

CITY OF MBOMBELA BRIEFING THE STANDING COMMITTEE ON APPROPRIATIONS ON THE TERMINATION OF INTEGRATED PUBLIC TRANSPORT GRANT FUNDING AND ITS POSSIBLE SERVICE DELIVERY IMPLICATIONS ON SERVICE DELIVERY

08 FEBRUARY 2022

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INTRODUCTION

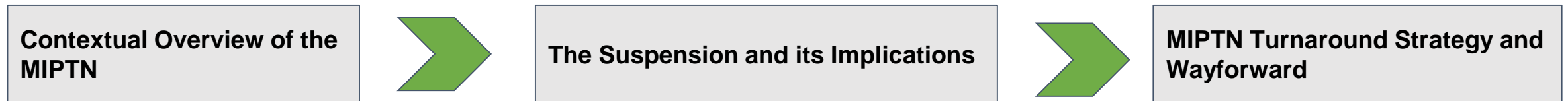
- The City has been implementing the MIPTN programme through the PTNG funding.
- MIPTN aims to provide affordable, accessible and efficient public transport system through contracting Vehicles Operating Contracts VOCs;
 - ✓ To close spatial heterogeneities emanating from the apartheid spatial developments regimes.
 - ✓ The manifestation of improved access and mobility to our communities.
 - ✓ The transformation and formalisation of the taxi industry into regulated corporates.
- MIPTN have directly impacted the socio-economic prosperity of our City, including;
 - ✓ infrastructure development,
 - ✓ business development and MBTs reforms
 - ✓ job opportunities

INTRODUCTION – CONT.

- It should be noted that the City was suspended through a letter dated 19 November 2019 from the PTNG funding, resulting in severe implications on infrastructure development, service delivery and socio-economic benefits to our communities.

PURPOSE AND STRUCTURE OF THE PRESENTATION

- The purpose of this report is to:
 - respond to the letter dated 19 January 2022 from the Standing Committee on Appropriations.
 - brief the Committee on the suspension of the City of Mbombela from the PTNG funding.
 - provide an overview of PTNG expenditure and performance over the past five years.
 - clarify to the Committee on the implications of the suspension on service delivery.
- The presentation is structured in the following manner;



