Appendix 1

The provision of public transport services in Stellenbosch Municipality

Section 78 (1) Assessment

August 2021

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1. Introduction

1.1 Background

The Stellenbosch Municipality has approved a Comprehensive Integrated Transport Plan (CITP) for the period 2016 – 2021, which identified the need for improved public transport services for the Municipality. This vision for transport in the Municipality reflected in the CITP is as follows:

A sustainable transport system that provides for the basic mobility needs of individuals, supports a vibrant economy and operates seamlessly within and across the municipal boundaries.

From a public transport perspective, the CITP includes proposals to establish a Stellenbosch Public Transport Service Network (PTSN). These plans have been refined through the development of an Initial Operational and Business Plan (December 2016), which provides detail on a pilot service.

At the same time, the Western Cape Government, through its Department of Transport and Public Works, has entered into a partnership with Stellenbosch Municipality to plan and implement sustainable transport initiatives. The purpose of this partnership is to support the development and implementation of sustainable transport systems in the Western Cape through collaboration with local government and other key stakeholders, and to align with strategic imperatives.

The provision of public transport services by the Municipality is required in terms of the National Land Transport Act (Act 5 of 2009) (NLTA). The NTLA when read in conjunction with the Constitution and the Municipal Structures Act (Act 117 of 1998), clearly places the responsibility with the local municipality.

Given that the Municipality is considering providing a public transport service, Section 77 of the Municipal Systems Act (MSA) of 2000 (and its amendment of 2003) requires that the Municipality "review and decide on the appropriate mechanism to provide a municipal service" when a new service is to be provided (or "significantly upgraded, extended or improved). Section 78 of the MSA sets out the procedure to be followed when conducting the review. Accordingly, this report therefore constitutes the required review in terms of section 78(1) of the MSA.

At its meeting of 23 November 2016, the Municipal Council resolved that such a Section 78 process could commence.

1.2 Methodology and Report Layout

Section 78(1) of the MSA sets out the criteria and process that must be followed when deciding on the mechanism to be used for service provision. This report, therefore, adopts the structure set out in Section 78(1). The following sources of information have been used:

- Council approved documents: the IDP and the CITP (and related budget information).

- The Initial Operational and Business Plan for the pilot PTSN service.
- Interviews with key officials within the Municipality.
- Consultation with the relevant labour unions.

The document is structured as follows:

- ***Chapter 2*** outlines the nature and extent of the service envisaged by the PTSN.
- ***Chapter 3*** describes the requirements of the Municipal Systems Act.
- ***Chapter 4*** follows the MSA process and evaluates the suitability of an internal mechanism to deliver the service.
- ***Chapter 5*** summarises the conclusions.
- ***Chapter 6*** sets out the recommendations of the review.

2. Provision of Municipal Public Transport

This chapter outlines the nature and extent of the public transport service provision envisaged by the Municipality. It gives an indication of the resources that would be required to operate and manage the service.

2.1 Endorsement by the CITP and the IDP

The Municipality has an approved Integrated Development Plan (IDP) for the period 2017 to 2022. A component plan to the IDP is the Comprehensive Integrated Transport Plan (CITP) for the period 2016 – 2021, which has also been approved by the Municipal Council. The CITP includes proposals for the establishment of a formal Public Transport Service Network and these proposals were developed further through the completion of an Initial Operational and Business Plan in 2016. The guiding principles for the PTSN are as follows:

- Compliance with the Department of Transport guidelines for a Public Transport Network Grant and the Provincial Public Transport Institutional Framework
- Transformation and upliftment of the public transport industry
- To improve public transport services and quality of life of residents
- Phased development of the public transport system
- Financial sustainability

2.2 The extent of the service envisaged by the PTSN

The Initial Operational and Business Plan for the Stellenbosch Public Transport Service Network provides high-level detail on the proposed network of improved public transport services and more specific detail on an envisaged pilot service.

