

Financing challenges

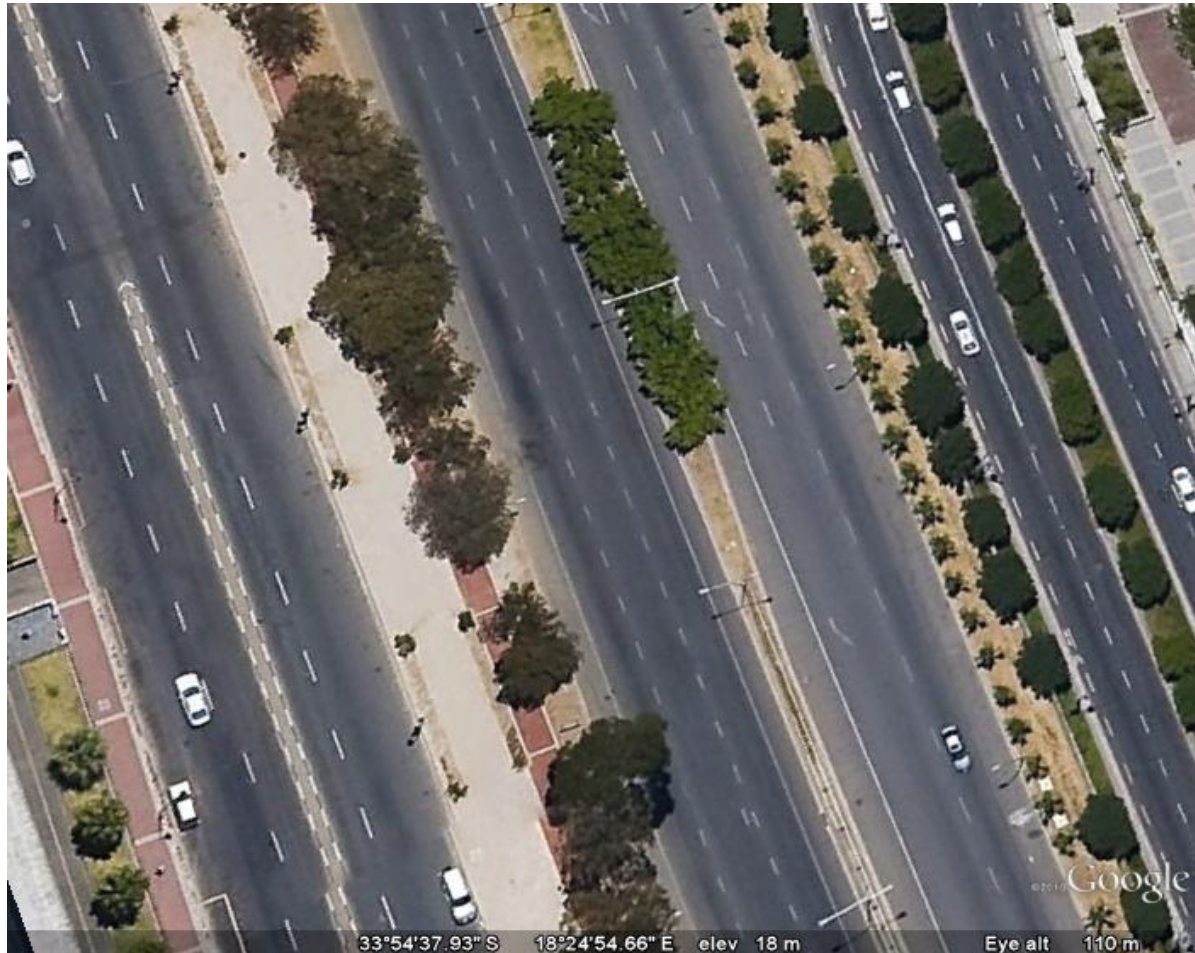
Philip van Ryneveld