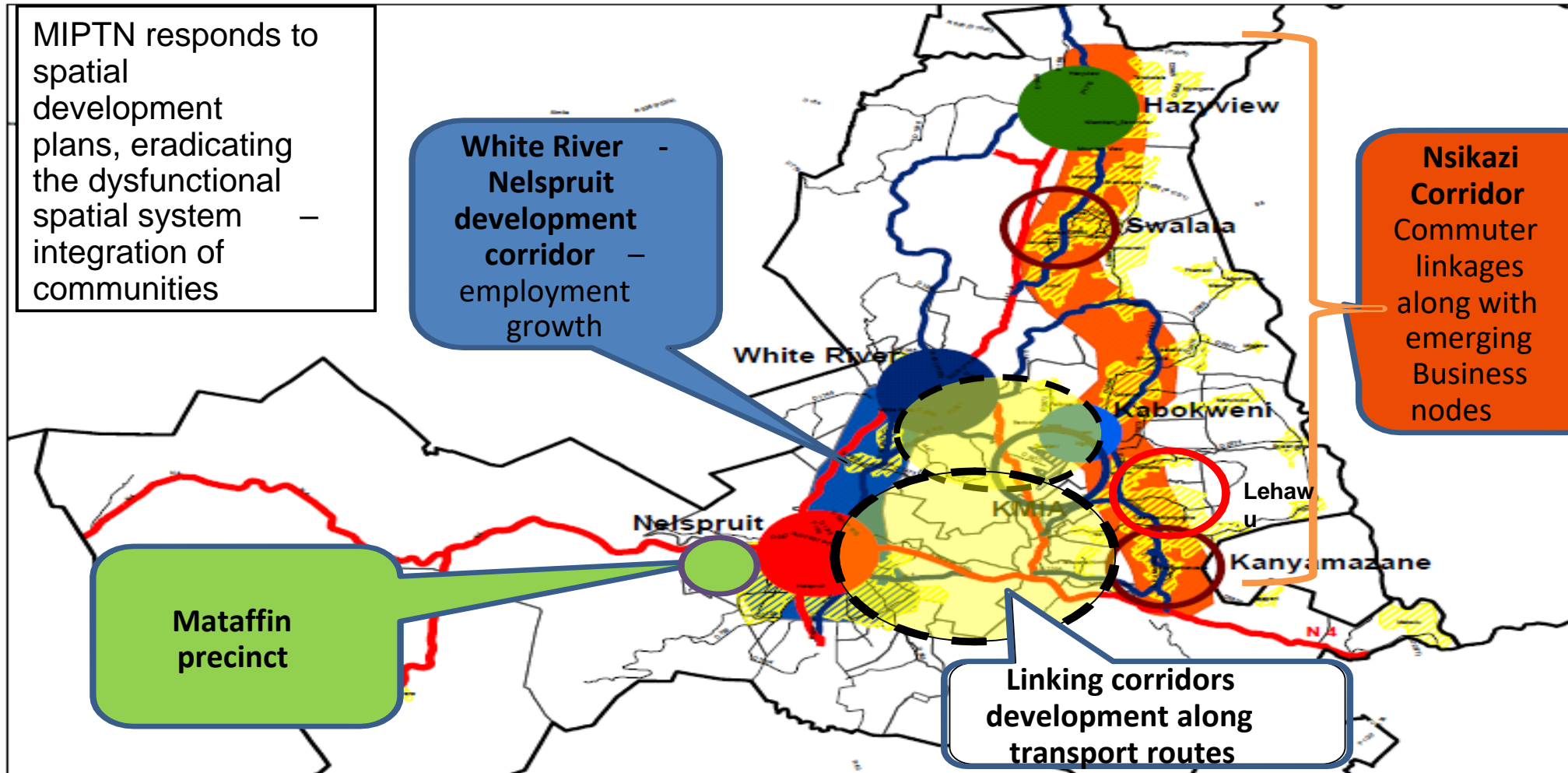
CONTEXTUAL OVERVIEW OF MIPTN

- The purpose of PTNG is to support National Land Transport Act (NLTA) 5 of 2009 and public transport strategy and Action Plan in:
 - provision of accessible, reliable and affordable integrated municipal public transport services
- National government developed the PTNG to provide public transport infrastructure and service that must function optimally and must be safe, convenient, affordable, well managed and maintained:
 - to serve the increasing urban populations, and
 - contribute to more spatially efficient urban areas
- The PTNG requires three outputs which include;
 - Network Operations Component
 - Network Infrastructure Component
 - Response to Covid-19 pandemic
- CoM developed the MIPTN as part of municipal wide, long-term strategy approved by Council as required by DORA.
- This part of the presentation will provide the contextual overview of the MIPTN.

OBJECTIVES OF THE MBOMBELA INTEGRATED PUBLIC TRANSPORT NETWORK (IPTN)

- To provide efficient and Integrated Public Transport services, involving both buses and MBTs, that address historic spatial development realities and future plans.
- To establish Vehicles Operating Contracts (VOCs) with the Bus & Mini Bus Taxis (MBT) industry:
 - Including local feeders, long-haul and inner-city distribution.
 - Providing economic assurance to both Bus and MBT operators.
 - Including effective public authority control and monitoring at municipal level.
- A passenger-oriented system that improves passenger service levels.
- To provide a good road system to improve travel times & reliability & reduce maintenance costs.

