirement documentation (TPR and TPG documents). These documents are intended to provide standardised planning and information gathering procedures and are specifically designed to guide each provincial and regional transport authority in terms of the planning

process.

It is also important that transport planning processes be integrated with land use planning and that public participation processes be executed in a co-ordinated way

The lack of accurate and comprehensive information and the fact that data needs to be updated constantly will be addressed to establish a comprehensive data bank for transport information.

Policy Principles

- * Integrated transport and land use planning in accordance with the requirements of the Land Development Facilitation Act, 1995.
- * One single organisation responsible for transport planning.
- * Holistic, comprehensive and co-ordinated multi-modal transport plans for each of the districts in the Province; integrated into a provincial transport plan (PTP).

- * Commitment and involvement in the effective integration and co-ordination of the transport plans with other planning processes.
- * Densified development of corridors and nodes to enhance the effectiveness of a multi-modal transport system.
- * Preference to mixed land uses that will minimise travel distances and optimise densification, corridor and nodal development.
- * Local conditions should dictate the function and role of each mode.
- * Innovative transportation systems as long term solutions.
- * Accessibility to the main provincial centers through an optimum network of road and rail infrastructure and services.
- * Minimum service criteria based on sound principles.
- * The provision of public transport services, transport infrastructure and traffic control is an integrated and inseparable function.
- * Promotion of public transport and discouragement of private transport.
- * Emphasis on the provision of safe, convenient and affordable transport.
- * Maximum safety and security to public and private transport users.
- * Sufficient and comprehensive information to be kept regarding all transport modes and land use.
- * Optimum information standards within national guidelines.
- * Co-ordination of relevant information systems and data with all other levels of government.
- * Optimal use of information for management, planning and control purposes.
- * Accessibility and transparency of transport information to the community.
- * Communication programme integrated with processes for the formulation of development objectives, as prescribed by the Development Facilitation Act (Act 6) of 1995.
- * Healthy and co-operative relationships between all stakeholders (public relations).
- * Grass roots community participation in all planning processes.
- * Sufficient and efficient structures for consultation and participating in decision-making.

Institutional Policy Statements

- * The Northern Province Legislature assumes the full responsibility and powers relating to the

transport functions as provided for by the Constitution of the Republic of South Africa.

- * A strong Provincial Department of Transport (NPDOT) and associated structures will be developed, with sufficient human resources that can effectively take charge of the complete function.
- * On discretion of the MEC for Transport, in concurrence with the Executive Council, establish a statutory provincial transport authority consisting of a Provincial Transport Authority and Executive (PTA/PTE), supported by four permanent functional committees.
- * The PTA is the supreme transport authority of the Province; whilst the PTE together with a number of other dedicated agencies linked to it, is the provincial transport executing body, under administrative control of NPDOT.
- * Similar Regional or District Transport Authorities and Executives (RTA & RTE) on the local sphere of government, are to be established once the provincial transport structure has stabilised and has proved to function satisfactory.

- * The RTAs report to the local electorate and the PTA; and the PTA in turn reports to the Executive Council. The PTE would be rationalised or dissolved when the RTEs perform the majority of the executive functions.
- * The area of jurisdiction of a RTA could include a number or parts of local authority areas. The details of the devolution process regarding the local government transport structures, the area of jurisdiction, time program, responsibilities and powers to be devolved, are to be proclaimed.
- * The responsibilities and powers of the PTA are as follows:
 - + Formulation, monitoring and revision of provincial transport policy and legislation.
 - + Set provincial norms, standards, guidelines and minimum requirements.
 - + Formulate and promulgate transport regulations and other proclamations.
 - + Undertake or ensure the planning and implementation of provincial transport plans, including service provision, transport facilities and infrastructure.
 - + Consider, evaluate and approve RTA transport plans.
 - + Ensure, and where necessary undertake, the provision of public transport services.
 - + Ensure, and where necessary undertake, the planning, design, construction, and maintenance of transport facilities and infrastructure.
 - + The raising and management of funds through approved funding sources.
 - + The funding of approved public transport services, facilities and infrastructure; the management and maintenance there-of, research, human resources development, safety programs, regulatory functions or any expenditure that is aimed at the implementation and maintenance of the approved transport plans.
 - + Apply financial management techniques that are normally available to statutory institutions that are responsible for the execution of a technical function where financial resources are required.
 - + Impose levies.
 - + The co-ordination of the transport function between the various spheres of government and agencies; as well as amongst the related functional departments of state.
 - + Economic and technical regulation of all transport services, transport assets, public transport fares.
 - + Law enforcement, traffic safety, security and control.
 - + Conflict resolution.