7th November 2013

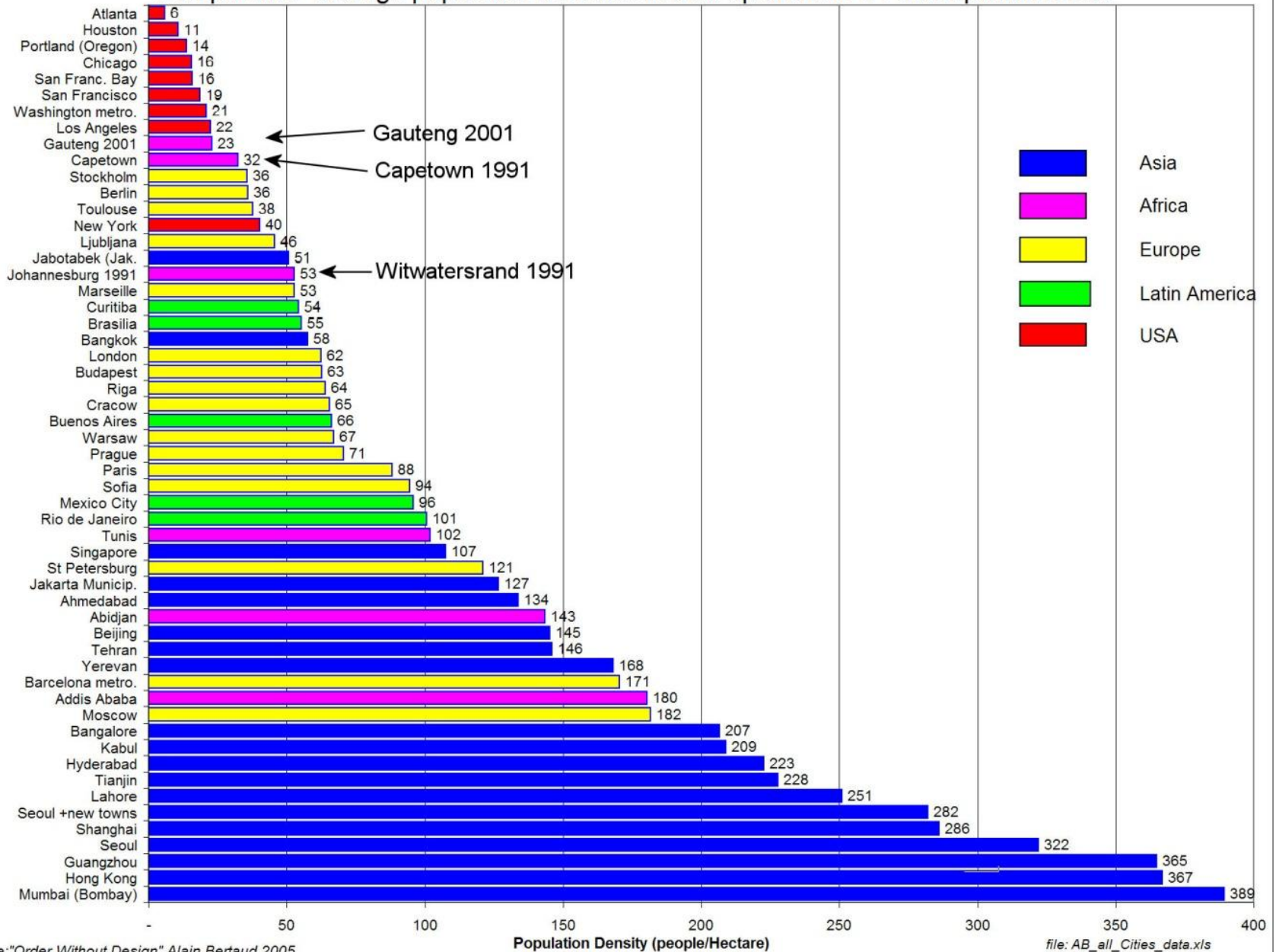


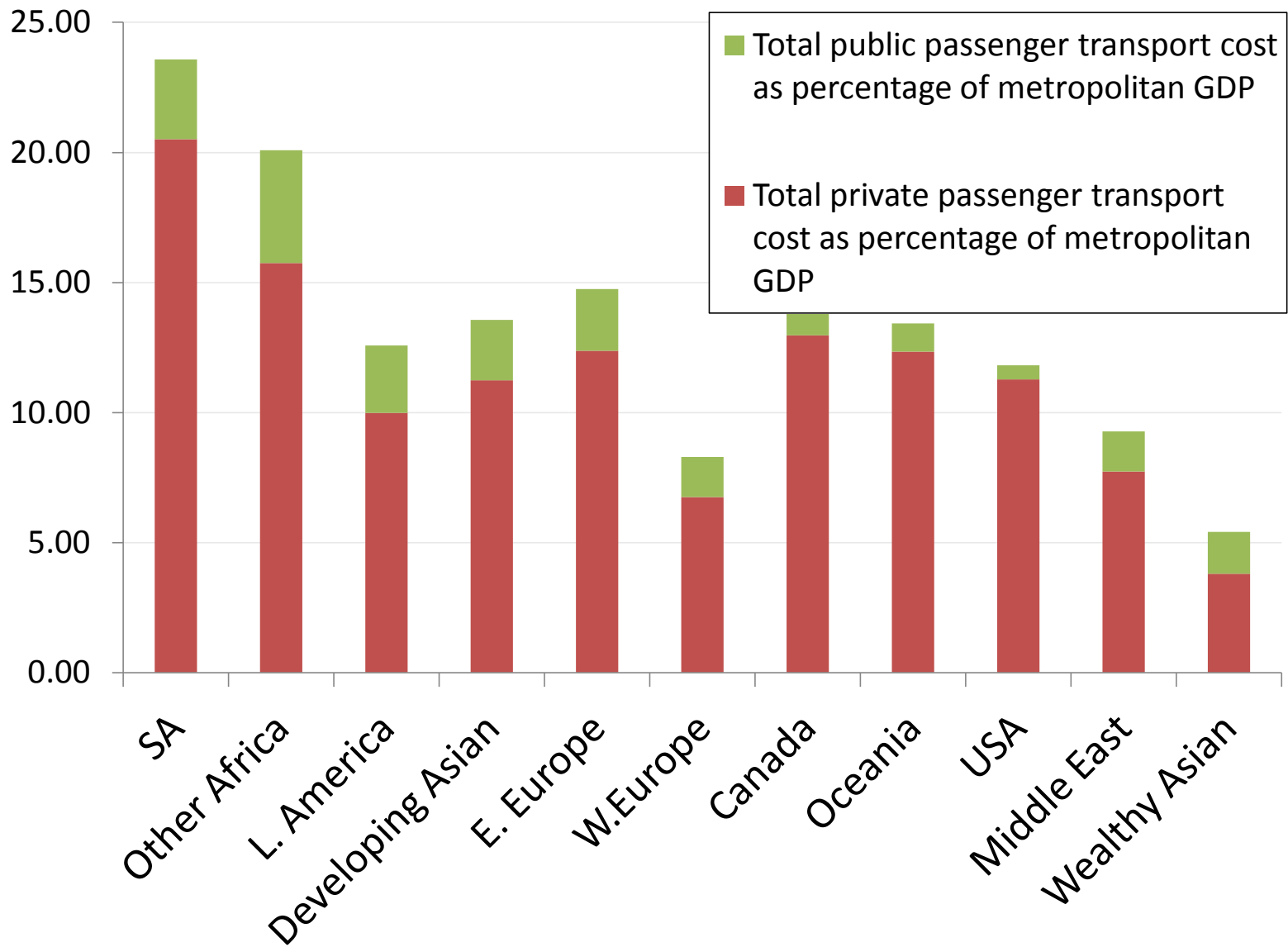
hunter van ryneveld

18 lanes of motor vehicles (including parking)