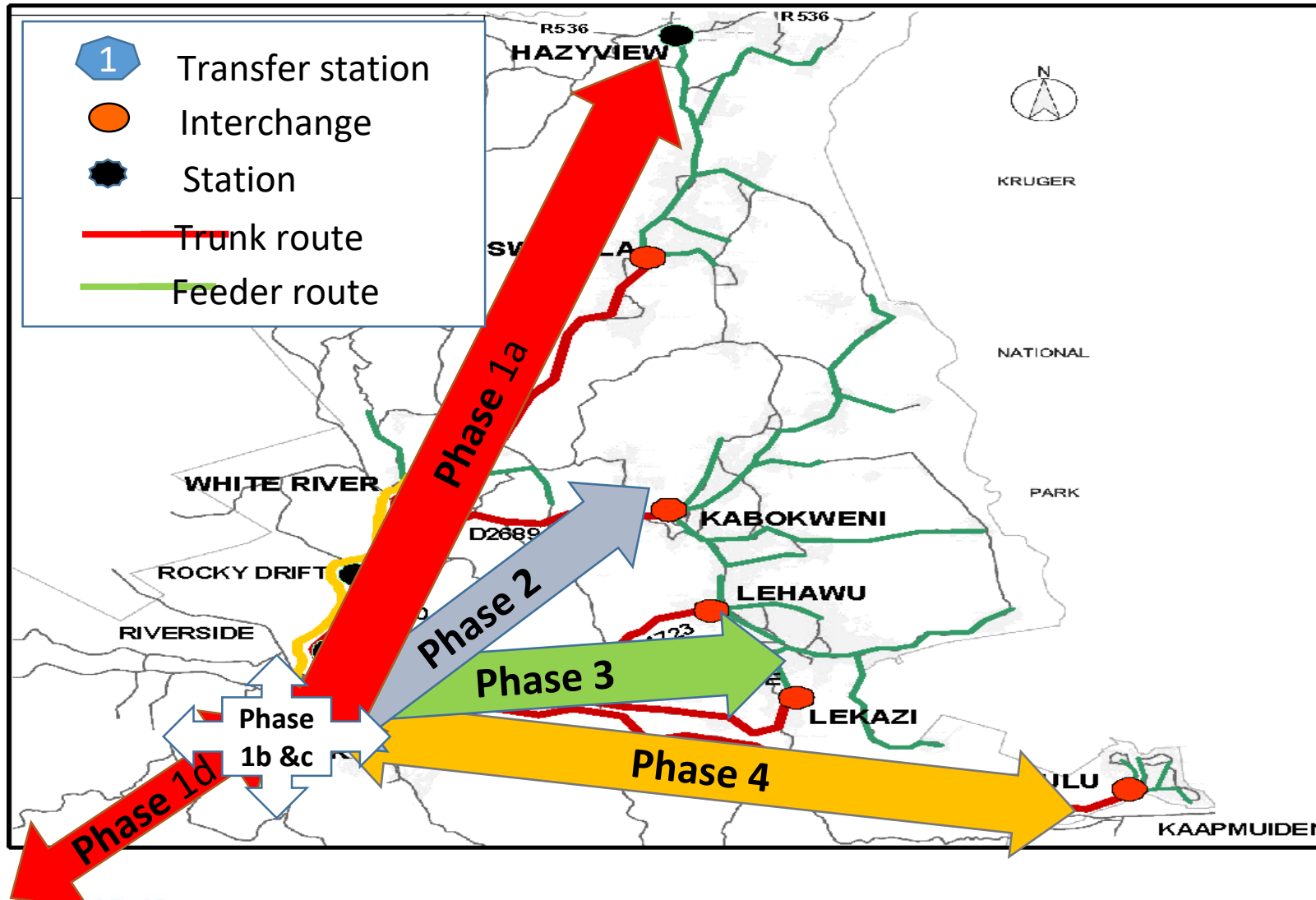
OPERATIONS SPATIAL DEVELOPMENT CONTEXT



OPERATIONS SPATIAL DEVELOPMENT CONTEXT – CONT.

- Many of our people live outside the City as result of the Apartheid spatial systems.
- Operations plan is underpinned by local feeder and long haul linkages that supports the use of mixed fleet (MBTs and buses).
- The Mbombela PT hub is strategically positioned to allow for multimodal integration including rail station, MBTs and Bus services.
- MIPTN aims at improving City mobility and accessibility through transit oriented development including NMT that supports multimodal integration.
- A strong socialisation of public transport to address modal shift towards public transport and improve environmental efficiency.

