

# TSHWANE RAPID TRANSIT

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DRIVING PUBLIC TRANSPORT FORWARD



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## **Our Vision:**

*To be the leading passenger transport operator in the continent*

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## **Our Mission:**

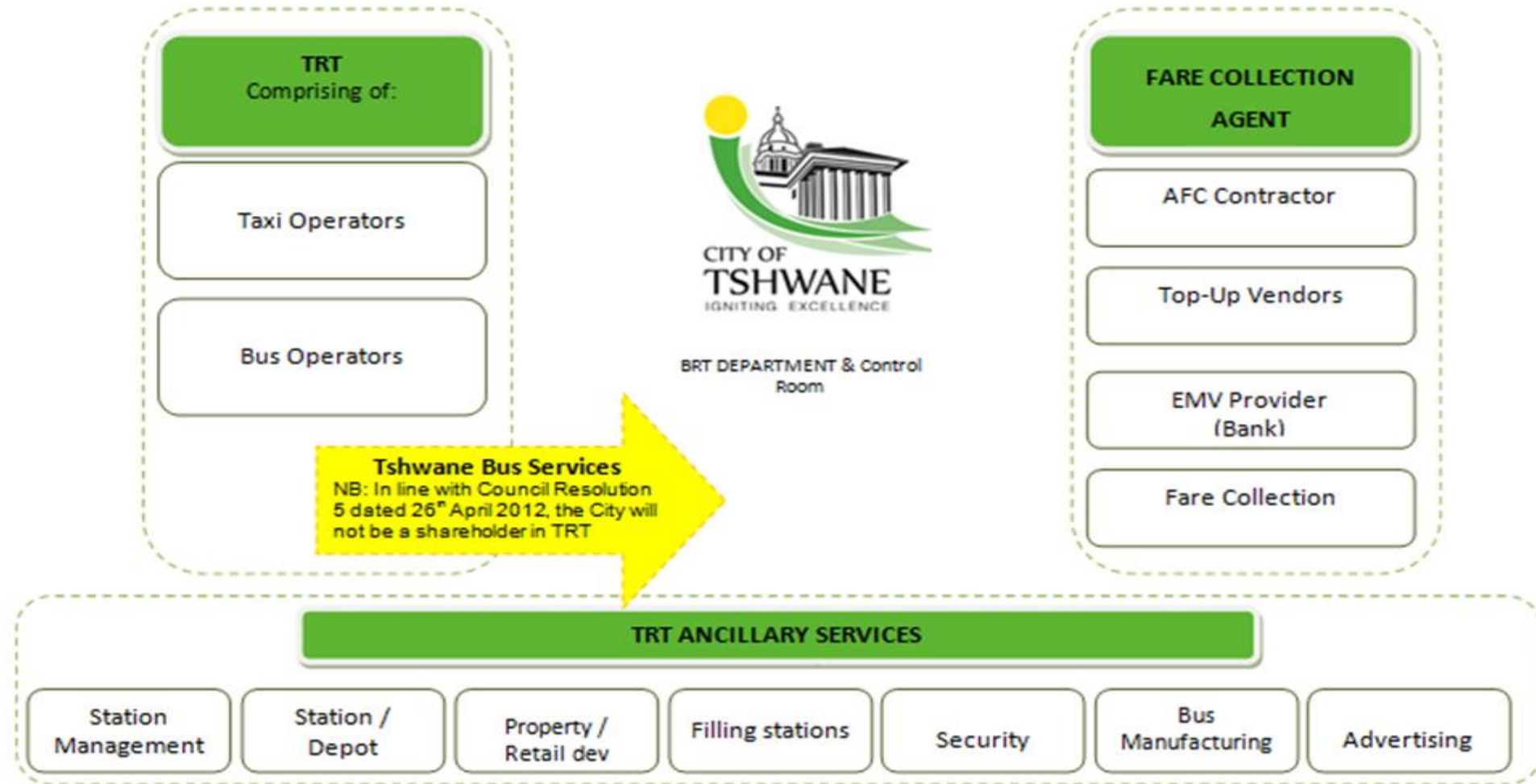
*To operate reliable, safe and commercially viable passenger transport services*

