

## Constitutional and Institutional Changes in the Provision of Public Transport in South Africa

Danie Ackerman  
Department of Transport, Pretoria, South Africa

### BACKGROUND

1. Mobility is one of man's fundamental needs. Mobility provides access to opportunities such as education, work, shopping, schools, health services or recreation. At one time or another, everybody must resort to travel in order to consume goods or services. Movement is fundamental to the creation and maintenance of the spatial structure of cities, and it is important also in promoting urban change through time (Daniels and Warnes, 1980).
2. The role of Governments in the provision of public transport has been a source of debate in both the developed and developing world, especially as far as ownership and regulation are concerned. Various governments took major steps the last few years to introduce more competition in especially the bus transport market (White 1981, Walters 1979). For a considerable time, international aid agencies, such as the World Bank, have encouraged and supported the provision of bus services by private operators within a less regulated environment (World Bank 1986). Despite this, many public transport operations in the developing world continue to be in public ownership and regulation is extensive.

### SOUTH AFRICA AND ITS URBAN BACKGROUND

3. South Africa is experiencing rapid urbanisation. It is estimated that the population of 33 million in 1985 could grow at an average rate of approximately 2,5 percent per annum to almost 48 million by the year 2000. Urbanisation is taking place in and around existing urban and metropolitan areas. It is also expected that the urbanisation of the developing community could increase from the estimated 53 percent in 1985 to 69 percent in 2000 (Urban Foundation, 1990). Appendix 1 provides a summary of some socio-economic indicators of some of the nine provinces of South Africa. From these indicators it is very clear that there are very different circumstances in each province which have a major impact on the planning and provision of public transport.
4. South Africa is among the small group of middle-income countries with grossly unequal distributions of income. The country's per capita income of approximately \$2600 US dollars puts it in the upper-middle income range globally, as defined by the World Bank. However, 51 percent of annual income goes to the richest 10 percent of households and under 4 percent to the poorest

40 percent (World Bank, 1994).

5. South Africa developed into a framework of land use patterns that require high levels of transport movement. Residential areas are located far from employment opportunities, imposing long trips which reduce opportunities for non-motorised transport such as cycling and walking.
6. It also results in uni-directional flow of traffic during peak hours with a concentration of movement in central areas contributing to congestion. The acknowledgement of these problems necessitate the investigation of the inter-relationship between land use and transportation to determine the optimum urban layout to enhance mobility.

### DEMAND AND SUPPLY CHARACTERISTICS OF PUBLIC TRANSPORT

7. Demand for travel is determined by the population growth and structure, the cultural and work habits, incomes and urban spatials in a country. Apart from the population growth, two major aspects of South Africa's urban and rural transport development are vital for understanding its transport problems: (a) the implementation of a policy of racial segregation; and (b) the growth in the Black minibus-taxi fleet.
8. The most important influencing factor in the development of the public transport situation in South Africa has been the implementation of a policy of racial segregation through spatial separation. This has resulted in major distortions in land utilisation and transport services. These distortions have led to the development of a high cost public transport system which is used to transport workers from townships to the centers of employment. Due to the high cost of travel on a daily basis and the relatively low disposable incomes of the main users of public transport, subsidisation of the rail and bus commuters takes place. The cost of these subsidies amounted to approximately R2,1 billion (US\$700 million) in the 1994/95 financial year. Appendix 2 provides a summary of the bus transport demand characteristics in selected provinces for a representative month (March 1995), while a summary of the rail transport passenger trips per day travelled, is provided in Appendix 3.
9. The second aspect which has a major impact on the public transport sector in South Africa, is the development of the minibus-taxi industry. The real impact of this mode on the other public transport modes started approximately in 1982. Since 1982 the bus and rail industry lost approximately 31 and 22 percent of their trips respectively to the minibus-taxis. It is currently estimated that between 40 and 50 percent of the total black commuter market are carried by the minibus-taxi industry which consist of approximately 120 000 to 140 000 taxis, of which about 70 000 are operating legally, having been granted operating permits. In 1991, train and bus commuters were between 25 and 30 percent and 30 and 35 percent, respectively of the commuter market (Department of Transport, 1991).
10. There are three major types of bus operators involved in the provision of

subsidised public transport in South Africa utilising over 8 500 buses to provide their services. These are:

- **Private bus operators** which provide services from townships to the economic and commercial centres which are almost exclusively located in and around "white" areas. A large proportion of these services are subsidised by central government. Approximately 42 percent of the buses are used by these operators.
  - **Municipal owned bus services** providing services within "white" areas and in some cases to black townships. Subsidisation may take place by either the municipal council or central government. Approximately 22 percent of the buses are used by these operators.
  - **Parastatal bus services** were owned by the former self-governing or independent states and services are provided from these areas to economic and commercial centres with subsidies provided by central government. Approximately 35 percent of the buses are used by these operators.
11. In addition to the bus services, rail services are currently being provided by the state owned South African Rail Commuter Corporation in six of the metropolitan areas of the country.