OPERATIONS NETWORK PHASE SEQUENCING



Implementation phases

Phase 1 (a): Hazyview –
Swalala - Legogote –
Mbombela corridor

Phase 1 (b &c):

- CBD distribution
- Residential distribution

Phase 1 (d): Umjindi –
Mbombela linkage

Phase 2: Kabokweni corridor

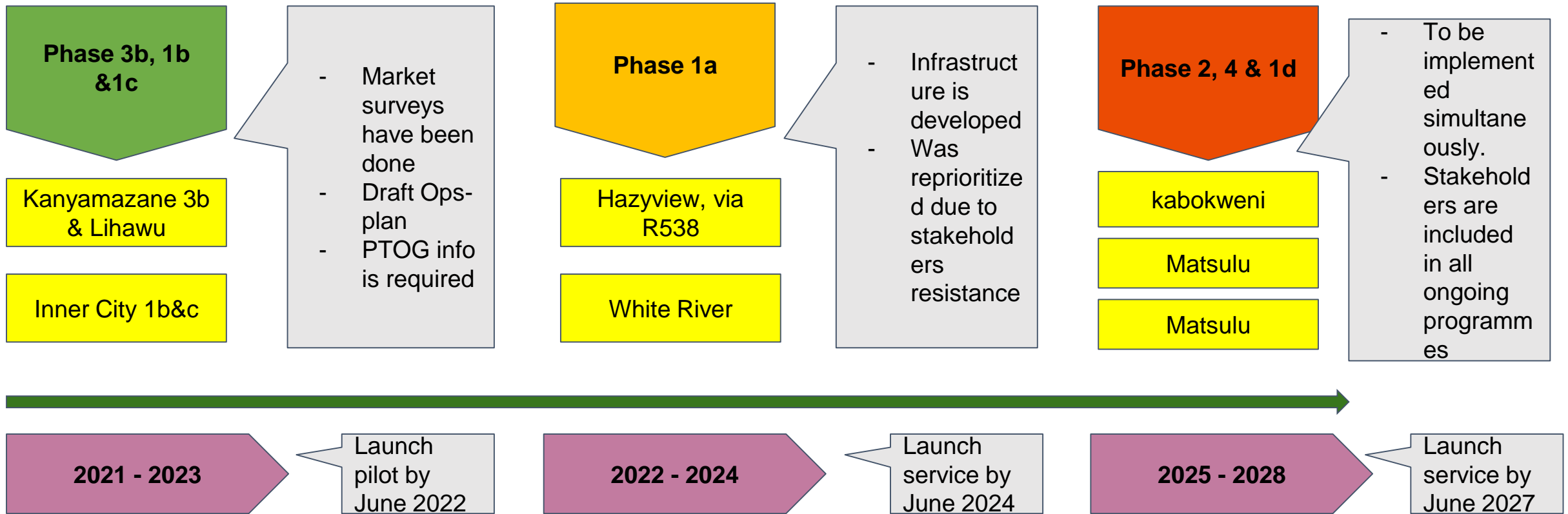
Phase 3 (a): Lehawu corridor

Phase 3 (b): Lekazi corridor

Phase 4: Matsulu corridor

PHASE IMPLEMENTATION PRIORITISATION

- IPTN operational implementation is planned as follows:



KEY IMPLEMENTATION PRIORITIES

Key Implementation Priorities & Timeline	Core Responsibility	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	Jun	Comment
Stakeholder and Governance	CoM						C1							Ongoing for the entire duration
Procurement of Key service providers (OPs)	CoM						C1							Priority & procurement plan to Council
Industry Transition	CoM						C1							Ongoing for the entire durations
Operational Planning	CoM						C							Phase 3b & 1a
APTMS System	CoM/NDoT									T	C			Test by March and Conclude by April
Business Planning (Financial)	CoM									C				Depends on SCM processes
Marketing and Communications	CoM													Escalated & adjusted by the stages of program
MIPTN Management resourcing and staffing	CoM						C							PTO Unit staffing be prioritised
Operations Staff Training	CoM												C1	Continues based on needs analysis
Infrastructure and Facilities Development	CoM													Focus on Phase 3a and ongoing
Control Centre	CoM												C1	Building and Technology requirements
Fleet preparations	CoM										T	C		Test operability by March
Launch Phase 3b and 1a	CoM													
Roll-out of full implementation of Phase 3b and 1a	CoM													Be included in the following year