The proposed PTSN includes a network of 11 local routes and 8 long distance routes operating for 16 hours per day (05h00 – 21h00), with a frequency of 10 minutes in the AM and PM peak, 20 and 30 minutes during the off-peak, and 15 minutes during early morning off-peak (05h00 – 06h00). The proposed PTSN is currently being reviewed to incorporate Taxi Operating Companies as well as other transport service providers for example, exploring options such as electrical vehicles for shorter trips within the CBD. The proposal will be for a quality bus, midibus or taxi service operating in mixed traffic with selective improvements at intersections to give priority to public transport. Route stops were designed so that the community served would be within a maximum walking distance of 400m from a stop.

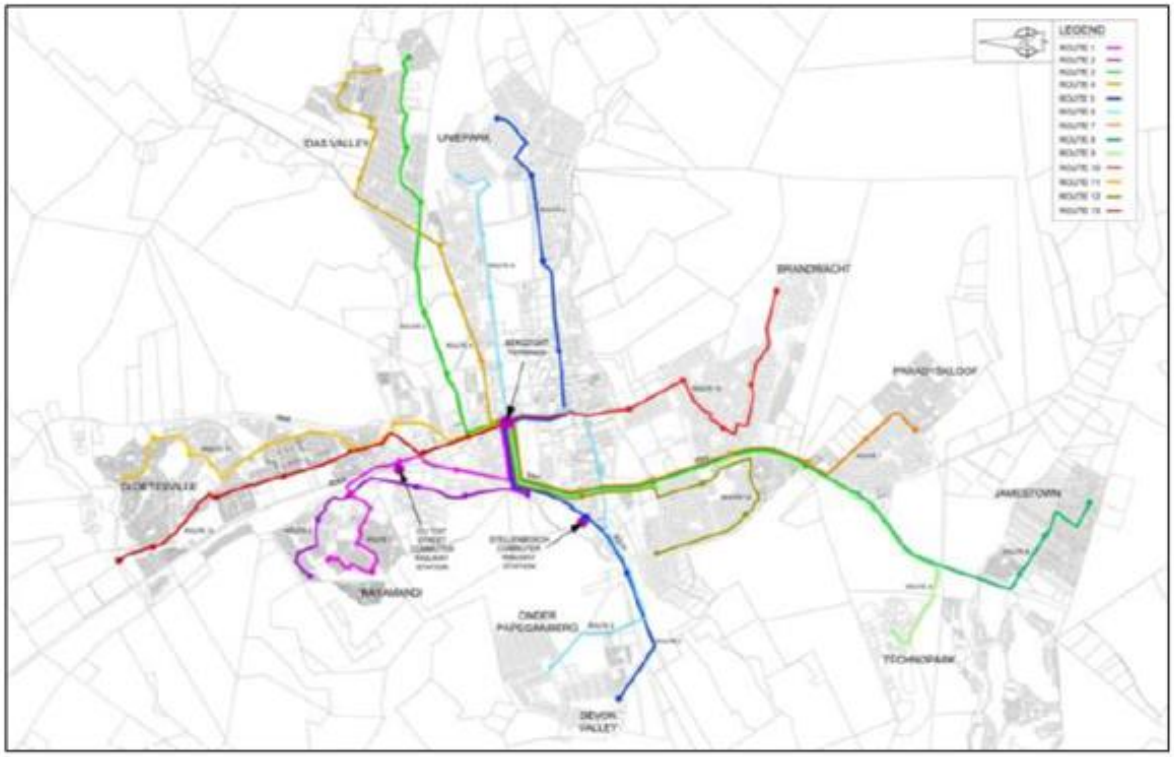

Figure 2-1 Proposed Stellenbosch Public Transport Service Network showing 11 local routes (Source: CITP, 2016)

Figure 2-2 Proposed Stellenbosch Public Transport Service Network showing 8 long distance routes (Source: CITP, 2016)

The network of local routes uses a hub-and-spoke design with all routes connecting close to the centre of the network, making it possible to transfer from any route to any other route at the central terminal point. In addition, the regional routes will provide accessibility from all parts of Stellenbosch Municipality to Somerset West, Paarl, and to Cape Town with minimal transfers and the interchange points with the City of Cape Town's MyCiTi system.

