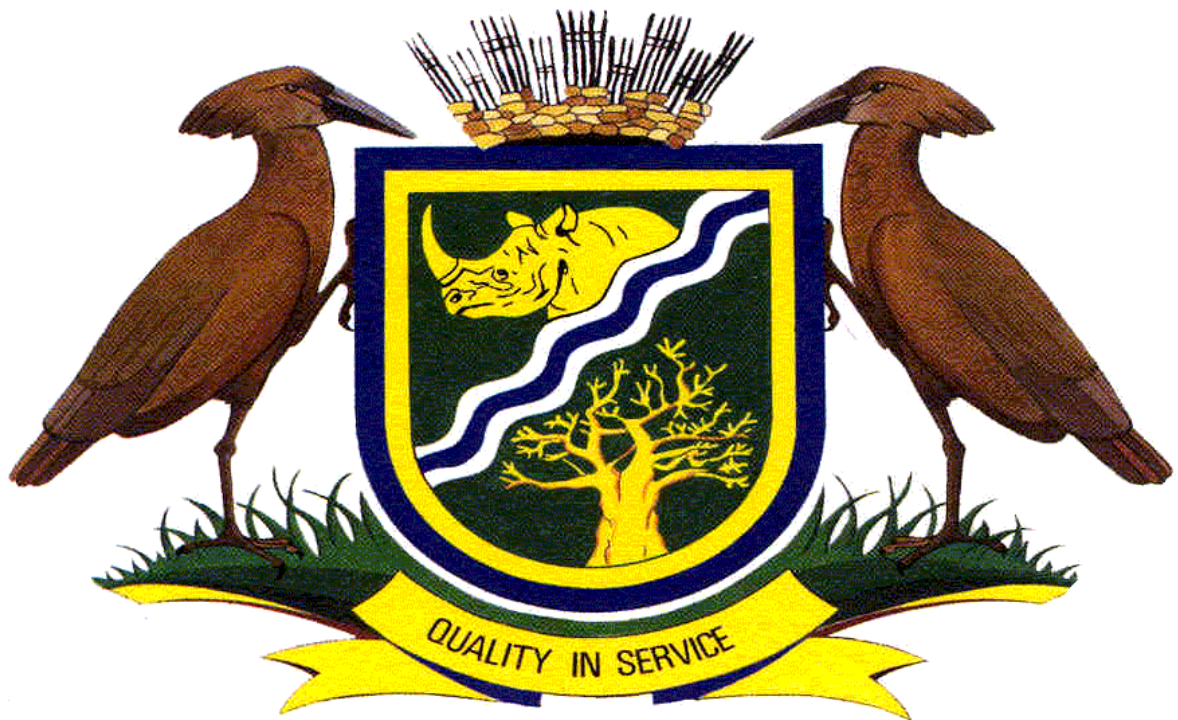

FINAL

VHEMBE DISTRICT MUNICIPALITY **SECOND RATIONALISATION PLAN ON BUS TRANSPORT**

NOVEMBER 2007



| <u>TITLE: VHEMBE TRANSPORT PLANS</u> | |
|--|--|
| <u>VOLUME 3: RATIONALISATION PLAN</u> NOVEMBER 2007 | |
| <u>Prepared for:</u> Vhembe District Municipality Private Bag X5006 THOHOYANDOU 0950 | <u>Prepared by:</u> Siyazi Limpopo (Pty) Ltd PO Box 11182 BENDOR 0699 |
| <p>The Transport Plans for Vhembe District Municipality comprise five volumes:</p> <ul style="list-style-type: none"> a) <u>Volume 1</u>: Current Public Transport Records (CPTR) (prepared by TT Transport Consultant & Zwashu Business Enterprise, December 2006) b) <u>Volume 2</u>: Operating Licence Strategy (OLS) (prepared by TT Transport Consultant & Zwashu Business Enterprise, February 2007) c) <u>Volume 3</u>: Rationalisation Plan (RATPLAN) (prepared by Siyazi Joint Venture, June 2007) d) <u>Volume 4</u>: Public Transport Plan (PTP) (prepared by Siyazi Joint Venture, June 2007) e) <u>Volume 5</u>: Integrated Transport Plan (ITP) (prepared by Siyazi Joint Venture, June 2007) | |
| <u>Terms of reference</u> <p>The Siyazi Joint Venture was appointed by the Vhembe District Municipality on 7 May 2007 to compile the RATPLAN, Public Transport Plan (PTP) as well as the Integrated Transport Plan (ITP) for VDM. The Siyazi Joint Venture consists of the following companies:</p> <ul style="list-style-type: none"> a) Siyazi Limpopo (Pty) Ltd that provides taxi-related input. b) Transport Economic Support Services (TESS) that provides bus-related input. c) Khosa Development Specialists for land use input. | |

EXECUTIVE SUMMARY

The Rationalisation Plan provides for passenger satisfaction, minimised competition between subsidised operators, guidelines for negotiated contracts, recommended routes and timetables, implementation programmes 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 Vhembe district. The focus was concentrated on subsidised bus operations, which can be regulated and controlled by the Limpopo Department of Transport

In the short term the Rationalisation Plan addressed possible route duplications, competition amongst subsidised operators and proposed changes to existing routes. This was addressed in the first Rationalisation Plan prepared by TESS (Pty) Ltd in April 2004.

In the medium term the Rationalisation plan will focus on the development of a framework for the design of future service contracts, taking cognisance of the total system, its mode and operators. The framework will consist of negotiated contracts with existing subsidised and non-subsidised operations and is based on existing specifications as laid down by National Department of Transport.

With regards to carrying capacity it is recommended that all vehicles to be used in the negotiated contracts should be standard 65-seated buses. In the outlay of the policy on services provision, the existing policies (National NLTAA 22 of 2000 and Limpopo in Motion) were adopted as a short to medium-term policy. The incorporation of the taxi recapitalisation programme with existing bus operation needs to be addressed in the short to medium term.

The impact of the Rationalisation Plan on the various modes of transport will be minimal as a good understanding exists between subsidised bus operators, non-subsidised bus operators, scholars, mainline and taxi operators. Each transport mode has a duty to fulfil in the greater transport network.

Passenger satisfaction should be 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 adhered to and passenger forums through which complaints and future fare increases can be addressed. Negotiated contracts will also benefit the operators as income and cost variables are relatively fixed. This will result in better planning and services rendered.

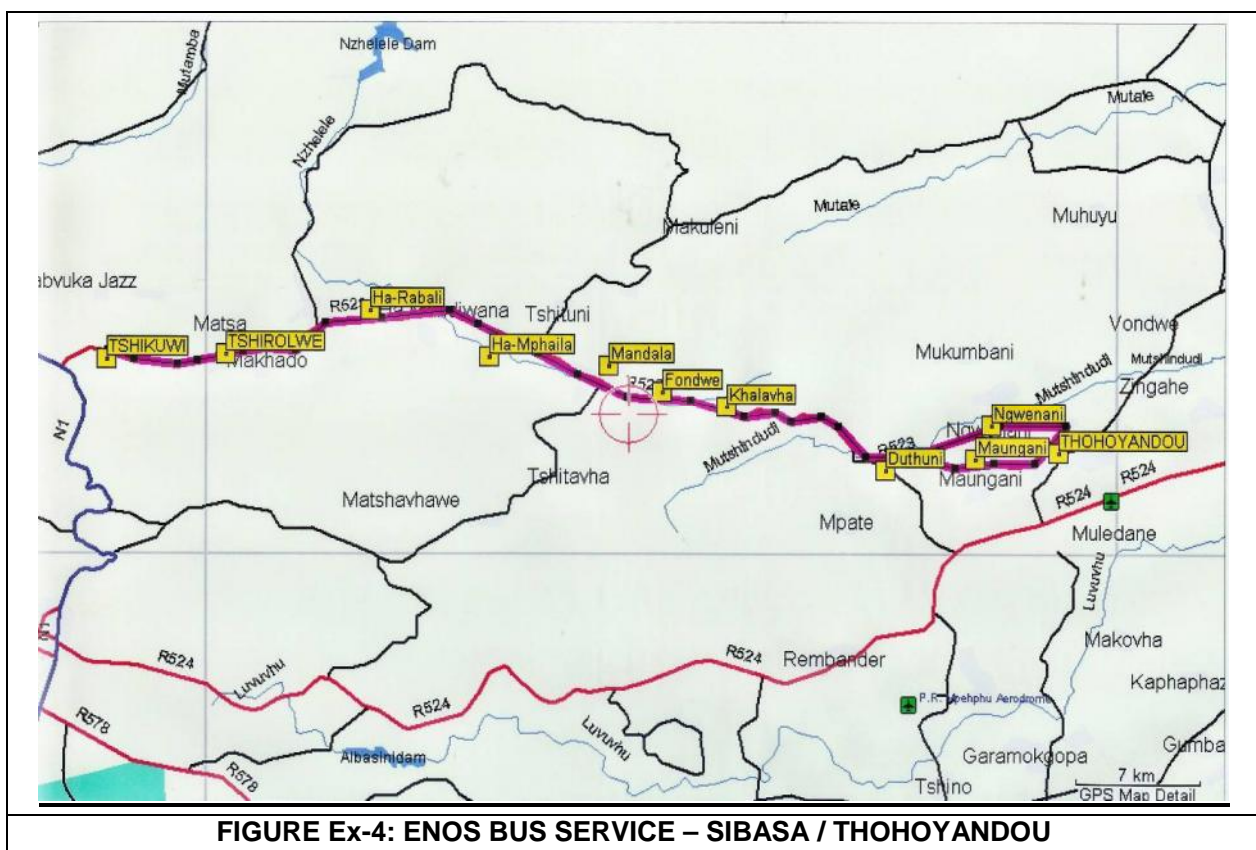
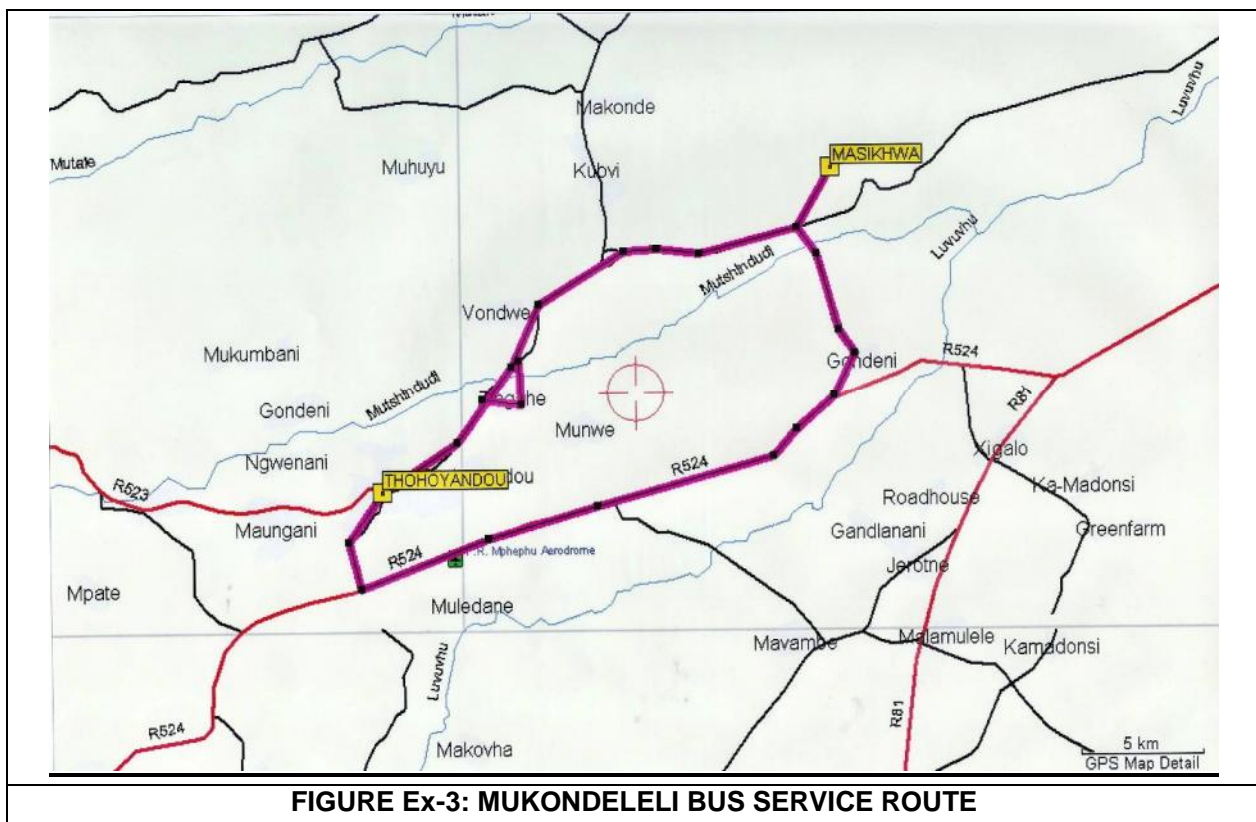
Some obstacles are foreseen with the implementation of the Rationalisation Plan: duplication of routes, which will be addressed in the Rationalisation Plan and financial implications that will follow with the implementation. It is essential that funding should be obtained from all role-players, i.e. National, Provincial and District.