C-complete
 C1- Complete 1st part
 T- Run required test

KEY IMPLEMENTATION PRIORITIES - CONT

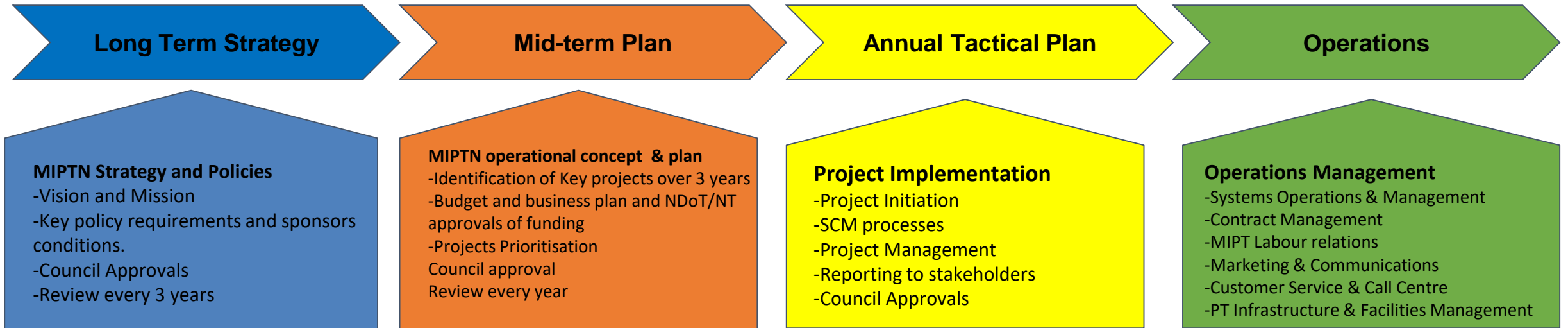
- The above is a summary of key implementation priorities to operationalise the MIPTN programme.
- A critical emphasis should be made on an IGR structure, to ensure effective governance, coordination and oversight of the programme.
- The City has developed and now initiating the implementation of a procurement strategy (For Operations Specialists).
- Industry transition is a critical aspect of operational readiness. City must promote capacitation of stakeholders.
- The IGR committee is being established between City of Mbombela (CoM), Ehlanzeni District Municipality (EDM), Mpumalanga Provincial Government (MPG) & National Department of Transport (NDoT).
- IGR committee to urgently start engagements with Buscor and provide Public Transport Operations Grant (PTOG) information to MIPTN Tech Committee

KEY IMPLEMENTATION PRINCIPLES

- Start with the KaNyamazane corridor (Phase 3a) - an accelerated implementation of operations with approximately 9000 passengers daily.
- Test and finalise the concept on the KaNyamazane corridor before full roll-out of operations (adapting design if/where necessary) of Phase 3b.
- Thereafter implement full rollout per schedule.
- The Automated Public Transport Management System (APTMS) contract will be implemented as follows:
 - Full commercial tender per MFMA guidelines.
 - A single Develop, Build, Operate and Maintain (DBOM) contract for up to 3 years with gradual handover as Transport Management Unit's (TMU) internal capacity develops.
- All implementation takes place within PTNG/PTOG affordability constraints.

PROGRAMME/PROJECT MANAGEMENT APPROACH

- We apply a multi-phased agile approach in the management of the MIPTN programme as follows;



- Procurement of activities are through multi-phased process that allocate a number of projects in each phase.
- Each phase has a number of projects which may be or not procured at the same time.

PROGRAMME/PROJECT MANAGEMENT APPROACH – CONT.



