

Summary of Interviewee Transcript

Representative of the Golden Arrow Bus Services (GABS)

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1. Role of the Interviewee and challenges faced

The Interviewee discusses the significant challenges of operating a bus service in South Africa due to financial constraints and structural inefficiencies. The primary issue highlighted is the necessity for subsidies to run buses, as rising fuel costs over the past decade have made it impossible to even break even without such support. The cost increases mean that fares collected from passengers are insufficient to cover the operating costs of the buses.

Another major operational challenge is the inefficiency caused by traffic congestion and long routes, which restrict buses to a maximum of three trips per day. This limitation makes it financially unfeasible to cover the costs of a bus and driver, as the revenue generated from such limited service cannot meet expenses.

The Interviewee also notes the challenge of directional demand, where there is significant demand only during peak periods in one direction, leading to many buses running empty on return trips, further increasing operational costs. This situation contrasts sharply with other regions, like South America and Europe, where demand is more bidirectional.

In conclusion, the Interviewee is focused on leading the company through these challenges by adopting new technologies and innovations, such as AI, to enhance service efficiency and manage costs, striving to provide the highest quality service at the lowest possible cost despite the difficult circumstances.

2. Position of GABS in eco-system of stakeholders

The Interviewee details the financial and operational framework of their bus service, initially contracted through the national government but now overseen by the Provincial Department of Transport, which is referred to now as the Department of Mobility. They describe a funding structure where subsidies are transferred from the national to the provincial level, with their company being compensated based on passenger kilometers operated, tracked via GPS and monitored by a dedicated team.

Further, the Interviewee discusses a shift in contractual responsibility, with plans to move from provincial oversight to municipal management under the City of Cape Town. They express concerns about the cost-effectiveness of this potential shift, comparing their current operations under Golden Arrow Bus Services (GABS) to the more expensive Bus Rapid Transit (BRT) system adopted by the city, which is modeled after Bogotá but deemed unsuitable for Cape Town due to high costs and inefficiencies. The Interviewee explains that

the city's approach involves multiple contractors which significantly increases operational costs, suggesting that the current model allows for a more economical use of subsidies.

Additionally, they critique the urban planning and public transport infrastructure in Cape Town, pointing to issues like urban sprawl, insufficient prioritization of bus traffic, and a lack of effective bus signaling systems, which collectively hinder the efficiency of public transportation in the city. This situation is exacerbated by the geographic spread of residential and employment areas, making the BRT model impractical for the city's needs.

3. Things to improve service

The Interviewee discusses the challenges and strategic considerations of operating the Golden Arrow Bus service in Cape Town, emphasizing the need for improved urban planning and transportation policies to enhance public transit efficiency. They suggest several measures to optimize bus services:

1. **Improved Signaling:** Implementing better signaling for buses at traffic lights to prioritize them and reduce transit times.
2. **Urban Development:** Filling empty urban spaces with housing and employment projects to reduce travel distances and create a more compact city. This could mitigate the issues caused by urban sprawl, such as the lengthy travel times currently experienced in areas like Khayelitsha.
3. **Cost and Subsidy Challenges:** The Interviewee details the financial difficulties in maintaining service levels without adequate subsidies, noting that subsidies have not kept pace with inflation since 2009. This financial strain is compounded by the necessity to add buses to the fleet, which, while necessary to handle passenger loads, leads to financial losses due to the fixed subsidy rates.
4. **Operational Decisions:** Despite the financial challenges, Golden Arrow has decided to add more buses to address overloading, prioritizing service quality over profit. This decision underscores the company's commitment to serving the community despite economic pressures.
5. **Collaboration and Competition with Taxis:** The company collaborates with taxi associations, even though taxis are seen as a less economical option for long-distance public transport. The dialogue highlights the complex dynamics between different modes of public transport in the city.

6. **Long-Term Sustainability Concerns:** The Interviewee is concerned about the sustainability of their operations, pointing to the need for significant capital investment to maintain and expand the bus fleet. Without increased subsidies or the ability to raise fares due to the economic conditions of passengers, the service faces potential decline.

The overarching theme is a call for more supportive urban planning and increased government subsidies to create a more efficient and economically viable public transport system in Cape Town.

4. Barriers to operations

The Interviewee discusses the financial challenges of operating a bus service in Cape Town under the MyCiti and Golden Arrow contracts. They explain that while the MyCiti contract includes an escalation clause that adjusts subsidies based on fluctuating costs like fuel prices and wage increases, the Golden Arrow contract does not have such a clause. This lack of adjustment means that the subsidies do not keep pace with inflation, which significantly hampers their ability to maintain, let alone expand, the service.

The Interviewee emphasizes that adequate and inflation-adjusted funding is essential for running an effective commuter bus service. They lament the government's failure to adequately support the bus contracts financially, stating that if subsidies were adjusted for inflation, they could potentially double their fleet size within five years. However, the current financial model prevents this growth, leaving the service struggling to cover increasing operational costs.

5. Taxis

The Interviewee discusses the challenges faced by the public transport system in Cape Town, particularly focusing on the taxi industry. They express concern over the issuance of an excessive number of operating licenses to taxis, which has led to an oversaturated market. This overtrading has resulted in violence, with significant numbers of deaths in the taxi industry that often go unreported. Despite these issues, new licenses continue to be issued, exacerbating the problem.

The Interviewee suggests that the ideal solution would involve restructuring the transportation sector to reduce the number of taxis and instead increase the number of buses. This would involve converting taxi operators into bus operators, which could lead to a more efficient and economical transportation

system. They argue that buses can carry more passengers at lower costs compared to taxis, which have a much lower passenger capacity and higher operational costs.

Moreover, the Interviewee touches on the problem of taxi permits being sold for high prices by the Taxi Association executives, creating a lucrative but problematic system that benefits a few at the expense of many. This system, described as a major issue by a Competition Commission inquiry, is resistant to change due to the significant profits it generates for those in control. The Interviewee also emphasises that he believes that the taxis don't want to be integrated. They don't want the electronic ticket systems on their bus because the moment they do that Government will know exactly how much money they make and they will need to pay tax.

In summary, the Interviewee highlights the inefficiencies and economic challenges of the current taxi-dominated transport system in Cape Town, suggesting a shift towards a bus-centric model as a more sustainable and effective solution. They advocate for significant reforms to address the entrenched problems within the taxi industry and improve the overall public transport system.