

REPORT OF THE HEAD OF DEPARTMENT

Transport, Enterprise, Development & Logistics



Head:
Transport Enterprise Development & Logistics
Mr George Mahlalela



Director:
Freight Transport
Mr Sinethemba Mngqibisa



Director:
Policy and Planning
Mr Sibusiso Gumbi



Provincial Taxi Registrar
Mr John Kapueja



Director:
Contract Management
(Vacant)

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Introduction

The Chief Directorate aims to ensure:

- integrated planning and provision of public transport services and facilities
- the conducting of transportation studies as part of integrated development
- the management and regulation of road transportation industries
- the economic development of the public and freight transport industries and
- the provision of affordable transportation to the people of KwaZulu Natal

Key strategic objectives for the Transport Enterprise Development and Logistics Chief Directorate are:

Strategic Objective 1: To establish a sound and effective institutional framework for the overall management of the transportation system in the province

(a) Devolution of Functions

The Department is devolving public transport functions to the municipal sphere of government where appropriate. The criteria used in devolving functions includes consideration of the sphere at which the function is best handled and the need to avoid fragmentation in transport decision-making. The other consideration is efficiency in undertaking the function and the capacity to handle the function.

The Department sees its prime role in the longer term as:

- developing policy and legislation
- promoting provincial policy
- setting norms and standards
- co-ordinating plans and programmes of the municipal councils in line with provincial policy
- assisting municipalities that lack capacity
- monitoring the attainment of provincial policy.

Municipalities will, over the longer term, assume full responsibility for the execution and implementation of the appropriate transport functions. In the interim, the Department will continue to exercise these functions until they are devolved.

The devolution of transport functions is being done through negotiations between the Department and the relevant municipalities. This is also taking into account applicable local government legislation. Devolution will be phased in and the timing may vary depending on the capacity of District Councils.

In devolving functions, the Department takes into account the financial and capacity implications of undertaking these functions.

It also considers funding arrangements to assist the local government sphere in undertaking these functions.

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(b) Transport Authorities

The Department is strongly supporting the establishment of transport authorities in the more urbanised, diverse and complex areas of the province. These areas include the eThekweni Municipality, the greater Pietermaritzburg area and the greater Richards Bay/ Empangeni area. These transport authorities will be encouraged to undertake the full range of transport functions where appropriate.

(c) Provincial Regulatory Bodies

The Department is refining provincial bodies for the regulation of transport and is redefining the roles of existing regulatory bodies.

This is being done to ensure that the need for services is assessed by a planning entity as part of the transport planning function.

Certain functions of the Public Transport Licensing Board will be assigned to transport authorities. In some cases and where appropriate, these functions will be assigned to planning authorities.

(d) Regional Offices of the Department

The Department is developing capacity in its regional offices, which have already been established, with the aim of decentralising functions that can be handled more appropriately at a regional level. This will assist in streamlining access to the Department's services through a front-line regional presence.

Functions to be decentralised are the administrative interaction with the public and transport operators and conflict resolution in the transport industry.

(e) Consultative Structures

The Department will establish provincial consultative structures involving the municipal councils at both the political and technical levels. This will be in the form of elected representatives and municipal officials. The purpose of these structures will be to consult on provincial policy matters and on the implementation and monitoring of transport policy and programmes.

The Department will also set up a provincial consultative forum of key stakeholders in the province including representative bodies of users.

The Department will assist District Municipalities and the eThekweni Municipality to establish consultative bodies. These bodies will integrate with the municipal integrated development planning process. These consultative bodies will also assist the Chief Directorate to test and refine their policies, plans and implementation strategies.

Strategic Objective 2: To develop and promote an effective and efficient transport system

(a) Priority to Public Transport

Priority is given to public transport over private transport. Plans and programmes developed by planning authorities giving priority to public transport will be strongly supported and given funding priority. The viability of Travel Demand Measures (TDMs) will be investigated in order to promote more efficient private car use and free up resources for the upgrading and promotion of public transport.

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Land transport planning and provision must promote the safe and efficient use of non-motorised transport modes such as walking and cycling in support of public transport.

(b) Planning of Transport

The need to bring about an efficient and effective public transport and freight transport system is being addressed through the preparation of transport plans. These transport plans are being prepared in accordance with national and provincial guidelines and requirements.

The planning authorities at the District Municipalities, in co-operation with the Local Municipalities, are responsible for preparing public transport plans. Planning authorities are defined as Transport Authorities, Core Cities (as designated by the Urban Transport Act) and District Councils.

Planning authorities must ensure the participation of key stakeholders and users in the preparation of transport plans. The development of transport plans are based on a proper needs assessment. This should also be in keeping with the policy shift away from a “supplier driven” system to a “demand driven” system.

The Department is assisting planning authorities where necessary by providing technical and financial support for the preparation of the required plans. The Department is assisting with the development of systems and technical capabilities.

(c) Promotion of the Most Economic Transport Service

The mode mix of public transport which offers the best cost / service trade-off is being promoted on a route or corridor basis. This is based on the assessment of modal economics as well as the need to satisfy user needs. The implementation of this policy needs to recognise the constraints posed by the established rights of enfranchised operators, where these exist.