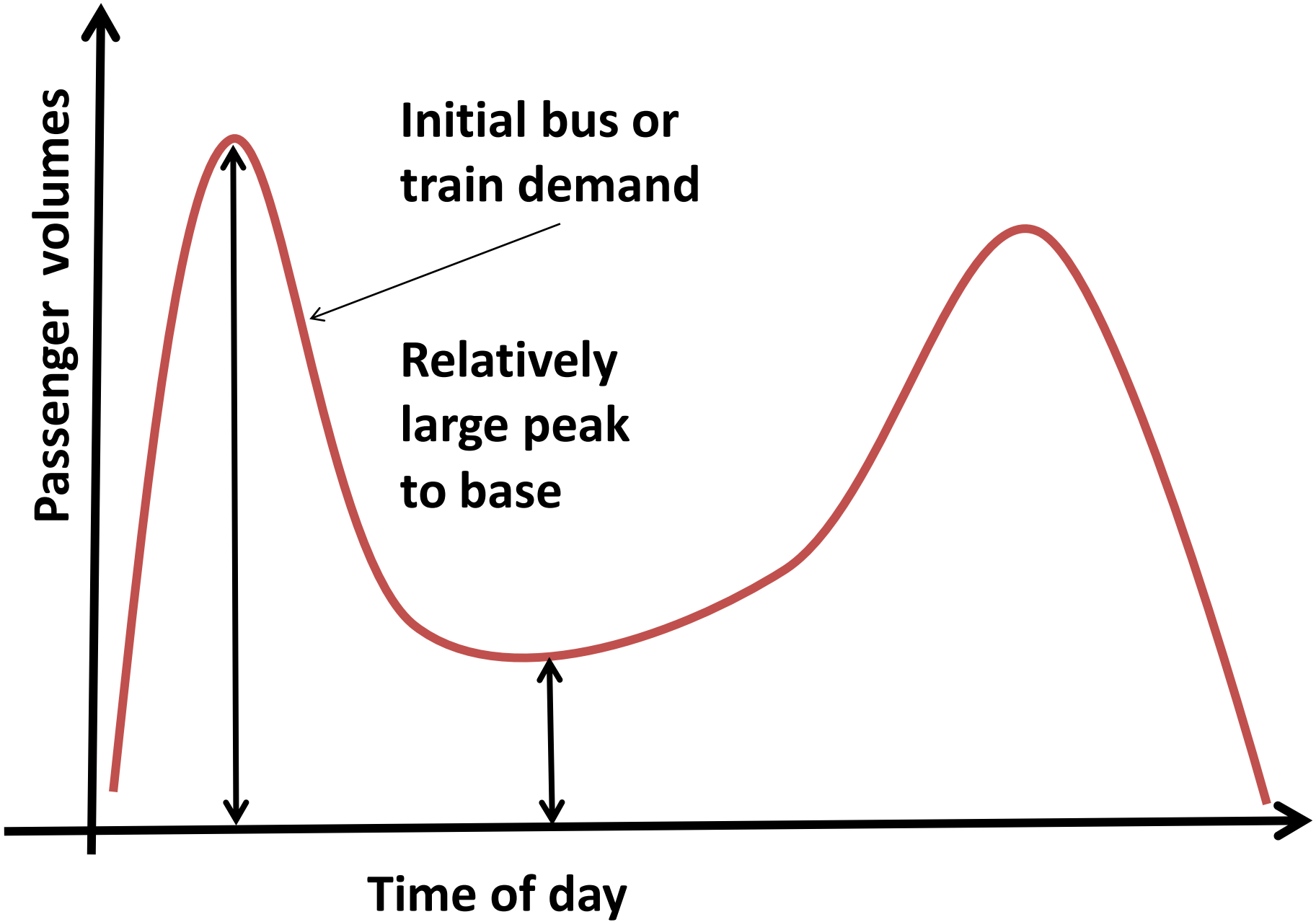
Comparative average population densities in built-up areas in 51 metropolitan areas