2.2.1 Pilot Service

From the full network, 2 of the main routes (Route 1 and 7) were proposed to be implemented as a pilot and explored in further detail. Routes have been prioritised based on ridership. The proposed pilot service has a capped capacity of 216 passengers per hour, and will form part of a hybrid system operating alongside existing mini-bus taxi services.

The pilot system consists of the following routes:

- Kayamandi to Idas Valley via Bergzicht and the University of Stellenbosch (Route 1)
- Cloetesville to Jamestown via Bergzicht (Route 7)

Bergzicht would serve as a terminal for transfers between the two routes. Fares would be zonal-based with a fixed fare for travel within a zone, and an AFC system with tap-on and tap-off capability. Each route will have 2 zones, with the option to transfer to any other zone at Bergzicht terminal.

3. Requirements of the Municipal Systems Act

3.1 The responsibility

Section 78 (1) of the Municipal Systems Acts states that:

"When a municipality has in terms of Section 77 to decide on a mechanism to provide a municipal service in the municipality, or to review an existing mechanism"

Accordingly, a Municipality:

a) Must first assess –

   i. The direct and indirect costs and benefits associated with the project if the service is provided by the municipality through an internal mechanism, including the expected effect on the environment and on human health, well-being and safety;

   ii. The municipality's capacity and potential future capacity to furnish the skills, expertise and resources necessary for the provision of the service through an internal mechanism mentioned in section 76(a);

   iii. The extent to which the re-organisation of its administration and the development of the human resource capacity within that administration, as provided for in sections 51 and 68, respectively, could be utilised to

provide a service through an internal mechanism mentioned in section 76 (a);

iv. The likely impact on development, job creation and employment patterns in the municipality, and

v. The views of organised labour; and

b) It may take into account any developing trends in the sustainable provision of municipal services generally.

Section 78(2) of the MSA then states that, after having applied subsection (1), a municipality may -

a) Decide on an appropriate internal mechanism to provide the service; or

b) Before it takes a decision on an appropriate mechanism, explore the possibility of providing the service through an external mechanism mentioned in section 76(b).

What the above means is that when a municipality wants to deliver a new service, it must first decide whether it is broadly feasible to do so internally or whether it should consider outsourcing the service provision.

3.2 Definitions

Key considerations in the interpretation of the MSA relate to the definitions of the term "service", and "mechanism".

A "Municipal service" is defined as "a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether –

a) such service is provided, or to be provided, by the municipality through an internal mechanism contemplated in section 76 or by engaging an external mechanism contemplated in section 76; and

b) fees, charges or tariffs are levied in respect of such a service or not".

For the purposes of this review the public transport service includes not only the operation of the buses, but related services such as fleet management, management of ticketing systems, intelligent transport systems and facilities (depots, stations and stops).

It is also useful to draw a distinction between the provision of a municipal service, on the one hand, and the actions taken and decisions made by a municipality in relation to a municipal service, on the other. The terms "service provider" and "service authority" are sometimes used to describe those two roles. Municipalities can, and often do, outsource the provision of municipal services, in terms of a service delivery agreement. A private (or public) company is then the service provider and the municipality remains the service authority.

The term "mechanism" is deemed to refer to either an internal mechanism (defined by section 76(a) as a department, business unit or any other component of the Municipality's administration) or an external mechanism (a municipal entity, another municipality, an organ of state, a community based organisation or other NGO, or any other institutions, entity or person legally competent to operate a business activity).

3.3 The Methodology for Assessment

Section 78 (1) sets out the method by which the delivery of the service via an internal mechanism is to be assessed. This report adopts the s78 (1) methodology.