Destructive competition which threatens the viability of public transport services is avoided. Subsidisation of services must be supportive of the viability of different modes on a corridor and subsidies should be structured in order to avoid destructive competition with unsubsidised public transport.

Subsidisation of operators providing parallel services in competition will be avoided where it is found that competition is destructive. Market entry will also be regulated through quality and safety criteria.

Where rail transport is shown to be the most economic mode, typically in high volume corridors, it is strongly supported through interventions to improve the quality and level of service to an acceptable standard.

Similarly for freight transport, the Department facilitates the promotion and development of the mode of transport which is economically the best for the province.

(d) Integration of Modes

Integration and co-ordination of modes is strongly supported. Modal integration is being facilitated by measures such as integrated ticketing systems, co-ordination of timetables and provision of well-located and well-designed modal transfer facilities.

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(e) Quality Charter

A “Quality Charter” for public transport is being developed for the province in consultation with all affected parties. The purpose of the Charter is to establish minimum standards which the province will seek to attain.

Planning authorities will be required to conform to this Charter in the planning of services. However, they will be entitled, within the parameters of the provincial charter, to develop their own charter tailored to their particular circumstances.

(f) Safety and Security

High priority is given to the implementation of strategies and measures to ensure the safety and security of public transport passengers. The Department will ensure that strategies and measures to ensure the safety and security of public transport passengers are included in public transport plans.

(g) Conflict Management

In order to prevent violent and destructive conflict arising between public transport operators and the public, the Department identifies areas of potential conflict. This is done through monitoring and communication structures. Through targeted mediation and enforcement, the Department intends to pre-empt conflict situations and ensure a stable and peaceful industry.

(h) Public Transport Monitoring

The Department continues to streamline and improve the cost-effectiveness of systems of monitoring for compliance with contract specifications where services are rendered in terms of subsidised contracts. Advanced information technology -based systems will be used where appropriate and cost effective. The monitoring of public transport will be expanded to include all public transport. This will be to ensure that up-to-date information is collected on a continuous basis to assist in planning, regulation and enforcement.

(i) Promotion of Public Transport

In order to improve the ease of use of public transport and encourage a service with greater emphasis on user needs, the Department is embarking on a public transport information campaign. This campaign will:

- Assess the information needs and desires of public transport passengers and address them through targeted campaigns and interventions in the system.
- Attempt to improve ease of access to information on routes, fares and timetables or expected frequencies.
- Promote awareness within the public transport industry and the planning and development sectors of the information needs of the public transport user.
- Make the public more aware of available public transport options with the view to improving public transport use.

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The promotion of public transport will also be indirectly effected through directed investment in public transport infrastructure that improves the ease of use for public transport passengers.

Strategic Objective 3:

To establish an effective and enforceable regulatory system

(a) Regulation of Transport

Essential public transport services catering for basic mobility needs of commuters are regulated for market entry. This is done through the use of operating licences. For such services competition on the route is regulated to avoid destructive competition.

On services geared to more discretionary and casual travel, which can be sustained through a more commercial orientation to service provision, direct competition for and on the route is permitted. In these types of services, regulation is limited to quality control aspects.

The planning authorities, through the preparation of transport plans, will determine the demand for additional services and operating licences.

The Department has established a Public Transport Licensing Board. In the transitional phase, its role is to receive and dispose of applications for operating licences and conversion of permits. The Department will redefine its role after the transitional phase. This will pave the way for the issuing of operating licences to be determined by planning authorities based on assessment of need.

(b) Law Enforcement

Public transport and freight transport will be strictly enforced for compliance with operating licences, safety standards and compliance with road traffic laws. The responsibility for enforcement will be a shared function between the Road Traffic Inspectorate (RTI) and the traffic departments of municipalities.

Strategic Objective 4:

To ensure a financially and environmentally sustainable transportation system

(a) Land Use / Transport Integration

The integration of transport planning and land use planning is encouraged. This is to ensure more efficient and sustainable forms of urban and rural development through reducing the cost of transport. This could be achieved by reducing the need to travel and the distance travelled and by balancing the development costs against transport costs. It could also be done by encouraging densification and in-filling and development of corridors. These should be both supportive of and supported by sustainable public transport systems and non-motorised transport networks. Subsidies will be focused on services supportive of sustainable development.

(b) Competitive Provision of Services

Subsidised public transport services are provided using competitive tendering processes. Negotiated contracts are entered into, to achieve specific objectives. Such objectives could be the restructuring of parastatals to underpin empowerment initiatives and to achieve modal integration.

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The Department is reviewing the current procedure for tendered contracts with a view to lowering the costs of subsidised service provision, creating greater opportunities for SMMEs and ensuring effective methods of contract monitoring.

(c) Sustainability and Recapitalisation

The Department is facilitating and supporting projects aimed at recapitalising the transport industry in a sustainable way. This will ensure that all transport operates sustainably in the market.

(d) The Promotion of Non-motorised Transport

The Department facilitates and supports projects aimed at promoting non-motorised transport for personal and small freight transport in a sustainable way. Such projects are aimed at ensuring safety and security in urban areas for non-motorised transport users, namely people walking and cycling.