- + Expropriate land that is necessary for the provision of transport facilities.
 - + Conduct research, studies and demonstration projects.
 - + Establish and maintain transport information.
 - + Allocation of transport responsibilities between provincial and local spheres of government.
 - + Assist in the development of human resources, facilities, management expertise and technology in transport.
 - + Community involvement and public participation in transport matters.
 - + Marketing and publicity for public transport and traffic safety.
 - + Any other responsibility and power required to perform the function.
- * The PTA/PTE (and also the local government transport authorities when they are established) governs and executes the comprehensive transport function in terms of the allocated responsibilities, as well as other powers and responsibilities which the Executive Council could delegate to the MEC for Transport from time to time.
 - * The MEC for Transport as political head responsible for the transport portfolio, is also the chairman of the PTA which is combined the supreme provincial transport authority. As political head, the MEC can on own discretion refer any decision which the PTA might have within its allocated powers, to the Executive Council.
 - * The PTA consists of members that will form the Provincial Transport Board (PTB), appointed by the Premier out of local government councilors, with the MEC for Transport as chairperson; assisted by four permanent functional committees that would have the power to form temporary committees or working groups to perform specific duties.
 - * The four permanent functional committees are:
 - + The Transport Advisory Committee, responsible for policy formulation, strategic planning and the macro monitoring of the execution of the transport function in the Province;
 - + The Mediation Committee is responsible for dispute resolution, arbitration and appeals;
 - + The Technical Committee is responsible for the operational planning, implementation, co-ordination, operational monitoring, traffic matters, community participation and public relations;
 - + The Financial and Administration Committee is responsible for all financing matters, budgeting, office administration and human resources.
 - * The members of the functional committees are to be appointed by the MEC, consisting of senior DOT and local government officials, interest groups, specialists on the subject to be appointed externally and community leaders.
 - * The PTA/PTE and functional committee management and administrative procedures, remuneration and voting powers are to be arranged through proclamation.
 - * The institutional arrangements to ensure proper co-ordination between the various transport authority bodies and executing agencies, can be through statutory proclamation or through general guidelines or other informal arrangements.
 - * The Technical Committee as well as the local government members in the PTA, are jointly responsible for all co-ordinating matters between the Provincial, Local Government and other transport agencies and operators.
 - * A Provincial Permit Board (PPB) be established that would be responsible for regulating the transport industry in an independent way, in accordance with proclaimed powers and responsibilities.