3.4 Criteria for Assessment

In terms of Section 73(2), the municipality has the duty to ensure that the delivery of its services adheres to the following guidelines:

Municipal services must be

a) equitable and accessible;

b) provided in a manner that is conducive to:

    i. The prudent, economic, efficient and effective use of available resources; and

    ii. The improvement of standards of quality over time;

c) financially sustainable;

d) environmentally sustainable; and

e) regularly reviewed with a view to upgrading, extension and improvement.

Thus, the Section 78(1) investigation must consider the internal mechanisms for compliance with the above requirements.

4. Assessment of Service Delivery

This section sets out the assessment for internal service delivery, using the structure provided by section 78(1) of the MSA.

4.1 Direct and indirect costs and benefits including the effect on the environment, human health, wellbeing and safety

The assessment undertaken here is at a high level, in order to give an indication of the resources required by the Municipality and the economic, environmental and social impact of providing the service internally.

Public transport is widely recognised as a key driver of socio-economic growth and development, particularly in developing and emerging economies where many citizens are unable to afford private vehicles and rely on public transport to access services, work, educational, recreational and social opportunities. The need for an efficient, effective, affordable and safe public transport system to support economic growth and development is particularly relevant in South Africa. Indeed, recognition of the central role to be played by public transport in South Africa's growth and transformation agenda is repeatedly highlighted in the National Development Plan 2030.

In the Western Cape, public transport is viewed as an essential catalyst and enabler for accelerated and shared economic growth. Likewise, poor public transport systems are recognised as key constraints to economic growth and development in many parts of the developing world. In Stellenbosch, both the captive and choice markets will benefit from improved public transport services. Movement into and around the Municipality is hampered by a lack of good quality public transport services. The development of such services will help to facilitate safe, reliable access to all.

4.1.1 Direct and Indirect Costs and Benefits

Benefits

The major benefit of a formal public transport service is the increased number of people that will be able to access good quality public transport to get to work or school, to look for work, and to access services such as hospitals, clinics, libraries, shops, etc. The existing minibus taxi industry provides an essential service to the people of Stellenbosch, but there is scope to improve the quality of the service provided. Table 4-1, below, outlines the possible benefits of the full PTSN.

Table 4-1 Benefits of an improved public transport service

Present	Future
Monitoring of public transport service quality if limited.	Service quality is closely monitored ensuring that passengers well-served.
Passengers must pay a single fare for each trip.	Passengers save through transfer and bulk ticket purchases.
Geographic service coverage is limited and demand-driven.	A full network of services is provided, providing accessibility to a larger proportion of the population.
Vehicle quality is variable.	Vehicle quality is standardized and vehicles are well-maintained, providing a comfortable and safe passenger experience.
Services primarily provided during peak hours, off-peak services are limited, with long waiting times.	Services provided throughout the day and set intervals.
Limited public transport options for the choice market, which fuels dependence on the private vehicle and contributes to the issue of congestion.	The choice market has access to a good quality public transport alternative.
No formal customer service facility.	Comprehensive user information for existing and new users and mechanism for registering enquiries and complaints.

Direct costs

A public transport service run by the Stellenbosch Municipality is going to be more expensive than the current services operated by the minibus taxi industry. The primary reasons for this are:

1. A scheduled service will be provided with significantly more coverage and reliability than the current informal services (16-18 hours a day, 7 days a week, within 400m walking distance to most urban residents).
2. IPTN Vehicles will be upgraded and strict service and maintenance schedules will need to be followed.
3. Employment legislation (Labour Relations Act, Basic Conditions of Employment Act, Health and Safety Act) must be adhered to.
4. Public safety will be a priority, with systems implemented to reduce accidents and personal security incidents.

5. Fares are to be based on affordability to users and not cost recovery or profit generation. Given the high levels of poverty (upwards of 20% of households in the Municipality have no income), it is expected that fares may therefore be lower than the current fares.