In rural areas such projects are aimed at making affordable bicycles, parts and servicing more accessible to rural communities.

Strategic Objective 5: To satisfy the requirements of public transport passengers with special needs within affordable limits

(a) Special Needs Passengers

The transport plans prepared by planning authorities include strategies and specific projects to meet the needs of persons with disabilities. The Department supports and considers funding projects put forward by planning authorities, as part of their transport plans, to cater for the needs of persons with disabilities.

Planning authorities are required to assess the transport demands of learners and the financial implications of meeting them. Because of the sub-economic fares normally applicable to this segment of the passenger transport market, the Department is investigating ways to cater for the transport needs of learners. It is doing this through optimisation of existing public transport services, the use of non-motorised transport and the integration of land use and transport planning.

Strategic Objective 6: To promote projects which contribute directly to economic development, job creation, capacity building and skills transfer

(a) Involvement of SMMEs

The Department is promoting and supporting projects which bring about the direct involvement and empowerment of SMMEs in the transport system. Opportunities are being created for SMMEs to enter the arena of subsidised public transport service provision. To this end, smaller operators are provided with the necessary skills and expertise to become serious contenders under the competitive bidding process. This is particularly relevant in the case of minibus-taxi operators and smaller bus operators. These operators are encouraged to participate in the operation of contracted services either on an individual basis or in partnership with larger operators.

(b) Diversification of Taxi Industry Business Interests

The Department is facilitating the involvement of the taxi industry in the provision of public transport in the broader transport sector. The Department also facilitates diversification of the activities of taxi co-operatives. This is with a view to improving the overall operational effectiveness and viability of the taxi industry.

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To achieve this the Department is, amongst other things, promoting the involvement of the taxi industry in the operation of contracted services.



Rural bicycle shop

(c) Establishment of Bicycle Micro-businesses

The Department is facilitate the establishment of micro-business ventures in rural areas that sell affordable bicycles and provide accessible servicing and maintenance in rural communities.

Strategic Objective 7:

To ensure sustainable funding for the development and provision of public transport

(a) Sources of Funding

The Department, with other spheres of government, seeks to secure sustainable funding sources for the development and provision of transport. As far as possible, the funding sources and the power to raise funds should be placed at the level of the authority responsible for executing the function. The allocation of funding aims to achieve an equitable apportionment of funding to direct funds to the areas of greatest need.

The Department may provide funding to planning authorities to assist them in undertaking their functions. This will be more particularly for the development of systems, planning tools and technical capacity. As far as possible the user pays principle will be adopted in the use of transport services and facilities.

Strategic Objective 8:

To develop a transportation system that promotes enhancement of rural development

(a) Rural Transport

The Department gives priority to providing mobility and access to transport in the isolated rural communities. The aim is to provide greater opportunity for access to jobs, education, health and recreational facilities. This is achieved through the continued subsidising of social public transport services in rural areas. This transport should be supportive of sustainable rural development and the promotion and facilitation of the use of non-motorised transport. This program is complemented by the Department's road construction and maintenance divisions providing a road network in a good state of repair.

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The department places emphasis on public transport projects supportive of and supported by the creation of social development centres in rural areas.

Strategic Objective 9: To develop a transport system that ensures the safety of operators and users. The Department ensures that freight and public transport operators comply with provincial road safety objectives. They should also comply with the code of conduct for operators and drivers of transport services. This is done through sustained monitoring and enforcement of traffic and transport regulations.

Achievements of the Chief Directorate in the 2002 / 2003 financial year

Directorate: Transportation Policy and Planning

Introduction

The directorate was formally established in November 2002 with the appointment of the Senior Manager, Sibusiso Gumbi. The first task was the consolidation of transportation policy and planning functions of the Chief Directorate into the Directorate. Work that was being undertaken in public transport policy and planning was brought under the leadership of the Senior Manager. An interim team was also established to manage the projects in the, as yet un-staffed, directorate.

By the end of the financial year the two assistant management positions in the Directorate had been advertised. Despite this lack of formally appointed officials the interim team in the Directorate did admirably on delivering on several of the objectives of the new Directorate.

Public Transport Planning

The Policy and Planning Directorate has established communication channels with District Municipalities Integrated Development Planning sections. Such communication has allowed for negotiations on the devolution of the public transport planning function to the municipal sphere as envisaged in the National Land Transport Transition Act (2000) (NLTTA). Funding of R1.04 million was transferred to municipalities to assist them in starting the preparation of their Current Public Transport Records as required by the NLTTA. A further R2.7 million will be made available to District Municipalities in the 2003/2004 financial year. This will enable them to complete their Current Public Transport Record.

A road-show emphasising the importance of public transport planning was taken to all District Municipalities. It was presented at several municipal Integrated Development Planning forum meetings. This presentation highlighted the important role played by municipalities in ensuring the development of an effective and efficient public transport system. They do this through their integrated development planning and implementation.

From the Uthungulu Municipality's CPTR, the following statistics illustrate passengers attitudes towards public transport and their needs. The Uthungulu Municipality has a very wide diversity of settlements from large urban areas to dispersed rural settlements. It has extensive subsidised public transport services as well as unsubsidised services. Although the results are not indicative of the situation in the whole province, they illustrate some of the useful information emanating from the CPTR.