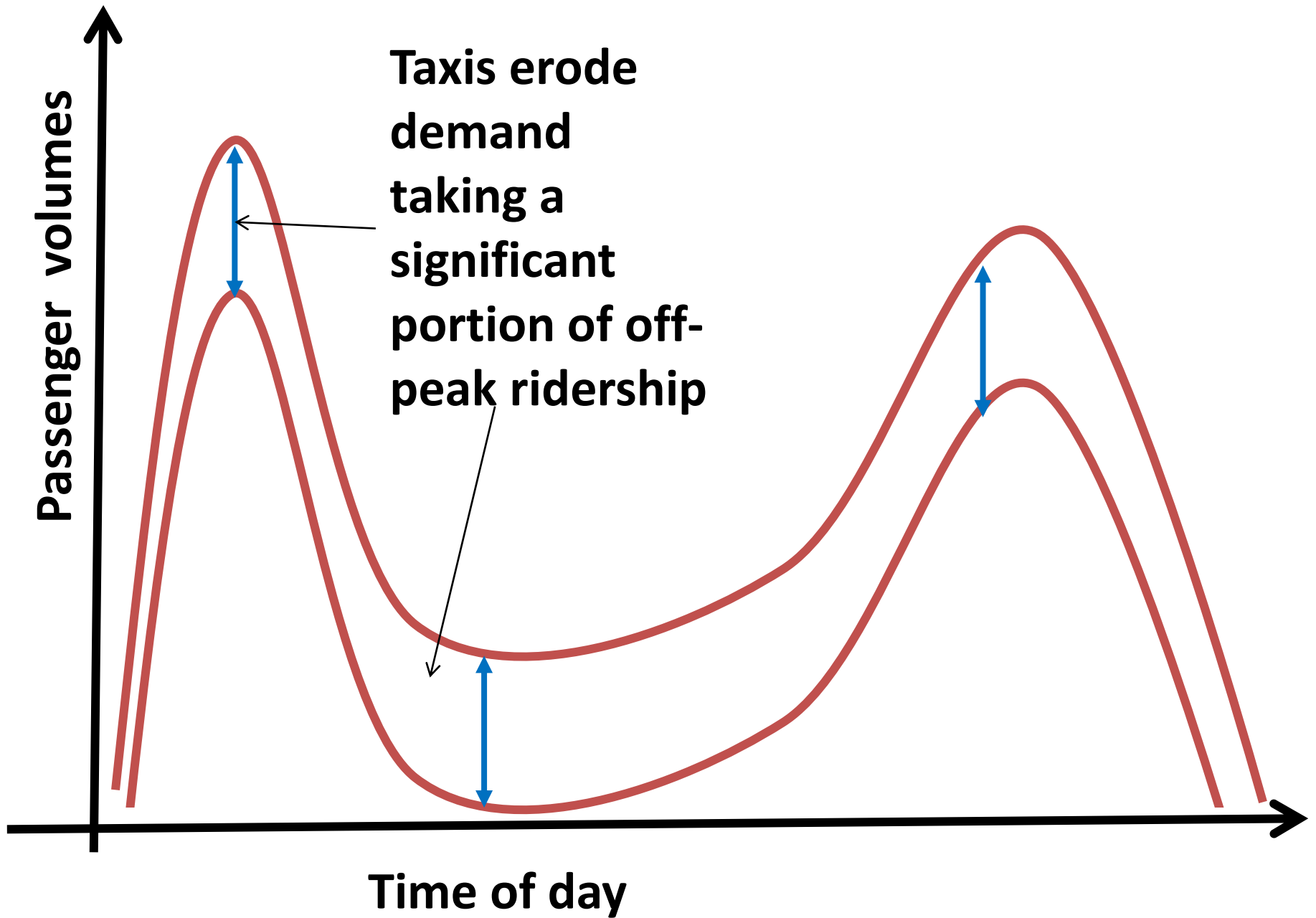




Key national subsidies (R billions)