The costs associated with the full PTSN have not been provided. Available cost estimates are limited to the proposed pilot service. Across South Africa, the cost of providing public transport services has been underestimated, while fare revenues have been overestimated. Therefore, the outcomes and recommendations contained in the Initial Operational and Business Plan should approached with caution.

Implementation costs (which exclude direct operating costs) for the pilot system have been estimated at R180m over the first 4 years. The cost of infrastructure makes up the greatest share of these costs and includes items such as road upgrading and the development of a central terminal (Bergzicht), a temporary depot and stops and shelters.

The Initial Operational and Business Plan (currently under review) proposes a pilot service based on the following.

- IPTN Vehicles running at capacity (216 passengers per hour) for 16hrs per day, 365 days per year
- Fares of R8 and R10 per trip for travel within the same zone

Operating cost for similar services is estimated at about R37 per km (32% higher than proposed in the Plan). This suggests that the actual cost of operations may be to R32m per annum, with a potential shortfall of between R11m – R17m.

The costs for the full service have not been estimated. However, assuming that direct operating costs are between R120m and R180m per annum for the full network, the estimated shortfall for the full service is likely to be between R40m – R90m.

The possibility of obtaining grant or subsidy funding from National or Provincial Government must be investigated. Initial capital investments, and indirect operating costs could be covered by subsidy/grant funding such as:

- Public Transport Network Grant (PTNG)
- Public Transport Operations Grants (PTOG)

Currently 13 cities receive funding through the PTNG, the PTNG provides no contribution toward direct operating costs and only a partial contribution toward indirect operating costs. Grant funding may cover up to 70% of indirect operating costs for the first 2 years after the municipal financial year in which operations commence, and up to 50% of these costs in subsequent years. there are however no plans to extend the grant to additional municipalities.

The Municipality will endeavour to apply for funding, however the receipts of grants funding cannot be guaranteed and the Municipality will mostly likely be required to source funding from elsewhere, or use own funding.

The Municipality cannot afford the implementation and operating costs described above, and as part of the review of the Public Transport Service, measures to reduce both capital and operational cost will be investigated.

With current estimates, the establishment costs for the pilot represent approximately 33% of the Municipality's annual capital budget or 8.13% if these costs are divided equally over 4 years. This represents a significant financial burden on the Municipality which cannot be absorbed without significant budget reallocation or additional revenue generation.

The financial impact of the estimated operating shortfall for the pilot (between R8.5 – R17m) and the full network (between R40m and R90m) is outlined in Table 4-2 below.

Table 4-2 Implications of an operating shortfall

Service	Operating shortfall (direct OPEX only)	Approximate percentage of Municipal operating budget
Pilot	R11m – 17m	0,6% - 1,2%
Full Network	R40m - 90m	2,9% - 6.5%

This does not include indirect operating costs, which would be additional to this.

Indirect costs

Indirect costs associated with the provision of a bus service include the cost of planning and management, the cost of support from other municipal departments (finance, safety and security, cleansing), station/terminal management, infrastructure maintenance, insurance, the ongoing cost of ITS and AFC systems, industry transition costs (company formation, training, compensation) and additional safety and security costs (security guards). Some of these costs are included in the total implementation costs described in the previous section, however others have not been costed.

The management of public transport (even using an outsourced model) requires substantial internal capacity to oversee the service, with an associated cost. Based on experiences elsewhere in South Africa, there are also likely to be substantial consulting services costs during the initial years of planning, establishment and operations until sufficient capacity has been developed internally.

4.1.2 Environment

Public transport services have the potential to reduce or mitigate the impact of the transport system on the environment. Well-designed public transport can transport more people, using less fuel, producing fewer emissions (including greenhouse gas emissions) and air pollutants and taking up less space than private vehicles. In light of the above, the overall impact on the environment is expected to be positive – other than the short-term impact of noise pollution etc. caused by infrastructure upgrades.