End of one project of a phase of the MIPTN infrastructure programme.

- The effect of the termination of the PTNG has extensive effects on infrastructural development for the City.
- Conclusion of an active contracted project leaves the uncontracted part under developed and affects the intended outcome of the Programme.
- Moreover, the effects of the termination will result in infrastructure development deficit and poor travel quality within the City.
- In the KaNyamazane route and D725 the situation is the same, completion is only achieved on contracted projects before grant termination.

MIPTN ACHIEVEMENTS

- A number of key activities have been achieved including:
 - Joint public transport market survey for KaNyamazane corridor has been completed.
 - Council Approved the name Hamba Sambe for MIPTN.
 - Brand concept and Marketing strategy have been developed.
 - Key public transport facilities completed include:
 - PT stops and Part of the Mbombela PT Hub
 - Construction and widening of roads to accommodate the new service have been partly completed.
 - Signed MOA with the Taxi industry.
 - Draft section 78(1) of the Municipal Systems Act Assessment has been completed.
 - Negotiation principles have been developed.
 - Skills audit plan for affected operators has been established.
 - Inter-Governmental Agreement has been drafted for discussion with MPG, COGTA, SALGA, MISA, EDM & NDOT.

MIPTN ACHIEVEMENTS – CONT.

- These are some of MIPTN Key milestones that are completed to some extent:

Key Milestone	% Completed	Comment
Operations plan (OPs)	90%	Bus survey data and PTOG information is required to finalise the plan
Business plan	80%	PTOG subsidy information is required and be updated with OPs
APTMS procurement specifications	90%	To be finalised with updated OPs plan
Transport Management Unit	30%	Organisational structure be designed in line with requirements of a Municipal Transport Authority and operational requirements.
Vehicle Operating Contracts	30%	Contracting concept defend items of gross draft contracts. Consultations with industry on OPs and leads to negotiations of contract is required.
Industry Transition	40%	Ongoing engagement with bus and MBTs operators.
Infrastructure (KaNyamazane)	10%	Key infrastructure needs to be established based on operational requirements

POE OF ACHIEVEMENTS

- 12 PT stops have been completed in Corridor 1a.



POE OF ACHIEVEMENTS – CONT.

- Mbombela Public Transport Hub



POE OF ACHIEVEMENTS – CONT.

- Widening of roads to accommodate MIPTN services:



- There are other routes that are being expanded such as the Chris Hannie Drive in KaNyamazane.
- The widening is to improve the capacity of the road to provide for a bus lane for efficiency of the MIPTN services.

FUNDING ALLOCATION

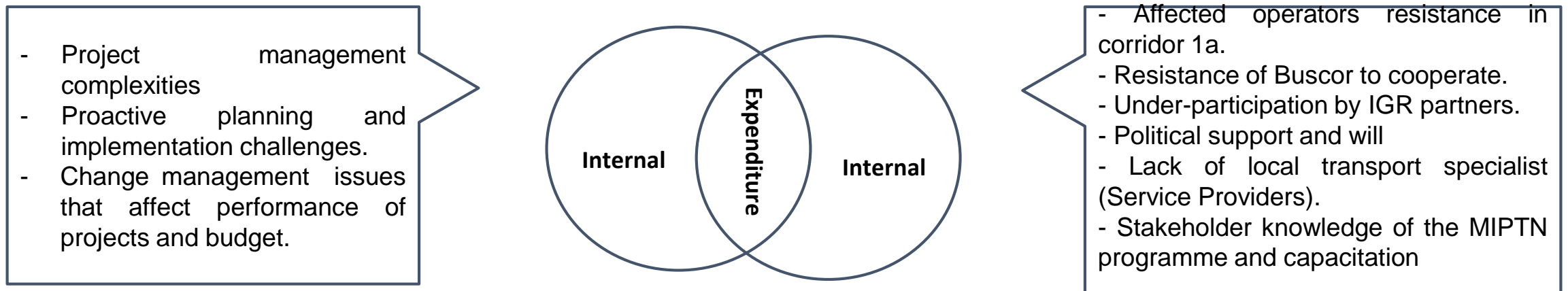
- The table below presents the funding history (5 years) of the MIPTN:

Financial Year	Allocation	Expenditure	Balance
2015/16	R116,540,000.00	R87,864,483.00	R28,675,517.00
2016/17	R198,551,307.00	R164,575,094.00	R33,976,213.00
2017/18	R211,673,000.00	R145,995,856.00	R65,677,144.00
2018/19	R260,909,120.00	R159,047,842.00	R101,861,278.00
2019/20	R300,780,278.00	R229,027,660.00	R71,752,618.00
2020/21	R91,752,618.00	R91,752,618.00	R0.00
Total	R1,180,206,323.00	R878,263,553.00	00.00

- Note that these amounts were rolled over each year except for the 2016/17 (R33,976,213.00).
 - The final rollover was approved for 2020/21 at 71,7 million.
 - An additional 20 million was allocated towards winding down existing contractual commitments.

CHALLENGES FACED BY THE CITY OF MBOMBELA ON IPTN

- The City has faced many challenges in implementing the MIPTN programme emanating from internal and external factors.
- These challenges are interrelated and interact to produce a complex aggregate performance of the grant expenditure and operability of the programme.



- Internal governance and project management challenges affected progress of the MPTN implementation.

SPENDING CHALLENGES

- Internal factors include political instabilities, suspension of crucial personnel to MIPTN and sluggish supply chain mechanism.
- It must be noted that these challenges are interrelated and produced aggregate underperformance of expenditure.
- Filling of funded critical positions is crucial to ensure implementation of project loads according to funding.
- External challenges include resistance by affected operators from both the bus and taxi industry.
- For the MBTs is lack of understanding the benefits of formalization.
- The bus operators are protecting the current subsidy monopoly. This has delayed the progress on operationalization and has a direct impact on expenditure.

IMPLEMENTATION AND OPERATIONALISATION CHALLENGES

- There have been numerous challenges in implementing the MIPTN. These challenges are classified as internal, external and IGR.
- There has been sluggish integrated City-wide support and understanding of the importance of the MIPTN.
- An irregular finding by the AG on our Programme Management contract has caused enormous derail, as it required the City to rectify critical elements of the contract before paying the service provider. This had a crucial impact on the operational expenditure of the grant.
- External factors included resistance from MBTs and Buscor in the programme.

IMPLEMENTATION AND OPERATIONALISATION CHALLENGES - CONT

- There has been poor participation of the Provincial Government and District Municipality in the programme.
 - This resulted in poor access to critical planning information such as current public transport records, PTOG information and support from the spheres of government.
 - This information deficit resulted in the incompleteness of our operations plan and business modelling. This affects expenditure as some of the infrastructures need to be informed by these business model simulations and operations planning.
- The City is implementing a gradual development programme to improve the capacity of the public transport unit.

IMPLICATIONS OF PTNG TERMINATION ON SERVICE DELIVERY

- It is important to note that it is a Constitutional mandate for the City to implement development programmes that advances the socio-economic development of its communities.
- Providing public transport improves communities' mobility and access to essential services such as healthcare, schools and economic opportunities.
- The suspension of the grant thus has a critical impact on the delivery of services in the City as it directly impacts service access by communities. These implications can be classified as socioeconomic/operations and infrastructure development.
- As noted, before we applied multi-phased programme management, discontinuation only leads to uncompleted programmes and have effects on infrastructure.

SOCIO-ECONOMIC IMPLICATIONS

- Poor access to social development and welfare facilities that the City offers far from residential areas of our people.
- Lack of access to employment opportunities due to spatial heterogeneities.
- Loss of job opportunities that were created (and were to be created) by the implementation of the MIPTN.
- Discontinuation of transformation initiatives for the taxi industry and informal traders. IPTN is the only process that can formalize the taxi industry.
- Impediment of potential rank economy growth as a result of public transport integration.
- The suspension of the PTNG will promote the continuity of the current monopolistic subsidy regime.
- The suspension of the MIPTN may result in public unrest as the MBTs have already committed to support and participate in the programme.