- * Members of the PPB are appointed by the MEC for Transport, in concurrence with the Executive Council, consisting of members of the community with appropriate legal, transport and commercial background; but which would exclude individuals or persons employed by institutions with vested interests in any transport operation that could submit applications for permits to the Board.
- * Establish Local Permit Administration Offices (LPAO) that would assume the executing functions of the Permit Board on a decentralised basis, under the control and authority of the PTE.
- * Integrate the administrative arrangements of the permit administration offices with the other local transport administrative functions, such as the local licensing and traffic departments, or the future local government transport authorities.
- * Establish a Provincial Transport Forum (PTF) as a non-statutory body, that consists of representatives of the provincial and regional transport authorities and other related provincial and local government institutions, transport operators of all modes, passenger or user organisations, organised trade and industry, the local community and labour.
- * The Provincial Transport Forum is responsible to facilitate the public participation, deliberations and general community involvement with regards to all transport matters, between the public sector, the private sector and the general public as users of transport. Similar local government transport forums are to be established.
- * The Department of Transport will fund the activities of the PTF and will provide a secretariat. The PTF would act independently with a Constitution and Code of Conduct approved by the PTA.
- * Recommend to National Government the introduction of a statutory professional body for any legal or natural person that applies for a transport permission to convey passengers on public roads. This body should enforce discipline in the industry through an approved code of conduct that would govern the actions of each transport operator. No operator without such professional status would be allowed to transport passengers. Should such professional body not be possible, other means of registration should be investigated.
- * Recognition of taxi associations, individual taxi operators or any grouping within the taxi industry or any other element of the entire transport industry, is only possible through the statutory professional body.
- * The parastatal bus company must be restructured to ensure that a monopolistic situation would not occur and that the four national criteria for public enterprises must be adhered to. Within the framework of the same national criteria, the Northern Province Government could also consider establishing a separate public transport enterprise that will be the owner and manager of all public transport assets of the Northern Province Government, such as depots, dedicated transport infrastructure and provincial inter modal transfer facilities which need to be managed by a public transport enterprise.
- * The public transport enterprise(s) will be managed by a corporate head office, reporting to the MEC for Transport, which will appoint a Board of Directors in collaboration with the Executive Council.
- * The status of the public transport enterprise is that of a transport operator or asset manager and not of a transport authority and it would receive the same treatment from the transport authorities as any other transport operator would receive. No special powers would be allocated to the public enterprise which would not be possible for any other operator.
- * The Department of Transport, together with the transport authorities to be established on local sphere of government, be responsible for the strategic planning and implementation of all transport functions and activities in collaboration with the departments of public works and

land, housing and local government.

- * The transport planning process be integrated with land use planning and a multi-modal, area wide network approach be followed, based on sound principles and minimum service provision criteria and design standards.
- * All activities related to transport in the Northern Province that:
 - + includes public transport services by all modes, transport infrastructure, civil aviation, freight transport, traffic management, control and safety;
 - + is subject to economic and/or technical regulation;
 - + qualifies or apply for financial assistance;
 - + is of strategic nature or forms part of essential infrastructure in the Province;
 - + has an impact on land use patterns; be incorporated in a Provincial Transport Plan (PTP) in accordance with approved national guidelines and approved by the PTA.
- * As a general rule, private transport should form part of the transport plan to the extent that elements of private transport (traffic or facilities) that would be subject to economic and technical regulation and/or which would require public funding or government intervention in one way or another, be specified in the plan. The nature and level of detail to be specified in the plan for private transport could differ from that of public transport, based on the extent of government involvement that is required.
- * Within national guidelines, the minimum requirements, the contents of - and the process that must be followed, be formulated for the compilation of transport plans; inclusive of the integration of land use and transport planning, the public participation and community involvement procedures, the technical guidelines to be followed and the approval procedures prior to the submission to the PTA.
- * Within the framework of Constitutional competencies, the PTA be empowered to promulgate regulations, set levies and formulate minimum requirements, norms and standards with regard to parking bays and other facilities, loading/off-loading areas, vehicles entering specific areas, floor space ratios relative to transport capacities, technical design requirements of all transport infrastructure, the use of any transport facility, the reservation of the use of any transport facility irrespective of its ownership that may be deemed strategically important in terms of accessibility and general use by the public.
- * The PTP reflects the approved transport policy principles, inclusive of the prescribed planning process and technical principles.
- * The planning task be a combined provincial and local government responsibility but that initially, until the function has been established properly in the province, the planning function be undertaken by the provincial transport authority and executive.
- * Sufficient and effective expertise to plan and implement transport and land use be provided through a dedicated long term capacity building program at provincial and local spheres and that external assistance be used for the establishment of procedures, planning techniques, information and other supporting systems.
- * A comprehensive provincial information system on public transport and land use information be established and updated on a continuous basis.
- * The planning and implementation process be open and transparent and information and plans be accessible to the general public and transport role players that would be influenced by the transport plan.
- * The results of the planning process as contained in the approved PTP be subjected to appeal and dispute resolution processes.
- * The PTP be formulated on an annual basis containing a one year implementation plan, a

long term strategic plan with a five year implementation program updated annually. The PTA be given the authority to plan, implement and fund ad hoc urgent measures that are not contained in the approved PTP, but that are necessitated through unforeseen circumstances requiring urgent attention. Guidelines in this respect are to be formulated and approved by the

4.2.3 Long term goal

The long-term goal for the rationalisation plan will be the development of a policy framework for the integration of the recapitalisation program for taxis within the bus industry.