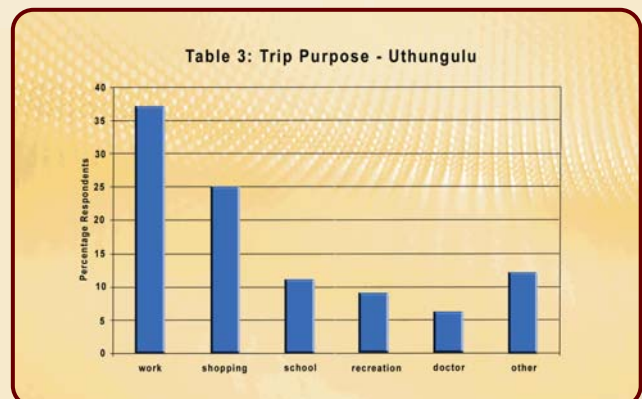
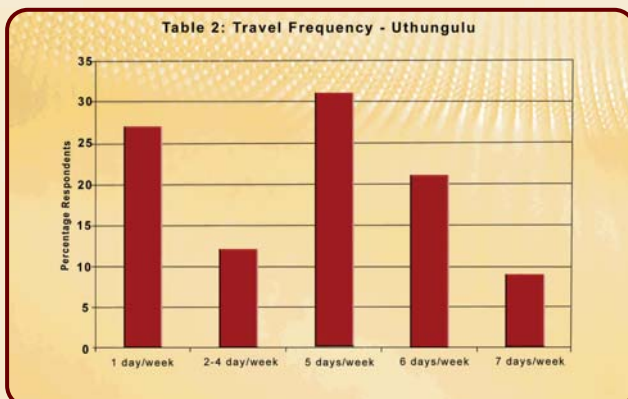
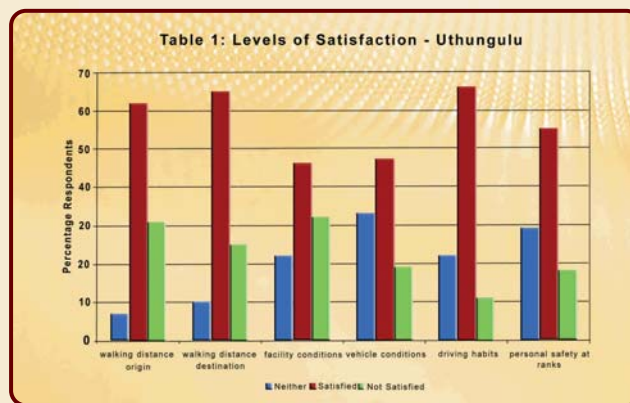
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For public transport to serve the needs of the people it is imperative that transportation planning be done. Currently public transport services are provided without any knowledge of the public's transport needs. The regulation of these services is based largely on the needs of the public transport operators. This results in public transport which does not always comply with the needs of the people. The Directorate is examining the approach to public transport planning as set out in the NLTA. This involves establishing provincial standards, technical guides and planning aids. The aim is to ensure that planning addresses the above and will result in an improvement in public transport for the people of the province.

The Umgungundlovu and Uthungulu Municipalities submitted their Public Transport Records by the end of the financial year. These records provide an insight into the public transport services in the district. It will also assist in policy development and implementation programs of the Department.

The information in tables 1, 2 and 3 were gathered from sample surveys of bus and minibus taxi users. This was gathered over several days and times in various ranks in the Uthungulu Municipality. The representivity of the sample has not been tested but it gives an interesting insight into the passenger perspective of public transport in the district. Although table 1 shows high levels of satisfaction the presence of dissatisfied customers is never good. Table 2 and 3 show the importance of catering for infrequent users of public transport with over 35% of the users surveyed not being daily commuters but using public transport for other purposes.



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Consultative Structures

Consultative structures on the technical level on policy and planning issues have been established. Through these structures more structured consultative structures will be established at the technical level. Political consultative structures are yet to be established and strategies for such structures are being finalised.

Provincial Land Transport Framework

The NLTTA requires that provinces prepare a Provincial Land Transport Framework (PLTF). This should sets out the policies and strategies of the Province with regards to transportation. The framework covers not only the work of the TEDL Chief Directorate but also the work of the Implementation, Public Safety & Communication and Finance Chief Directorates. The TEDL prepared a draft Public Transport Framework in 2001/2002 as their input to the PLTF. Due to the fact that the client chief directorate, namely Strategic Planning, was as yet unstaffed, the TEDL Chief Directorate was requested to co-ordinate the preparation of the whole framework for the Department.

By the end of the financial year, the PLTF was completed and submitted to the Head of Department for approval and submission to the National Department of Transport.

Provincial Land Transport Bill

In 2001, a commission of enquiry into taxi violence was established by the Minister. One of the recommendations of the commission was the need for the KZNDOT to draft a Provincial Land Transport Bill to complement the National Land Transport Transition Act (2000). Such a provincial bill would address the specific issues with regards to land transport that are unique to the province. In 2002, the commission was requested to draft the portion of the Provincial Land Transport Bill that would address the pressing issues of violence in the public transport arena. In early 2003, the Directorate organised a workshop which reviewed this draft Bill and the Directorate is in the process of finalising this Bill.