INFRASTRUCTURE AND DEVELOPMENT OF THE CITY

- The development of public transport infrastructure is critical for the City's future aspirations.
- Suspension of the grant will derail existing public transport infrastructure plans.
- New developments such as Nkosi City, University of Mpumalanga etc. require critical investments in integrated public transport.
- Most infrastructure projects were implemented in phases, and suspension will only result in parts of the phases not being completed.
- For the currently planned phases of the programme, over R715 200 000 is needed for infrastructure development over the next MTREF.
- Except for where PTNG has been used, the state of public transport facilities in the City needs critical investment to foster integration.

SOLICITING GOVERNMENTAL INTERVENTIONS

- There are several letters requesting the PTOG information to assist in the Operations Plan (OPs) with no success.
- There have been continuous review discussions with NDoT through bilateral meetings.
- The suspension came when the City and NDoT were working on recommendations for improvements and operationalization.
- Covid-19 has increased stakeholder engagement complexities.
 - PTNG objectives has been adjusted to cater for COVID-19 pandemic by DORA.
 - CoM only qualified for Covid-19 response funds reprioritization in the financial year 2019/20.

DISCUSSION BETWEEN THE CITY AND NATIONAL TREASURY ON ISSUES OF PTNG

- There has been engagements between the City and National Treasury on the performance of the Grant including rollovers.
- The City was suspended without being given an opportunity for representations as per DORA requirement.
- The only communication was on effecting the suspension through rollovers and Covid-19 related matters.

PROPOSED TURNAROUND STRATEGY TO IMPLEMENT THE MIPTN

- A turnaround strategy has been developed for council approval.
- The strategy includes stakeholder analysis, role distributions, and capacity building (internal and stakeholder).
- A plan to transform the Public Transport Unit into a Transport Authority has been developed.
- The strategy proposes the following flow of activities towards operationalization and budget management.

MIPTN Strategy

- PTNG policy objectives
- DORA requirements
- Budget approval
- **Council** adoption of the MIPTN as municipal wide programme

Tactical Management

- MIPTN OPs plan
- Fleet specs
- APTMS
- Infrastructure
- Contracting Modeling
- Negotiations plan
- Industry Transition

Project Implementation

- Stakeholder engagement
- Project Management
- Progress reports to Council and NDoT
- Expenditure Management

Project Risk Management

- Risk strategy and matrix
- Budget implementation monitoring
- Timely risk reporting and action.
- Performance evaluation and reporting

GOVERNANCE APPROACH

- Key effective governance arrangements:



- **CoM MIPTN** reporting channels as per council arrangements and to **IGR Committee**.
- IGR Committee to monitor and evaluate implementation of MIPTN milestones and operationalization.

KEY OPERATIONALISATION DEVELOPMENTS

- Formation of an IGR structure for monitoring and evaluation of the programme.
- Improving expenditure by critical planning and projections, linked to internal planning and reporting systems.
- The City has developed a procurement plan that will ensure implementation readiness and progressive expenditure performance should the grant is reinstated.
- Joint Technical Committee (JTC) must be reconfigured to include all affected operators, including Buscor.
- To complete the Operations Plan, the IGR committee must be prioritised to address PTOG information issues that are needed for modelling.
- The City has prepared a negotiations plan, as this will be the first requirement for operationalization.
- Infrastructure implementation must focus on the priority route, the KaNyamazane Corridor.
- Development of the MIPTN Internal Team is undertaken gradually to address programme requirements.

CONCLUSION

- The City pleads with the Parliament, Department of Transport and National Treasury to reinstate this vital grant as it underpins mobility and accessibility of our people to essential services and opportunities.
 - The programme is one of our key plans and opportunity to address the challenges of poverty, unemployment and inequality through improved public transport.
- There were challenges in the programme, which are receiving full-time attention from the City and all relevant stakeholders.
- The programme is supported by the taxi industry, and such momentum must be maintained.

THANK YOU

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