CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

FARE POLICY FOR PUBLIC TRANSPORT SERVICES IN THE CITY OF CAPE TOWN

Draft version for public participation

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DEFINITIONS AND ABBREVIATIONS

Within the context of this Policy, the following definitions apply:

TERM / WORD	DEFINITION
Account Based Ticketing System	A public transport ticketing system that employs a system architecture that uses a back-office system to apply relevant Business Rules, such as the fare calculation methodology to determine the fare and settle the transaction[1].
Automated Fare Collection	The collection of components that automate the ticketing system of a public transportation network - an automated version of manual fare collection.
Back-end	Also referred to as back-office of the public transport ticketing system that interacts with the front-end devices as part of any fare calculation, fare collection, and fare payment transactions.
Boarding Fare	Refers to the fare that is to be charged when checking-in to the fare system. Distinguished from the distance-based (or zonal) component that will be charged when checking out.
Boarding Window	Refers to the time period in which a customer checks in on a MyCiTi bus or at a MyCiTi station (as specified in the Business Rules and Tariff conditions).
BRT (Bus Rapid Transit)	A high-capacity road based public transport system utilising busses of varying sizes and capacities characterised by high frequency of vehicles and exclusive use lanes which may or may not be physically separated from other traffic lanes.
Business Rules	Predefined and structured rules that dictate the operational parameters, logic, and conditions governing fare calculation, validation, enforcement, and related processes within the system which ensure consistent and accurate fare

[1] Based on the definition of Account Based Ticketing as provided in the City of Cape Town i-Ticketing Strategic Framework.

	assessment, payment processing, and user interactions, facilitating efficient and reliable fare collection.
City	"City" means the City of Cape Town, a municipality established by the City of Cape Town Establishment Notice No. 479 of 22 September 2000, issued in terms of the Local Government: Municipal Structures Act, 1998, or any structure or employee of the City acting in terms of delegated authority;
Check in/out	To check-in or to check-out is the terminology used to describe the act of entering or leaving the transport system by validating the journey with a Fare Media on an appropriate front-end device.
Closed Payment System	Refers to public transport ticketing or fare payment systems that use Fare Media that can only be used within a single public transport system, or in partnership with other public transport systems.
Commercial Rules	Refers to the rules defining the apportionment, settlement, and commission within the Automated Fare Collection system between participating service providers.
Contracting Authority	The authority assigned to a Provincial Government by the Minister of Transport, or to a Local Government by a Provincial MEC for transport, to develop, negotiate and enter into contracts, including subsidised contracts, with public transport operators in terms of the National Land Transport Act, No 5 of 2009.
Fare	The price of conveyance or passage of a person travelling on a public transport vehicle as part of a public transport service.
Fare Evasion Penalty	The penalty that is to be charged where there is *prima facie* proof that a passenger has intentionally evaded or attempted to evade paying a fare.

Fare Media	Mechanisms or instruments, which is essentially seen as the ticket, and which allows access to the public transport network and public transport services. These may include media such as a paper ticket, fare card, bank card, virtual bank card, credit card and mobile payment devices.
Fare Rules[2]	Refers to the specific regulations and criteria that determine how fares are calculated, applied, and enforced for various types of journeys, passengers and situations.
Interim or Starter Service	A public transport service that is run on a temporary basis and that may, or may not, be replaced by a permanent service, and may operate under a temporary or experimental fare system and design until the permanent service commences operation or the temporary service is terminated.
Journey	Describes the act of travel where a single journey may be made up of multiple trips across different modes of public transport.
MyCiTi	The official brand name of the City of Cape Town contracted, road-based public transport system consisting of Bus Rapid Transit (BRT) busses on trunk routes and supported by a core feeder and distribution network on other routes and which utilizes a variety of vehicle and facility types (see also definition of BRT). The MyCiTi system is characterised by high quality services and an automated fare collection system.
New Generation Technology	Refers to improvements in urban mobility and transportation made possible by recent advances in information technology.
Non-Motorised Transport (NMT)	Transportation of people or goods that does not involve the use of motorised technology, including walking and cycling.

[2] The MyCiTi Fare Rules, 2022 (Available online at https://www.myciti.org.za/docs/categories/3574/MyCiTi%20Fare%20Rules%20-%20v6_3%2020221021.pdf).

Notice in the Press	A notice published in at least two newspapers generally circulating in Cape Town in accordance with the City of Cape Town Communications Strategy.
Off-Peak Fares	Refers to fares charged during all periods of operation, other than when Peak Fares are charged (see Peak Fares). Off-peak fares are typically lower than Peak Fares.
Peak Fare Period	The period as defined in the Tariff Schedule and conditions and Fare Rules (as amended from time to time) and relates to the peak passenger demand of travel during the morning and evening peak periods.
Peak Fares	Typically a higher fare that is charged during the Peak Fare Period.
Premium Service	A service designed on a specific route for a specific trip purpose which generally offers a higher level of service.
Redundancy Conditions	A condition which occurs when a necessary part of the Automatic Fare Collection system is not operating as planned, such as when the electricity supply is interrupted and the uninterrupted power supply (provided as backup) fails, or where the electricity supply is interrupted for an extended period resulting in the power in the uninterrupted power supply being depleted.
Scheduled Bus Services	Refers to the existing conventional bus services provided by a single operator under a single contract. The arrangement is a legacy of a contract entered into under the National Land Transport Transition Act (Act 22 of 2000), which in turn was an adaptation of a much older contract, and is currently being managed by the Western Cape Provincial Government.
Tariff	Refers to the City of Cape Town's Municipal Tariff, which means a tariff (price) for public transport services which the

