

City of Johannesburg Council 2020-05-29

COJ : MAYORAL COMMITTEE 2020-03-20

TRANSPORT

12 AMENDMENT OF THE TARIFF FARE CHARGES FOR REA VAYA REA BRT FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

1 STRATEGIC THRUSTS

Financial Sustainability
Sustainable Service Delivery.

2 OBJECTIVE

To present to Council for tabling the proposed 2020/21 BRT Rea Vaya tariffs for the period 1 July 2020 to 30 June 2021.

3 BACKGROUND ON REA VAYA FARE STRUCTURE

The Rea Vaya BRT uses the Automated Fare Collection (AFC) system to collect fares from the commuters who travel on the Rea Vaya buses.

AFC was introduced and implemented in 01 July 2013 and fares are charged per distance travelled. This was approved by the council in 2011. A minimum fare is charged at commencement of the journey and thereafter, as the distance travelled increases. The fare charged increases in bands of price until the maximum fare is reached, thereafter there is no further charge for additional distance travelled.

4 2019/2020 APPROVED TARIFFS

The Rea Vaya BRT's current approved 2019/2020 tariffs are detailed below:

(1) Frequent-user fares including penalty fees

For the purpose of this report, occasional users are regarded as users that do not make use of the Rea Vaya fare products regularly and frequent users are those that are using Rea Vaya for day-to-day travelling. Customers are charged penalties when they fail to check in or out of any Rea Vaya paid areas including the busses. The frequent-user fares are split between peak and off peak rates and the current fares are depicted in Table 1 below:

Table 1: Current approved 2019/20 frequent fares

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Rea Vaya Journey Length	2019/20 Approved Fares	
	Peak Fares	Off Peak Fares
Less than 5km (Minimum Fare)	R8.00	R7.20
More than 5km but less than and equals to 10km	R9.60	R8.70
More than 10km but less than and equals to 15km	R11.80	R10.60
More than 15km but less than and equals to 25km	R13.90	R12.50
More the 25km but less than 35km	R15.00	R13.50
More than 35km (Maximum fare)	R16.00	R14.40
Penalty Fees	R16.00	R16.00
Penalty fees from inspection	R35.00	R35.00

(2) Fare media fees

The approved fares charged for the occasional users and the Euro Master and Visa (EMV) cards are as per the table below:

Table 2: Approved 2019/20 fare media charges

Details	Pricing
Occasional users – one trip card	R21.00
Events occasional users – two-trips card	R42.00
EMV card (new/replacement card)	R32.00

(3) Rea Vaya travel points based trips (Frequent Users)

The approved Rea Vaya travel Points tariffs for loading are as per the table below.

Table 3: Approved 2019/20 Rea Vaya travel points

Rea Vaya Passenger Load Values	Bonus Points Percentage	Bonus Points Value
From R10 – R50	0	R0
From R51 – R100	5%	From R2.60 – R5.00
From R101 – R200	7.5%	From R7.60 – R15.00
From R201 – R300	10%	From R20.10 – R30.00
From R301 – R700	12.5%	From R37.60 – R87.50

5 MOTIVATION FOR 2020/21 FARE INCREASES

The motivation for the increase in the 2020/21 Rea Vaya tariffs is based on the social and economic factors relating to public transport in Johannesburg, as well as comparisons with the fares of other modes of transport.

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(1) Social factors

It is a long established fact that access to public transport such as Rea Vaya has broader benefits than simply providing low carbon access to jobs, schools, health facilities etc. This social benefit of BRT public transport services is acknowledged by the impact of the BRT system to the public. This is proven by an extensive incline in a range of social groups benefitting from access to Rea Vaya as a local public transport at reasonable costs.

Rea Vaya continues to keep public transport fares affordable to enable access for key groups such as unemployed people, low income earners, those receiving state benefits and disabled people into and out of the City's economic hub.

The low income earners mostly reside in the outskirts of Johannesburg and largely fall within the last Rea Vaya fare band. This proposed regressive increase will have an insignificant impact on their commuting costs to and from daily destinations.