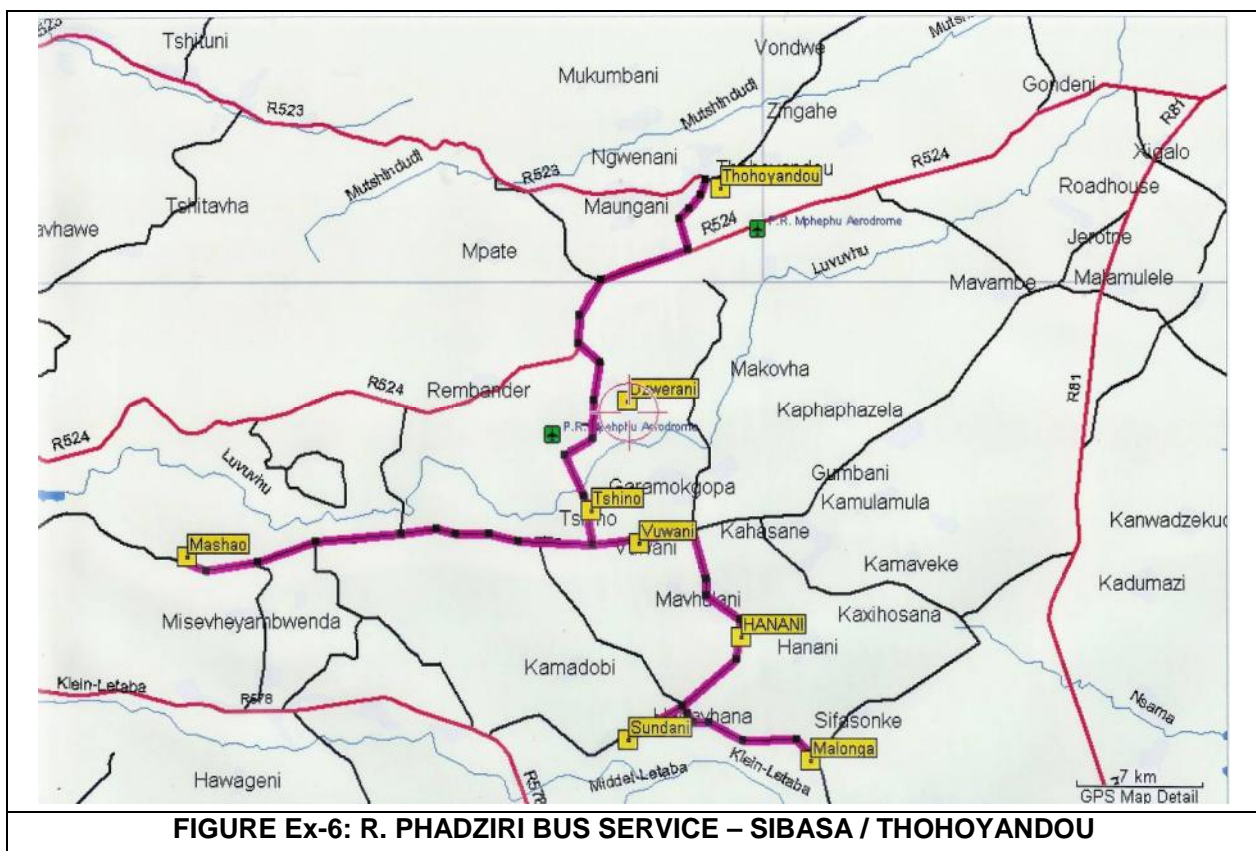
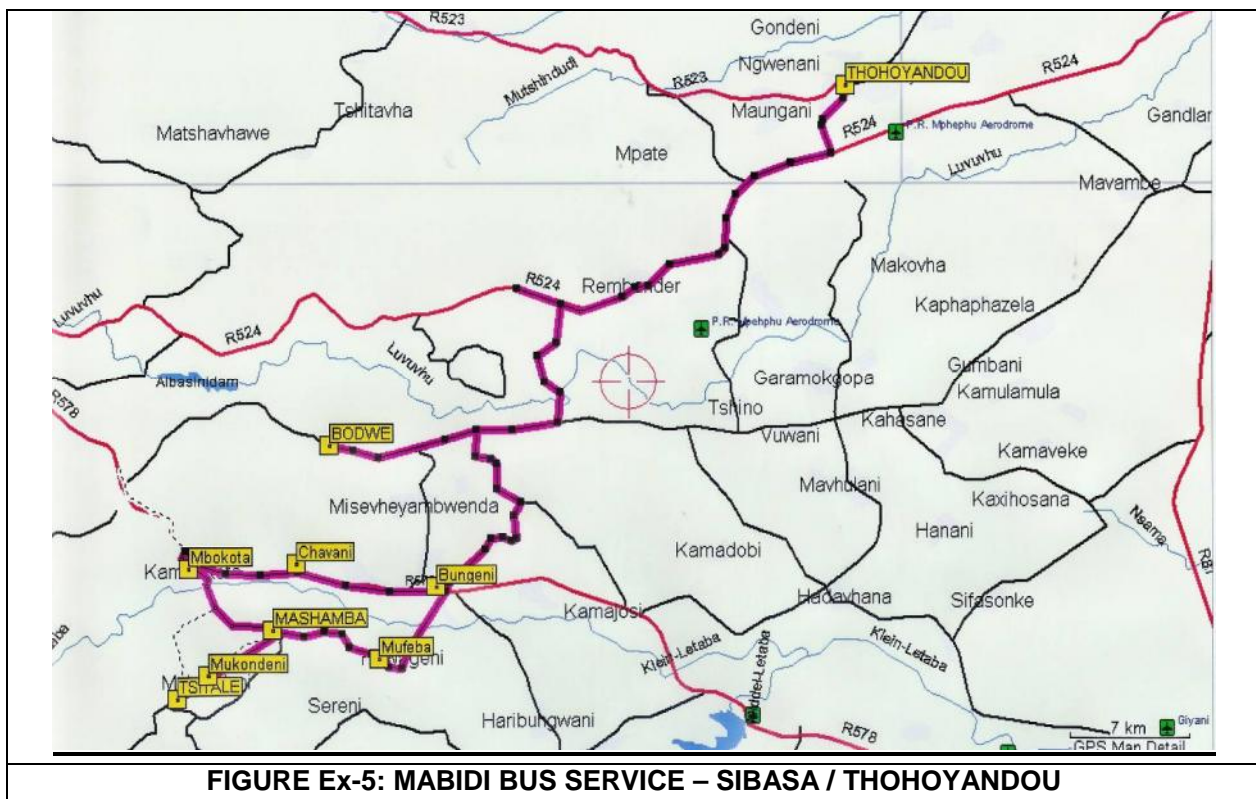
The Rationalisation Plan also addresses non-subsidised routes, which should be subsidised with the implementation of the negotiated contracts.

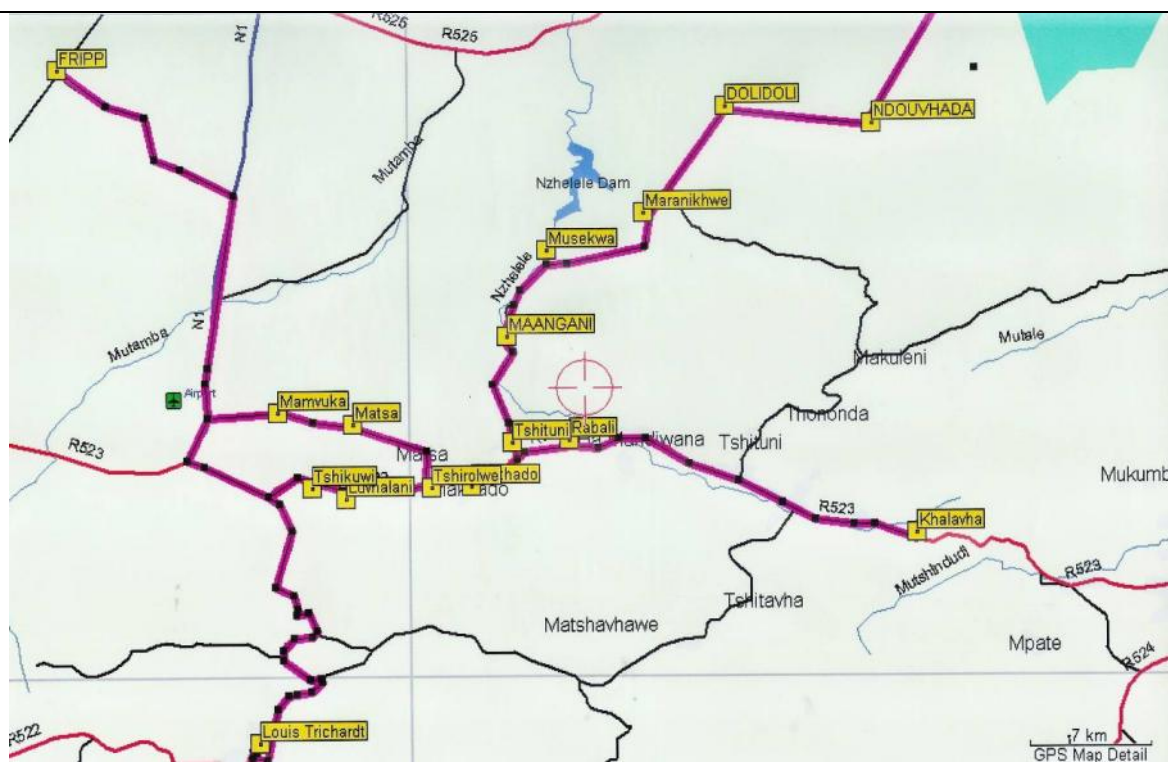
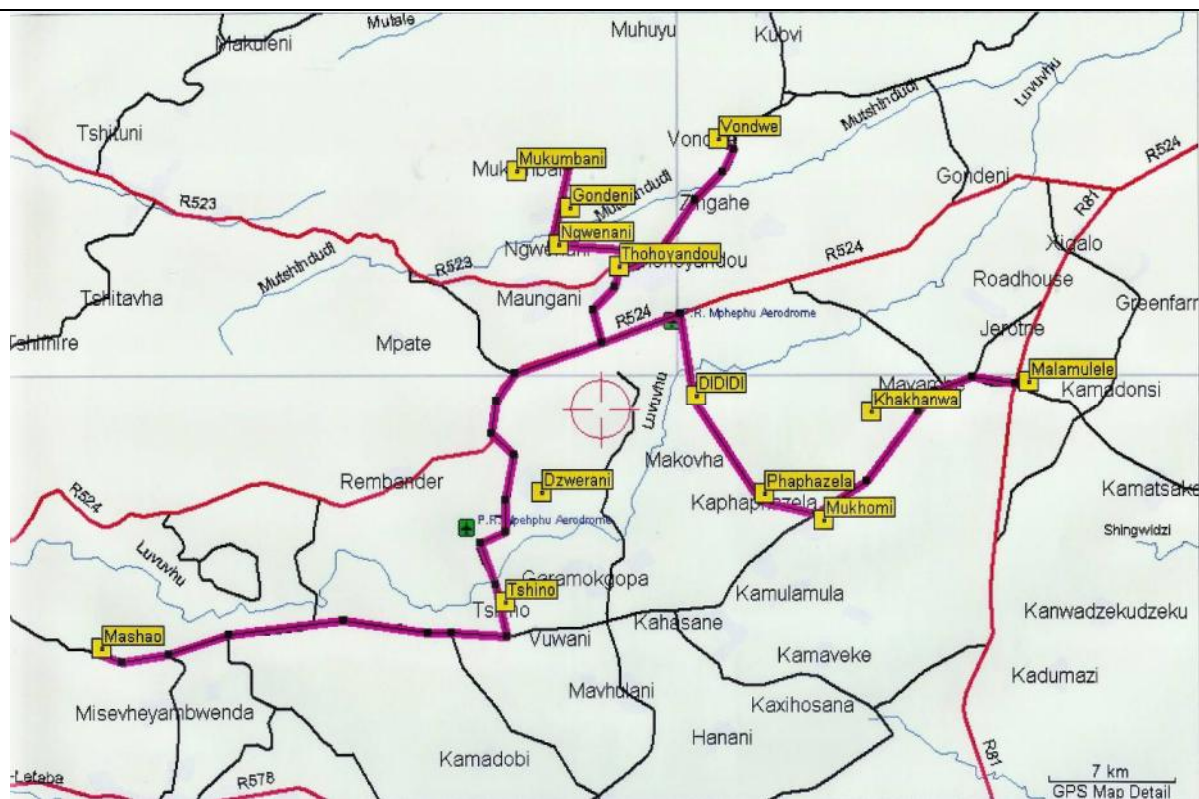
With regard to carrying capacity it is recommended that all vehicles to be used in the negotiated contracts be standard 65-seated buses. At present some operators make use of midi (35 seated buses) in their vehicle fleet. Bearing the future taxi recapitalisation programme in mind, the possibility

Existing subsidised public transport corridors, routes and services for Vhembe District Municipality.