	City may set for the provision of such a services to the local community and includes a surcharge on such tariff.
The Regulations	Refers to the Regulations relating to integrated fare systems published in the Government Gazette on 17 June 2011 in terms of the National Land Transport Act, 2009 (Act No 5 of 2009).
Transfer	A transfer occurs when a passenger changes from one public transport vehicle to another during a journey.
Transfer period	A period, specified in the Fare Rules[3], in which transfers may be permitted.
Trip	Travel from one point to another point, per mode of public transport as part of a journey.

[3] The MyCiTi Fare Rules, 2022 (Available online at https://www.myciti.org.za/docs/categories/3574/MyCiTi%20Fare%20Rules%20-%20v6_3%2020221021.pdf).

ACRONYMS

ACRONYM	MEANING
AFC	Automated fare collection
BRT	Bus rapid transit
CITP	Comprehensive Integrated Transport Plan
EMV	Europay Mastercard Visa
IDP	Integrated Development Plan
IPTN	Integrated Public Transport Network
MBT	Minibus-taxi
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act, 2003 (Act 56 of 2003)
MSA	Municipal Systems Act, 2000 (Act 32 of 2000)
MSDF	Municipal Spatial Development Framework
NLTA	National Land Transport Act, 2009 (Act 5 of 2009)
NMT	Non-Motorised Transport
PLTF	Provincial Land Transport Framework
PTNG	Public Transport Network Grant
TDM	Travel Demand Management
TOC	Transport operating company
VOC	Vehicle operating company

1 PURPOSE

This Policy establishes the objectives and principles underlying and guiding all of the City of Cape Town's fare-related decisions for Public Transport, including decisions regarding developing or adjusting the fare design, levels and tariff schedule. In addition, all such decisions should be cognisant of the relevant national and provincial regulatory framework, and relevant City of Cape Town by-laws and policy instruments for public transport, which are outlined later in the document.

The overall intent of this Policy is to support the City of Cape Town's vision for transport, as outlined in the City's 2023 -2028 Comprehensive Integrated transport Plan (CITP), which is for "*All people [to] have **access** to a range of **opportunities** in a manner that is **sustainable** and provides **dignity***".

The CITP sets out what the Urban Mobility Directorate is committed to, what it is accountable for and how the Urban Mobility Directorate will set about the delivery of an **integrated, intermodal and interoperable transport system** and its related road and rail network. The plan aligns with the Integrated Development Plan (2022-2027) and integrates with the Municipal Spatial Development Framework (MSDF).

1.1 Fare Policy and Related Documents

The Policy forms part of a suite of documents relating to public transport fares and contains the overarching framework for the development of technical business plans, procedures, protocols and standards. This suite of documents comprises of:

a) Fare Policy for Public Transport in the City of Cape Town;
b) Business Rules for Fare System;
c) Fare Rules (Updated annually to align with the tariff schedules and conditions);

d) Tariff Schedule and conditions (Annually approved by Council);

e) Commercial Rules; and

f) Comprehensive Integrated Transport Plan.

