

FINANCIAL AND FISCAL COMMISSION
POLICY BRIEF

6/2013

Conditions Needed for Effective Devolution of Transport Functions to Municipalities

EXECUTIVE SUMMARY

The current public transport system in South Africa is not achieving what was envisaged. The transport service is not being managed as a network, so modes of transport compete instead of complementing each other. In addition to the lack of integrated planning and service delivery, capital investment in transport has been declining. Under the National Land Transport Act (2009), various transport functions may be assigned to the most appropriate sphere of government. Municipalities are responsible for compiling integrated transport plans but often do not have the powers to fully implement the plans because the powers are fragmented across government. Devolving the public transport functions can result in a public transport system that supports inclusive growth, provided certain conditions are met. Devolution becomes effective only when all related functions are consolidated, the municipality taking on the devolved function(s) is well resourced with strong political accountability, adequate funding is provided and full authority over the network lies with the municipality. eThekweni and the City of Cape Town should be selected as pilot sites to implement the devolved transport functions, as they have geographic functional areas that are well contained within the municipalities.



BACKGROUND

The transport system is not achieving what was envisaged, despite an ongoing initiative to coordinate transport functions across the three spheres of government. Although public expenditure has increased, private and non-subsidised public transport services still outperform bus and train services, while subsidised public transport networks have not adapted to changes in settlement patterns. The inability to manage the transport service as a network means that, instead of being complementary, modes of transport compete against each other. In addition to the lack of integrated planning and service delivery, capital investment in transport has been declining. Section 11 (iv) of the National Land Transport Act (2009) empowers government to assign various transport functions to the most appropriate sphere of government. Theoretically, devolving functions to municipalities should allow transport to be customised and made compatible with the rest of the built environment managed by municipalities. However, municipalities may be responsible for compiling integrated transport plans but often do not have the powers to fully implement the plan because powers remain fragmented across different spheres of government. The Financial and Fiscal Commission looked at the conditions necessary for the effective devolution of transport functions, which will result in a public transport system that supports inclusive growth.¹

FINDINGS

The first step is to establish the principles that should inform the devolution process. From the review of South African and international case studies, the following conditions are necessary for the effective devolution of transport functions:

- i.) Consolidate all related functions. This reduces service delivery turn-around times and potential process inefficiencies. In South Africa, backlogs in approving public transport operating licences at provincial level affect municipalities, which are directly accountable for implementing the integrated transport plans.



¹ For the full study, see Effective devolution of transport functions to municipalities: Towards an optimal transport system, Chapter 9 in Financial and Fiscal Commission (2013). 2014/15 Submission for the Division of Revenue Technical Report, Midrand, South Africa.

ii.) Provide the municipal entity with sufficient resources and political accountability. The case of eThekweni Transport Authority shows the difficulty of fulfilling additional mandates for improved transport service delivery without sustainable funding. The more successful transport coordinating structures have political oversight, which promotes the adoption of best practices.

iii.) Have clear lines of responsibility and authority. The authority of the entity taking over the function must be unequivocally defined. The ineffectiveness of the eThekweni Transport Authority can be partly attributed to having responsibility for functions over which it has no authority. Responsibility must be tied to authority.

iv.) Ensure adequate funding. Without adequate funding, the devolution will result in an unfunded mandate. In Russia, transport functions were devolved to municipalities without proportionate funding, which resulted in significant deficits and increased infrastructure backlogs.

v.) Give municipalities authority over the network. Without full control of the network, achieving network integration becomes difficult and even impossible. In South Africa, the issuing of operating licences is a provincial function, while the network design is supposed to be a municipal responsibility. This makes achieving the intentions of network designs difficult, resulting in gross oversupply and undersupply of services in the network.

vi.) Eliminate conflict of interest. Any conflict of interest over the devolved functions eradicates trust, especially for tendered public transport contracts. This is also one of the key principles established through many World Bank projects on the subject of transport organisational reforms. The majority of municipalities because they have no road-map for planning, budgeting and spending on infrastructure maintenance and renewal.



CONCLUSION

The effective devolution of the public transport functions to municipalities will result in a public transport service that supports inclusive growth and meets the needs of the communities. With respect to the devolution of public transport functions, the Commission recommends that:

- The national Department of Transport (DoT) selects the eThekweni and Cape Town metropolitan municipalities to pilot the devolution of transport functions in the form recommended by the investigation. The DoT should reach the necessary agreements with all the concerned stakeholders to provide sufficient support and required resources to allow for the pilots to be successfully implemented.
- The baseline funding for transport functions is thoroughly understood by the recipient municipalities, beginning with eThekweni and Cape Town metropolitan municipalities.

FURTHER READING

Cameron, JWM, 2005. The case for municipal transport authorities revisited. Proceedings of the 24th Southern African Transport Conference, Pretoria.

DoT (Department of Transport), 2012. Integrated transport plan: transforming the system. Presentation made to the Transport Parliamentary Portfolio Committee on the 6th November 2012, Cape Town.

EUMP (Eltis Urban Mobility Portal), 2013. Organisational Model of Verkehrsverbund Oberelbe, <http://www.eltis.org/docs/studies/VVO%20org%20model.pdf>



Enquiries: Ghalieb Dawood (Ghalieb@ffc.co.za)

Financial and Fiscal Commission

Montrose Place (2nd Floor), Bekker Street,
Waterfall Park, Vorna Valley, Midrand,
Private Bag X69, Halfway House, 1685
www.ffc.co.za
Tel: +27 11 207 2300
Fax: +27 86 589 1038