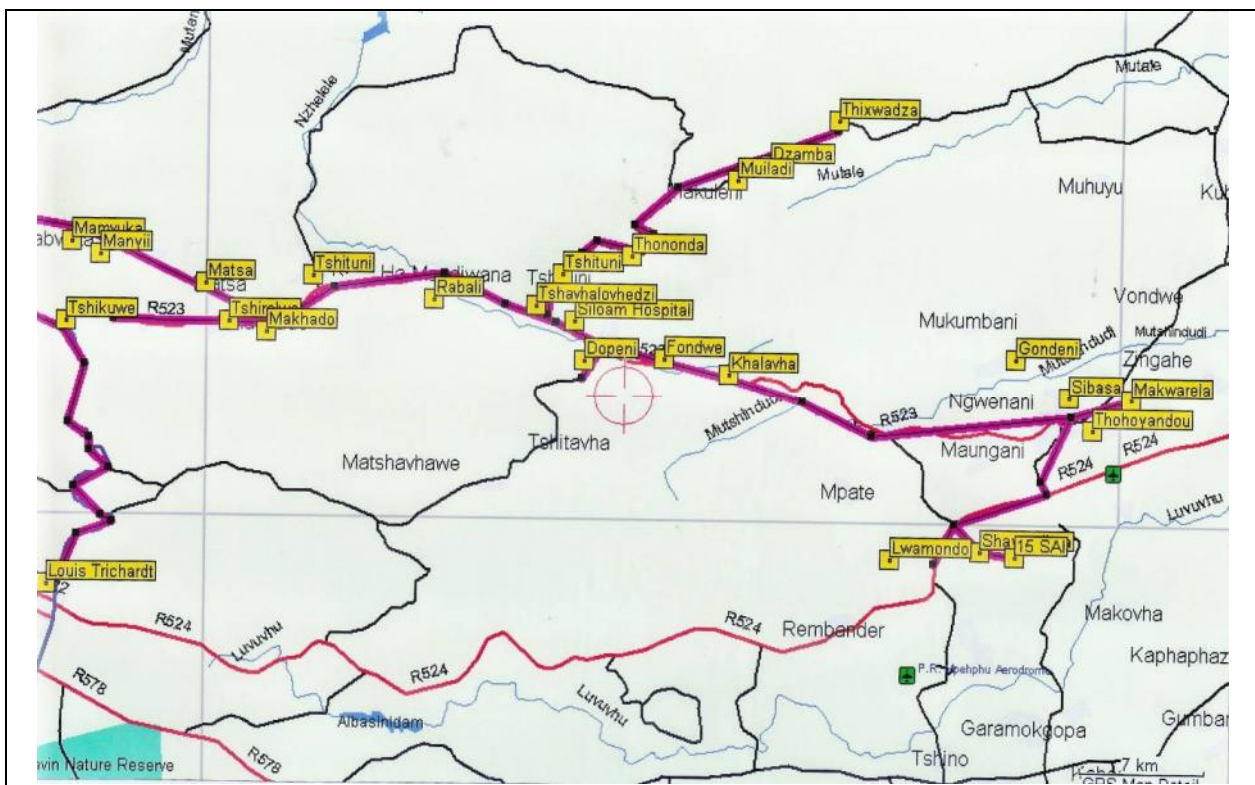


FIGURE Ex-9: MULAUDZI BUS SERVICE – SIBASA / THOHOYANDOU / LOUIS TRICHARDT

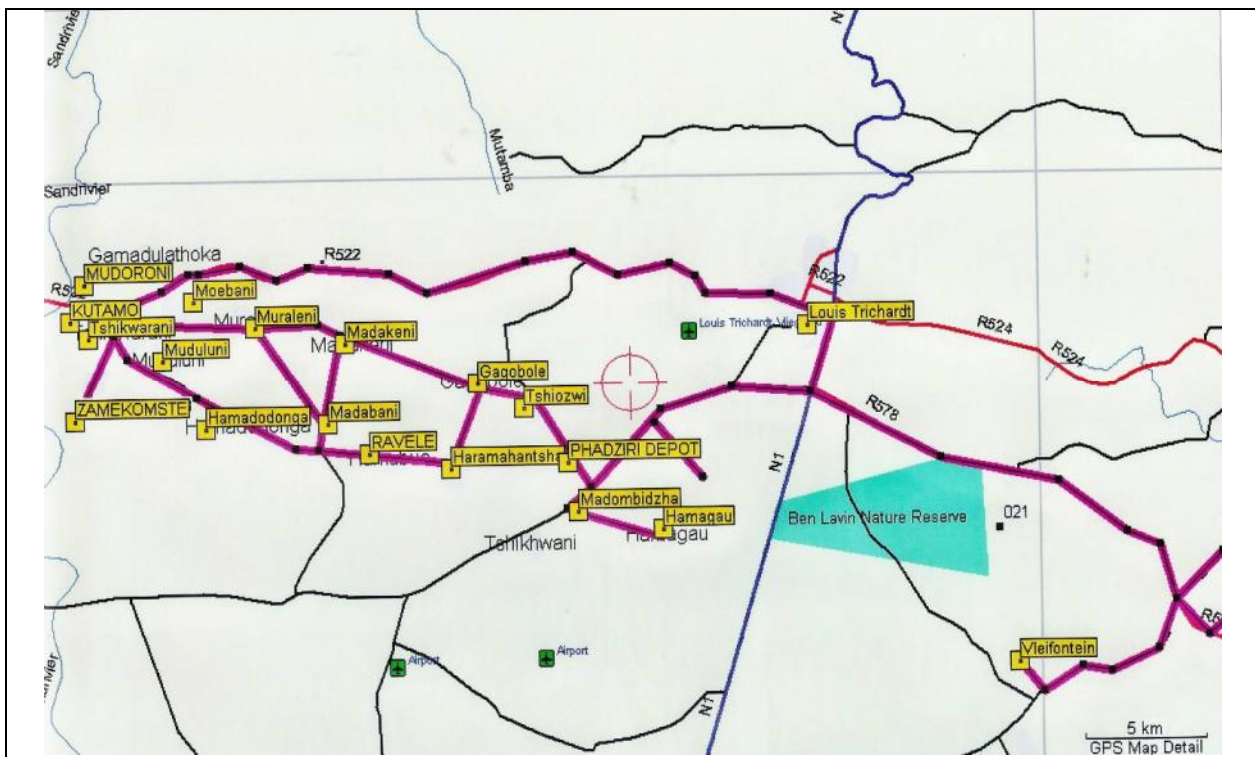


FIGURE Ex-10: G. PHADZIRI & BROSS BUS SERVICE – LOUIS TRICHARDT

It is estimated that the rationalisation of routes, plus the implementation of negotiated contracts, would cost the Limpopo Department of Transport approximately R 25 million per annum more than is currently the case for the VDM.

This can be ascribed to:

- a) Malamulele Small Operators not operating as scheduled. (R2.4 m)
- b) G. Phadziri bus services operating with a shortage of vehicles at present. (R9.0 m)
- c) Great North Transport and Magwaba Bus Service, increased bus fleet compared to 2005. (R12.1 m)

Table Ex-14 provides a summary of the projects related to the VDM RATPLAN and the financial implications.

| TABLE Ex-14: PROJECTS RELATED TO THE VDM <u>RATPLAN</u> AND THE FINANCIAL IMPLICATIONS | | | | | | | | | | Responsibility | Project duration |
|--|---|---|---|---|-----|----------------------|--------------------------------|--------------------------------|--------------------------------------|----------------|------------------|
| PROJECT | | | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5-7 | YEAR 1 | YEARS 2-5 | TOTAL | | | |
| | | | | | | | | | | | |
| <u>Project-1:</u> Implementation of Subsidised negotiated contracts | | | | | | R 140 684 591 | R 562 738 364 | R 703 422 955 | LPDORT | Seven years | |
| <u>Project-2:</u> Implementation of monitoring firms | | | | | | R 960 000 | R 3 139 200 | R 4 099 200 | LPDORT | Three years | |
| <u>Project 3:</u> Establishment of Transport Forums | | | | | | Part of OLS projects | Part of OLS projects | Part of OLS projects | LPDORT, VDM and Local Municipalities | Per annum | |
| <u>Project-4:</u> Updating of Rationalisation Strategy | | | | | | R 0 | R 70 000 | R 70 000 | LPDORT & VDM | Per annum | |
| <u>Project-5:</u> Implementation of law enforcement | | | | | | See PTP Budget | Cost included in OLB programme | Cost included in OLB programme | VDM | Per annum | |
| Total financial implications | | | | | | R 141 644 591 | R 565 947 564 | R 707 592 155 | | | |

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FIGURE 1.1.1 AREA UNDER CONSIDERATION

ABBREVIATIONS

| | |
|---------------|--|
| VDM: | VHEMBE DISTRICT MUNICIPALITY |
| ITS: | INTEGRATED TRANSPORT SYSTEM |
| IDP: | INTEGRATED DEVELOPMENT PLAN |
| PTP: | PUBLIC TRANSPORT PLAN |
| CPTR: | CURRENT PUBLIC TRANSPORT RECORDS |
| ITP: | INTEGRATED TRANSPORT PLAN |
| CBD: | CENTRAL BUSINESS DISTRICT |
| LDOs: | LAND DEVELOPMENT OBJECTIVES |
| VDTF: | VHEMBE DISTRICT TRANSPORT FORUM |
| OLS: | OPERATING LICENCE STRATEGY |
| LRTB: | LOCAL ROAD TRANSPORT BOARD (A FORMER INSTITUTION REPLACED BY OLBS) |
| LTPS: | LAND TRANSPORT PERMIT SYSTEM |
| MSA: | MOVING SOUTH AFRICA |
| NDOT: | NATIONAL DEPARTMENT OF TRANSPORT |
| NLTTA: | NATIONAL LAND TRANSPORT TRANSITION ACT, ACT 22 OF 2000 |
| OLB: | OPERATING LICENSING BOARD |
| OLS: | OPERATING LICENCE STRATEGY |
| PLTF: | PROVINCIAL LAND TRANSPORT FRAMEWORK |
| RAS: | REGISTRATION ADMINISTRATION SYSTEM |
| TPR2: | A NATIONAL PLANNING DOCUMENT TITLED: TRANSITIONAL INFORMATION REQUIREMENTS FOR PUBLIC TRANSPORT |

APPENDICES

APPENDIX A: SUMMARY OF SUBSIDISED ROUTES

APPENDIX B: ROUTE DESCRIPTIONS

APPENDIX C: TIMETABLES

1. INTRODUCTION

1.1 BACKGROUND

The Vhembe area was tasked for preparing a short to medium term Rationalisation Plan for the region, which will form part of the Public Transport Plan and Integrated Development Plan (IDP). The area compiled Current Public Transport Records (CPTR) in 2003 and a Public Transport Plan, which consist of a CPTR, Operating License Strategies and a Rationalisation Plan in 2004. The refined assessment criteria, policies and a framework for tendering will form the basis of this report.

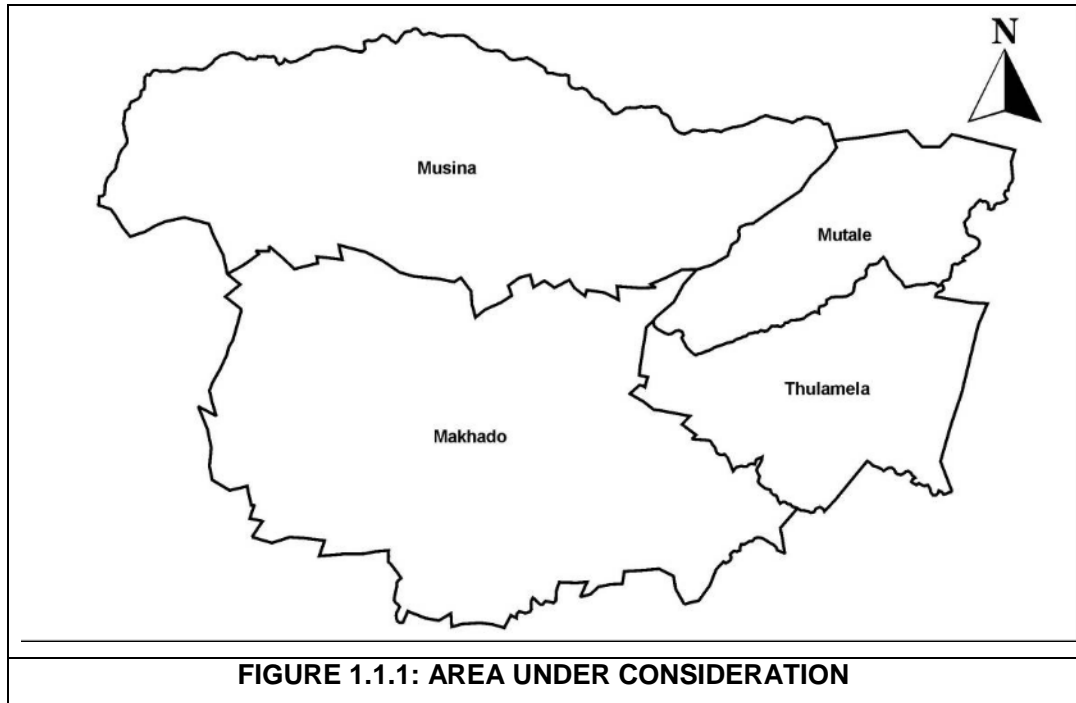
Table 1.1.1 indicates the population figures for local municipalities located in the Vhembe District Municipality.

| TABLE 1.1.1: POPULATION FIGURES OF LOCAL MUNICIPALITIES IN THE VDM | | |
|---|------------|--------|
| Local municipality | Population | % |
| Thulamela | 584 568 | 48.72% |
| Makhado | 497 093 | 41.43% |
| Mutale | 78 917 | 6.58% |
| Musina | 39 308 | 3.28% |
| Total | 1 199 886 | 100% |

Some of the main areas covered are as follows:

- a) Northern DC
- b) Musina
- c) Mutale / Masisi / Vhutshwena
- d) Nzhelele / Tshipise
- e) Alldays / LTT / Buysdorp
- f) Elim / Tsitale Hlanganani / Levubu / Vuwani
- g) Levubu / Shingwedzi
- h) Thohoyandou
- i) Makhado
- j) Malamulele
- k) Tshilamba
- l) Sibasa
- m) Dzanani

Figure 1.1.1 provides a graphical presentation of the area under investigation.