#### **POLICY FRAMEWORK IN SOUTH AFRICA TO DATE**

12. As in other developed and developing countries, public transport in South Africa has long had a political dimension, resulting in the public transport system being directed towards local authority monopolies, privileged franchises, restrictive licenses and many other forms of government intervention. The consequence of this was that public transport services were isolated and, indeed, protected from competition. This led to many problems including the propping up of inefficient management in certain cases, the creation of a culture of disregard for the well-being of the client (i.e. the commuter) and an abnormal focus on the supply side of public transport services.
13. In South Africa, economic control was introduced to the South African passenger transport industry with the Road Motor Transport Act of 1930. The industry has continued under strict economic regulation, controlled by the Road Transportation Act of 1977. Under this controlm, a spectrum of ownership exists in the public transport sector, varying from completely nationalised public sector operators (parastatals) to the private sector.
14. Public transport as it exists today owes its existence to the relationship between government policy, regulation and the transport markets over time. Government's transportation policy in the past has been closely aligned with national policy in the sense that transportation has served instrumentally in implementing national policy (e.g. the Group Areas Act, with which a policy of spatial separation between different race groups were regulated, was supported

by making subsidised transport available to workers). In support of its strategy, Government regulation of the transport industry was directed against competition within and between modes, and towards protectionism. It was within this environment that the transportation markets came into being and had to be developed.

15. The intervention by government in the development of the public transport market resulted in specific structural developments of the market. At the outset, the predominant public passenger modes were bus and train, and legislation applied until 1987 was mainly developed to initially safeguard train services against competition from bus services, and later - after the advent of the introduction of subsidisation for bus services - to protect subsidised bus services against other competing services ( i.e. other bus services and later minibus-taxi services). As a result, the modes tended to develop in isolation from one another, each operating within an artificially created monopoly situation.
16. The monopoly situation, however, did not last very long as there is no doubt that new entrants into the minibus-taxi market have taken their toll on the train, bus and existing taxi services. Bus patronage dropped by 28 percent between 1980 and 1988. Train patronage dropped by 29 percent over the same period.
17. Since 1987, however, the transport policy in South Africa has been guided by the 1987 White Paper on National Transport Policy, which concluded that transport is a basic economic infrastructure that must facilitate economic and social development through the provision of basic mobility and accessibility at minimum cost. The transport policy was formulated within the ambit of the national economic policy, the cornerstones of which were reducing regulation, encouraging effective competition, easing entry into the market and promoting private enterprise.
18. Passenger transport policy principles included the devolution of the decision making process regarding passenger transport policy to the "lowest level of government possible" and that "lowest level of government" be responsible for the payment of subsidies. National guidelines were to be drawn up to assist the lowest levels of government.
19. The phasing out of subsidisation of commuter passenger transport services in the long term was foreseen, although it was accepted that there were good reasons for promoting the use of public transport through the payment of subsidies, such as alleviating traffic congestion in urban areas, reducing the need for new infrastructure, energy conservation, environmental considerations and overall reduction of transportation costs.
20. One of the recommendations of the White Paper referred to earlier, was the introduction of a competitive tendering system with the view to increase competition, and possibly reduce the level of subsidies, to the protected monopolistic public transport sector. To date, this principle could only be introduced in areas where bus operators threatened to withdraw their services due to financial difficulties and government was not prepared to increase subsidies to unacceptable

high levels. Further factors limiting the introduction of the competitive tendering system on a general basis at this stage are the current legislation regulating public transport and protecting operators from competition, the concerns of unions regarding job security, so-called allegations of the playing field between public and private operators tendering for services not being level and the complicated nature of documentation used for calling for tenders.