5. RASIONALISATION, RESTRUCTURING AND EVALUATION

5.1 CPTR problem findings

As discussed in chapter three (3), the following findings from the CPTR report are outlined.

- a) Possible competition amongst certain operators.
- b) Possible inefficiencies in the operational areas.
- c) Poor cost effectiveness.
- d) Non-reliable services.

5.2 Rationalisation of Existing Routes

The scope of work will focus on the areas where competition exist between Great North Transport and Risaba Bus Service. The following areas were identified where possible competition exist.

- Julesburg to Tzaneen.
- Mamitwa to Tzaneen.

5.2.1 Julesburg to Tzaneen

Both operators operate from Julesburg to Tzaneen making use of the same route. Great North Transport receives subsidies whilst Risaba operates on a cash basis to Tzaneen. According to the negotiated contract system only subsidised routes operated under the interim contract can be negotiated into a negotiated contract, which means that with the implementation of negotiated contracts, Risaba Bus Service will not be able to negotiate the said route into their negotiated contract.

On the other hand the route will be included into Great North Transports negotiated contract, Rationalisation of routes are therefore not necessary.

The impact of the above on Risaba bus service operations could however be fatal, and should be taken into account. I

It must also be noted that Great North Transport operates other routes that pass Julesburg, and that the transfer of the Julesburg route to Risaba bus service will create further competition problems.

It is therefore recommended that the Nkowankowa operations presently operated by Great North Transport be transferred to Risaba Bus Service with the negotiation of contracts in the near future. The transfer of Nkowankowa routes to Risaba will lead to a possible saving of between one and two buses. This is due to Risaba already operating from Nkowankowa to Tzaneen. The transfer of the set routes will enable Risaba to combine buses operating to Nkowankowa with buses operating from Nkowankowa to Tzaneen.

5.3 Non-subsidised services in the area

The information in the CPTR mainly concentrates on Subsidised Bus Operators, and information regarding Non-Subsidised Operators is therefore insufficient to make any conclusions.

However, the Mopani Transport District committee express their concern regarding organisations (Employees), transporting their staff by means of trucks. The general feeling was that legislation should be looked at in order to ensure that the transport of own employees are done in a safe and acceptable way.

5.4 Freight transport

Although the Rationalisation Plan mainly concentrates on the Subsidised Bus Transport, it is of utmost importance in the longer period to also include Freight Transport into the Rationalisation Plan, with emphasis on Regulations, Information systems and Law enforcement.

The main corridors in the area will be the main routes to Gauteng, Zimbabwe and Mozambique.

6. PRIORITISED PROPOSALS AND IMPLEMENTATION PROGRAM

6.1 Prioritise proposals

- a) Rationalisation of existing routes
- b) Incorporate non-subsidised services where possible
- c) Obtaining of necessary funds

6.2 Implementation program

- a) Implementation of contracts (negotiated contracts)

It is advised that the Department of Transport starts as soon as possible with the negotiation process towards negotiated contracts for the existing subsidised operators.

The attached timetables and route descriptions as in Annexure B + C can be used as a basis for the negotiated contracts.

- b) Implementation of monitoring firms (monitoring of services)

Once contracts are negotiated, monitoring firms to be appointed to monitor and advise the services rendered.

- c) Establishing and maintaining of passenger representative forums

With the assistance of the monitoring firms, passenger representative forums to be established per negotiated contract where needed.

- d) Updating of Rationalisation Plan on an annual basis for at least the next three years

In order to keep the information system up to date, annually updating of the Rationalisation Plan is necessary

e) Law enforcement

Implement sufficient powers, human recourses, training and funding for enforcement of the law

f) Developing of existing and new facilities in the area

Funding should be obtained for the development of existing and new facilities in the area.