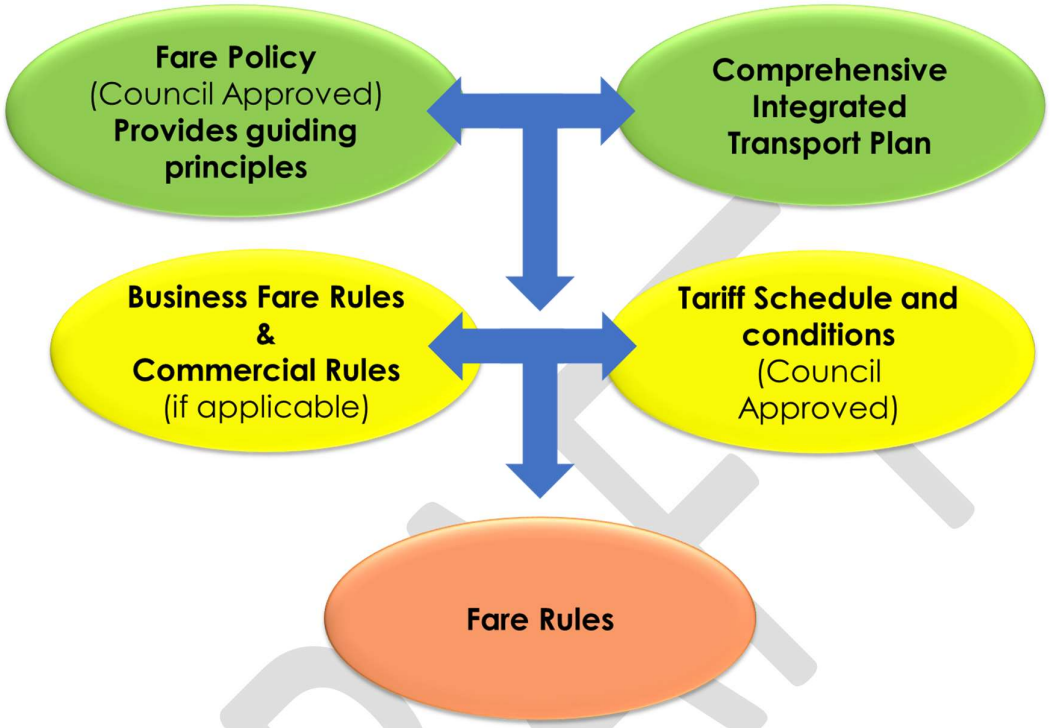

Figure 1-1: Relationship between the Fare Policy and other related technical documents

1.2 Fare parameters that inform the Tariff Schedule and Conditions

Three fundamental parameters are related to decisions taken about fares, namely fare policy, fare implementation strategy, and fare levels. These three primary parameters of a fare system are closely interrelated.

The City designs its fare implementation strategy based on the fare policy, taking into account the technology options available. A fare policy applies to all aspects of fare implementation strategy development, pricing guidelines, and the selection of fare collection and payment methods.

Figure 1-2 illustrates typically the role of a Fare Policy in the process towards the establishment of tariffs for public transport.

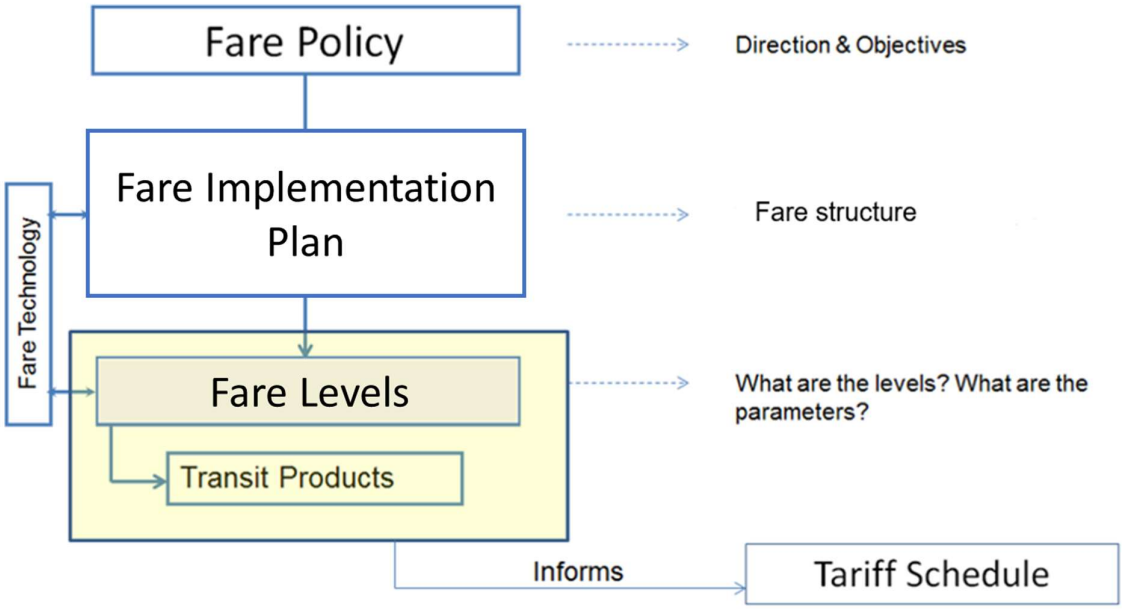

Figure 1-2: Guiding framework for the setting of tariffs

2 PROBLEM STATEMENT

Within the Cape Town Metropolitan area, there are different public transport modes that are operated by different entities, each with its own fare design, policy regime and subsidy levels. The City's vision is for Cape Town to operate a multimodal public transport system that has an integrated and interoperable fare system. The City, however, only has jurisdiction over City administered modes which includes MyCiTi and Dial-a-Ride, and therefore has limited authority over other modes such as National Rail, Scheduled Bus Services (Province being the Contracting Authority) and the Minibus-taxi industry.

The City's role, according to Section 11(c) of the NLTA indicates that:

> *"(c) The municipal sphere of government is responsible for-*
>
> *(xx) introducing, establishing or assisting in or encouraging and facilitating the establishment of integrated ticketing systems, the managing thereof including through-ticketing and determining measures for the regulation and control of revenue-sharing among operators involved in those systems;".*

As indicated above, the City has the responsibility to introduce, establish or assist in, or encourage and facilitate an integrated ticketing system.