4.1.3 Human Health, Wellbeing and Safety

The impact on human health, wellbeing and safety is expected to be positive, since the PTSN places particular emphasis on the improvement of safety and security.

Access to social services, such as schools, clinics, hospitals, police stations, municipal offices and other such facilities will also be readily available through scheduled services operation for 16-hours per day at an affordable charge.

The environmental benefits of cleaner, serviced buses supplementing the existing minibus taxi fleet and reducing the need for cars will also benefit human health and wellbeing through a reduction in air pollution.

A scheduled service, operated by formally trained drivers and carefully monitored by the Municipality, is also expected to reduce the number of accidents compared the existing system.

4.2 Stellenbosch Municipality's capacity and potential future capacity to furnish the necessary skills, expertise and resources

In order to run the envisaged public transport service internally, the Stellenbosch Municipality would need to develop sufficient organisational capacity to perform the necessary functions.

4.2.1 Understanding the functions required

There are a range of strategic and operational functions that need to be fulfilled in order for a public transport system to run effectively and efficiently. These functions are described below.

- ***Operational planning:*** this includes the technical design of the service (demand assessment, route design, vehicle selection, scheduling) and ongoing service refinement.

- ***Operations:*** The provision of the actual public transport service by vehicles on set routes according to a schedule. This includes operations management,

service monitoring, driver vehicle operations and incident response (e.g. vehicle breakdown).

- ***Fleet Management:*** The specialised management of the vehicle fleet required to provide the public transport service, including procurement, maintenance and servicing, refueling, cleaning, insurance, accident administration, licensing and financial asset management

- ***Marketing and Communications:*** is focused on publicising the public transport service to the community to encourage service patronage, communicate service changes or updates and to distribute passenger information in a usable format.

- ***Contract management:*** All functions that are outsourced to external service providers will be contracted and these contracts need to be managed. Service providers need to be paid timeously as well as monitored in order to ensure that they are meeting their contractual obligations.

- ***Fare management:*** is the sale of tickets and the collection of fares from the commuters. This function also ensures that commuters have paid the correct fare for the passage that they are undertaking. The national department of transport (DoT) has issued guidelines that require fare management systems to be Euro/Mastercard/Visa (EMV) compliant. An EMV compliant system requires smart card fare media, a card distribution network and an electronic payment system that enables commuters to both purchase fares and register trips when they use the service. This will require electronic validation machines that can register when a commuter gets on and off a vehicle

- ***Financial management:*** Managing the various financial elements of the system including revenues (fare revenue, any grants or subsidy contributions from national or provincial government, municipal contribution, other system revenue) and costs (operating and capital costs). Asset management functionality is also required for the vehicle fleet.

- ***Infrastructure:*** is the development and management of the physical infrastructure needed to make the system work efficiently. This infrastructure includes, but is not limited to bus depots, bus stations, bus shelters/stops, lighting, ticket sales facilities, IT and fare collection infrastructure.

- ***Intelligent transport systems (ITS):*** relates to the monitoring of the public transport system to ensure services are operating optimally. This function requires a comprehensive information technology framework that connects on-board electronic monitoring devices to a central server.

The primary responsibility of the ITS system is to monitor whether or not buses are present at the location and time prescribed. The system should automatically generate exception reports that can then be sent to the operations manager to take the appropriate remedial action.

ITS systems can have additional layers of complexity that can provide for the live-monitoring of operator services. With the appropriate manpower the ITS system can be used to track, monitor and communicate with vehicles and liaise with traffic control and safety and security officials.

The ITS system can also provide passengers with real-time information regarding routes and scheduling, as well as providing the infrastructure through which the security of commuters can be monitored via CCTV and emergency phone networks.

- ***Inspection and verification:*** This function involves the physical monitoring of operator services. Teams of inspectors are tasked with checking the buses for punctuality, cleanliness and safety. They can also monitor the fare payment system by verifying that commuters travelling on the PTS have paid the correct fare for their trip.