Facilities that needs attention

Tzaneen terminus (Additional ticket office)

Modjadjiskloof terminus (No facilities available)

6.2.1) Time Frame

Project	Time Frame
Implementation of negotiated contracts	2005
Implementation of monitor firms	2005
Establishment of passenger forums per contract	2005
Updating of Rasionalisation plan	Per annum
Implementation of Law enforcement	2004
Developing of facilities	2005 – 2008

7. FINANCIAL IMPLICATIONS

7.1 INTRODUCTION

Financial implications for implementation of the Rationalisation plan, is based on the following:

- a) The implementation of negotiated contracts (Rationalisation of routes included)
- b) Implementation of monitoring firms
- c) Updating of rationalisation plan
- d) Development of existing and new facilities

7.2 Implementation of Negotiated contracts (rationalisation of routes included)

A total of five contracts were identified for negotiated contracts. Phalaborwa operations were included in the cost exercise.

7.2.1 Buses and Kilometers to be operated (See Annexure D, Table 4.1)

Vehicle and Kilometers comparison (per month)

Operator	Existing vehicles	Proposed Vehicles	Variance	Existing Kilometers	Proposed Kilometers	Variance
GNT - Tzn	67	64	-3	186810	177554	-9256
GNT - Giy	32	32	0	135624	131426	-4198
GNT - Phal	32	29	-3	93732	71195	-22537
Mathole	15	16	1	38151	38151	0
Risaba	5	9	4	10894	17957	7063
Total	151	150	-1	465211	436283	-28928

7.2.2 Existing subsidised cost

EXISTING SUBSIDY RECEIVED PER OPERATOR (existing costs)

OPERATOR	SUBSIDY PER ANNUM
GNT Giyani	3 320 094
GNT Tzaneen	16 145 005
GNT Phalaborwa	0
Mathole Bus Service	360 000
Risaba Bus Service	781 574
TOTAL	20 606 673

7.2.3 Proposed negotiated contract cost

Proposed negotiated contract costs for the Mopani District were determined according the proposed timetable as set out in annexure B (Timetables comply to contract specifications).

Contract specifications

- a) Only existing subsidised routes were taken into timetables.
- b) Trips operating with less than 40% of vehicle capacity were cancelled.
- c) Rationalisation of trips were competition exist.

Kilometers were determined according contract formats (see annexure D).

Existing contract costs were used as a norm to determine variable and fixed costs.

However it must be noted that the proposed costs are based on existing contract norms, timetables on existing information available, and rationalisation of routes on possibilities.

Detailed costs information from the different operators is not available and proposed costs should be seen as a guideline for budgeting purposes.

The following fixed cost parameters were used.

Proposed costs were based on the assumption that all vehicles will be replaced with the introduction of negotiated contracts. Very little information regarding the age of existing vehicles are available.

Cost Item	Price and %
New Vehicles per unit (standard buses)	920 000
Interest rate	13 %
Electronic machines per unit	26 000
Interest rate	13 %
Insurance per vehicle per year	41 400
License per vehicle per year	6 900

Personnel requirement.

Based on the following:

- a) Maintenance contract. The vehicle supplier will be responsible for the mechanical maintenance of the new vehicles. Therefore no mechanical staffs were included. Financial institutions usually prescribe this when they finance new vehicles to small operators.
- b) Personnel ratios. Based on existing contract norms of 3.1 personnel per operational bus.

Variable costs

Based on existing norms and supplier information.

PROPOSED COSTS (PER ANNUM)

OPERATOR	PROPOSED CONTRACT AMOUNT	EXISTING SUBSIDY RECEIVED	VARIANCE	RATE PER KILOMETRE R
GNT Giyani	12 605 800	3 320 094	-9 285 706	7.99
GNT Tzaneen	20 924 558	16 145 005	-4 779 553	9.82
GNT Phalaborwa	8 180 275	0	-8 180 275	9.57
Mathole Bus Service	5 818 925	360 000	-5 458 925	12.71
Risaba Bus Service	3 315 600	781 574	-2 534 026	15.38
TOTAL	50 845 158	20 606 673	-30 238 485	9.71

It is estimated that the rationalisation of routes, plus the implementation of negotiated contracts, will cost the Limpopo Department of Transport approximately R30.2 million per annum more than presently for the Mopani district.