This Policy sets out principles on integrated fares with the aim to influence other modes to move towards an integrated public transport system. Integrated ticketing made possible through New Generation Technology is the first step towards a fully integrated multimodal public transport system. In addition, this Fare Policy provides objectives and principles on fare-related matters that can be implemented to the current modes that the City administers which are MyCiTi and Dial-a-Ride.

2.1 Integrated Public Transport

In a truly integrated public transport environment, all public transport modes should ideally be interoperable to provide for seamless travel by commuters,

where the passenger is able to interchange between vehicles and even public transport modes without multiple fare media.

A key element of interoperability between public transport modes is the establishment of an integrated fare and ticketing system, which would be guided by principles set out in this Policy and that would ideally be administered by a single entity.

Having an integrated fare and ticketing system does not necessarily mean that there is no competition amongst modes. The long-term vision for Cape Town, as captured in the CITP, does envisage both competition between modes and user choice. Different modes have different characteristics, while different users have different needs. Some modes are better than others at serving certain patterns of demand; however, offering a choice of modes inevitably means that there will be a degree of competition between modes for some journeys. This competition needs to be well managed so that it adds value and does not compromise the efficiency and effectiveness of the transport system in meeting the needs of residents. An integrated transport system embodies well-managed competition that improves efficiency and enhances choice.

Integration across public transport services within a city such as Cape Town is important because different services are best suited to serving different types of demand, and often a single journey is best completed using a combination of modes. The ease with which travellers can transfer between these modes of public transport is a key element in determining the quality of the City's public transport services offering, in terms of time, convenience and safety. A survey conducted for the IPTN indicated that the majority of journeys by public transport users involve more than one mode of transport.

2.1.1 Integrated Ticketing and Technology

The current Automated Fare Collection (AFC) system for MyCiTi does not allow for the incorporation of other modes in future. Both the fare structure and

technology choices would need to change in order to facilitate ticketing integration in the future and importantly allow passengers to utilise the same fare payment infrastructure and fare media, regardless of whether different modes utilise different fare structures and fare levels. By implementing a new fare system, it allows for integration, and opportunities will be created to effect fare cross-subsidisation through providing transfer subsidies between modes.

2.1.2 Fare Integrating Entity

It is not clear from the Regulations, what role the City has to facilitate an integrating ticketing system. However, there should be a fare integrating entity with authority to facilitate integration through specific functions between different public transport services. The functions of such an entity would be to facilitate the following:

a) An integrated platform serving coordinated spatially attributed multimodal public transport information regarding supply, demand, and cost information in real time to travellers, operators and authorities.

    i. Knowing the public transport supply, demand and cost information in real time enables travellers to plan journeys more efficiently, enables operators to supply services more efficiently and effectively and enables authorities to invest more effectively and intelligently in the required systems and infrastructure to deliver the required level of public transport services.

b) An integrated ticketing system, which, using this real time information enables users to conveniently access, use and pay for public transport services seamlessly using a range of compliant integrated fare and fare media.

i. It further allows travellers to access and to pay for services using a range of fare media and enables authorities to manage the public transport ecosystem more efficiently and effectively using good transit data, including real time data.

c) The entity would be the custodian of the above-mentioned platform and ticketing system.

3 POLICY PARAMETERS

The policy parameters are applicable to all modes of public transport under the control of the City which requires National, Provincial and the City to align their thinking on integrated fares and public transport integration for an improved service for passengers. As such, this Policy does not apply to Metered-Taxis.

The City has full authority over MyCiTi and Dial-a-Ride and can actively implement changes to better align the fare implementation strategy, technology and fare levels with this Policy. However, the City has limited authority over other public transport modes in Cape Town. These modes are described below, in terms of their fare systems and administration.

3.1 Scheduled Bus Services

The Scheduled Bus Services operate on a net contract, subsidised through the Western Cape Government. Fares are set per route based on distance and fuel price amongst other costs. The most popular and cost-effective tickets are the weekly and monthly tickets that are valid for 10 trips (to be used within 30 days) or 48 trips (to be used within 90 days) respectively. These can be purchased per route.

A basic AFC system was introduced that works with a popular contactless card technology, designed to emulate the previous manual clip card system. This card system, however, does not comply with national regulations which specify that an AFC system must use EMV cards, which has additional security features similar to that of bank cards. Bank cards, or money in the form of cash is also accepted for individual rides which are subject to peak and off-peak fares.

3.2 Passenger Rail

Metro rail is currently administered by the Passenger Rail Agency of South Africa (PRASA). Fares are set based on distance-bands. Paper tickets can be purchased as single, weekly or monthly tickets at station kiosks.

3.3 Minibus-Taxi

Fare determination in the Minibus-Taxi (MBT) industry is based on a uniform/fixed fare structure. The local taxi associations' executive committees, with the mutual agreement of their members, determine fares per route for all operators belonging to that association. The use of taxi associations assists operators with limited formal business training to determine appropriate fares. Long distance services operate differently with fares set which considers distance, fuel costs and other factors. Passengers pay in cash for trips.

4 DESIRED OUTCOMES AND OBJECTIVES

The fare system is designed for MyCiTi and Dial-a-Ride services only, as it is the only contracted public transport service that is administered by the City. Fare integration across public transport modes will need to occur incrementally and may require different modes to retain their own fare structure and fare levels, but with interoperable fare media.

