The introduction of BRT systems Managing the industry transition process

Issues, options and early lessons local experience

5 November 2013

Structure of this brief overview

1. The legal foundations for the reorganization of supply in the SA urban context
2. The importance of the para-transit sector in the SA "public transport" supply system
3. Para-transit reform- all or nothing or something in between?
4. Para- transit reform- important pre-conditions for success
5. The approach followed in Cape Town (phase1)
6. A perspective on successes and limitations

Legal foundations for the reorganization of “supply” in SA cities

- **Chapter 5 of the NLTA** – “Contracting for public transport services”
- Provides for **negotiated contracts** where...

-*integration of services forms part of the implementation of an integrated transport plan*

-*promotion of the empowerment of small businesses takes place*

-*such negotiated contracts will facilitate the restructuring of parastatal and municipal transport operations and discourage monopolies*

Importance of the para –transit sector in the SA urban context

1. **Cape Town**

1987: 11%

1998: 20 %

2000: 24%

2005: 29% (Rail 53%, bus 18% & MBT 29%)

2. **GCR**

Base year MBT 67% (Rail 14%, RR 1%, BRT1%, Bus 17%)

25 year projection MBT 29% (Rail 23%, RR2 %, BRT 20%, bus 26%)

Para- transit reform – all or nothing or something in – between?

Salazar Ferro, Behrens and Wilkinson

1. *In toto* transformation
2. A planned (anticipated) hybrid system *(de jure)*
3. An unplanned (but necessitated) hybrid system *(de facto)*
4. Case Cities to look at Bogota & Accra

Para-transit reform
Pre-conditions for success

1. The existence of or (collective) will to establish a sound regulatory system
2. A compelling business case that holds something (significantly) better than the current model
3. Leadership with an ability to co –create a better future and take people with them
4. Clear rules of engagement
5. Mastery of the three arts of communication, consultation and negotiation

Cape Town phase 1
Approach to Industry transition

1. An *in toto* "buy out" of all the affected MBT operators and *in toto* "replacement" of affected bus operations
2. Surveys, market share allocation and compensation determination (corer stones)
3. VO formation based on "geographic routes logic"
4. +_ 3 years of interim operating contracts- learning
5. 3 VO s – three 12 year operating contracts (some sharing of trunk services)
6. 661 MBT operators "bought out"
7. Option to invest, exit or go half way

A perspective on successes and limitations

1. Early days, but at 100% compensation take up and at 50 – 80 % investment in VO s appropriate to claim some success
2. Unique approach to deal with directly affected operators via their Associations – no umbrella bodies or regional structures involved
3. Phased implementation complicates matters and introduces vulnerabilities
4. Sustainable success is highly dependent on effective and consistent enforcement
5. VO commercial success highly inter-linked with City ability to shift patronage
6. The jury is out but a hybrid outcome is a real possibility