The restructuring of Great North Transport will address the Giyani, Tzaneen, Modjadjiskloof and Phalaborwa areas. Risaba Bus Service will be the only operator left that still needs to be addressed.

The negative variance can be ascribed to:

- a) Phalaborwa operations not presently subsidised. (R8.1 m)
- b) Risaba bus services and Giyani operations operating with a shortage of vehicles. (R11.7 m)

The high rate per kilometer of R15.38 for Risaba Bus Service is mainly due to the low average kilometers operated per bus per month 1995 km, compared to an average of 2908 km per month for all operators, as well as the relative short distances operated per trip

7.3 Implementation of monitoring firms

Monitor firms to be implemented with the implementation of the twelve negotiated contracts. It must be noted that the cost estimates are based on existing norms and can differ as monitoring firms will have to tender for the monitoring contracts. The following costs are estimated costs and based on a price per tender. Lower tendered prices can be expected if tenders are based on combinations of contracts.

Proposed negotiated contracts	Estimated costs
TOTAL	650 000

7.4 Updating of rationalisation plan

Updating cost on rationalization plan will decrease per annum, as most of the information needed is already available. The focus in the updating of rationalisation plan will be based on the long-term goals not yet addressed.

Year	Estimated costs
2005	120 000
2006	120 000
Total	240 000

7.5 Distribution of total cost

Projects	Estimated costs	Responsibility
Negotiated contracts	30 238 485	Limpopo Department of Transport
Implementation of Monitoring firms	650 000	Limpopo Department of Transport
Updating Rasonalisation Plan	120 000	Limpopo Department of Transport
TOTAL	31 008 485	

Reference: Provincial Transport Policy (Land Transport Operations Chapter 5)

Financial Support Mechanisms

It is argued that the current central government bus subsidy system based on multiple ticket sales, is not suitable for the current demands.

A review of these financial mechanisms are imperative to ensure that appropriate support systems are provided that would promote the new policy directives, specifically in terms of the principle of non-discrimination towards modes; to accommodate less sophisticated operators and also to accommodate a large number of operators.

- * *“Government.....will contribute to the financing of services which are socially necessary, in a transparent manner.....in the form of appropriations, grants or subsidies to achieve an equitable distribution of resources, or as an incentive to provide services which are desirable in a broader social context...”*
- * *“Where public transport services require government funding support,competition will take the form of tendered contracts (competition on routes or networks will then be precluded)”*

Based on the above national policy guidelines, provincial governments are restricted to the application of tendered contract systems where and when financial support from government is extended towards social public transport services to be provided. Whilst there is agreement on the basic principle of a tendered contract system and that this principle should be pursued as far as possible, it is likely that the circumstances with

regard to passenger transport services in the Northern Province would require more flexibility for other possible mechanisms to be introduced in addition to the tendered contract system.

Financial support mechanisms that could be considered are:

- * Capital subsidy mechanisms that would provide financial support to all forms of capital assets that are used for public transport, ranging from fixed assets such as transfer facilities and depots located in strategic positions, to operating assets such as vehicles.
- * Fixed amount allocations to service providers per vehicle to ensure the provision of transport capacity in accordance with the specifications of the transport plan and predetermined service provision conditions.
- * A tendered or negotiated contract system such as those currently in use, but in a revised format that would suit the current circumstances. This system could perhaps be combined with the previous one, according to which tenders are invited for specific fixed amounts per vehicle. This principle can also be linked with the capital subsidy principle.
- * In some cases, user side mechanisms can be considered for specific areas or groups of passengers where more than the usual financial support is justified, especially in extreme poor areas or to the elderly and scholars.

Disparities

Against the background of national policy directives regarding the upliftment of the rural areas and unfortunate members of the community, the current central government financial support to public transport that is inherited from the previous government dispensation clearly indicates severe discrimination towards the Northern Province, relative to other Provinces.

This imbalance and inequity needs to be corrected and must be regarded as a priority issue to be addressed.

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