To achieve the goals of this Policy and realise the vision for transport as highlighted in the IDP and CITP, a set of objectives has been developed that focus on, and differentiate between, customer related objectives, financial objectives and institutional objectives. The objectives are applicable to all City administered modes and future integrated modes.

These objectives are described as follows:

4.1 Customer-related Objectives

a) **Maximize social equity:**

i. Broadly ensure equivalent distances travelled for equivalent fares within a mode, where modes are appropriate to the demand levels; and

ii. Broadly ensure that those passengers most in need of the service – and with the least ability to pay – are not adversely affected by the fare design.

b) **Optimise affordability:**

i. Attract users to the system by implementing a fare system that achieves the optimum balance between operational viability and user affordability.

c) **Increase ease of use:**

i. Ensure that the fare system (policy, pricing, equipment and technology) is simple and easily understood and used by customers.

d) Create fare options that serve the core customer base first:

i. Determine who the core customers are and what product/ fare structure would be most beneficial to them;
ii. Reward customers that are loyal to the system; and
iii. Fare products aimed at tourists should be implemented once a solid core customer base has been established.

e) Create a culture that is public transport positive:

i. Promote customer satisfaction as a core objective.

f) Increase access to the system and fare information:

i. Improving the accessibility to the system through remote loading and payment options to save the time and money required to get to physical top-up point;
ii. Improving the accessibility from an affordability point of view; and
iii. In the context of different public transport services having different structures and fares, it is vital that the fare information for each service is transparent and easily accessible for passengers of each service and for other prospective users from other modes.

4.2 Institutional Objectives

a) Improve multi-modal integration:

i. Promote integration and connections between different modes in the system (BRT, other bus services, rail, park-and-ride, dial-a-ride, NMT etc.) and different public transport providers in the city.

b) Maximise ease of implementation and flexibility of system:

i. Reduce the difficulty of understanding the fare system (in terms of complexity of the fare design and equipment, technology and acceptance by the public and elected officials); and
ii. Ensure that the fare system is flexible, robust and adaptable to future fare level fluctuations, technology upgrades and fare structure changes.

c) Support the CITP, IDP, MSDF and other related corporate plans and strategies.

d) Provide the City with a tool for Travel Demand Management (TDM):

i. TDM attempts to attract current private car users into the public transport system and to help spread the demand for travel during the peak periods. This is in line with the City's Travel Demand Management Strategy set out in the Integrated Transport Plan of 2023-2028.

4.3 Financial objectives

The following financial objectives are specifically related to modes that the City administers (such as MyCiTi and Dial-a-Ride) as they are related to City budgets with the aim to ensure that the City provides a financially sustainable public transport service.

a) Reduce fare collection costs:

i. Reduce costs of selling prepaid fare media and the cost of collecting and counting fare box revenues etc.;
ii. Fare collection costs should not exceed the revenue generated; and
iii. Phase out the need to handle cash to improve safety and security and with added cost benefits associated with less need for kiosks and staff.

b) Increase revenue:

i. Increase revenue by increasing ridership and associated ticket sales, while implementing a fare system that achieves the optimum balance between operational viability and user affordability.

c) Reduce fare abuse/evasion and improve revenue control:

i. Improve revenue control through better enforcement of staff access cards;
ii. Increase revenue by making it difficult for passengers to underpay the fare or not pay the fare at all; and
iii. Improve City's accountability by improving revenue controls and security features to reduce fraud, theft, and the mishandling of fare revenue.

5 STRATEGIC ALIGNMENT

5.1 Integrated Development Plan

The City's Integrated Development Plan (2023-2028) recognises the importance of an efficient and sustainable public transport system and quality road networks as key enablers to businesses, workers and job seekers. A city that is better connected will be more productive and create more economic opportunities.

The IDP identifies that the City needs to work towards making it safer and cheaper for all people to travel, increasing their freedom to enjoy all that our city has to offer. It is not possible to achieve this without working to change the dysfunctional nationally managed passenger rail system so that Cape Town can have a greater role in running a train system that works.

The IDP Objective 12: A sustainable transport system that is integrated, efficient and provides safe and affordable travel options for all. The programmes and its initiatives and projects relating to this Policy are described below.

5.1.1 Public transport reform programme

a) Public transport interchange improvement initiative:

The City will upgrade public transport interchanges, including universal access measures to ensure that persons with disabilities can easily utilise these spaces. The City will prioritise multimodal, integrated ticketing where possible to ensure a smoother customer experience across the transport system.

b) Minibus taxi industry transition initiative:

The City recognises the importance of minibus taxis as the dominant mode of road-based public transport for Cape Town's residents. The City is committed to working with and supporting industry partners in incrementally improving minibus taxi services. This includes improving the quality, reliability, and safety

of services for commuters, and enhancing interoperability with other transport modes. The City will evolve the Transport Operating Company (TOC) model as a partnership-building process and will use available regulatory measures to improve the quality of minibus taxi services.

c) Contracted bus service collaboration project:

Scheduled bus services are currently operated by the Province and are the second largest provider of road-based public transport in Cape Town. However, much can be done to improve the integration of this service with other modes of public transport and, thereby, enhance the quality, safety and efficiency of the service. As planning authority and intended contracting authority, the City will work with the various spheres of government to effect the assignment of the contracted bus function to the municipality, along with the relevant grant funding.

d) Advocacy initiative:

The City will pursue grant reform with other spheres of government to expand the use of public transport grants. Instead of restricting grant funding to certain transport modes such as BRT, the City will advocate for its extension to fund incremental public transport improvements to the existing road network as well. This will maximise benefits for commuters.