Skills Development

Skills and education levels in the public transport industry are severely lacking. In order to bring about empowerment in the industry, the Directorate is developing a training program for public transport owners, operators and drivers.

A pilot project was instituted in the Nqutu Municipality to test the curriculum, its acceptance and effect on the industry. Three hundred members, 150 drivers and 150 owners of the local minibuss taxi association were trained in relevant aspects of:

- Business management theory and practice
- Road safety
- Customer care
- Governance and leadership
- Basic transport economics
- Labour relations act
- Rank administration
- Conflict management
- Traffic and land transportation

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Non-Motorised Transport

Prior to the 2002/2003 financial year, the Public Transport Directorate established two pilot projects to test the viability of cycling as a solution to rural mobility problems. The pilot projects established a sustainable bicycle sales and servicing micro-business in the rural community. Ownership and management of the micro-business rests in the local community.

The study proved the effectiveness and popularity of cycling as a mobility solution in rural areas. Funding could not, however, be secured for the 2002/2003 financial year. But the directorate continued in its efforts to promote rural mobility through cycling.

It did this by facilitating partnerships in the private and NGO sector to deliver on governments objectives. In addition to this, the Directorate worked closely with the National Department of Transport in developing a sustainable strategy for the promotion of cycling.

Through the efforts of the Directorate, the two pilot sites remained operational despite receiving no funding. This proved the sustainability of the strategy adopted by the KZNDOT. Similar sites established in other provinces, but using a strategy where ownership and management of the sites rested with government, collapsed as soon as funding dried up.

The pilot site in the Nqabeni area, in the Ugu Municipality, organised a cycle race on 16 June 2002 for the local cyclists. The Directorate arranged that road safety t-shirts and caps were provided as prizes and road safety literature was distributed to all participants and spectators.

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Directorate: Public Transport Regulation

Introduction

The Public Transport Regulation Directorate was formally established in November 2002 with the appointment of the new Provincial Taxi Registrar, Mr John Kapueja. The first task was the consolidation of public transport regulation functions of the Department into the Directorate. To effect this, the Public Transport Licensing Board section of the Contract Management section and the Taxi Registrar section of the Chief Directorate, were moved to the Public Transport Regulation Directorate.

Regulatory Bodies

The Local Road Transportation Board was transformed into the Public Transport Licensing Board (PTLB) in 2002 as required by the NLTTA. This was prior to the establishment of the Directorate. The process of amalgamating the Provincial Taxi Registrar and the PTLB into a single regulatory body commenced with the establishment of the Directorate. This is to be completed on acceptance of the Provincial Land Transport Bill by Parliament in 2003.

Provincial Taxi Registrar

The main functions of the Taxi Registrar's office are clearly set out in the KwaZulu-Natal Interim Minibus Taxi Act, 1998. These functions are to register associations, members, vehicles and their routes.

Registration

In 1999, 310 taxi associations applied for registration. However, this number decreased because some associations formed mergers and others were bakkie associations. Prior to 2002, the registration process had reached the following stage:

- Number of provisionally registered associations 252
- Number of provisionally registered vehicles 21 273
- Number of provisionally registered members 15 003

Where associations disputed the decision of the Registrar they had the right to challenge the decision. A total of 115 challenges/objections were lodged in 1999. The majority of challenges were finalised prior to the 2002/2003 financial year. Three percent of the cases still remain unresolved due to insurmountable complexities. The Registrar and Appeals Tribunal attempted throughout 2002/2003 to resolve these through negotiations and conflict resolution.

Prior to the registered Associations and members being issued public transport operating licenses, it was necessary to verify the accuracy of the applications for operating licenses. Originally applicants for registration claimed they operated over 6,000 vehicles. Vehicle license checks showed that the number of vehicles was inflated and certain of the vehicles claimed to be minibus taxis were in fact other vehicle types.

In 2002/2003, the Public Transport Enforcement Unit (PTEU) assisted with inspecting and verifying the vehicles that the operators applied for through the clean-up process. Statistic of the Clean-up process are as follows:

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- Original no. of vehicles applied for registration +/- 6,000
- No. of vehicles applied for the clean-up process 2,542
- No. of members applied for the clean-up process 2,182

Clearly, this clean-up process did a valuable job in ensuring the accuracy of the vehicle numbers operacy.

Inter-provincial agreements

Conflict between long distance associations have successfully been resolved, thanks to the work of the Registrar. Inter-provincial conflict between KwaZulu-Natal and Gauteng provinces was successfully resolved. This was achieved through the assistance of the KwaZulu-Natal department of transport as well as the Gauteng department of transport.

In order to ensure conflict free operations of cross -border long distance routes, the Registrar facilitated the signing of agreements between associations operating the same routes but based in either end of the route. Inter-provincial agreements have been finalised with both Gauteng and Eastern Cape provinces. These allow associations to use each others ranks in the cities through reciprocity agreements. This reduces conflict and improves service to passengers.