- ***Safety and security co-ordination:*** ensures the safety of the commuters using the public transport system. This function includes the co-ordination of the SAPS and other private security service providers.

4.2.2 Capacity Requirements

It is estimated that the Municipality would need to employ between 200 and 400 people to run the full network of services proposed in the PTSN (assuming a full replacement model). Main job categories include service managers, bus drivers, fleet management and maintenance staff, ticket sellers/cashiers, security personnel, inspectors, cleaners (of buses and facilities), financial staff, infrastructure specialists, administrative staff and IT staff (primarily to maintain the Intelligent Transport Systems and the Fare Management Systems).

The Roads, Transport and Stormwater division has many vacant and unfunded positions within the structure. Currently filled positions are a Senior Manager with approx. 110 staff across three departments:

- The Roads and Stormwater department (Roads, Bridges Stormwater) has a Manger, 2 Technical Staff and 86 operation staff.

- Traffic Engineering department (Road Markings, Roads Signs, Traffic Signals ect) has a Manger, 1 Technical Staff and approximately 14 operational staff

- Transport Planning and Public Transport department has a Manger (2 technical staff positions are currently vacant).

Establishing and running the proposed public transport service internally will, therefore, increase the Stellenbosch Municipal staffing structure by between 19% and 38% (based on filled posts). If it was to be added to the responsibilities of the Transport, Roads and Stormwater division (where it is commonly housed), then it would increase the staff complement of that division by between 200% - 400%. This would likely require the establishment of a dedicated Transport Department, as is the case in large municipalities, like the City of Cape Town.

For the pilot, 29 drivers will be required to operate the service. In addition, a range of additional staff will be required to fulfil the functions described in Section 4.2.1. For the pilot it is estimated that at least 50 staff would be required, including the 29 drivers.

The Municipality does not have the capacity to increase its staff complement by the extent required in the short term. It may, in the long term, be able to develop the capacity by recruiting from the existing industry and instituting training programmes to develop the required skills over time. However this would also require an increase in the overall management capacity of the Municipality – not just for the Engineering Services Department, but also other Departments, since there would be additional burdens placed on Departments such as Financial Services, Community Safety, Corporate Services and the Municipal Manager's Office.

4.3 Extent that re-organisation could be utilised

Section 78(1)(a)(iii) states that a municipality "must first assess the extent to which the re-organisation of its administration and the development of the human resource capacity within that administration as provided for in sections 51 and 68, respectively, could be utilised to provide a service through an internal mechanism mentioned in section 76(a)"

Section 51(g)(i) states that "a municipality must within its administrative and financial capacity establish and organise its administration in a manner that would enable the municipality to perform its functions through operationally effective and appropriate administrative units and mechanisms, including departments and other functional or business units."

Section 68(1) states that "a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way..."

The analysis under section 4.2 above indicates the extent of the organisational resources required to run a public transport service as envisaged by the PTSN. It is clear that, in the near term, Stellenbosch Municipality does not have the capacity to

take on these functions through a re-organisation of its existing staff and structures. The Directors of Departments that may potentially be responsible for such a service, Engineering Services and Community Safety, have also both indicated that they do not have the capacity to initiate such a service.

4.4 Likely impact on development, job creation and employment patterns in the municipality

The initiation of the public transport service will create at least 50 jobs within the Municipality during the pilot phase and up to 400 new jobs once the full network is operational. However, at significant portion of these jobs will be at the expense of existing jobs within the private sector (for example minibus taxi drivers) who are likely to be employed by the Municipality.

The overall impact of a public transport service is expected to have significant benefits for broader development, as discussed in the cost benefit analysis above, by facilitating continued economic growth and job creation through the establishment of an efficient transport system. Employment patterns may also change as the comprehensive and affordable service makes it easier for people to look for work and commute to places that were previously not affordable or easily accessed by existing means.

