**National Assembly**

**Question Number: 687**

**Mr M Waters (DA) to ask the Minister of Transport:**

(1) With reference to the reply to question 898 on 20 April 2018, (a) what exactly is the grant money for, (b) is there a contract with his department for the grants and (c) what proportion of the grants are allocated to capital expenditure;

(2) what is the total breakdown of all capital expenditure for each of the five phases up to and including completion;

(3) what was the exact (a) operating costs, (b) fare income and (c) Council funding for each specific cost including operational in the (i) 2016-17, (ii) 2017-18 and (iii) 2018-19 financial years?

**NW810E**

**REPLY:**

1.(a) The Public Transport Network Grant is a conditional grant (under the Division of Revenue Act) to selected municipalities to accelerate the implementation of Integrated Public Transport Networks.

(b) Municipalities submit an annual budget proposal and business plan in the year prior to the budgeted municipal financial year which forms the basis for approving and monitoring PTN Grant spending by the DoT.

c) The proportion of the PTN Grant allocated to capital spending can very per city project design depending on the quantity of infrastructure required and the amount of compensation of existing operators. As a rough guide, up to the present, at least 60 to 70% of the Grant has been going to capital in the larger metropolitan cities that are operating proper scale Phase 1 systems.

Please note that the premature launch of Harambee in Ekurhuleni in 2017 with just 8 buses is at such a suboptimal scale that it cannot be viewed as a pilot Phase 1 project let alone a viable bus service. The city was meant to expand to 80 buses carrying 20 000 a day in 2018 and currently is still under a quarter of this.

 The DoT has met with the city in June and September 2018 and March 2019 and put them on notice that they need to scale up to a proper operation of at least 40 buses in calendar 2019 or risk DoT invoking Division of Revenue Act powers to withhold transfers.

(2) Due to a lack of capacity and lengthy delays, the DoT is just looking to have a proper Phase 1 up and running over the next 5 years that will link Tembisa, Kempton Park, OR Tambo International Airport, Boksburg and Vosloorus. We expect this to cost a total of R5 to 6 billion in capital and when mature to carry around 100 000 weekday passenger trips.

The DoT will not allow any grant spending on other phases until the city can prove that it is running Phase 1 successfully. This is likely to take 3 to 5 years. At that stage future phases will have to be redesigned and costed to scale down on infrastructure.

(3) (a,b,c) In 2016/17 the City estimates operating costs at R68m with no fare income as they were only running a test service. In 17/18, the City estimates operating costs at R143m and the DoT estimates fare income at a truly negligible R1m or less due to the very limited service which was not viable from the start. In 18/19 the City estimates operating costs at R300m including indirect operating costs and fare income at R20m.

The city has not been forthcoming regarding Council contributions, but the DoT estimates it at around R40 to R50 million per year in question.

In conclusion, the Harambee project needs to professionalize and be run viably with properly balanced costs and revenues and passengers. After appealing for this for over 2 years, the DoT has now given the city until the end of 2019/20 to completely zero base all costs and rescale all operations to be viable and balanced and not a token white elephant. There is currently no excuse open to the city for the current mess and what remains is to drastically turn things around in 2019/20 or face the consequences.