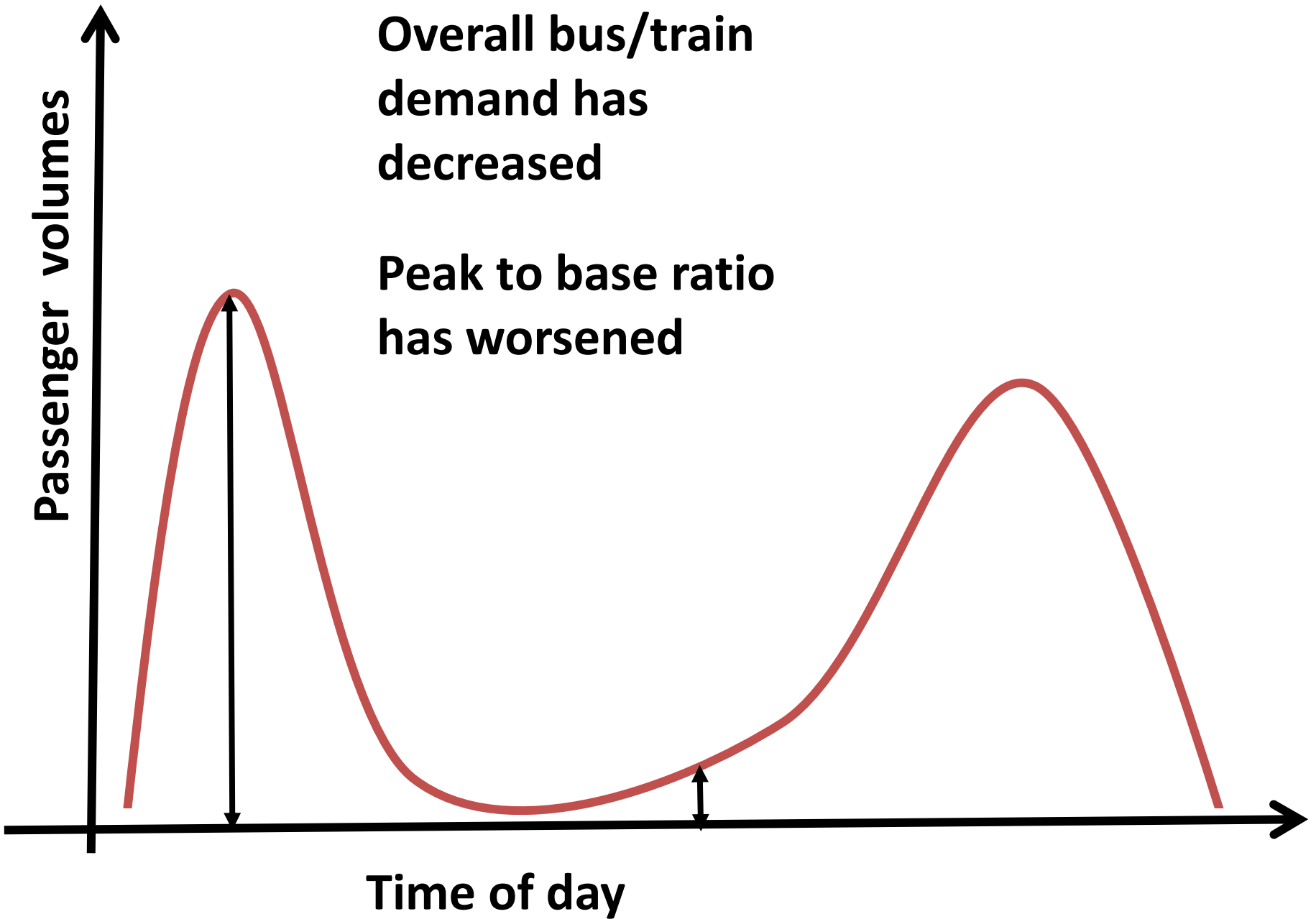
	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16
PTOG	2.84	3.84	3.53	3.86	4.15	4.32	4.55	4.78	5.00
PTISG	1.80	2.92	2.42	3.70	4.61	4.99	4.67	5.13	5.28
PTNOG	0.00	0.00	0.00	0.00	0.00	0.00	0.88	0.74	0.86
Taxi recap	0.68	0.58	0.63	0.34	0.45	0.46	0.52	0.55	0.58
Total PRASA subsidy	4.43	5.42	7.48	8.77	9.47	10.23	11.16	14.60	17.93
Current subsidy	2.26	3.05	3.19	3.15	3.34	3.53	3.68	3.89	4.07
Capital subsidy	2.17	2.37	4.30	5.61	6.13	6.70	7.48	10.71	13.87
Gautrain	3.03	3.27	2.98	0.44	0.01	Total Capital subsidy approx 28.9 b between 2006/7 and 2011/12			
Gautrain ridership guarantee						0.5?	0.5?	0.5?	0.5?