The gender distribution is indicated in Table 1.1.2.

| TABLE 1.1.2: GENDER DISTRIBUTION | | |
|---|------------|--------|
| Gender | Population | % |
| Female | 662 815 | 55.24% |
| Male | 537 041 | 44.76% |

1.2 PURPOSE

The purpose of the Rationalisation Plan is:

- To eliminate inefficiencies within the subsidised bus system; this became apparent from an assessment of the applicable CPTRs.
- To create a framework for the restructuring of tendered bus contracts
- Taking cognisance of the total public transport system and its modes, in order to obtain a more efficient and cost effective public transport system.
- To, in the longer term, also address the restructuring of all modes forming part of the public transport system, including inter alias 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 with customer needs taking 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 rationalise 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 focus mainly on the following key issues in the existing bus industry in the Vhembe area:

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

1.5 AREA UNDER CONSIDERATION

The Area under consideration will be the Vhembe District Municipality area, which includes the following Municipalities:

- a) Thulamela Local Municipality - (Thohoyandou / Malamulele / Shayandima)
- b) Makhado Local Municipality - (Louis Trichardt / Nzhelele / Tshipise / Elim / Tshitale / Hlanganani / Levubu / Vuwani / Alldays / Buysdorp and Bandelierkop)
- c) Musina Local Municipality;
- d) Mutale Local Municipality – (Tshikondeni)

The area of operation in the Makhado, Thulamela and Mutale areas is a rural area operation, where the population is situated in villages surrounding the four main towns, Malamulele, Thohoyandou, Sibasa and Makhado. The areas mainly concentrate on agriculture (Levubu area), industrial and businesses (Thohoyandou, Sibasa, and Malamulele and Makhado towns) and domestic and other services (Makhado town).

No subsidised bus operations exist in the Musina area, where the operations concentrate mainly on services to Musina and surrounding mines.

1.6 METHODOLOGY

The steps that will be followed in defining this 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 most effort would go towards rationalising the bus services in the Vhembe 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 are 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 Rationalisation Plan 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 percent of the total cost of a bus operation.

1.6.1 Assessment of existing 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 (outbound - work to home) will be rationalised between different operators if at all feasible.

As a first step any trip that carries less than 40 percent of capacity will be cut and the possibilities of integrating different bus services will be addressed on a very core 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 subsidised 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 mention 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 the Department of Transport and Subsidised Transport Operators are essential, in order to ensure that the stakeholders understand, contribute and accept 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 should be done in an integrated manner with Land Development Planning, and to be informed by the Integrated Development Plan (IDP) of the areas.

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 need 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

The budget and funding strategy are relevant.

2. ASSESSMENT OF CPTR INFORMATION

2.1 STAKEHOLDER IDENTIFICATION (SUBSIDISED OPERATORS)

From the CPTR the following twelve (12) Subsidised Bus Operators were identified in the Thulamela, Makhado and Mutale district municipalities. No subsidised service is operative in the Musina district.

Table 2.1.1 provides a summary of operators in the VDM area as well as the area of operation and the number of vehicles used.

| TABLE 2.1.1: SUMMARY OF OPERATORS IN THE VDM AREA | | |
|--|-----------------------------------|-----------------|
| Operator | Area of Operations | Vehicles |
| Magwaba Bus Service | Sibasa / Thohoyandou | 46 |
| Netshituni Bus Service | Sibasa / Thohoyandou | 44 |
| Mukondeleli Bus Service | Sibasa / Thohoyandou | 8 |
| Enos Bus Service | Sibasa / Thohoyandou | 25 |
| Mabidi Bus Service | Sibasa / Thohoyandou | 12 |
| R. Phadziri Bus Service | Sibasa / Thohoyandou | 16 |
| Swangis Transport Service | Sibasa / Thohoyandou / Malamulele | 25 |
| Mabirimisa Bus Service | Makhado Town | 24 |
| Mulaudzi Transport Service | Sibasa / Thohoyandou / Makhado | 19 |
| G. Phadziri Bus Service | Makhado Town | 43 |
| Great North Transport | Makhado Town | 35 |
| Malamulele Small Operators | Malamulele | 7 |
| Total | | 304 |

Operations to Tshikondeni area (Mines) by Mulaudzi Transport Service are temporarily suspended due to poor passenger demand. The above information is based on consultation with stakeholders, while the number of vehicles is based on existing operations. The Limpopo Province Department of Roads and Transport currently subsidises all the above operators on routes as indicated in annexure A of this report.

Table 2.1.2 provides a summary of the subsidised bus operators in the Vhembe District Municipal area.

| TABLE 2.1.2: SUBSIDISED BUS OPERATORS IN THE VHEMBE DISTRICT MUNICIPAL AREA | |
|--|----------------------|
| Subsidised Bus Operator | District Area |
| Magwaba Bus Service | Thulamela / Makhado |
| Netshituni Bus Service | Thulamela/Makhado |
| Mukondeleli Bus Service | Thulamela |
| Enos Bus Service | Thulamela |

| TABLE 2.1.2: SUBSIDISED BUS OPERATORS IN THE VHEMBE DISTRICT MUNICIPAL AREA | |
|--|------------------------------|
| Subsidised Bus Operator | District Area |
| Mabidi Bus Service | Thulamela |
| R. Phadziri Bus Service | Thulamela / Makhado |
| Swangis Transport Service | Thulamela |
| Mabirimisa Bus Service | Makhado |
| Mulaudzi Transport | Thulamela / Makhado / Mutale |
| G Phadziri Bus Service | Makhado |
| Great North Transport | Makhado |
| Malamulele Small Operators | Mutale |

Source: Mr H de Beer – Limpopo DOT

Table 2.1.3 provides a summary of the distribution of subsidised bus routes per local municipality in the VDM

| TABLE 2.1.3: DISTRIBUTION OF SUBSIDISED BUS ROUTES PER LOCAL MUNICIPALITY IN THE VDM | | |
|---|-------------------------|-------------------------------|
| Local Municipality | Number of routes | % In relation with VDM |
| Thulamela | 36 | 24 |
| Makhado | 106 | 70 |
| Musina | 0 | 0 |
| Mutale | 9 | 6 |
| Total for VDM | 151 | 100 |

2.2 *NON-STAKEHOLDER IDENTIFICATION (NON-SUBSIDISED OPERATORS)*

Non-subsidised operators in the Vhembe District mainly consist of;

- Scholar transport
- City-to-city operations (Malamulele / Thohoyandou to Gauteng)
- Contracts with mines and other organisations
- Freight transport (cross provinces and border)
- Rail transport

Table 2.2.1 provides a summary of the non-stakeholders in the bus industry in the VDM area that were identified.

| TABLE 2.2.1: SUMMARY OF NON -STAKEHOLDERS IN THE BUS INDUSTRY IN VDM | | |
|---|---------------------------|-----------------|
| Operator | Type of Operations | Vehicles |
| G. Phadziri Bus Service | City-to-City | 8 |
| City-to-City | City-to-City | 9 |
| Mabidi | City-to-City | 4 |
| Putco | City-to-City | 6 |
| Amigos Transport | Cit- to-City | 5 |
| Mudau Bus Service | Touring and Scholars | Unknown |

| TABLE 2.2.1: SUMMARY OF NON -STAKEHOLDERS IN THE BUS INDUSTRY IN VDM | | |
|---|---------------------------|-----------------|
| Operator | Type of Operations | Vehicles |
| Mufunwaini Bus Service | Touring and Scholars | Unknown |
| Netshimboni Bus Service | Touring and Scholars | Unknown |
| Netshisumbewa Bus Service | Touring and Scholars | Unknown |
| Makhushini Bus Service | Touring and Scholars | Unknown |
| Mutshinyalo Bus Service | Touring and Scholars | Unknown |
| Maivha Bus Service | Touring and Scholars | Unknown |
| Machochi Bus Service | Touring and Scholars | Unknown |
| Dzhabuli Bus Service | Touring and Scholars | Unknown |
| Trans Limpopo Bus Lines | City to City | 3 |

2.2.1 Contracts with mines and other organisations

Operations to Tshikondeni area (mines) were temporarily suspended due to poor passenger demand.

2.2.2 Rail Transport

Spoornet is the owner of all the railway systems in the VDM area. The study team obtained some information from the “Provincial Land Transport Framework for the Northern Province” in terms of railway facilities (train stations), timetables and fares, train routes, the number of trains, train capacity and service capacity of mainline services in the VDM. None of the daily commuters in the VDM Area is transported by means of rail.

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

2.3 *INEFFICIENCIES IDENTIFIED IN THE VHEMBE DISTRICT*

Efficiency refers to the optimum use of available assets in order to render an affordable service to the community. The bus specifications are as per contract document and most operators’ bus age does not qualify as per tender contract documents.

2.3.1 Duplication of Routes

From the Rationalisation Plan prepared in 2005, the same problems regarding operators operating on the same routes still exist. An analysis of the existing Rationalisation Plan indicated that on specified routes, more than one operator are operating partly and in some instances basically from the same starting point to the same destination point. An over utilisation on assets, in this instance buses as well as excess kilometres operated, may contribute to an inefficient transport operation.

Routes identified with inefficiencies are listed below. Only duplicated routes are tabled. The attached map (Duplication of Routes) clearly indicates the partial and total duplications that exist. Routes in the area were compared to routes other operators also use in the same area.

2.3.2 Summary of operations and operators to Sibasa and Thohoyandou (main corridors)

Operations to Sibasa and Thohoyandou are mainly from four (4) different areas or directions;

- Northern Area (Magwaba Bus Service) – Makonde area
- Eastern Area (Netshituni Bus Service, Swangis Transport Service and Mukondeleli Bus Service) – Gunda Area
- Southern Area (Mabidi Bus Service and R. Phadziri Bus Service) – Mbokota Area
- Western Area (Mulaudzi Transport Service, Enos Bus Service and Magwaba Bus Service) – Nzhelele Area
- Makhado (Louis Trichardt) area (GNT and G Phadziri) – Witvlag.

Routes with inefficiency operating to Sibasa and Thohoyandou (Annexure C - Route descriptions)

Western Area

| OPERATOR | CPTR NR | KMs | ROUTE | DUPLICATION |
|----------------------------|---------|------|--|--------------------------------------|
| Enos Bus Service | 1001 | 65.6 | Tsikuwi to Thohoyandou | Part of 303 A |
| | 1002 | 55.0 | Makhado Village to Thohoyandou | Same as 305 |
| | 1003 | 34.4 | Tshikombani to Thohoyandou | Part of 302, 303, 303 A, 305 |
| | 1004 | 12.7 | Ngwenani via Phiphidi to Thohoyandou | No competition |
| | 1006 | 31.9 | Phiphidi via Duthini to Sibasa | No competition |
| | | | | |
| Magwaba Bus Service | 815 | 70.8 | Matshavhawe via Ralepatswa to Thohoyandou | From Sededza |
| | 815 A | 89.2 | Matshavhawe via Ralepatswa to Thohoyandou 15 SAI | From Sededza |
| | 816 | 61.1 | Maelula via Ralepatswa to Thohoyandou | From Sededza |
| | 816 A | 79.5 | Maelula via Ralepatswa to Thohoyandou 15 SAI | From Sededza |
| | 817 | 76.0 | Maelula via Makhado village to Thohoyandou | From Makhado Village |
| | | | | |
| Mulaudzi Transport Service | 301 | 70.6 | Mamvuka to Thohoyandou | From Makhado Village 817, 1002 |
| | 301 A | 47.6 | Rabali to Thohoyandou | Part of 1002, 815, 815 A, 816, 816 A |
| | 302 | 68.3 | Mamvuka to Makwarela (Sibasa) | From Makhado Village |

| OPERATOR | CPTR NR | KMs | ROUTE | DUPLICATION |
|----------|---------|------|---|----------------------|
| | 303 | 77.3 | Mamvhuka to Shayandima (Thohoyandou) | From Makhado Village |
| | 303 A | 73.8 | Tsikuwi to Shayandima (Thohoyandou) | From Makhado Village |
| | 304 | 89.0 | Mamvuka to 15 SAI (Thohoyandou) | From Makhado Village |
| | 304 A | 74.3 | Makhado Village to 15 SAI (Thohoyandou) | From Makhado Village |
| | 305 | 55.0 | Makhado Village to Thohoyandou | Same as 1002 |
| | 306 | 33.4 | Mamvuka to Siloam Hospital | No competition |
| | 306 A | 14.7 | Mamvuka to Makhado Village | No competition |
| | 310 | 71.4 | Tshixwadza to Sayandima (Thohoyandou) | From Mphephus Kraal |
| | 309 | 62.2 | Tshixwadza to Thohoyandou | From Mphephus Kraal |
| | 311 | 59.9 | Tshixwadza to Makwarela (Sibasa) | From Mphephus Kraal |

Southern Area

| OPERATOR | CPTR NO. | KM'S | ROUTE | DUPLICATION |
|-------------------------|----------|------|------------------------------|-------------|
| R. Phadziri Bus Service | 203 | 57.9 | Masia to Thohoyandou | From Mashau |
| | 204 | 54.9 | Mashau to Thohoyandou | From Mashau |
| | | | | |
| Mabidi Bus Service | 501 | 94.4 | Tsitale to Sibasa Terminus | From Mashau |
| | 503 | 71.8 | Makondeni to Sibasa Terminus | From Mashau |
| | 505 | 71.3 | Mashamba to Sibasa Terminus | From Mashau |
| | 507 | 60.8 | Bodwe to Sibasa Terminus | From Mashau |
| | 509 | 56.4 | Bungeni to Sibasa Terminus | From Mashau |
| | 513 | 30.1 | Vaalkop to Sibasa Terminus | From Mashau |

The competition in the Southern area mainly starts from Mashau Village. As this is the only route to travel to Thohoyandou, the competition will remain. Operators start from different starting points (Villages) and competition is therefore limited to Mashau Village.