## **POLICY FRAMEWORK IN THE NEW SOUTH AFRICA**

21. Disinvestment and lack of business confidence has taken its toll in the form of reduced levels of service and safety, and the inadequate provision of infrastructure. Other social needs such as housing, education and health care have stolen the limelight from the transport scene. Droughts, economic depression and political unrest also have left millions in an impoverished state. As a result of inadequate transport links and high commuting costs they are being denied access to employment and social opportunities. So desperate are these people that they are prepared to settle on unserviced land in appalling conditions, in the hope of finding a better life near the cities. These are the new entrants to the labour market, the very people that need to be accommodated by the new South Africa.
22. The accelerating rate of urbanisation of the South African populace will both increase the importance of commuter transport, and at the same time severely strain the capacity of the system. The new government has already placed renewed emphasis upon the importance of an excellent public transport system by nominating it as one of the five priorities of Government.
23. With the political and constitutional reforms sweeping the country, the new South Africa faces enormous challenges. Owing to the economic climate the funding of adequate transport facilities is not available. As a consequence of past policies as mentioned, our cities and the transport systems that serve them have become warped and inefficient. The responsibility for transport has been fragmented and unworkable as a result of outdated legislation and the myriad of authorities involved.
24. To be able to get to work on time, to keep the price of consumer goods down, to compete on the international market, and to attract tourists from all over the world, requires nothing short of rebuilding South Africa's entire transport sector politically, institutionally, financially and physically.
25. The transport problems in the cities of South Africa will, of course, not be solved as long as masses of commuters are forced to travel long distances to their places of work as depicted in Annexures 2 and 3. The cities also need to be restructured, in fact imploded, to create the densities required to support public transport corridors. Land use and transport policies are required to complement each other and attention will in particular be placed on land in metropolitan areas, where the land ought to be developed for concentrated housing or employment purposes, in accordance with strategic land use/transport structure plans.

26. Public transport can play a significant role in the redistribution of opportunities. Not everyone can live close to town, but efficient, affordable, safe facilities can provide the necessary mobility, which is an important key towards economic growth and social advancement.
27. The governments on various levels will have to take the initiative to ensure this mobility, primarily by providing adequate infrastructure and services. In this process, one of the most important challenges will be the integration of modes, from an infrastructural as well an operational point of view. There are however various aspects which will need to be addressed. **Firstly**, the playing fields between, and within, the various modes must be levelled, in order to eliminate the historical disparities between them, which have prevented market forces from prevailing. For example, the deregulation of the combi-taxi mode may not have been the correct response to so-called over-regulation in the past. **Second**, instead of modes competing with each other for a share of the market, their future goal should be an escalating level of co-operation, aimed at providing the public transport user with the best possible service at the right price. The combination of *passenger transport plans* with infrastructure plans will assist in achieving this goal. **Thirdly**, the integration of timetables and the development of modal transfer stations, that provide commuters with an array of services and opportunities, hold the promise of a friendly station environment, and presents unique opportunities for large and small business entrepreneurs. **Finally**, the funding of transport, particularly public transport, requires a commitment from government. Devolution of functions to lower levels of government implies the identification of appropriate sources of funding to pay for infrastructure and to subsidise operational losses should it be deemed necessary. Possible sources are tolls or levies aimed at encouraging users of private transport to change to public transport. At the same time, public transport must be streamlined to make it more attractive to prospective users.
28. In terms of the *Constitution* and the agreed constitutional principles, public transport policy is bound to undergo change. The devolution of various functions and powers to lower tiers of government, the revision of administrative or institutional structures, will have significant implications for the transport industry.
29. In the process, many institutions will be transformed to reflect the new constitutional framework and principles and to effect much needed rationalisation, or to enable new role players at lower tiers of government to assume extended responsibilities in the new dispensation.
30. One of the cornerstones of the new dispensation requires powers (financial and other), functions and responsibilities to be devolved to the lowest level of government at which decisions can be taken most effectively. The allocation of powers and functions between tiers of government will be made on a basis which is conducive to financial viability and promotes national economic unity together with legitimate provincial autonomy.
31. It is not only new institutional arrangements which is required to improve the

efficiency of public transport in South Africa. A new vision for transportation policy is necessary for the new century. There is also a need for improved efficiency in the creation of mobility - both economic and social - in our daily lives. Adequate and appropriate mobility is essential to correct the social injustice of the past in South Africa and to provide efficiency in access to work particularly, but also recreational opportunities for a major sector of the peoples of our country.

32. Our transport systems will need to provide affordable mobility for all, particularly in our rapidly urbanising metropolitan areas, where there will be increasing pressures on the maintenance and expansion of infrastructure and public transport services. Added to this will be the need to improve services to the underdeveloped rural areas as a part of social upliftment programmes.

33. The next decade will be a watershed in the history of public transport in South Africa and issues such as a changing society, our changing economy, new institutional roles, revised financing arrangements, mobility for urban communities and many others will have to be addressed.

34. Some of the issues which will need to be addressed within the passenger transport policy sphere in particular include:-

- The appropriate spatial relationship between living and work areas to promote efficiency in transport.
- Financing and subsidisation (if necessary) of passenger transport.
- Inter-modal integration.
- Efficiency in transport operations.
- Market form.
- Regulation and competition.
- Methods to curb the growth of private vehicles.
- Institutional relationships and structures.
- Preservation of the environment.
- Non-motorised public transport.
- Building capacity in the industry.
- A multiplicity of minibus-taxi issues.
- Affordability of public transport,

and many others.