Business Assistance

The office has successfully assisted the following associations to operate as business companies by providing business advice:

- Illovu Adams Taxi Association registered as Bluedale Investment Company t/a Simunye Tours
- Sizwe Taxi Owners Association t/a Nhlosokuhle Transport Company

These companies are operating within the association routes in response to the Minister's call to taxi operators to start operating as business people. They are buying bigger vehicles and there are a number of other taxi associations who also wish to do the same.

Co-operatives

The Umzinyathi taxi co-op has been assisted to sub -contract to TransNet in the Amajuba Municipality. This has created a better working relationship between the taxi operators and the bus company.

The five Durban co-operatives and regional taxi councils are being assisted to be subcontractors in the restructuring of Durban Transport through the facilitation of the directorate. A company, (Taxico) is in the final stages of being formed which would be contracted to operate services as part of the Durban Transport services.

National Land Transport Information System (NLTIS)

In order to improve the value of and access to information, the National Department of Transport developed an integrated public transport administration and information system, the NLTIS. The NLTIS is now available to all users via the Internet Explorer. Training has been undertaken to officials and registration information is now available on the system.

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Public Transport Licensing Board

Over the past financial year, the activities of the Board involved the following:

Conflict Resolution

The following conflicts were addressed between associations with regards to permits. The three conflicts were between:

Stanger/Mandeni Taxi Associations, Imbali 1&2/ Imbali 13&15,
Chesterville-Westville/Clermont-Kwa-Dabeka;

The Chesterville / Clermont conflict was resolved in 2002. The other two conflicts will be finalised very soon.

The Issuing of Permits

In the 2002 / 2003 financial year, the PTLB processed and issued the following permit applications.

Description	Number
(i) New Applications	5 271
(ii) Duplicate Permit	267
(iii) Temporary Permit	561
(iv) Transfer of Permit	475
(v) Additional Permit	55
(vi) Change of Particulars/ Add. Auth	59
(vii) Replacement of Vehicle	4 069
(viii) Renewal of Permit	337
(ix) Be Legal	9 313
(x) Clean Up	2 214
(xi) Conversion	662

In August 2002, the Board also received 562 applications for transport of scholars, staff and lift clubs. These types of applications are new to the Board and have been introduced as a result of the NLTTA.

The number of tourist applications has increased vastly this year. The Board also approved many temporary permits to operators during the Cricket World Cup.

The Board also dealt with the first operating Licenses converted from permits to four contract bus companies. A total of 209 permits were converted to operating licenses.

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Directorate: Contract Management

Introduction

This directorate was a central part of the Public Transport Directorate when it was established in 1997. The work of the section has been lauded nationally. Also, the work of the subsidised public transport contract management section, is recognised as an example of best practice in South Africa.

With the restructuring of the Department, the role of the section was expanded and it became the Contract Management Directorate. With the appointment of Mr. Chris Strech as a Director, the Directorate continues in providing excellent and innovative leadership in the public transport contract management field in South Africa.

Transport Authorities

The eThekweni Municipality has approved the establishment of a metropolitan transport authority. The only outstanding issue in the establishment of the transport authority is the finalisation of the funding mechanisms. Once this has been resolved, the eThekweni Municipality would be the first municipality in the country to establish a transport authority.

Subsidised Public Transport

The Contract Management Directorate is recognised nationally as the leader in public transport subsidised contract management. Over the past year, subsidised transport has provided commuters with over 51 million subsidised passenger trips. This covered over 30 million kilometres.

The Subsidy has increased substantially since 1997 when the KZNDOT delegated the subsidy management function to the province. Prior to 1997, the subsidies had increased at below inflation levels for several years resulting in a decline in the industry. The increase occurred as the Directorate facilitated the restructuring of the subsidised bus industry. This was meant to bring about empowerment and the recapitalisation of the bus fleet.

This has improved safety and reliability of the subsidised bus fleet. It has also stopped, and in many cases reversed, the decline in patronage that had been seen in previous years. The Directorate will continue to ensure that KwaZulu Natal receives their equitable share of the national public transport subsidy budget in order to ensure prosperity through mobility in the province.

Table 1: Subsidy Per Annum for Subsidised Road Transport Financial Year Annual

	Annual Subsidy	Increase
1997/98	R 166,817,22	6%
1998/99	R 236,568,574	42%
1999/00	R 293,844,664	24%
2000/01	R 326,434,552	11%
2001/02	R 365,836,681	12%
2002/03	R 408,395,730	12%

The Contract Management directorate is very committed to ensuring that we provide first class public transport to the commuters in our province. In saying this, it is a pleasure to mention that a total of 112 new buses were introduced into service. An estimated additional 80 busses are to be introduced this coming year. This reduced the average age of our subsidised bus fleet, to less than seven years, thus ensuring that newer, safer, more comfortable services are delivered to the community.

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This has many benefits, with the commuter being obviously the main benefactor. But there are many other spin offs, such as job creation in the bus manufacturing industry, as well as more environmentally friendly vehicles being introduced.