5.1.2 Rail improvement programme

a) Rail devolution initiative:

Advocate for the restoration of passenger rail services in Cape Town and limit the further deterioration of the service.

5.2 City of Cape Town Comprehensive Integrated Transport Plan, 2023 – 2028

5.2.1 CITP Vision

The CITP vision is: "*All people have access to a range of opportunities in a manner that is sustainable and provides dignity*".

All people in Cape Town should have reliable, affordable, efficient and safe access to people, opportunities, information, goods and services in a manner that is sustainable and provides dignity to all – recognising that physical access is very important and that improved spatial form and digital connectivity offer increased opportunity for access.

5.2.2 Public Transport Plan

The PTP recognises that the integration of public transport is at the core of each of the three interrelated elements that run through the CITP:

a) The delivery of integrated, intermodal and interoperable transport in Cape Town. This is based on the City's IPTN package of plans (Network Plan, Operations Plan, Implementation Plan and Business Plan);
b) The use of TOD to bring about the spatial transformation of Cape Town itself as well as the building of sustainable communities; and
c) The City's plans to deal with the current crisis in rail in Cape Town, acknowledging that rail is the backbone of its public transport system.

The multi-modal integrated public transport approach encompasses four broad sets of motorised services including:

a) Passenger rail services;
b) Bus Rapid Transit (BRT) with dedicated roadways and median stations and scheduled formal bus services (referred to as quality bus services), with enhanced features, which operate mostly in mixed traffic, but with prioritisation measures, including queue jumping infrastructure and dedicated bus and minibus-taxi lanes (BMT) were feasible;
c) Quality bus services will provide feeders to the trunks as well as direct services across the city; and

d) Minibus-taxis and new generation services, which will provide the majority of feeder and distribution services.

6 REGULATORY CONTEXT

6.1 Legal Context

The following legal requirements are taken into consideration:

6.1.1 National Land Transport Act, 2009 (Act 5 of 2009)

The National Land Transport Act (NLTA) No. 5 of 2009 provides guidelines in respect of a number of aspects affecting fare systems. The City has prepared this Policy document in response to the following:

Section 11: The responsibilities of the three spheres of government:

"(1)(c) The municipal sphere of government is responsible for-

> *(xx) introducing, establishing or assisting in or encouraging and facilitating the establishment of integrated ticketing systems, the managing thereof including through-ticketing and determining measures for the regulation and control of revenue-sharing among operators involved in those systems;*
>
> *(xxiii) in the case of gross cost contracts for subsidised services, determining fare structures and fare levels and periodically adjusting fares after publishing the proposed adjustment for public comment;*
>
> *(xxiv) determining concessionary fares for special categories of passengers in the prescribed manner;"*

Other provisions of the NLTA that need to be kept in mind, and which may affect future revisions of this Policy document include:

Section 5: Functions of Minister:

"(5) The Minister may, after consultation with the MECs, by notice in the Gazette, set standards for interoperability between fare collection and ticketing systems."

Section 8: Regulations by Minister:

"(1) The Minister may, after consultation with the MECs, make regulations relating to–

> *(b) requirements for integrated fare systems, comprising fare structures, levels and technology, to ensure compatibility between such systems;*
>
> *(k) electronic fare collection and ticketing systems and the control of such systems by the provinces or municipalities either alone or in partnership with operators;"*

Section 28: Public transport user charges:

"(1) Subject to the Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007), a municipality, which has established a Municipal Land Transport Fund under section 27 of the NLTA (i.e., a requirement for municipalities establishing integrated public transport networks) may impose user charges, which differ from case to case on –

> ***(a) specified classes of motor vehicles entering specified portions of its area at specified** times;*

*(b) land, buildings or other developments that generate the movement of passengers, including land or buildings of which the State is the owner, in its area**;"***

Section 90: Offences and penalties:

"(1) A person is guilty of an offence—

(k) if, where the person is conveyed as a passenger in the course of public transport, he or she—

(i) fails to pay the fare due for the journey when payment is requested by the driver or conductor;"

6.1.2 Municipal Finance Management Act, 2003 (Act 56 of 2003) and Municipal Systems Act, 2000 (Act 32 of 2000)

Section 74 of the Municipal Systems Act (MSA) and Section 62(1)(*f*) of the Municipal Finance Management Act (MFMA) require the City to adopt and implement a tariff policy. The Fare Policy guides the setting of tariffs relating to fares for public transport and should therefore be considered as a budget related policy.