2.3.3 Summary of operations and Operators to Makhado Town (main corridors)

Operations to Makhado Town are mainly from three (3) different areas or directions:

- a) Northern Area (Mabirimisa Bus Service and Mulaudzi Bus Service) - Nshelele Area
- b) Eastern Area (Great North Transport and G. Phadziri Bus Service) – North of Elim
- c) Western Area (G. Phadziri Bus Service) – South of Elim

Routes with inefficiency operating to Makhado Town (Louis Trichardt):

Northern area

| OPERATOR | CPTR NO. | KM'S | ROUTE | DUPLICATION |
|------------------------|----------|-------|---|-------------------------------|
| Mulaudzi Bus Service | 312 | 130.3 | Lwamondo via Mamvuka to Makhado Town | From Khalavha 201 |
| | 313 | 116.6 | Lwamondo via Tsikuwe to Makhado Town | From Khalavha 201 |
| | 314 | 124.8 | Shayandima via Mamvuka to Makhado Town | From Khalavha 201 |
| | 316 | 102.3 | Thohoyandou via Mamvuka to Makhado town | From Khalavha 201 |
| | 316 A | 46.4 | Makhado Village via Mamvuka to Makhado Town | Part of Khalavha 201 |
| | 317 | 76.9 | Khalavha via Tsikuwe to Makhado Town | Same as route 201 |
| | 317 A | 47.2 | Makhado Village via Tsikuwe to Makhado Town | Part of Khalavha 210 |
| Mabirimisa Bus Service | 201 | 76.9 | Khalavha via Tsikuwe to Makhado Town | Part of 312, 313, 314, 316 |
| | 202 | 99.2 | Smokey via Tsikuwe to Makhado Town | From Tsituni same route |
| | 203 | 43.8 | Tsirolwe via Tsikuwe to Makhado Town | Part of 317 A |
| | 204 | 58.4 | Tsirolwe via Mamvuka to Makhado Town | Part of 316 |
| | 205 | 56.8 | Mamvuka via Tsikuwe to Makhado Town | From Tsikuwe |
| | 206 | 46.3 | Mamvuka via Maseque to Makhado Town | Part of 312, 314, 316, 316 A |
| | 207 | 71.0 | Fripp via Mamvukha to Makhado Town | Part of 312, 314, 316, 316 A |
| | 208 | 46.8 | Fripp via Maseque to Makhado Town | Only route not in competition |

2.4 INEFFECTIVENESS IDENTIFIED IN THE VHEMBE DISTRICT

Effectiveness refers to service levels in accordance with demand, affordability, reliability, safety and reasonable travel times. The subsequent sections elaborate on the last mentioned based on consultation with the stakeholder.

2.4.1 Demand

Passenger demand in the VDM prevails from the rural areas around Thohoyandou, Sibasa and Makhado. Population densities are focused in villages situated around the mentioned towns. Demands consist for services to these towns (workers and shoppers), schools in the vicinity (scholars), hospitals and other community centres (casual).

Passenger demand therefore consists of the following:

- a) Worker Passengers
- b) Casual Passengers
- c) Scholar Passengers
- d) Other passengers

2.4.1.1 *Worker Passengers*

Worker passengers in the mentioned areas mainly commute to the various towns (Malamulele, Thohoyandou, Sibasa and Makhado) and industrial areas where they work. Commuting takes place during the morning and afternoon peak hours, which basically consist of the following:

- a) Morning peak:

This is the time period when all vehicles are operational and consist of the last bus in, until first bus out of operations during the morning peak (05:30 – 06:30)

- b) Afternoon peak:

Between 1700 – 1800

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

This type of passenger transport is presently subsidised by the Department of Transport. Future contracts and negotiated contracts also deal with worker passenger transport.

Presently, demand for worker passenger transport is met basically by the existing schedules operated by existing operators in the mentioned areas, and 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. This will lead to an increase in subsidies paid by the Department of Transport. However, control and monitoring of services and the upgrading of vehicles, facilities and roads need 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:

- a) As a result of competition between the different operators, an over-demand of services exists in certain areas where duplication of routes was identified.
- b) That an under-demand of services exists in some areas with no competition, as a result of unreliable or a shortage of vehicles.

2.4.1.2 *Casual Passengers*

This form of passengers is based on an off peak operation, between morning and afternoon peak periods. The Department of Transport subsidises casual passengers if the route which is followed is classified as a worker route. Casual routes or mainlines as referred to are not subsidised.

Casual passengers basically travel to mentioned towns for shopping purposes, hospitals and other community centres. The extent of services is determined by the availability of towns and public centres.

At present, the 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 accommodated through an increase of trips where required. It is, however, not recommended as another mode of transport, viz. taxis, mainly concentrates on this form of passenger transport. Competition between bus and taxi transport should be avoided as far as possible. Taxi mode should rather be seen as supplementary to the bus mode transport, where bus transport caters for the high volume of worker passengers and taxi transport assists during off peak periods where demand decreases to an extent where it is not profitable for the bus mode to operate.

2.4.1.3 *Scholar Passengers*

This form of passengers is not subsidised by the Department of Transport. However the Department of Education assists in certain Provinces. Commuting takes place during the morning peak period and afternoon off peak period when 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 increases the demand for services and vehicles during the morning peak.

At present, the demand for scholar passenger transport is met by the existing schedules operated by the mentioned operators in the area. The existence of Scholar Operators in the area alleviates the problem for subsidised operators.

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 they do exist.

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

2.4.2 **Affordability**

The poverty that exists in the Vhembe district requires 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.

Bus operators in the Thohoyandou, Sibasa and Makhado area have formed a bus forum, which consists of subsidised as well as non-subsidised operators. Annual cash fare increases are discussed and determined at this forum in order to eliminate competition and “poaching” of passengers by one operator from another

2.4.3 **Factors that have an influence on fare structures**

- a) The road conditions, mainly dirt roads in the area, are poor which result in higher operating costs (tyres, spares, units and a lower vehicle live time) to operators, which eventually will be transferred to the passengers and in the contract system, to the Department of Transport.
- b) Condition of vehicles. The existing age and condition of vehicles result in high maintenance costs. These costs have to be recovered in the same way as mentioned above.
- c) Duplication of routes, resulting in additional vehicles and kilometres.

The following remarks on existing fare structures can be made:

- a) That fare structures are not scientifically determined but rather on competitive principles.
- b) That profitability is based on survival (competitiveness) rather than business principles.

2.4.4 **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.

It is estimated that approximately sixty percent of the existing subsidised bus fleet in the area does not comply with the vehicle specifications that are laid down by the contract system. The introduction of a vehicle replacement programme with financial implications should be considered.

Some of the above mentioned points would be addressed through the negotiated contract system.

As mentioned before, the above conclusions are based on CPTR information and they need to be thoroughly investigated by means of an onboard census (to determine supply and demand), fleet inspections (to determine vehicle age and condition) and a costing exercise (to determine an acceptable fare structure).

The above information clearly indicates that rationalisation of routes in the Thohoyandou, Sibasa and Makhado areas needs to be addressed to ensure an efficient, effective, affordable and reliable service for the areas. Rationalisation of routes will be discussed in chapter five (5).

When rationalisation of services and routes are considered, cognisance must be taken of the following points:

2.4.5 SMMEs

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

2.4.6 Financial and Training assistance

Financial and training assistance should be provided to small bus operators in respect of the increasingly better and newly developed information technologies that exist (electronic ticket machine system, management skills and cost control measures). This will allow them to offer more precise information for decision making, management and monitoring for Department of Transport purposes. Similarly, this will increase the service level.

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 ROADS AND TRANSPORT

Relevant statistical information was obtained from the Department regarding subsidy amounts and subsidised routes.

3.2 VHEMBE SUBSIDISED BUS TRANSPORT FORUM

All members were consulted on an individual basis for obtaining updated information.

3.3 GREAT NORTH TRANSPORT

Great North Transport was consulted on an individual basis for obtaining updated information.

4. POLICY FRAMEWORK

The policy framework is guided by the following:

- a) National policy (NLTTA 22 of 2000 and relevant guidelines)
- b) Provincial policy (*Limpopo in Motion*)
- c) District input (IDP)
- d) Local input (IDP).

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).

The short- and medium-term Policy Framework will be the adoption of the existing National (NLTTA 22 of 2000) and Provincial (*Limpopo in Motion*) policies as well as the recently prepared Provincial Transport Framework. The policies address regulated competition within subsidised competition, transport planning and law enforcement.

4.1 NATIONAL LAND TRANSPORT TRANSITION ACT (NLTTA 22 OF 2000)

The following excerpts were taken from the NLTTA 22 of 2000:

4.1.1 Regulated competition

Subsidised service contracts

47. (1) After the expiry of any interim contract or current tendered contract, if the public transport service that had been operated in terms thereof will continue to be subsidised, that service must be operated in terms of a subsidised service contract. (2) Only a provincial department, a transport authority and a core city may enter into a subsidised 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 tender.
- (4) 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 subsidised 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 subsidised 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 subsidised 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 subsidised 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 subsidised 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 tender for commercial service contract or subsidised service contract

48. (1) To qualify as a tender for a commercial service contract or a subsidised 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 subsidised 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 tenders for subsidised 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 organisation;
 - (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 subsidised 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 records, 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 subsidised 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.

4.1.2 Withdrawal of operating licence or permit in rationalisation of public transport services

51. (1)(a) When a planning authority proposes to rationalise 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 licence 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 licence or permit must apply forthwith to the board in accordance with this Act and applicable provincial laws for the granting of the necessary operating licence or operating licences 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 licence 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 licence, or such holder has refused to accept such alternative service, that authority may apply to the board to withdraw the operating licence.

- (b) The board, upon receipt of such an application, in writing, must notify the holder of the existing operating licence accordingly, and request the holder to furnish reasons, within the time mentioned in the notification, why the existing operating licence 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 licence, the board is satisfied that the operation of the public transport service to which the existing operating licence or permit relates, is inconsistent with the proposed new public transport plan, the board may withdraw the existing operating licence 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 licence or permit accordingly.
- (3) Where an operating licence 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 licence 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 licence;
 - (c) the public transport service to which that operating licence 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 licence 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.

The following are excerpts from the *Limpopo in Motion* document:

- a) Regulation
- b) Land transport objectives
- c) Land transport policy statements
- d) Policy statement.

4.2.1 Regulation

“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:

- a) 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;
- b) Secondly, an implementation programme supported by strict law enforcement measures and sufficient human resources that would ensure the success of the regulatory system;
- c) Thirdly, a process that is aimed at the development of the transport industry in general and the taxi industry in particular, 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

- a) the determination of the optimum number of permits or operating permissions on a specific route or corridor;
- b) considering which routes or corridors are to be subjected to economic regulation and declaring some routes free from regulatory measures;
- c) differentiating among the 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 has been done, the problem remains how to rationalise, through regulatory measures, the current situation with the optimum position. To this end, the economic regulatory system should be linked with the law enforcement function, specifically with regard to criminal offences in the transport industry such as acts of violence, or technical and traffic offences.

In view of the oversupplied taxi market, the withdrawal of an operating permission is justified on the basis of 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 the powers and resources to provide for such mechanisms.

Measures have 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 of and cost recovery of expenditure 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 have to be specified, in terms of

- a) detailed specifications for route descriptions and how they should be described on the operating permission itself;
- b) the technical specifications for producing or displaying a permission on a vehicle;
- c) 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 in becoming a well-organised industry. Yet, the taxi industry insists on some form of self-regulation; while, 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 the official taxi structures to have more enforceable powers.

The validity of using differentiated statutory definitions and non-standard regulatory measures for 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”

The 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 among 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 documents in terms of the operating authority itself, rank permits, driving licences, 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 among 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:

- a) Qualifications for new market entrants.
- b) The maximum number of permits to be allowed to one legal person or individual.

- c) Taxi associations are allowed to own taxi permits only if they are registered as legal tax-paying institutions.
- d) To disallow public servants, especially law enforcement officers, to own permits.
- e) Proof of membership of a professional institution or recognised umbrella body or association to qualify for an operating permit.
- f) The residential address of an applicant to qualify for an application of a specific permit.
- g) The status of recommendations from local authorities and umbrella bodies or associations in the allocation of operating permits.
- h) 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.

4.2.2 Land Transport Policy Objectives

“Service provision and system development”

- a) Establish a balanced, integrated multimodal transport system.
- b) Promote public transport and discourage private transport.
- c) Ensure affordable public transport.
- d) The needs of all transport users must be accommodated, including workers, scholars, the disabled, unemployed and senior citizens.
- e) Review the role of public sector operators regarding service provision.
- f) Review the future role of rail transport and establish a rail transport system in the province.
- g) 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.
- h) All modes of transport to be afforded equal opportunity in the market.
- i) Optimise the utilisation of existing infrastructure and services.
- j) Promote affordable means of alleviating the mobility problem in rural areas, including the use of bicycles, motorcycles and animal-drawn transport.
- k) Ensure the most appropriate mode of transport for different circumstances.
- l) 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.
- m) Co-ordinate the planning of public and private transport.
- n) Integrate and co-ordinate the provision of public transport services through scheduling, fare structures, etc.
- o) Monitor the levels of service provision.

“Financial objectives”

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

“Purpose and targeting of subsidies”

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

“Public transport fares”

- a) Regulate and control public transport fares.
- b) Determine fare levels scientifically within affordability and financial feasibility criteria.
- c) Simplify tariff systems.
- d) Encourage an integrated ticketing system, such as through ticketing.
- e) Manage the implementation of fare increases to minimise the impact on passengers.
- f) Determine acceptable affordability criteria.
- g) Ensure equitable and balanced relationships between the different modes' fare structures.

“Regulation and control”

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

4.2.3 Land transport policy statements

“Land transport responsibilities”

- a) Public transport is an essential service to the community and of equal priority to the provision of housing, education and health services.
- b) 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.

- c) 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”

- a) Priorities for 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.
- b) 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 and financial support of 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.
- c) No discrimination, inequities and imbalances in respect of transport provision and the financial support thereof, are allowed outside the framework of the identified priorities, and the differentiated affordability criteria stated above.
- d) A dedicated programme is required to educate, retrain and redeploy the participants in the transport industry, with specific attention to small and medium private enterprises, labour-intensive practices and low-cost, high-impact solutions.