KwaZulu Transport

In 2001, KwaZulu Transport, a corporatized parastatal bus company owned by the Department of Economic Development and Tourism, went into liquidation and was sold to the private sector. A commission of enquiry was instituted in 2002 to investigate the reasons behind the collapse of KZT. This was done because of allegations being levelled against, amongst others, the KZNDOT of maliciously causing the collapse of the company. The commission of enquiry found no evidence to show any malice on the part of the Department and exonerated the KZNDOT from any blame with regards to the collapse of KZT.

Despite the setback suffered by KwaZulu Transport (KZT), which was under liquidation, the company was sold as a going concern without one days break in service to the community. The main challenge this past year was for operators to reinvest in the fleet they inherited from KZT. The new owners also needed to ensure that the fleet was brought back into a condition which was acceptable to both the communities and the department of transport.

Black Economic Empowerment

Of the 1388 subsidised busses, (excluding Durban Transport), 100 % of busses are owned and operated by Previously Disadvantaged Individuals (PDI). Of the total 160 buses are owned and operated by Black Economic Empowerment businesses consisting solely of members of the Preferential Population Group (PPG). Prior to 2002 , only 32 buses were owned and operated by BEE businesses. Also before 1999, only 10 buses were owned and operated by BEE businesses. Since 2002, through the concerted efforts of the Contract Management Directorate, there has been a 400% increase in BEE participation in the subsidised bus contracts. Over the past four (4) years, the Public Transport Directorate facilitated the increase in black economic empowerment in the subsidised contracts by 1500%.

The year ahead promises to be an exciting one with many empowerment opportunities being created in the bus arena with opportunities being facilitated by the directorate for several BEE entities to enter into the subsidised transport arena.

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Directorate: Freight Transport

Establishment of Directorate

The Freight Directorate was formally established in December 2002 with the appointment of the Senior Manager, Mr Sinethemba Mngqibisa. The first task was the consolidation of freight transport functions of the Department into the Directorate. To effect this, the abnormal loads and weigh-bridge sections of the Road Safety Engineering Directorate were moved to the Freight Directorate.

Introduction

KwaZulu-Natal Province is the main gateway for exports and imports for the country and the Region as a whole. It accounts for more than 75% of all exports and imports. It is for this reason that the Province's freight transport system should be of world standard so as to enhance the competitiveness of the country in terms of exports.

Freight transport directorate

It was especially with this in mind that the above mentioned Directorate was established in December 2002. Mr Sinatamba Mngqibisa was appointed as the Senior Manager. The first task was the consolidation of freight transport functions of the Department into the Directorate. To effect this the abnormal loads and overloading control sections of the Road Safety Engineering Directorate were moved to the Freight Directorate. Much has been achieved in terms of uniting these units with the newly created unit of Policy and Strategic Projects.

Policy and strategic projects unit

This unit has been created and tasked with the following key strategic objectives in mind:

- Development of the provincial white paper in freight transport policy.
Currently, there is no policy framework in the Province to guide the freight transport system. This has resulted in different organisations and Government Departments all attempting to address issues of freight transport operations and management. This has resulted in no unified voice or approach. This could lead to unsustainability and inefficiencies.
- Controlling damage to the road network from freight.
Cargo is predominantly moving by road, and rail is being under-utilised. Most rail branch line are operating sub-optimally while others are no longer functioning at all for example, Kelso-Ixopo line and Gingindlovu-Eshowe line. Harding-Port Shepstone line is no longer carrying any freight. A study in 1998 revealed that if branch lines in the Province were to be closed down, R95 million per year would have to be spent by the government on road maintenance due to excessive destruction attributable to additional road freight. The economic case for the rescue of branch lines will be made in order to ensure optimal economically efficient use of transport infrastructure

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The Freight Transport Directorate is going to embark on strategies aimed at shifting cargo from road to rail where appropriate and in consultation with the industry. Among strategies being considered are further enhancing overloading control, possibly prescribing modes for cargo moving on routes parallel to rail. Also reducing truck sizes on our Provincial roads that were not designed to carry such heavy loads is being considered. South Africa's 56 tons permissible mass load is the highest in the world.

- **Development of SMME's and BEE**

Large companies are currently dominating transport Industry and emerging small operators find it extremely difficult to break through. Even though in the road freight industry there are schemes like the owner-driver scheme, which try to address the situation, dissatisfaction exists as to whether such schemes do train these individuals into independent entrepreneurs.

The primary objective of the directorate in this issue will be to encourage entry of small operators into the freight transport industry. This is in line with Government policies aimed at including small operators, especially those who were previously excluded from the mainstream economy of the country.

- **Rural Freight Transport Development**

Communities in the rural areas work hard at trying to improve their lives by being involved in craft and other activities. They need reliable and affordable access to markets to sell their products. Lack of reliable and affordable freight transport limits their efforts in that they cannot even get their products into local markets. Exports markets are even more difficult to access. It is for this reason that they are always seen along roadsides trying to sell to passing motorists.

The objective of this directorate is to optimise freight transport to support rural development initiatives and vice versa. There is a need to address the logistics of transporting rural agricultural produce and crafts to markets and rural development initiatives. In order to ensure this, the Freight Directorate has already initiated talks with the Department of Agriculture, Economic Development and Tourism and the Cut Flower export council.