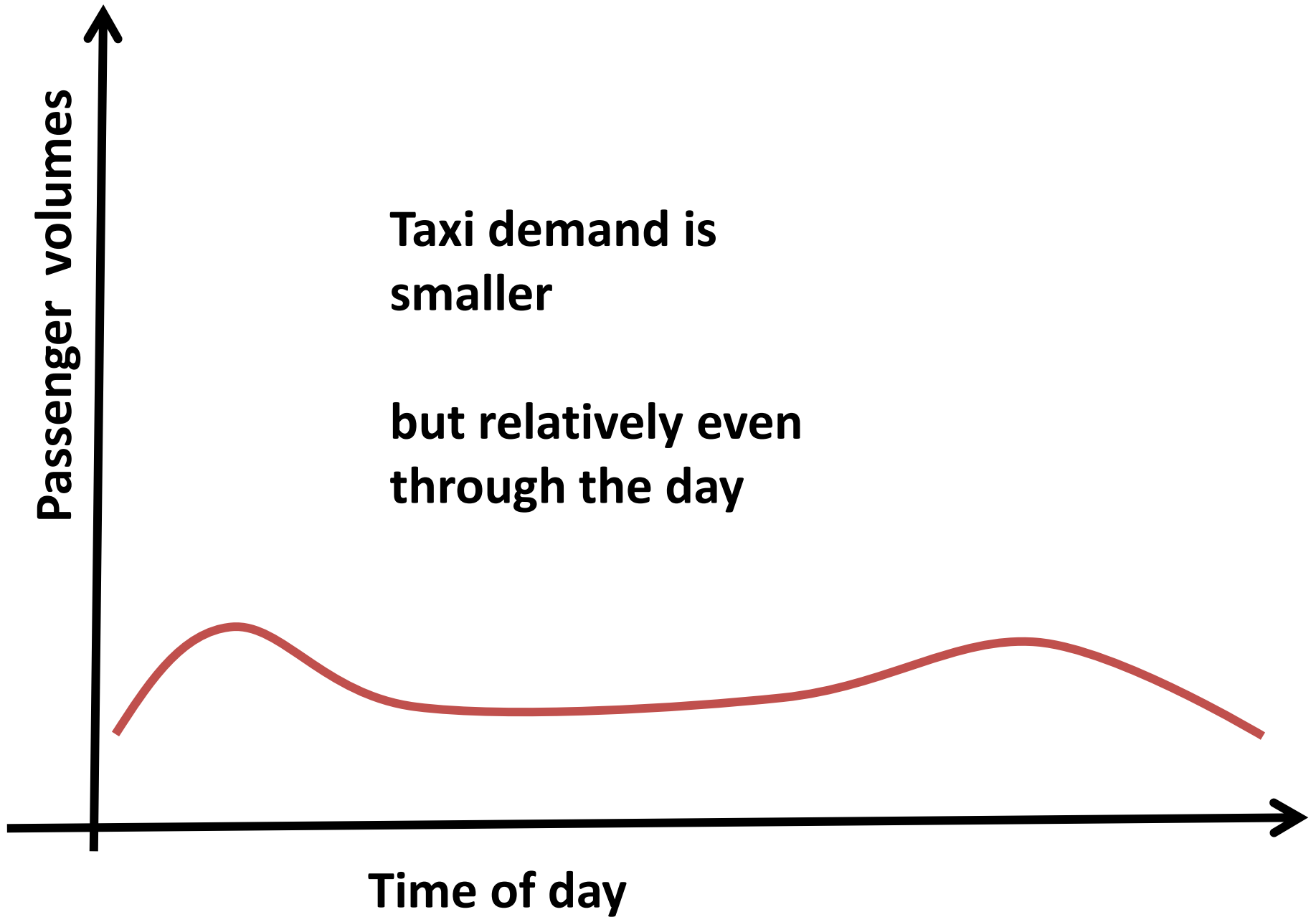


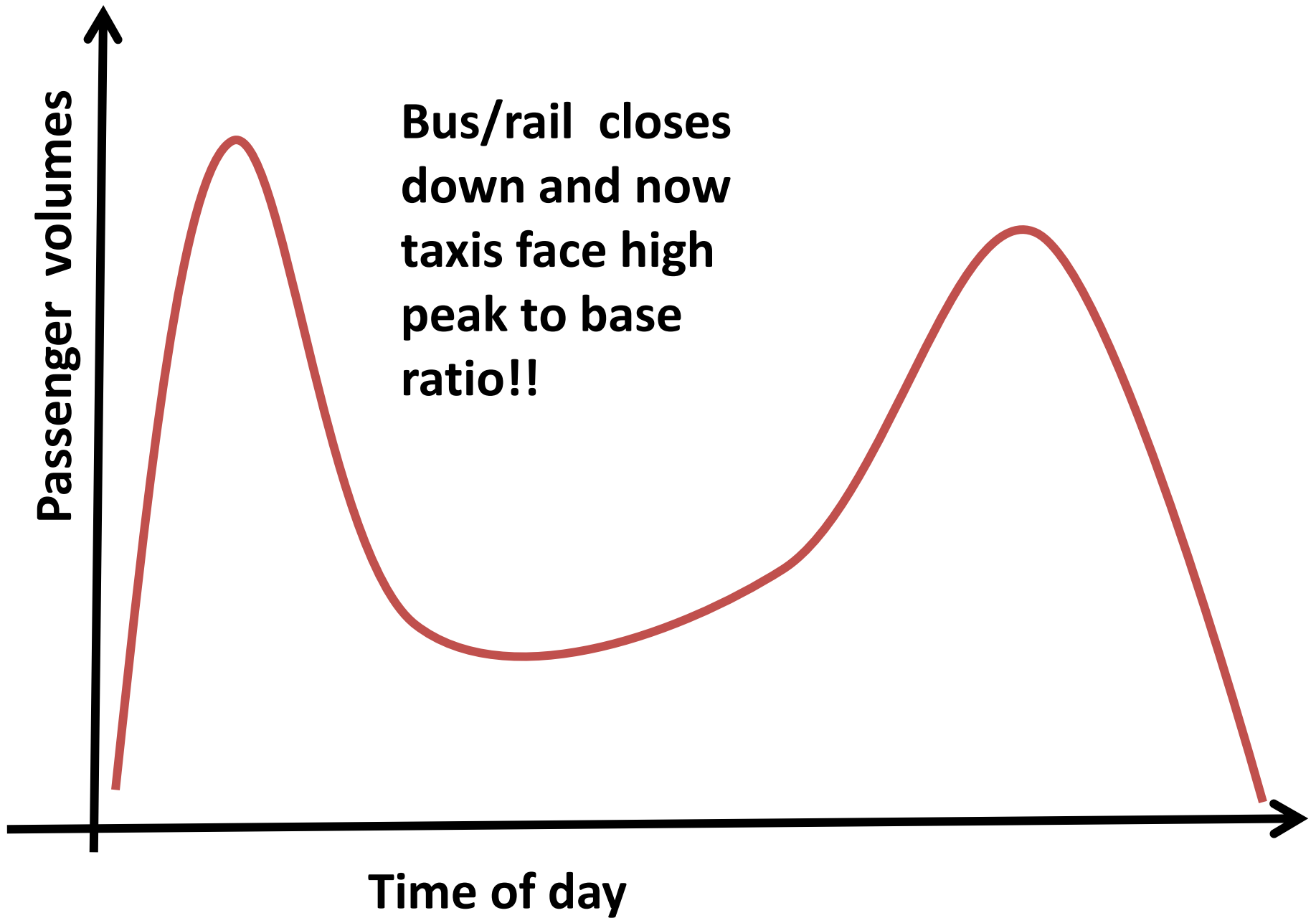


**Overall bus/train
demand has
decreased**

**Peak to base ratio
has worsened**







	GABS	World Bank Benchmark
Passengers per bus per day	212	1000 –1200
Km per bus per day	211	230-260

Some cost estimates (R billions)

Average cost of BRT trunk infrastructure	R40-50m per km
Likely extent of full metro network in 5 largest metros	200km
Estimated cost of metro-wide trunk network including depots for 5 metros	R50 billion
Total existing operating subsidy per year	R9.11bn
Annual operating subsidy requirement for 9 metros assuming 1% of metro GGP per annum (all modes)	R11.0 bn
Estimated operating subsidy per annum per metro for modernised bus system in largest 5 metros	R2.5 bn
Total combined annual property tax (9 metros)	R23.0bn

Key points

- Devolution of public transport responsibilities to cities is appropriate
 - Creates linkage between transport and land use decisions
 - Better accountability
 - Scope for optimising inter-modal networks
- However there are massive financial risks associated with this devolution
- Solutions lie in
 - Changing demand patterns
 - Appropriate modal mix
 - Skilful innovation across all modes
 - Including bus and minibus taxi sector