“Ownership”

- a) No specific preference is given to private or public ownership of public transport operating institutions.
- b) 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”

- a) 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.
- b) 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.
- c) Provision should 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 supply-and-demand balance in the public transport

- industry; and (b) no statutory price control would be enforced, and to 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.
- d) Financial support towards subsidising public transport services should only 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.
 - e) Passenger fares to be set according to the passengers' ability to pay.
 - f) The economic cost of service provision should be 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.
 - g) 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 for ad hoc requirements, negotiated agreements can be made.
 - h) Discrimination of various modes to receive financial support be eliminated by applying the following procedure:
 - i) A decision must be made which passengers should receive financial support through the specifications of the transport plan.
 - ii) Once a decision has been taken on where social support should be provided, only then should a decision be taken on what mode is best suited to providing the service.
 - iii) 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.
 - iv) Once a modal decision has been taken, the Provincial Permit Board would decide who should provide the service. For this purpose, long-term and short-term permissions could be granted.
 - v) Subsidies would then be channelled through a specific mechanism that could either be through the operator or directly to the passenger.
 - i) The budget for public transport subsidies or other means of financial support, to be determined through the following procedure:
 - i) The demand for service provision should be determined and recorded within the guidelines of preparing a Transport Plan.
 - ii) Passenger fares be set according to the ability to pay principle.
 - iii) The total economic cost of service provision be determined, based on the specifications of the plan and the accepted cost and service norms and standards.
 - iv) The initial budget requirement for financial support be set by recording the financial implications of the first three steps.
 - v) The preliminary subsidy budget implications be submitted to the Executive Council to consider the level of funding requirements.
 - vi) The submission should clearly identify the consequences if the subsidy budget cannot meet the stated requirements.

- vii) 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
 - exploring opportunities to reduce the cost of service provision.
- viii) As a last resort, the fare levels should be reviewed.
- ix) A revised budget requirement should then be submitted for approval.
- j) The financial support system should be monitored in an accountable and transparent way that will reconcile the value of service provision with the policy objectives reflected by the targets set in the Transport Plan.
- k) Within the framework of pursuing a tendered contract system as far as possible; and provided that discretion should be used for those operators that find it difficult to participate in a tender system, the MEC may 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.
- l) The current financial support mechanisms to be transferred from central government, reviewed and the following forms of financial support mechanisms or combinations thereof be considered:
- m) 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.
- n) Fixed subsidy amounts per vehicle, in accordance with the specifications of the transport plan and predetermined service provision conditions.
- o) The tendered contract system in a revised format that would suit the current circumstances; and which should be used as the main subsidy mechanism.
- p) User side mechanisms to be considered for specific areas or groups of passengers where more than the usual financial support is justified, especially in extremely poor areas or to the elderly and scholars.

“Regulation”

- a) Both technical and economic forms of regulation should be introduced to all public transport operators, whether or not services are provided in terms of the specifications of the transport plan.
- b) Technical regulation should apply as a standard condition without exception to all public transport operators, whereas economic regulation should apply only where and when necessary; and the PTA should have the authority to declare a specific type of service, route or corridor a deregulated area or route where no economic regulation would apply.
- c) Official registers should 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 at national level.
- d) All public transport operators, inclusive of legal and illegal taxi operators, bus operators and metered-taxi operators should register and 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 should submit their existing operating authorities as proof for application. Illegal operators should submit other forms of recognition by current recognised associations or rank permits.
- e) Self-regulation should 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.
 - f) Proclamations by the Provincial Transport Authority to be issued in terms of
 - i) specific types of vehicles that would qualify for public transport operations in accordance with specific technical and safety criteria;
 - ii) the maximum number of permits to be issued under specific circumstances;
 - iii) 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;
 - iv) the fees applicable to operating permits and rank and transfer facilities;
 - v) the technical requirements of route descriptions that should appear on permits;
 - vi) the registration of main points of origin and destination as the official start and end points of routes;
 - vii) the display of permits or any other information or contents of the permit on the vehicle;
 - viii) points where passengers can embark or disembark on any given registered route;
 - ix) the contents of a code of conduct for registered public transport operators;
 - x) the procedures and conditions under which temporary permits are issued;
 - xi) differences between permits qualifying for financial support and those that do not;
 - xii) the amendment or withdrawal of permits issued during the previous dispensation, which do not comply with the new specifications for permits;
 - xiii) new market entrants should comply with specific rules and qualifications;
 - xiv) the specific conditions under which issued permits can be withdrawn as a result of criminal, traffic or other offences;
 - xv) 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 not publicly owned that is deemed of a strategic nature for public transport purposes;
 - xvi) appeal and dispute resolution procedures;
 - xvii) any requirement or condition in terms of which financial support is given to any operator or passenger.
 - g) The Provincial Permit Board is responsible for considering all permit applications with an origin in its area of jurisdiction, under the following conditions:
 - i) The applicant should be registered as an approved professional public transport operator.
 - ii) The relevant information in respect of the permit holders, drivers, routes, ranks and other transfer facilities, transport operators and other institutions, vehicle specifications, must appear on the permit application and the application may only be considered if the relevant items are also contained in the authorising official registers.
 - iii) The routes to be served form part of the PTP.

- iv) The issuing of the permit should not result in the total capacity provided exceeding the required capacity for that route, in accordance with the specifications of the PTP.
 - v) The applicant should not be disqualified in terms of proclaimed requirements relating to criminal or traffic offences or transgressions of a proclaimed code of conduct.
 - vi) The origin falls under the jurisdiction of the permit board.
 - vii) If the route's destination falls in another area of jurisdiction, the issue of the operating permit has been agreed upon with the other regulating authority concerned.
 - viii) The applicant has submitted proof of access to a registered rank, transfer facility or any other registered point of origin.
 - ix) The applicant has submitted proof of driving permits, certificate of fitness and operator fitness, and has registered as a public transport operator.
 - x) The type of vehicle is approved as being safe and suitable for public transport operations.
- h) Promote applications to change the vehicle specifications from one type of vehicle to another type of vehicle with a greater carrying capacity.
 - i) Metered-taxi services should be classified as a different type of transport service from that provided by taxis and buses, in respect of a limitation on the number of passengers and the right of admission to the vehicle; and such specifications must be contained in the permit.
 - j) The bus and minibus public transport services should be distinguished from the metered-taxi service in that the driver or owner cannot reserve right of admission to the vehicle unless a passenger contravenes a specific code of conduct, as proclaimed.
 - k) The issuance 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 preconditions 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.
 - l) The public transport permit must be validated annually to ensure that the prescribed conditions are met and to enable the PPB to maintain the regulatory system.
 - m) Operating permits should 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.
 - n) Any legal person may 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. Membership of associations should be encouraged as far as possible.
 - o) Permit applicants that could have a conflict in interest in any way, should not qualify for a permit (for example, law enforcement officers).
 - p) The recommendation by local authorities or taxi associations that permit applicants should be approved by the Permit Board, must serve only as supporting documentation for consideration.
 - q) Long-distance operations should be limited in terms of the points where passengers can be picked up and dropped off.

- r) The PTA, in concurrence with the PPB and any other affected equivalent authority in neighbouring areas, should be empowered to forbid any public transport service in its 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.
- s) The Road Traffic Act and Supporting Systems (RTQS, NATIS, TMS) must be accepted and implemented as the combined policy instrument for road traffic matters in the province.
- t) A dispute resolution and mediation strategy should be formulated, based on guidelines for procedures to be followed, delegations and an independent panel of mediators and arbitrators; and a statutory transport tribunal.
- u) The dispute resolution and mediation strategy should be managed by the Mediation Committee of the PTA and consideration be given to establishing an independent statutory body for this purpose that could also take responsibility for all appeals and disputes.

4.2.4 Policy objectives (Chapter 9)

“Traffic control and law enforcement”

- a) Promote a law abiding and orderly transport environment.
- b) Ensure sufficient powers, human resources, training and funding for enforcement of the law.
- c) 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.
- d) Create legitimacy of law enforcement agencies.
- e) Promote compliance with the law in all areas of transport operations.
- f) Ensure improved administrative law procedures.
- g) Decriminalise traffic offences.
- h) Ensure access to the courts for all.
- i) Ensure transparency and accountability in all transport and traffic related programmes.

“Traffic safety”

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

“Security and violence”

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

“Policy statements”

- a) Road Traffic Control and Traffic Safety are classified as essential functions.
- b) 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). On this basis, a comprehensive provincial strategy can be formulated on traffic management, safety and control, based on increased resources, capacities and more visibility.
- c) Within the framework of the possible establishment of a municipal policing agency as provided for in the South African Police Service 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 programme and public transport regulatory functions.
- d) A provincial traffic safety strategy is required, inclusive of 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.
- e) 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 programme and the data bank requirements with all local authority structures; with the province as convenor.
- f) Guidelines for further statutory proclamation should be formulated to decriminalise specific traffic offences, in collaboration with central government.
- g) In collaboration with central government, dedicated courts of law should be established for normal road traffic offences, integrated with economic regulation offences.
- h) Technical guidelines should be formulated for improvements to road infrastructure and traffic management systems that are aimed at traffic safety measures.

4.2.5 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 in different spheres of government. Executing agencies, including transport providers or operators, would act under the umbrella of the 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 documents (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 should 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 should be updated constantly will be addressed, to establish a comprehensive data bank for transport information.

“Policy principles”

- a) Integrated transport and land-use planning in accordance with the requirements of the Land Development Facilitation Act, 1995.
- b) One single organisation responsible for transport planning.
- c) Holistic, comprehensive and co-ordinated multimodal transport plans for each of the districts in the Province; integrated into a provincial transport plan (PTP).
- d) Commitment to and involvement in the effective integration and co-ordination of the transport plans with other planning processes.
- e) Densified development of corridors and nodes to enhance the effectiveness of a multimodal transport system.
- f) Preference given to mixed land-uses that will minimise travel distances and optimise densification as well as corridor and nodal development.
- g) Local conditions should dictate the function and role of each mode.
- h) Innovative transportation systems as long-term solutions.
- i) Accessibility to the main provincial centres through an optimum network of road and rail infrastructure and services.
- j) Minimum service criteria based on sound principles.
- k) The provision of public transport services, transport infrastructure and traffic control is an integrated and inseparable function.
- l) Promotion of public transport and discouragement of private transport.
- m) Emphasis on the provision of safe, convenient and affordable transport.
- n) Maximum safety and security for users of public and private transport.
- o) Sufficient and comprehensive information should be kept regarding all transport modes and land use.
- p) Optimum information standards within national guidelines.
- q) Co-ordination of relevant information systems and data with all other levels of government.
- r) Optimal use of information for management, planning and control purposes.

- s) Accessibility and transparency of transport information to the community.
- t) Communication programme integrated with processes for the formulation of development objectives, as prescribed by the Development Facilitation Act (Act 6 of 1995).
- u) Healthy and co-operative relationships among all stakeholders (public relations).
- v) Grassroots community participation in all planning processes.
- w) Sufficient and efficient structures for consultation and participating in decision making.

“Institutional policy statements”

- a) The Limpopo Province Legislature assumes full responsibility and the powers relating to transport functions as provided for in the Constitution of the Republic of South Africa (Act 108 of 1996).
- b) A strong Limpopo Province Department of Transport (LDoT) and associated structures will be developed, with sufficient human resources that can effectively take charge of the complete function.
- c) At the 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.
- d) The PTA is the supreme transport authority of the Province; whereas the PTE together with a number of other dedicated agencies linked to it, is the provincial transport executing body, under the administrative control of the LDoT.
- e) Similar Regional or District Transport Authorities and Executives (RTA & RTE) in the local sphere of government, are to be established once the provincial transport structure has stabilised and has proved to function satisfactory.
- f) The RTAs report to the local electorate and the PTA; and the PTA in turn reports to the Executive Council. The PTE will be rationalised or dissolved when the RTEs perform the majority of the executive functions.
- g) The area of jurisdiction of an 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 programme, responsibilities and powers to be devolved, are to be proclaimed.
- h) The responsibilities and powers of the PTA are as follows:
 - i) Formulation, monitoring and revision of provincial transport policy and legislation.
 - ii) Setting of provincial norms, standards, guidelines and minimum requirements.
 - iii) Formulation and promulgation of transport regulations and other proclamations.
 - iv) Undertaking or ensuring the planning and implementation of provincial transport plans, including service provision, transport facilities and infrastructure.
 - v) Considering, evaluating and approving the RTA transport plans.
 - vi) Ensuring, and where necessary, undertaking the provision of public transport services.
 - vii) Ensuring, and where necessary, undertaking the planning, design, construction and maintenance of transport facilities and infrastructure.
 - viii) The raising and management of funds through approved funding sources.