35. To enable a viable policy and strategy for passenger transport to be put into place, these issues at least, will require to be resolved (or at least to gain majority support) within the current social and economic environment in South Africa and also based on the principles of involvement, co-responsibility and pro-active positive participation.

36. A discussion document providing the Department of Transport's viewpoint on some of the above-mentioned issues has been drafted and distributed widely for comment. A structured process is being followed in order to generate substantive

policy options and recommended preferred policies, which may be refined into a White Paper to be tabled in Parliament by early 1996.

## CONCLUSION

37. Bold steps will have to be taken to restore public transport to a healthy state in South Africa. The backbone of it is the assumption that scarce resources should be used intelligently. This can be achieved by focusing efforts towards achieving greater metropolitan unity in the provision of public passenger transport. Such unity should embody, firstly, a comprehensive vision (or mission) at a metropolitan level for the role of public transport for the region, and secondly, recognition of the need to integrate and coordinate the modes, as well as transport and land use in general, to the benefit of the commuter and the region at large.
38. In essence, attention will have to be placed on the following:
- Planning and controlling of public passenger transport at a metropolitan level,
  - Directing public passenger transport operations towards identifying the role of each of the modes and modal integration in the provision of services, by way of well defined metropolitan based transportation and land use strategies,
  - Developing infrastructure in support of a metropolitan strategy,
  - Locating the transportation regulatory function at the metropolitan level, and
  - Consolidating funding for subsidised passenger transport at the metropolitan level.

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APPENDIX 1: SOCIO-ECONOMIC INDICATORS FOR SELECTED PROVINCES OF SOUTH AFRICA

Indicator	Gauteng	Northern Province	Kwazulu / Natal	Free State	Western Cape	Northern Cape	South Africa
Surface area (%)	1,5	10,1	7,6	10,6	10,6	30,0	-
Population (%)	17,0	12,6	21,0	6,9	9,0	2,0	-
Population density (persons per km <sup>2</sup> )	365	43	94	22	28	2	33
Urbanised population (%)	95	9	78	54	85	16	50
Functional urbanised population (%)	99,6	12,1	77,9	73,7	95,1	78,2	65
Nominal GGP per capita (Rands pa)	10949	1266	3537	5194	7326	5890	5042

Functional urbanised population includes official urbanisation, as well as people clustered around towns or in "towns" without official recognition (peri-urban) and people living in the vicinity of urban areas who are dependent on it for income (semi-urban).

Source: Development Bank of Southern Africa, (1994). South Africa's Nine Provinces: A Human Development Profile.  
Development Bank of Southern Africa, Halfway House, South Africa.

APPENDIX 2: BUS TRANSPORT CHARACTERISTICS: SELECTED PROVINCES MARCH 1995

Province	Indicator	Travelling distances in kilometers				Weighted average travelling distance	Total
		0-20	20-50	50-100	100+		
Gauteng	Pass. trips	1690406	3237132	1252592	907064	48,03	7087194
	Subsidy (Rands)	2491073	13209535	8412180	8745677		32858467
Northern Province	Pass. trips	282934	1390348	303920		36,27	1977202
	Subsidy (Rands)	216235	1899804	1134049			3250091
Free State	Pass. trips	105496	34888	681942	700	59,06	823026
	Subsidy (Rands)	125032	66322	3313021	4540		3508918
Northern Cape	Pass. trips	97266	29040	2692		19,91	128998
	Subsidy (Rands)	114882	74885	11208			200977
Western Cape	Pass. trips	292596	892662	63026		29,37	1248248
	Subsidy (Rands)	281653	4313320	528291			5123266
Kwazulu/Natal	Pass. trips	933652	2543352	130496		30,40	3364580
	Subsidy (Rands)	1501491	10445661	970685			12856043
Total for SA	Pass. trips	3985732	10355711	2827952	907764	39,63	17834242
	Subsidy (Rands)	5330638	36043235	16346144	8750218		66408443

**APPENDIX 3: RAIL TRANSPORT: PASSENGER TRIPS PER DAY  
(MAY 1995)**

Province	Travelling distance in kilometers				Total
	0 - 20	20 - 50	50 - 100	100+	
Gauteng	360549	272719	22232	1209	656709
Kwazulu/Natal	156399	77859	5549	39	239846
Eastern Cape	11611	8674			20285
Western Cape	259604	95457	5793	72	360926
<b>Total</b>	<b>788163</b>	<b>454709</b>	<b>33574</b>	<b>1320</b>	<b>1277766</b>

Source: South African Rail Commuter Corporation Ltd