(2) Economic factors

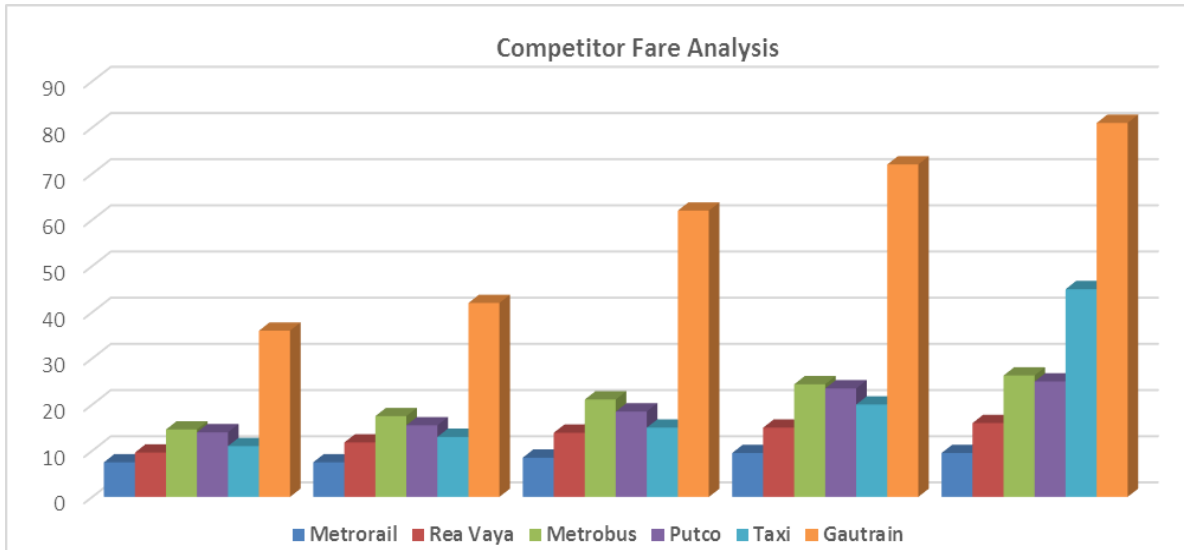
The general Consumer Price Index (CPI) as at 31 December 2019 was reported at 4% according to the Reserve Bank of South Africa (SARB) and public transport weights 16.4% of this general CPI. This basket weight has been constant at least for the past three years despite the changes in the general CPI. Johannesburg has a total population of 5.6 million in with an average growth rate of 3%. 60% to 70% of the population in the City uses public transport on a daily basis. According to Statistics South Africa, public transport is considered affordable when commuters spend less than 10% of their disposable income on transport.

(3) Comparison with other modes of public transport

The competitiveness of the Rea Vaya tariffs against other modes of public transport such as taxi fares is in support of macroeconomic policies of the country. Rea Vaya fares are comparatively lower than fares for other transport modes, with an exception only to Metrorail. A comparison of the fares for the different transport modes within the City of Joburg is as per the graph below.

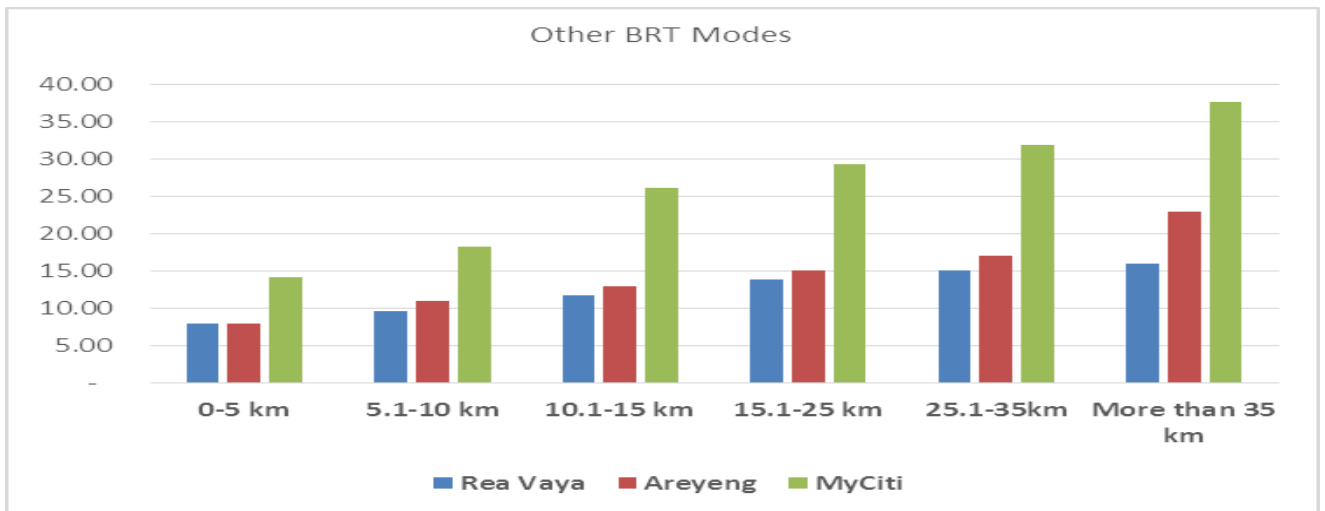
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Figure 1: Fare comparison: Rea Vaya vs other modes of public transport – 2019/20



Rea Vaya fares are also lower than other BRT fares in the country. A comparison of the fares between Rea Vaya and other similar operational BRT systems countrywide is as per the graph below.