- ix) The funding of approved public transport services, facilities and infrastructure; the management and maintenance thereof, research, human resources development, safety programmes, regulatory functions or any expenditure that is aimed at the implementation and maintenance of the approved transport plans.
- x) The application of financial management techniques that are normally available to the statutory institutions responsible for the execution of a technical function where financial resources are required.
- xi) Imposing of levies.
- xii) The co-ordination of the transport function among the various spheres of government and agencies; as well as among the related functional departments of State.
- xiii) Economic and technical regulation of all transport services, transport assets and public transport fares.
- xiv) Law enforcement, traffic safety, security and control.
- xv) Conflict resolution.
- xvi) Expropriation of land necessary for the provision of transport facilities.
- xvii) Conducting research, studies and demonstration projects.
- xviii) Establishing and maintaining transport information.
- xix) Allocation of transport responsibilities between provincial and local spheres of government.
- xx) Assisting with the development of human resources, facilities, management expertise and technology in transport.
- xxi) Community involvement and public participation in transport matters.
- xxii) Marketing and publicity for public transport and traffic safety.
- xxiii) Any other responsibility and power required to perform the function.
- i) The PTA/PTE (and also the local government transport authorities when they have been 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 may delegate to the MEC for Transport from time to time.
- j) The MEC for Transport, as the political head responsible for the transport portfolio, also chairs the PTA in which is combined the supreme provincial transport authority. As political head, the MEC can at own discretion refer any decision which the PTA might make within its allocated powers, to the Executive Council for approval.
- k) The PTA consists of members who will form the Provincial Transport Board (PTB), appointed by the Premier from the local government councillors, with the MEC for Transport as chairperson; assisted by four permanent functional committees with the power to form temporary committees or working groups to perform specific duties.
- l) The four permanent functional committees are as follows:
 - i) The Transport Advisory Committee, responsible for policy formulation, strategic planning and the macro-monitoring of the execution of the transport function in the Province;
 - ii) the Mediation Committee, responsible for dispute resolution, arbitration and appeals;
 - iii) the Technical Committee, responsible for operational planning, implementation, co-ordination, operational monitoring, traffic matters, community participation and public relations;

- iv) the Financial and Administration Committee, responsible for all financing matters, budgeting, office administration and human resources.
- m) 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.
- n) The PTA/PTE and functional committee management and administrative procedures, remuneration and voting powers are to be arranged through proclamation.
- o) The institutional arrangements to ensure proper co-ordination among the various transport authority bodies and executing agencies, could be through statutory proclamation or through general guidelines or other informal arrangements.
- p) The Technical Committee as well as the local government members in the PTA, are jointly responsible for co-ordinating all matters among the Provincial and Local Government and other transport agencies and operators.
- q) A Provincial Permit Board (PPB) should be established that would be responsible for independently regulating the transport industry, in accordance with proclaimed powers and responsibilities.
- r) Members of the PPB would be appointed by the MEC for Transport, in concurrence with the Executive Council, consisting of members of the community with an appropriate legal, transport and commercial background; but which would exclude individuals or persons employed by institutions with vested interests in any transport operation which could submit applications for permits to the Board.
- s) 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.
- t) 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.
- u) Establish a Provincial Transport Forum (PTF) as a non-statutory body, which would consist 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.
- v) The Provincial Transport Forum is responsible for facilitating public participation, deliberations and general community involvement with regard 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.
- w) The Department of Transport will fund the activities of the PTF and provide a secretariat. The PTF would act independently with a Constitution and Code of Conduct approved by the PTA.
- x) Recommend to National Government the introduction of a statutory professional body for any legal or natural person applying for 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.

- y) 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.
- z) 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 are adhered to. Within the framework of the same national criteria, the Limpopo 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 Limpopo Province Government, such as depots, dedicated transport infrastructure and provincial inter modal transfer facilities which need to be managed by a public transport enterprise.
- aa) 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.
- bb) The public transport enterprise has the status of a transport operator or asset manager, and not of a transport authority, and it will receive the same treatment from the transport authorities as any other transport operator. Special powers not available to any other operator would be allocated to the public enterprise.
- cc) The Department of Transport, together with the transport authorities to be established in the local sphere of government, would 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.
- dd) The transport planning process should be integrated with land-use planning and a multimodal, area-wide network approach would be followed, based on sound principles and minimum service provision criteria and design standards.
- ee) All activities related to transport in the Limpopo Province that
 - i) include public transport services by all modes, transport infrastructure, civil aviation, freight transport, traffic management, control and safety;
 - ii) are subject to economic and/or technical regulation;
 - iii) qualify or apply for financial assistance;
 - iv) are of a strategic nature or form part of essential infrastructure in the Province;
 - v) have an impact on land-use patterns; should be incorporated into a Provincial Transport Plan (PTP) in accordance with approved national guidelines, and be approved by the PTA.
- ff) As a general rule, private transport should form part of the transport plan to the extent that elements of private transport (traffic or facilities) which would be subject to economic and technical regulation and/or which would require public funding or government intervention in one way or another, are specified in the plan. The nature and level of detail to be specified in the plan for private transport could differ from that for public transport, based on the extent of the government involvement required.
- gg) Within national guidelines, the minimum requirements, the contents of and the process that must be followed, should 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.

- hh) Within the framework of Constitutional competencies, the PTA should 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, the technical design requirements of all transport infrastructure, the use of any transport facility, and 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.
- ii) The PTP reflects the approved transport policy principles, inclusive of the prescribed planning process and technical principles.
- jj) The planning task should be a combined provincial and local government responsibility but initially, until the function has been established properly in the province, the planning function should be undertaken by the provincial transport authority and Executive.
- kk) Sufficient and effective expertise to plan and implement transport and land use should be provided through a dedicated long-term capacity-building programme in provincial and local spheres, and external assistance should be used for the establishment of procedures, planning techniques, information and other supporting systems.
- ll) A comprehensive provincial information system on public transport and land use should be established and updated on a continuous basis.
- mm) The planning and implementation process should be open and transparent, information and plans should be accessible to the general public and to the transport role players influenced by the transport plan.
- nn) The results of the planning process as contained in the approved PTP should be subject to appeal and dispute resolution processes.
- oo) The PTP should be formulated on an annual basis, containing a one-year implementation plan and a long-term strategic plan with a five-year implementation programme, which is updated annually.
- pp) The PTA should 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 by unforeseen circumstances requiring urgent attention.

4.2.6 Long-term goal

The long-term goal for the Rationalisation Plan is to develop a policy framework for the integration of the recapitalisation programme for taxis within the bus industry.

5. RASIONALISATION, RESTRUCTURING AND EVALUATION

5.1 CPTR PROBLEM FINDINGS

As discussed in chapter three, the following findings from the CPTR report are outlined:

- a) Duplication of identified routes
- b) Competition amongst certain operators
- c) Inefficiencies in the operational areas
- d) Poor cost effectiveness.

5.2 RATIONALISATION OF EXISTING ROUTES

The scope of work will focus on the different areas, which exist in the operational area.

- a) The Sibasa - Thohoyandou Area
- b) The Makhado Area

5.2.1 Sibasa and Thohoyandou operations

The towns of Sibasa and Thohoyandou are served from four (4) directions, north, eastern, south and western areas.

- a) Northern area (Makonde area)

Magwaba Bus Service serves the northern area and no duplication or competition exists in the area.

- b) Eastern Area (Gunda area)

Netshituni Bus Service, Swangis Transport Service and Omega Bus Service serve the eastern areas. Partial duplication or competition exists in the area.

- c) Southern Area (Mbokota area)

Mabidi Bus Service and R. Phadziri serve the southern areas. As indicated previously some partial duplications and competition exist in the area.

- d) Western Area (Nzhelele area)

Mulaudzi Transport Service, Enos Bus Service and Magwaba Bus Service serve the western areas. Competition and duplication of routes prevail heavily in the area, especially between Mulaudzi and Enos Bus Services. Rationalisation of routes in this area is a must.

Table 5.2.1.1 provides a summary of the subsidised routes with competition.

| TABLE 5.2.1.1: SUMMARY OF THE SUBSIDISED ROUTES WITH COMPETITION | | | |
|---|----------------------------|------------------|---------------------|
| Route | Operator | Operator | Operator |
| Tshikombani to Tohoyandou | Mulaudzi Transport Service | Enos Bus Service | Magwaba Bus Service |
| Tshikuwi to Tohoyandou | Mulaudzi Transport Service | Enos Bus Service | |
| Makhado Village to Tohoyandou | Mulaudzi Transport Service | Enos Bus Service | Magwaba Bus Service |
| Tshituni to Tohoyandou | Mulaudzi Transport Service | Enos Bus Service | Magwaba Bus Service |
| Mandiwana to Tohoyandou | Mulaudzi Transport Service | Enos Bus Service | Magwaba Bus Service |
| Tshikuwe to Siloam | Mulaudzi Transport Service | Enos Bus Service | |

5.2.2 Makhado operations

The town of Makhado is served basically from three (3) directions, north, eastern and western areas.

a) Northern area (Nzhelele area)

Mabirimisa Bus Service and Mulaudzi Transport Service serve the northern area. Competition and duplication of routes prevail heavily in the area. Information received from the Department of Transport indicated that only Phadziri Bus Service receives subsidy to Makhado town and that Mulaudzi Transport Service operates on a cash basis without subsidy.

The contract and negotiated contract systems stipulate that only subsidised routes operated in the interim contract can be negotiated for in a negotiated contract. This implies that Mulaudzi Transport Service will not be able to negotiate the non-subsidised routes to Makhado village, which will eliminate the possibility of competition between the two operators.

It is however advised that the routes operated by Mulaudzi to Makhado village be thoroughly investigated to determine whether subsidisation of certain routes, which are not operated by Mabirimisa Bus Service, could be included in a future negotiated contract.

b) Eastern Area (North of Elim)

Great North Transport and G. Phadziri serve the eastern areas. Some competition exists especially in the Waterval and Elim area.

c) Western Area (South Of Elim)

G. Phadziri Bus Service serves the western areas. No competition or duplication exists in this area.

5.2.3 Methods of rationalisation

The following methods of rationalisation can be considered

a) **Option 1 - Rationalisation of competitive routes**

Rationalisation of routes, if viable, would be the most acceptable solution.

- In the Western area of Sibasa and Thohoyandou, the service consist of the main tar road between Wylliespoort and Sibasa, as well as surrounding areas from the main tar road to Sibasa and Thohoyandou. The Rationalisation of these routes should therefore be done in such a manner that existing operators would still be viable and effective.

The main role players on the main tar road between Wylliespoort and Sibasa / Thohoyandou are Mulaudzi Transport Service and Enos Bus Service. Rationalisation of this route would result in dividing the road between Mulaudzi and Enos, with the implementation of loading and off-loading restrictions. For example, Enos Bus Service to operate only from Rabali to Sibasa / Thohoyandou and from Thohoyandou and Sibasa up to Rabali, with Mulaudzi Transport Service from Mamvhuka and Tsikuwe with a restriction of no passengers to be loaded from Rabali to Sibasa and Thohoyandou, and no off loading off passengers before Rabali.

Magwaba Bus Service operates from the outskirts of the main tar road (Wylliespoort to Thohoyandou),

Restrictions on loading and off-loading of passengers on the main tar road would eliminate competition.

- The same applies for the northern area of Makhado

Disadvantages of strategy

- The above-mentioned rationalisation strategy will only be effective if monitoring of services is done on a daily basis.

- Viability of routes. The above strategy could lead to some routes not being viable anymore. A viability study for the mentioned routes needs to be done.

b) **Option 2 - Rationalisation of competitive areas**

Complete Rationalisation of routes in the western area of Thohoyandou and the northern area of Makhado.

- In the western area of Thohoyandou the two main role players are Mulaudzi Transport Service and Enos Bus Service as mentioned before. Due to the complexity of the integration of operations between the two operators, rationalisation of the area can be considered, i.e. the combining of routes operated by both operators in the area. The two

operators involved should consider amalgamation and forming a consortium. Shareholding can be determined by the number of buses contributed.

Magwaba Bus Service operates from the outskirts of the main tar road (Wylliespoort to Thohoyandou); restrictions on loading and off-loading of passengers on the main tar road would eliminate competition.

- The northern area of Makhado finds itself in the same situation as described above. The same solution can apply for these operators as described above.

A further solution could be the combining of the western area of Thohoyandou with the northern area of Makhado. The four operators involved can follow the same option as mentioned above. This option will be viable and sustainable.

The rest of the areas can be rationalised by allocating routes to a specific area and operator. The exchange of permits between operators within different areas where one operator is operating in more than one area can also be considered.

c) ***Option 3 - Rationalisation of all routes according the two main areas (Sibasa / Thohoyandou and Makhado)***

Rationalisation can take the form of operators in the Sibasa / Thohoyandou area forming a consortium, which will include all small operators. The whole operation will then be operated by a new entity, and all existing and future new operators will be part of it.

The same will apply for Makhado area with the exclusion of Great North Transport and G. Phadziri Bus Service, as they are not in direct competition with the mentioned operators.

d) ***Option 4 - Rationalisation of whole area.***

This will be the extreme solution where all routes from both main centres be incorporated in one, excluding Great North Transport. The principles as per consortium will apply.

e) ***Option 5 – Rationalisation by starting point and time***

The rationalisation will be to distinguish between starting points (routes) and starting times (timetables). See map 1 & 2

5.2.3.1 Western Area -Thohoyandou

a) **Mulaudzi Transport Service**

Mulaudzi transport service to operate from Mamvuka, Tshixwadza and Tshithuthuni to Siloam, Sibasa, Thohoyandou and Shayandima. Mulaudzi Transport Service will now operate Tshithuthuni area previously operated by Magwaba Bus Service as the area falls within Mulaudzi's existing operational area.

b) Enos Bus Service

Enos Bus Service to operate from Tsikuwe, Mapitas and Ngwenani along the main Wylliespoort tar road to Sibasa, Thohoyandou and Shayandima. The Ngwenani route is presently not subsidised, but this needs to be looked at with the implementation of negotiated contracts.

c) Magwaba Bus Service

Magwaba Bus Service to operate from Maelula, Phadzima, Vuvha via Makhado village and Raliphatswa to Sibasa, Thohoyandou and Shayandima.

Timetables for off peak periods should be designed in such a way that trips are scattered when reaching the Wylliespoort / Sibasa main tar road, in order to avoid duplication and competition. It is expected that trips coming from sidelines onto the main tar road during peak hours, will be occupied fully or to near full capacity.

5.2.3.2 Northern Area - Makhado

a) Mabirimisa Bus Service

As mentioned before, presently both Mulaudzi Transport Services and Mabirimisa Bus Service are operating partly on the same routes to Makhado town. This competition will be eliminated with the implementation of negotiated contracts, as Mulaudzi Transport Services does not receive subsidies at present under the interim contract, and therefore will not qualify to enter into a negotiated contract with the Department of Transport for routes operated in the northern area to Makhado town.

However, routes operated from Lwamondo and Shayandima to Makhado by Mulaudzi, which is also not subsidised at present, should be looked at with the implementation of negotiated contracts as Magwaba Bus Service operates from these areas via Elim on a subsidised basis to Makhado town. These areas will be included in the costing exercise.

5.2.4 Bus Operators contribution

Discussions with the relevant operators in the area indicated that the forming of consortiums would not be acceptable to them and they rejected the idea totally. However, they indicated that possible future projects could be entered into as a consortium of all operators of the forum, but that existing services should remain as they are.