# Values

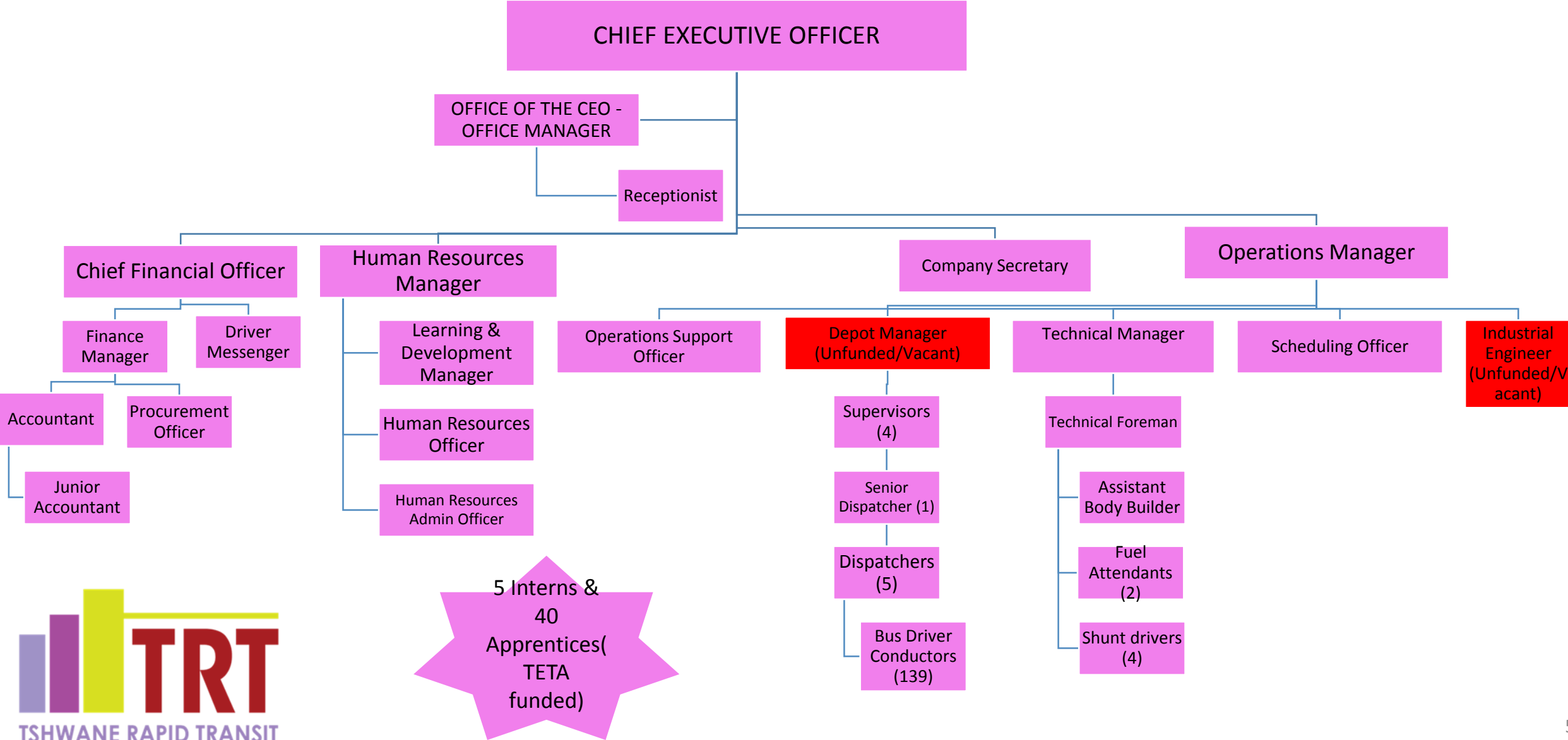
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- Social responsibility
- Excellence
- Integrity
- Teamwork
- Accountability

# TRT Value Chain



# TRT structure



5 Interns & 40 Apprentices (TETA funded)

# BRT Operations

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- Rainbow Junction to Hatfield
  - Low passengers versus plan
- Started in 2014 with an inception phase
- Not yet in the 12 year fee per kilometre operations
- 4<sup>th</sup> year of Cost recovery
- Shareholder identification, onboarding and impact
- Compensation payment challenges

