

## Case study

# DEVOLVING BUS PUBLIC TRANSPORT TO LOCAL MUNICIPALITIES

## A case study on the CSP support to enable devolution

### EXECUTIVE SUMMARY

During apartheid, public transport networks were designed to perpetuate racial segregation – their purpose was to move workers in and out of cities and towns. Bus subsidies were part of facilitating the spatial organisation of urban areas, providing cheap transport for commuters who lived in black communities located far from economic opportunities, enabling them to travel long distances to their workplaces in ‘white’ areas. This system of subsidising public transport, including buses, continues to influence – and reinforce – the historical spatial organisation of cities. It is not intentionally aligned with spatial development objectives and implicitly funds inefficiencies.

This case study documents the CSP’s journey of support to build an evidence-based case for **effective and well-planned devolution and integration of bus functions into a public transport network**, which would enable cities to become full contracting authorities in terms of the National Land Transport Act.



### THE PROBLEM

This project responds to the disconnect between public transport policy that promotes integration and practice that is uncoordinated, focusing on commuter bus services. Devolution is based on the premise that the municipal sphere is the sphere most suited to manage and integrate public transport with other infrastructure and services. Despite policy decisions and legislative provisions to devolve the public transport contracting function to local government, the responsibility for contracting bus services is currently split between provinces and municipalities. This compromises local government’s authority to control the quality of transport services in its jurisdiction. The main problem appears to be a lack of understanding and clarity about:

- The process for municipalities to become fully-fledged contracting authorities in terms of the NLTA.
- The roles and responsibilities of the three spheres of government during the transition.
- Resourcing of the transition process, as public transport conditional grants do not support the devolution of functions to local government.
- The risks associated with transition and how to mitigate them.

A coherent framework for devolving powers and functions to local governments is needed that will enhance the overall management of the urban built environment and advance developmental local government.



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REPUBLIC OF SOUTH AFRICA

**clTIES** SUPPORT PROGRAMME



## THE CSP BUS DEVOLUTION PROJECT SUPPORT PROJECT

The CSP created this project to support cities to transition to full contracting authorities and ensure a successful handover of the bus contracting function. Technical support provided was aimed at enabling cities to have clear council-approved plans on how to transition to contracting authorities in terms of the NLTA, and clear risk mitigation strategies for implementing transition plans to full contracting authorities. The project's intended outcomes were cities that have the capability to plan, design, operate, budget for and monitor sustainable, integrated public transport systems, and to deliver a public transport sector that enables city transformation through devolved transport functions at an appropriate level.

The support was initially introduced to all eight metros but then withdrawn from two cities: Buffalo City, due to lack of capacity to absorb the support, and Ekurhuleni, due to the uncertainty of the future of the Brakpan Bus Company and the internal departmental issues.

As of December 2021, none of the cities were ready to take over the full contracting authority function, although Tshwane, Cape Town and eThekweni are actively developing their plans to take over the contracting function, and Cape Town and eThekweni have already obtained council approval to start the process.

### THE PROJECT DELIVERABLES PER METRO WERE



#### A STATUS QUO ASSESSMENT

A comprehensive profile of the metro's public transport contracting function, together with associated risks



#### ASSESSMENT OF READINESS

Evaluation of how ready the metro is to acquire functions



#### DEVELOPMENT OF A TOOLKIT

See generic toolkit at [Reports, Toolkits & Guidelines](#) ([treasury.gov.za](http://treasury.gov.za).)



#### DEVELOPMENT OF A ROADMAP

Specific steps required for the metro to acquire the contracting function



## LESSONS LEARNT

**Highly technical and data-intensive projects take longer than anticipated**

More sessions were held with the metros than initially intended, in order to ensure that they had a comprehensive understanding of how the toolkit works. Unforeseen events and potential delays are likely when dealing with a lot of data, and so some buffer time should be included in the project plan.

**Stakeholder consultation and buy-in are crucial**

Consultations need to happen at an early stage in the project process and at an appropriate level, so that there is an understanding of the project objectives and how it will benefit everyone in the value chain.

**Political and executive management support is essential**

Without the proper political and executive management support for devolution, the efforts invested may end up being futile and the toolkit (designed to measure the city's readiness) may go unused as an interactive tool to assist this process.

**A project champion improves engagements**

Identifying a senior relevant official as project champion in each metro helped to improve the success of the engagements and speed up the response times required.

**Vested interests are a reality**

Some provincial departments appear reluctant to transfer the contracting function to local municipalities, as this would lead to them losing grant funding and certain job functions possibly becoming redundant.



## THE PATH AHEAD

Successful devolution relies on the municipalities establishing themselves as fully-fledged contracting authorities and requires a concerted effort from all stakeholders. The lack of policy-making power, financial authority and resources needed to carry out crucial functions are obstacles to municipalities being able to fulfil their developmental responsibilities. In addition, there are vested interests who would of course choose to hold on to existing bus contracts for as long as possible, despite the findings by the Auditor-General of South Africa (AGSA) related to this.

Key elements of a successful devolution of the contracted bus services:

- **Clear roles and responsibilities for all spheres of government during and after the transitional phase.** See the CSP's Policy Guideline for the devolution and assignment of transport functions at [Reports, Toolkits & Guidelines \(treasury.gov.za\)](#).
- **A managed transition phase over three years** to enable municipalities to become fully fledged contracting authorities.
- **Clarity on requirements of tendering and contracting for concessions**, to ensure open, competitive and transparent procurement.
- **Full understanding of financial resources**, including policy guidance on the basis for subsidisation, consensus on how to fund the transitional phase and reform of the Public Transport Operating Grant, so it can flow to municipalities.
- **The establishment of intergovernmental forums** to improve communication and coordination.
- **Prioritise support to pilot cities for bus devolution** (i.e., cities that are considered to be in an advanced state of readiness: City of Tshwane, City of Cape Town and eThekweni).

### **Case study Executive Summary**

#### **DEVOLVING BUS PUBLIC TRANSPORT TO LOCAL MUNICIPALITIES: A case study on the CSP support to enable devolution**

**Developed by**  
The Cities Support Programme: National Treasury (CSP-NT)

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### **We welcome your comments:**

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