Enhancing world class flow of exports and imports through our province.

There are two export harbours in the province. Durban is the busiest container port in the region while Richards Bay is the world-class exporter of bulk coal. Bottlenecks are, however, being experienced especially in the Port of Durban. This becomes more manifest during busy seasons like year-end period. This situation negatively affects competitiveness of the country and needs to be eliminated.

The aim of the Directorate will be to promote the Province as the most attractive freight transport route for exports and imports in the region. This needs to be done through enhancing efficiency in the export corridors and our major ports Durban and Richards Bay.

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What has been achieved In 2002/2003

Freight Transport Policy Process

Before the end of the financial year, we have been able to put in place the Draft Green Paper in the Provincial Freight Transport Policy. This was done in consultation with the Freight Stakeholders in the Province. It is envisaged that its launch by the Provincial Minister of Transport will be on 21 November 2003.

Provincial Freight Database Project

Commencing in December 2002, we have been able to embark on the project of establishing a strategic database on the movement of freight within and through the Province. This exciting project, consisting of a software program and a detailed report, is coming into finalisation by the end of June and will be launched by the Provincial Minister of Transport during August 2003.

Rail Branch Line Study to Identify SMME Opportunities

This project, which is aimed at enhancing the utilisation of rail branch lines in the Province and also exploring the opportunities for SMME's development, was initiated in early 2003 and will be completed by the end of July 2003. The report will give clear recommendations to benefit previously disadvantaged communities in terms of economic development.

Rural Development

We have developed a good working relationship with the Departments of Agriculture and Economic Development and Tourism in terms of rural freight transport needs. We have been able to facilitate a contract with a farmer and an emerging operator to provide transport for one of the large national retailers.

We are working at trying to identify and formalise all the small operators within the freight industry. At the same time, in conjunction with relevant Government Departments, we are identifying projects that will benefit the emerging operators.

Road Infrastructure Preservation

By the end of the current financial year (March 2004), we will be finished with the development of the strategies to shift relevant cargo from road to rail where appropriate. As everyone is aware, rail infrastructure is currently being under-utilised while our roads are unnecessarily being over-utilised. This results in our roads being destroyed at an alarming rate. It needs to be reversed if a world class status in our freight transport system is to be achieved.

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Overloading Control in KwaZulu-Natal

The road network in South Africa is an essential facility for moving goods and services on a daily basis. This network also plays a crucial role in promoting the economic growth of the country. It is estimated that at least 25 per cent of all loaded heavy vehicles travelling on South African roads are overloaded. However, weigh-in-motion statistics have shown that this figure is close to 12 per cent in KwaZulu-Natal. This is as a result of the province's dedication to overloading control. During 2002, 187 961 vehicles were weighed in the province of KwaZulu-Natal, which represents approximately 30 per cent of all vehicles weighed in South Africa.



Abnormal load on route

Cost of Road Damage

Research has shown that overloaded heavy vehicles are responsible for approximately 60 percent of the damage to the road network. In South Africa this represents at least R 750 million per annum. During 1998, a strategy for vehicle overloading control was formulated for the KwaZulu-Natal Department of Transport by the CSIR. As part of the study, a more detailed estimate was done on the damage caused by the overloaded portion of overloaded vehicles on the N2 and N3 national routes in KwaZulu-Natal. The cost of road damage amounts to approximately R 40 million per annum on these two routes alone (1998 Rands). The cost of accidents involving heavy overloaded vehicles is also considered in the strategy report. It is conservatively estimated that R 30 million per annum and can be saved in the province by introducing increased enforcement on the main routes.



Weigh bridge in action

Overloading Strategy in KZN (Weighbridges)

The first phase of the strategy has been implemented on the N3 corridor. The Traffic Control Centres at Westmead, Mkondeni and Midway are running on a 24 hour basis and Ladysmith, Newcastle and Greytown working either eight (8) or six (6) hour daily shifts. The South African National Roads Agency Limited are contributing to the funding of this project. It should be noted that the introduction of this phase of the overall strategy has had a major impact on weighing activities from 2000 to date.

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Thus, although the number of vehicles weighed increased by approximately 28 percent from 2001 to 2002, the number of vehicles overloaded increased by 13 per cent and the number charged decreased by 17 per cent. With the increased activities at weighbridges, the general weighbridge maintenance requirements have increased substantially.

The transportation industry in South Africa is at present given an additional 5% tolerance above the permissible load as stated in the Roads Act of 1996. A review of the 5 % tolerance is currently being investigated as many transport operators are utilising the 5 % tolerance on combination mass (2,8 tons in the case of a 56 ton vehicle combination) to increase their payload. This causes additional damage to the road that cannot be controlled.

Abnormal Loads Routes

The Department has an abnormal loads route map that indicates the different routes to be traversed when conveying an abnormal load. The routes vary depending on the abnormality of the load. A National abnormal load super route map is currently being compiled by the CSIR with information received from all Provincial Administrations and Abnormal Load Consultants. This information, when completed will be placed on the Internet.

The number of abnormal load permits issued by the Department's permit office for the year 2002/2003 was 6312.