# BRT Operations

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- Fares managed by the City
  - Low passengers versus plan
- No direct communication with the passengers
- No marketing activities within the Areyeng brand
- Latent design faults within the system and buses
- Bus life cycle costs
- Infrastructure delays
  - Depot, fuel stations, routes, transfer facilities

# Mamelodi Bus Operations

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- Started on 2 October 2017 for a 6 months' contract, extended to 30 September 2018
- Operating 46 buses instead of 73
  - Operating licences for leased buses
- Subsidised and unsubsidised routes
- Buses used not specified for the operation and therefore costs high
- Partnered with MATRANS (Mamelodi Transport Solutions)



# Mamelodi Bus Operations

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- Current Fare structure has existed since 2016, due to contracts being ceded and therefore no price increases.
- Operating routes from 1996, new development not taken into considerations.
- No infrastructure for bus stops and terminals.
- Riots within the community.
- Cashless operations.
- Short term nature of contracts hinder investments & permanent employment

# Allocation of operational subsidies

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- Allocations are based on contracts done in 1996.
- Route networks and developments point to different areas of origin and destinations.
- Most townships developed post 1999 and these are not covered.
- If one operates per allocations, passengers collected do not make business sense due to numbers.
- Co-operation with the local taxi industries to make sure that there is a beneficial program in place to benefit the poor and business interests

# Operational subsidies

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- Subsidies have made a few bus companies very big and these companies have created barriers to entry.
- No impact in some areas as newer developments do not have subsidies covering them and Taxis are the sole operators there.
- Regulations of pricing is required in the public transport to protect the poor.
- Extension of the subsidies to all modes of transport.
- These can be done through fuel support instead of cash for the qualifying modes. Fuel constitute 30-45% of Operating expenditure in transport.

# Implementation of BRT

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- BRT is meant to improve mobility, be affordable and provide a safe and reliable transport system that integrates with other modes.
- Cost structures in Transport for BRT's are not easily understood. They provide for cheaper travel when utilised effectively.
- The mind of people is focused on *pay as you use* and this model becomes costly.
- BRT trunks should cover main nodes operated by buses.
- Feeders and complimentary routes should be a mix of buses and taxis
- Automated fare collection (AFC) integration on both modes and user education becomes a key focus area.

# Transformation

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- Shareholding in any business needs to make financial sense. Profitability versus Social responsibility in Transport needs to be clarified by government for both Taxis and Buses.
- Alternative investment vehicles needs to be made available.
- Participative leadership from the top to the bottom within government and Previously Disadvantaged Individuals (PDIs) group.
- Business forum used for education, advise and incubation.
- Focus on longer term contracts to maintain longer benefits into the PDIs

# Transformation

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- Strong partnership within the Taxi Industry bodies and government is imperative for longer term survival and success of the BRTs.
- Clear terms of reference and rules of engagements that are sustainable and can stand the test of leadership changes in both.
- Commitment to the projects by both stakeholders.
- Determination to developing new ways of benefit in transport.

# Price setting mechanisms

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- Price is a factor of input costs.
- Public transport is for public good and therefore pricing should have an element of regulation by government in line with costs.
- In BRT, pricing is determined by the Cities and Operators paid on a Cost per Kilometres (CPK) basis. However, TRT is in its 4<sup>th</sup> year of Cost recovery. This has long term implications to the business and profitability.
- Marketing of the service is critical to increase passengers in that the higher the ridership, the lower pricing can be. This has been started by Reavaya and is encouraged in the industry.

# Price setting mechanisms

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- In the Commuter environment, TRT has been faced with specific challenges.
  - Taking over a contract means you taking over even pricing.
  - Impact was that Autopax knowing they are departing in September 2017, did not increase their fares in July 2017. Same as Putco in 2015.
  - Taxi Industry complaining that buses are therefore too cheap in Mamelodi and negatively impacts their means of livelihood.
  - Implementing an Automated Fare Collection system adapted from BRT and City buses meant some parameters were limited and therefore direct pricing matrix was not possible to match.
- Results were low revenue collections, but a good thing to the passengers.



# Price setting mechanisms

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- Overloads in the buses as a result of favourable pricing, which leads to Breakdowns and safety concerns.
- Unhappiness amongst stakeholders and possible violence.
- Resistance to high price increases due to historical facts and realities of economics to the passengers.
- Considerations to other modes of transport and their impact by our pricing.
- Volatility of the townships of operations.