6.1.3 Division of Revenue Act, 2023 (Act 9 of 2023)

The Public Transport Network Grant (PTNG) is annually allocated in Schedule 5B the Division of Revenue Act (DoRA). The PTNG is a conditional grant to municipalities and must be administered in accordance with a Gazetted Framework, appended to the Division of Revenue Bill (DoRB). The fare policy needs to reflect the duties, conditions and responsibilities and may require adjustments, from time to time, to reflect changes in the Division of Revenue Bill.

As per the DoRA, the purpose of the grant is to **"***provide funding for accelerated construction and improvement of public and non-motorised transport infrastructure that form part of a municipal integrated public transport network and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services*."

PTNG Conditions as per the Gazetted Framework, as published in Government Gazette 48865 on 30 June 2023, stipulates the following grant conditions:

a) *"From the start of operations, IPTN systems must recover all the direct operating costs of contracted vehicle operators from fare revenue, other local funding sources and, if applicable, from any Public Transport Operations Grant contributions. These direct operating costs consist of fuel, labour, operator administration and vehicle maintenance"*
b) *IPTN operational plans and ongoing operations management must target improved farebox cost coverage, through minimising costs and maximising fare revenues. Municipalities operating network services are required to supply detailed operating performance and operating cost and revenue reports quarterly in the formats prescribed by the DoT"*
c) *"Municipalities must enforce rules and by-laws related to the IPTN and regarding usage of dedicated lanes, fare payment, and operator/supplier compliance with contractual provisions"*

Responsibilities of municipalities:

Projects funded by this grant must promote the integration of the public transport networks in a municipality, through:

a) *physical integration between different services within a single network*
b) *fare integration between different services*
c) *marketing integration with unified branding*
d) *institutional integration between the services*
e) *spatial integration, in conjunction with other grants directed at the built environment*

6.2 Policy Context

In setting out this Policy, the following current national and provincial government policy instruments for public transport were also taken into consideration:

6.2.1 White Paper on National Transport Policy, 2021

The 2021 revised White Paper on National Transport Policy defines the following relevant strategic objectives with regards to Public Transport:

1. To ensure that public transport is affordable for all commuters in relation to their disposable income;

2. To provide universal, centralised information for all modes of public transport to assist public transport users and ensure that public transport is integrated in respect of information, scheduling, routing and integrated ticketing systems;

The 2021 revised White Paper on National Transport Policy contains the following policy statements around integrated ticketing system.

Issue:

"The public service nature of integrated ticketing and the free rider problems associated with a single public transport provider bearing the cost of developing such a system necessitates government involvement".

Policy statement:

"The DoT should continue to drive, facilitate and assist in funding the integrated public transport ticketing system. Integrated ticketing should comprise a single system with inter-operability across modes, facilitating participation by all banks and card-holders, including those who are unbanked.

The integrated ticketing system should incorporate electronic fee collection.

The operation of the integrated ticketing system should be a shared and contracted interaction between the authority, service providers and financial institutions."

6.2.2 White Paper on Western Cape Provincial Transport Policy, 1997

The 1997 White Paper on Western Cape Transport Policy specifies strategic objectives, based on the above-mentioned national strategic objectives, which the City should also take into consideration when setting and collecting fares, i.e.:

- *"Respond to specific user requirements and needs, including the young, the old, women, the disabled, as well as other special categories of users", and*
- *"Improve user choice by encouraging the provision of viable and affordable public transport services".*

6.2.3 Western Cape Provincial Land Transport Framework, 2016/17 – 2020/21

One of the key elements of the Public Transport Strategy for the Western Cape set out in the 2016/17 – 2020/21 Western Cape Provincial Land Transport Framework (PLTF) is to:

"Provide more reliable and affordable public transport with better coordination across municipalities and between different modes."

In order to ensure that efficient public transport networks are in place in the Cape Town functional region, the PLTF ascertains that an *integrated ticketing system*, among other things, needs to be put in place in the long term.

7 POLICY DIRECTIVES ON FARES

The following policy directives give guidance on the fare design that will be applicable to all modes of public transport. The fare design is described in terms of the following elements, which are set out below:

1. Institutional arrangements for integration within the fare system;
2. Fare implementation strategy;
3. Fare technology;
4. Fare levels; and
5. Fare exceptions.

7.1 Institutional Arrangements for Integration within the Fare System

The City has full authority over MyCiTi and Dial-a-Ride and can actively implement changes to better align the fare implementation strategy, technology and fare levels with this Policy. However, the City has limited authority over other public transport modes in Cape Town, and the following section discusses the strength of levers that the City has available to influence these modes.

7.1.1 Development of an Interagency Fare Policy Agreement

a) The City will develop and execute an interagency Fare Policy agreement between the City, the Western Cape Government and National Government, which will include the exploration of the development of a uniform fare design agreement to provide a more co-ordinated transit system in a multi-agency environment.
b) The development and administration of this agreement will form part of the mandate of the City. Fare integration of public transport modes will be achieved through a central fare collection system.

The above requirements will be included, as they are met, in future updates of this Policy.