4.5 Trends in the sustainable provision of municipal services

Section 78(1) (b) states that a municipality "may take into account any developing trends in the sustainable provision of municipal services generally."

Since the publication of the national Public Transport Strategy in 2007 and the establishment of a system of grants for public transport improvement in 13 municipalities there has been significant activity in the sector. Services are now in operation in Johannesburg, Tshwane, Cape Town and George, and at various stages of the planning and establishment process in the other municipalities.

One of the key challenges which has emerged during this period is that of financial sustainability. Across the board, the services which have been rolled out have proven to be more costly than originally expected, while system revenue has been lower than forecast. While efforts are being made to establish additional sources of funding for public transport improvement (additional contributions from National Government, fuel levy, local revenue retention), the cost the current public transport model to government is increasingly being viewed as unsustainable.

In light of the above, cities at the forefront of public transport improvement are exploring alternative models. The City of Cape Town, for example, is exploring a hybrid model as a way of reducing costs. This includes formalised trunk operations, fed by existing minibus taxi operators.

In George, the Western Cape Government's Department of Transport and Public Works has played a seminal role in driving the establishment of the George Integrated Public Transport Network. While National Government is making a contribution through the PTNG allocation to the Municipality, there is a substantial shortfall which is not covered by the Grant and which is fully covered by the DTPW. Given the cost of this exercise, the Department is unwilling to replicate the George-model in future municipalities and has developed a Provincial Sustainable Transport Programme to plan and implement a different approach to public transport improvement in partnership with priority local municipalities. The PSTP will support alternative approaches to public transport improvement which are lower in cost, recognise the complexity of industry transition. The Incremental Approach is core to the Programme and includes an initial focus on getting public transport basics right, while progressively moving toward improved public transport services over time. It is a fundamentally different approach to the model pursued in George and that proposed in the Initial Operational and Business Plan for the PTSN.

With regards to the specific focus of this assessment, Cape Town, Johannesburg, George, Pretoria, Polokwane and eThekwini have all considered external options for the provision of services. The typical approach has been to allow bus operations to be run by the private sector (usually a company or companies representing consortia of existing bus and minibus taxi owners and operators). The contracts governing the bus operations are usually managed by the Municipality via a transport department. The relevant department is also expected to manage contracts governing fare management, station management, infrastructure design and development, fleet management, inspection and bus monitoring (intelligent transport systems) and marketing and communications rather than providing these services internally.

5. Conclusions

5.1 Aspects Reviewed

The above report has provided an overview of the extent of the public transport service envisaged by the PTSN, considered the process that the Municipality must follow in terms of section 78(1) of the MSA, and then reviewed each issue listed by section 78(1). These include the costs and benefits of providing the service, the Municipality's capacity to provide the service, and international and local trends with respect to public transport service provision.

5.2 Conclusions

The conclusions reached from interviewing key municipal officials and considering each of the aspects required by s78 (1) are that the Municipality does not currently have the financial resources or organisational capacity to internally provide a public transport service. The major factors counting against it are the increased budget required to cover the establishment and recurring costs of the service, the significant increase in staffing that would be required and a national shift in the approach to public transport improvement.

Irrespective of the mechanism selected to deliver a public transport service (internal vs. external), the Municipality should consider pursuing an alternative approach to public transport improvement based on the experiences of George, Cape Town and elsewhere.

6. Recommendations

Based on the conclusions reached above, it is recommended that:

1. The Municipality consider an external mechanism for the provision of public transport services in Stellenbosch. This consideration should be conducted in terms of section 78(3) of the Municipal Systems Amendment Act (No 44 of 2003).

2. That the Municipality pursue an alternative approach to public transport improvement based on the principles of the Provincial Sustainable Transport Programme.

3. That the Municipality seek a partnership with the Western Cape Government's Department of Transport and Public Works for support in implementing incremental improvements to public transport and the broader transport system, in line with the principles of the Provincial Sustainable Transport Programme.