Figure 2: Fare comparison: Rea Vaya vs other BRT systems - 2019/20



Based on the above, it is therefore proposed that the Rea Vaya tariffs (trips) for the 2020/2021 financial year increase by 7% as it will strive to:

- achieve an optimum balance between operational sustainability and user affordability; and
- bring the Rea Vaya fares closer to other public transport fares including other operational BRT fares.

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6 PROPOSED FARE CHARGES FOR 2020/20

The proposed tariffs are discussed in more detail below:

(1) Trips from EMV cards (Occasional Users)

Different fares are applicable in the peak and off-peak depending on when the trip started. The off-peak fares are 10% lower than the peak fares (excluding fares from occasional user media) to encourage passengers to still travel with Rea Vaya even during off-peak times rather than at peak so as to reduce the peak fleet requirements, improve total system operations, reduce operational costs and also assist work seekers.

The proposed peak fares and off peak fares are depicted in Tables 4 and 5 below.

Table 4: Proposed 2020/21 peak and off-peak fares for EMV card based trips

Rea Vaya Journey Length	2020/21 Proposed Fares	
	Peak Fares	Off Peak Fares
Less than 5km (Minimum Fare)	R8.50	R7.70
More than 5km but less than and equals to 10km	R10.30	R9.30
More than 10km but less than and equals to 15km	R12.60	R10.30
More than 15km but less than and equals to 25km	R14.90	R13.40
More the 25km but less than 35km	R16.00	R14.40
More than 35km (Maximum fare)	R17.10	R15.40

Table 5: Proposed 2020/21 penalties fees

	Peak Fares
Penalty Fees	R50.00
Penalty fees from inspection	R100.00

(2) Load Bonus for Rea Vaya Travel Points (Frequent Users)

Fares from Rea Vaya Travel points are distance based and peak and off-peak fares apply. Passengers are offered bonuses when they load a certain amount of points on their EMV cards. The greater the amount loaded, the greater the bonus is offered. This is intended to encourage bulk purchase to reduce the frequent use of the loading system as well as encouraging purchasing more of the Rea Vaya Travel points as opposed to occasional user fare media.

It is therefore proposed that the bonus-points percentages remain unchanged for year 2020/21.

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The proposed Bonus points are depicted in table 6 below:

Table 6: Proposed 2020/21 Rea Vaya Travel Bonus Points

Rea Vaya Passenger Load Values	Additional Bonus Percentage	Additional Bonus Value
From R10 – R50	0	R0
From R51 – R100	5%	From R2.60 – R5.00
From R101 – R200	7.5%	From R7.60 – R15.00
From R201 – R300	10%	From R20.10 – R30.00
From R301 – R700	12.5%	From R37.60 – R87.50

(3) Occasional trip cards and EMV cards

It is proposed that price for occasional trip cards and EMV cards increase with 5.5% in order to increase ridership, as these cards and in particular the EMV cards allow passengers to continuously load trips for travelling on Rea Vaya.

Table 7 below summarizes the proposed:

Table 7: Proposed 2019/20 fare media

Details	Pricing
Occasional users – one trip card	R22.00
Events occasional users – two trip card	R44.00
EMV card (new/replacement)	R34.00

(4) Fares for special events

(a) Transport services request from Stadium Management

The Transport Department occasionally receive requests from Stadium Management to provide transport services for special events, including soccer matches, which take place at stadiums along the Rea Vaya trunk routes i.e. Soccer City, Orlando and Ellis Park. Due to the nature of these events, passenger numbers to be transported are guaranteed and the revenue generated adequately cover the associated operating costs

It is therefore proposed that commuters / spectators purchase the two trip cards amounting to R44.00 (table 7 above) for a return trip or use their EMV cards as per the approved fares for travelling to and from these events

(b) Transport services requests for private events

Similarly to the requests from Stadium Management, the Transport Department occasionally also receive requests to render transport services for private events. In planning for and during these events, the Transport

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Department increases the capacity and resources to provide services to the commuters attending the events. In order to cover the costs of this additional capacity and resources, the host/event organizers must guarantee the City a number of commuters before Rea Vaya commits to these services.

It is therefore proposed that the host/event's organizers guarantee the City a minimum number of 10,000 commuters per event, charged at the occasional Two-Trips approved card prices. These prices will not be discounted as the services is regarded as a premium service.

(5) Fees for filming

Due to the City's Transport Department receiving requests to use Rea Vaya infrastructure to film movies, advertisements and short films, a nominal fee of R10 000.00 a day for any filming or photo-shoot that will take place within any Rea Vaya BRT infrastructure and these services must be held during off-peak periods. This serves as an opportunity cost for the potential losses of revenue and passenger inconveniences during the times of filming.