They also indicated that no competition really exists between them as starting points are different and timetables are drawn up in such a way that, where operators operate the same route, different times are operated by different operators, therefore eliminating competition on the duplicated part of the route. They also indicated that the implication of restrictions would not be a viable solution, as some routes will become unproductive.

5.2.5 Best-proposed option

- a) Option 1 will not be practical and viable
- b) Option 2 to 4 is not acceptable to existing bus operators
- c) Option 5 takes the middle road and will probable be the best possible solution. It minimizes competition, and eliminates duplication by the design of the timetables, where off peak trip times are scattered when reaching the Wyltiespoort / Sibasa main tar road. Minimal competition will still exist during peak hours on the main tar road.

5.2.6 Advantages

- a) Minimize competition (different starting point)
- b) Eliminate duplication (different starting times)
- c) Passenger satisfaction as more transport is available
- d) Cost effective (no duplication)
- e) Viable (cater for own passengers)

The proposed option differs from the operators' suggestion in the following ways.

- a) One operator per starting point
- b) One operator per designated area

5.3 *NON-SUBSIDISED SERVICES IN THE AREA*

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

However, it is strongly recommended that an investigation should be done on the possibility of incorporating some or, if possible, all non-subsidised operators into the subsidised system.

The stakeholders (Bus Forum of Vhembe) indicated that all areas in the District are served, and no new area for expansions exists.

The transport of scholar passengers also needs to be addressed in the longer term, with possible assistance (subsidies) from the Department of Education.

5.4 *FREIGHT TRANSPORT*

Although the Rationalisation Plan mainly concentrates on the Subsidised Bus Transport, in the long run it is of utmost importance to include Freight Transport also 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.

5.5 TAXI RECAPITALISATION PLAN

The tender documents provide for the introduction of the taxi recapitalisation programme. The following is stated in the contract documents:

“The Operator is advised that it is government’s intention to implement recapitalisation of the minibus taxi industry as and when appropriate. Should such recapitalisation be contemplated in an area covered by this contract during the period of the contract, variations may be effected under clause 40 of the Terms and Conditions, or negotiations on any alterations to the contract that the Employer deems necessary in this regard and their possible effect on aspects such as fares will be entered into with the Operator outside of the contract.”

In order to comply with the above, provision for the introduction of taxi operators into the subsidisation system must be made. The rationalisation plan provides for the introduction of taxi operators in the form of:

- a) Co-operation to be formed per region by taxi operators
- b) Co-operation will be independent from taxi organisations
- c) Co-operation will be run as a business
- d) All taxi operators interested can join
- e) All future subsidised bus contracts to provide for share allocation to the taxi industry (Co-operation)

The above will ensure that taxi operators are introduced into the subsidised bus market.

6. PRIORITISE PROPOSALS AND IMPLEMENTATION PROGRAMME

6.1 PRIORITISE PROPOSALS

- a) Rationalisation of existing routes
- b) Identify non-operative routes for inclusion in Rationalisation Plan
- c) Incorporate non-subsidised services where possible
- d) Obtaining of necessary funds

6.2 IMPLEMENTATION PROGRAM

- a) Implementation of contracts (negotiated contracts)

It is advised that the Department of Transport starts with the negotiation process towards negotiated contracts for the existing subsidised operators as soon as possible, taking rationalisation of routes into consideration.

The attached timetables and route descriptions in Annexure B and 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 should be appointed to monitor and advise the services rendered as per contract specifications.

- c) Establishing and maintaining of passenger representative forums

Although one passenger forum for all operators exists, it is proposed that each individual operator should establish his own passenger forum (passenger representative forums should be established per negotiated contract). This can be done with the assistance of the monitoring firms.

- 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, annual updating of the Rationalisation Plan is necessary. Long term goals need to be addressed through an updated Rationalisation Plan.

- e) Law enforcement

Implement sufficient powers, human recourses, training and funding for enforcement of the law. The Operating License Strategy for Vhembe district makes provision for Law enforcement for the taxi industry. This will also accommodate the bus industry. The appointment of monitoring firms will assist in what ensuring a quality service.

7. FINANCIAL IMPLICATIONS

The financial implications for the implementation of the Rationalisation Plan are 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

The subsequent sections will elaborate on the above mentioned.

7.1 IMPLEMENTATION OF NEGOTIATED CONTRACTS (RASIONALISATION OF ROUTES INCLUDED)

A total of twelve contracts need to be negotiated. The following are relevant in terms of the negotiated contracts:

- a) Buses and kilometres to be operated
- b) Existing subsidised cost
- c) Proposed negotiated contract cost

7.1.1 Buses and kilometres to be operated (See Annexure D, Table 4.1)

Table 7.1.1.1 provides a summary of the vehicle and kilometres comparison (per month).

| Operator | Vehicles 2005 | Proposed Vehicles | Variance | Previous Kilometres | New Kilometres | Variance |
|----------------------------|------------------|----------------------|-----------|------------------------|-------------------|---------------|
| Magwaba Bus Service | 26 | 46 | 20 | 102774 | 141040 | 38266 |
| Netshituni Bus Service | 37 | 44 | 7 | 137690 | 158409 | 20719 |
| Mukondeleli Bus Service | 7 | 8 | 1 | 18777 | 21293 | 2516 |
| Enos Bus Service | 13 | 25 | 12 | 39094 | 57855 | 18761 |
| Mabidi Bus Service | 9 | 12 | 3 | 34892 | 34892 | 0 |
| R. Phadziri Bus Service | 10 | 16 | 6 | 33936 | 50277 | 16341 |
| Swangis Transport Service | 12 | 25 | 13 | 36936 | 85169 | 48233 |
| Mabirimisa Bus Service | 12 | 24 | 12 | 39562 | 112783 | 73221 |
| Mulaudzi Transport Service | 16 | 19 | 3 | 54791 | 64515 | 9724 |
| G. Phadziri Bus Service | 32 | 43 | 11 | 120518 | 129395 | 8877 |
| Great North Transport | 29 | 35 | 6 | 113528 | 142245 | 28717 |
| Malamulele Small Operators | 4 | 7 | 3 | 16508 | 29738 | 13230 |
| Total | 207 | 304 | 97 | 749006 | 1027610 | 278604 |

7.1.2 Existing subsidised cost

Table 7.1.2.1 indicates the existing subsidy received per operator (existing costs)

| TABLE 7.1.2.1: EXISTING SUBSIDY RECEIVED PER OPERATOR (existing costs) | |
|---|--------------------------|
| OPERATOR | SUBSIDY PER ANNUM |
| Magwaba Bus Service | R 16,325,743 |
| Netshituni Bus Service | R 16,713,274 |
| Mukondeleli Bus Service | R 3,145,732 |
| Enos Bus Service | R 13,394,273 |
| Mabidi Bus Service | R 2,208,201 |
| R. Phadzi Bus Service | R 7,332,648 |
| Swangis Transport Service | R 12,491,739 |
| Mabirimisa Bus Service | R 14,333,619 |
| Mulaudzi Transport Service | R 8,543,077 |
| G. Phadzi Bus Service | R 10,314,740 |
| Great North Transport | R 10,314,740 |
| Malamulele Small Operators | R 739,236 |
| TOTAL | R 115,857,022 |

7.1.3 Proposed negotiated contract cost

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

In terms of the contract specifications the following are relevant:

- a) Only existing subsidised routes were taken into consideration as part of the timetables
- b) Trips operating with less than 40 percent of vehicle capacity were cancelled
- c) Rationalisation of trips was required where competition exists
- d) Kilometres were determined according contract formats (see annexure D)
- e) 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 subsequent sections elaborate on the following:

- a) Fixed cost parameters
- b) Personnel requirements
- c) Variable costs

7.1.3.1 Fixed cost parameters

The 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 is available. Table 7.1.3.1 provides a summary of the fixed cost parameters.

| TABLE 7.1.3.1: FIXED COST PARAMETERS | |
|--|-------------|
| Cost Item | Price and % |
| New vehicles per unit (standard buses) | R1.1 m |
| Interest rate | 14.0 % |
| Electronic machines per unit | 28 000 |
| Interest rate | 14.0 % |
| Insurance per vehicle per year | 49 500 |
| License per vehicle per year | 7 900 |

7.1.3.2 Personnel Requirements

The personnel requirements are based on the following:

- Maintenance contract.** The vehicle supplier will be responsible for the mechanical maintenance of the new vehicles. Therefore no mechanical staff was included. Financial institutions usually prescribe this when they finance new vehicles to small operators.
- Personnel ratios.** Based on existing contract norms of 3:1 personnel per operational bus.

7.1.3.3 Variable costs

The variable costs are based on existing norms and supplier information. Table 7.1.3.3.1 provides a summary of the proposed costs per annum.

| TABLE 7.1.3.3.1: PROPOSED COSTS (PER ANNUM) | | | | |
|---|--------------------------|---------------------------|--------------|----------------------|
| OPERATOR | PROPOSED CONTRACT AMOUNT | EXISTING SUBSIDY RECEIVED | VARIANCE | RATE PER KILOMETRE R |
| Magwaba Bus Service | R 20,700,000 | R 16,325,743 | R 4,374,257 | 12.23 |
| Netshituni Bus Service | R 19,800,000 | R 16,713,274 | R 3,086,726 | 10.42 |
| Mukondeleli Bus Service | R 3,600,000 | R 3,145,732 | R 454,268 | 14.09 |
| Enos Bus Service | R 11,580,000 | R 13,394,273 | R -1,814,273 | 16.68 |
| Mabidi Bus Service | R 5,400,000 | R 2,208,201 | R 3,191,799 | 12.90 |
| R. Phadziri Bus Service | R 7,200,000 | R 7,332,648 | R -132,648 | 11.93 |
| Swangis Transport Service | R 11,850,000 | R 12,491,739 | R -641,739 | 11.59 |
| Mabirimisa Bus Service | R 11,376,000 | R 14,333,619 | R -2,957,619 | 8.41 |
| Mulaudzi Transport Service | R 8,550,000 | R 8,543,077 | R 6,923 | 11.04 |
| G. Phadziri Bus Service | R 19,350,000 | R 10,314,740 | R 9,035,260 | 12.46 |

| TABLE 7.1.3.3.1: PROPOSED COSTS (PER ANNUM) | | | | |
|--|---------------------------------|----------------------------------|-----------------|-----------------------------|
| OPERATOR | PROPOSED CONTRACT AMOUNT | EXISTING SUBSIDY RECEIVED | VARIANCE | RATE PER KILOMETRE R |
| Great North Transport | R 18,128,591 | R 10,314,740 | R 7,813,851 | 10.62 |
| Malamulele Small Operators | R 3,150,000 | R 739,236 | R 2,410,764 | 8.83 |
| TOTAL | R 140,684,591 | R 115,857,022 | R 24,827,569 | 11.41 |

The following are important to take note:

- a) The rationalisation of routes indicates that a total of 304 buses are needed for the area, operating a total of 1 027 610 kilometres per month. Compared to 2005 figures, the number of buses increased with 97 and kilometres with 278 604km.
- b) It is estimated that the rationalisation of routes, plus the implementation of negotiated contracts, would cost the Limpopo Department of Transport approximately R 25 million per annum more than is currently the case for the VDM.

This can be ascribed to:

- i) Malamulele Small Operators not operating as scheduled. (R2.4 m)
 - ii) G. Phadziri bus services operating with a shortage of vehicles at present. (R9.0 m)
 - iii) Great North Transport and Magwaba Bus Service, increased bus fleet compared to 2005. (R12.1 m)
- c) The high rate per kilometres for Mukondeleli and Enos Bus Services is mainly due to the low average kilometres of 2398 km operated per bus per month, compared to an average of 3499 km per month for other operators, as well as the relative short distances operated per trip.

7.2 IMPLEMENTATION OF MONITORING FIRMS

Monitoring firms should 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.

Per annum

| Monitoring costs | Estimated costs |
|-------------------------|------------------------|
| TOTAL | 960 000 |

7.3 *UPDATING OF RATIONALISATION PLAN*

Updating costs on the 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 |
|--------------|------------------------|
| 2009 | R 70 000 |
| 2011 | R 70 000 |
| Total | R 140 00 |

7.4 *DISTRIBUTION OF TOTAL COST*

Table 7.4.1 provides a summary of the projects related to the VDM RATPLAN and the financial implications.

| TABLE 7.4.1: PROJECTS RELATED TO THE VDM <u>RATPLAN</u> AND THE FINANCIAL IMPLICATIONS | | | | | | | | | | Responsibility | Project duration |
|--|---|---|---|---|-----|----------------------|--------------------------------|--------------------------------|--------------------------------------|----------------|------------------|
| PROJECT | | | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5-7 | YEAR 1 | YEARS 2-5 | TOTAL | | | |
| | | | | | | | | | | | |
| <u>Project-1:</u> Implementation of Subsidised negotiated contracts | | | | | | R 140 684 591 | R 562 738 364 | R 703 422 955 | LPDORT | Seven years | |
| <u>Project-2:</u> Implementation of monitoring firms | | | | | | R 960 000 | R 3 139 200 | R 4 099 200 | LPDORT | Three years | |
| <u>Project 3:</u> Establishment of Transport Forums | | | | | | Part of OLS projects | Part of OLS projects | Part of OLS projects | LPDORT, VDM and Local Municipalities | Per annum | |
| <u>Project-4:</u> Updating of Rationalisation Strategy | | | | | | R 0 | R 70 000 | R 70 000 | LPDORT & VDM | Per annum | |
| <u>Project-5:</u> Implementation of law enforcement | | | | | | See PTP Budget | Cost included in OLB programme | Cost included in OLB programme | VDM | Per annum | |
| Total financial implications | | | | | | R 141 644 591 | R 565 947 564 | R 707 592 155 | | | |

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