7 POLICY IMPLICATIONS

This report is in line with the Tariff determination policy. Council is authorized to approve this request.

8 LEGAL AND/OR CONSTITUTIONAL IMPLICATIONS

In terms of the City delegations framework council is authorized to approve this request.

9 FINANCIAL IMPLICATIONS

The expected revenue to be generated from the 2020/2021 Rea Vaya proposed fares is R247 483 000.00.

10 COMMUNICATIONS IMPLICATIONS

The relevant information regarding the 2020/2021 Rea Vaya tariffs as determined will be communicated to all role players in the manner as prescribed by law. In addition, commuters will be consulted on the proposed tariff increases during the IDP consultation process and a passenger information campaign will be embarked upon to ensure that passengers are informed timeously about the proposed fare increases.

11 OTHER DIRECTORATES / BODIES CONSULTED

COJ Finance Department.

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IT IS RECOMMENDED

- 1 That in terms of Sections 11(3)(i) and 75A (1) of the Local Government: Municipal Systems Act 2000, (Act 32 of 2000) as amended, read with Section 16(2) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the City of Johannesburg declares its intention to maintain the current Rea Vaya fare structure and the current Rea Vaya Fares as approved by Maycom and propose additional fares with effect from 1 July 2020 as set out in Annexure "A" hereto.**

- 2 That, in terms of Sections 17(3)(a)(ii) and 22(a)(i) and (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and Sections 21, 21A(1) and 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, the City of Johannesburg:**
 - (1) displays the notice and the documents and notice in the manner prescribed;**

 - (2) seeks to convey to the local community by means of radio broadcasts covering the area of the City, the information contemplated in Section 21A(c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended; and**

 - (3) publishes a notice in the manner prescribed and invites the local community to submit written comments or representatives in respect of the City's declared intention to amend or determine Tariffs of Charges.**

- 3 That in terms of Section 22(b)(i) and (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) a copy of the notice and documents be sent forthwith to the National and Provincial Treasury; MEC for local government; as well as any other organ of the state or municipality affected by the budget to solicit their views.**

- 4 That the Group Chief Financial Officer in conjunction with Group Head: Legal and Contracts, in consultation with the Council's relevant Departments and all interested parties, report on the comments received in terms of Paragraph 2 above with recommendations on the final drafts of the Tariffs of Charges for approval.**

- 5 That the report be submitted to the relevant Section 79 Committee for comment.**

(TRANSPORT)
(Busisiwe Kota)
(Cell: 081 377 7560)
(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

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TRANSPORT**ANNEXURE "A"****CITY OF JOHANNESBURG****AMENDMENT OF TARIFF OF CHARGES FOR REA VAYA BRT FARES**

In terms of Sections 17(3)(a)(ii) and 22(a)(i) and (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and Sections 21(1) and (3), 21A and 75A(3) and (4) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, it is hereby notified that the City of Johannesburg has, in terms of Sections 11(3)(i) and 75A(1) and (2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, read with Section 24(2)(c)(ii) of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003), amended its Tariff of Charges for Rea Vaya BRT Fares with effect on 1 July 2020.

Proposed 2020/21 Rea Vaya tariffs

It is proposed that the Rea Vaya tariffs be increased by 7% for the 2020/2021 financial year as it will strive to achieve an optimum balance between operational sustainability and user affordability.

The proposed tariffs are as per the tables below:

Table 1: Proposed 2020/21 peak and off-peak fares for trips undertaken from EMV loads

Rea Vaya Journey Length	2020/21 Proposed Fares	
	Peak Fares	Peak Fares
Less than 5km (Minimum Fare)	R8.50	R8.50
More than 5km but less than and equals to 10km	R10.30	R10.30
More than 10km but less than and equals to 15km	R12.60	R12.60
More than 15km but less than and equals to 25km	R14.90	R14.90
More the 25km but less than 35km	R16.00	R16.00
More than 35km (Maximum fare)	R17.10	R17.10
Penalty Fees	R50.00	R50.00
Penalty fees from inspection	R100.00	R100.00

Table 2: Proposed 2020/21 Rea Vaya Go Easy travel package

Rea Vaya Passenger Load Values	Additional Bonus Percentage	Additional Bonus Value
From R10 – R50	0	R0
From R51 – R100	5%	From R2.60 – R5.00
From R101 – R200	7.5%	From R7.60 – R15.00
From R201 – R300	10%	From R20.10 – R30.00
From R301 – R700	12.5%	From R37.60 – R87.50

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6.3 Fare media and other charges

Table 3: Proposed 2020/21 fare media and other charges

Details	Pricing
Occasional users – one trip card	R22.00
Events occasional users – two trip card	R44.00
EMV card (new user/replacement)	R34.00