7.1.2 Establishment of an integrated Multimodal or Multiagency Payment System

Establishing an integrated multi-agency payment system for all public transport modes in the City, in particular an integrated/universal fare collection system, is a complicated undertaking due to the fact that: implementing a multi-agency payment system will require fundamental changes in the way each individual agency operates and manages fare collection; complex partnership agreements must be developed to address responsibilities, ownership, and allocation of costs and revenue; and that all participating agencies must come to an agreement on revenue management policies and procedures etc.

a) The City together with the fare integrating entity will develop and execute a strategy that deals with inter-agency technical and institutional issues associated with the implementation of an integrated/universal fare collection system.
b) The City together with the fare integrating entity must develop supporting programmes and agreements such as:
   i. A seamless intermodal transfer pricing mode;
   ii. A programme for funding transfer incentive subsidies to passengers for transferring between modes;
   iii. A design for multimodal payment system and controls; and
   iv. An interagency agreement through an integrated authority which:
      aa) Provides data to improve integration of operations;
      bb) Provides data to help manage inter-modal competition;
      cc) Provides data to enhance land use management responsibilities; and
      dd) Provides data to assist in Regulation, and the setting and subsidisation of fares.

7.2 Fare Implementation Strategy

The fare implementation strategy is described in terms of four basic elements listed below.

7.2.1 Fare structure;
7.2.2 Transfer pricing;
7.2.3 Discount and bonus strategies; and
7.2.4 Other supplementary services.

Each element is described further in the following sections.

7.2.1 Fare Structure

Below is a set of provisions that are applicable to the fare structure for all public transport modes for which the City administers and other modes of public transport:

a) Generally, fares must increase the longer the distance travelled. This can be interpreted in many ways such as through a stepped distance band fare or zonal fares. In the case of a zonal or distance-band based structure, flat fares for travel within a zone or within a distance band may be allowed.
b) Fares must be capped at a certain point, whether it be the longest distance band or between the furthest zones and thus applying a maximum fare.
c) A minimum fare or boarding fare must be charged, and can be linked to the first distance band, or cover travel within a zone as an example.
d) A time-based element must be included in the fare structure to incentivise off-peak travel, in support of travel demand management;
e) Premium services, such as airport services, may include a higher fare (charged as a flat fare) in addition to the normal distance-based fare applicable to the whole journey travelled.

f) The single trip ticket will not require the purchase of a smartcard, but rather a cheaper disposable ticket, such as a paper ticket or a QR code on an App/website for single trip use. This payment option is intended for one-time or occasional users who do not have access to a bank card or who do not wish to purchase a smartcard.

g) The transfer properties of the one trip manual ticket are dependent on the technological capabilities of the fare collection system and are detailed in the associated fare business rules document as amended from time to time. The single trip ticket is charged as a flat far.

h) New transit products (or combination of transit products when considering journey using different public transport modes) may be developed and trialled with the aim to make travel on public transport more attractive by packaging or combining various fares and travel conditions.

7.2.2 Transfer pricing

7.2.2.1 MyCiTi transfers

a) Transfers within the MyCiTi system will be free of charge when transferring from one bus to another within the system administered by the City and within a defined time period as stipulated in the associated fare business rules document.

b) A boarding fare will not be charged when transferring from one bus to another within the defined boarding window and defined transfer period within the system administered by the City. It is anticipated that the defined boarding window will be a significant added benefit to passengers and will provide simple and seamless transfers between different road-based services.

c) Transfers within the MyCiTi system will not be free when using a one trip manual ticket option and transfer pricing in this case will be as set out in the Fare Rules.

7.2.2.2 Transfers between the different modes

a) Transfers between modes, may be incentivised by the City through transfer subsidies either to the operator or to the passenger (or both) depending on the contract model. Noting that such incentive subsidies may only be implemented at a level that is financially sustainable to the City.

7.2.3 Discount or bonus strategies

Below is a set of provisions that are applicable to the discount and bonus strategies for all public transport modes for which the City would be the fare integrating entity for.

a) Monthly discount travel passes should be available for businesses to purchase in bulk at a percentage discount to incentivise public transport usage.
b) A Loyalty programme should be available to reward loyal passengers such as providing a discount or a free journey after a certain number of journeys undertaken within a certain period, provided that it is financially viable. Other loyalty programme options should also be explored such as rewarding public transport users with non-public transport benefits (e.g. vouchers at local businesses).
c) Concessions are an effective way to provide targeted subsidising, however it is very difficult to administer and comes at high cost and opens the system up to abuse. As the majority of passengers that make use of public transport are in the low-income bracket, the preferred approach is to make all public transport as affordable as possible, rather than only subsidising a few. Concessionary fares should therefore only be available when a business plan indicates that the benefit of this subsidisation outweighs the costs to administer and monitor the system.

7.2.4 Other Supplementary Services

7.2.4.1 Fare payment exemptions

a) Passengers who are travelling for the purpose of administration, inspection and security reasons (as described in the fare business rules and the associated tariffs schedule), will be exempted from paying transport tariffs, or pay at a reduced rate.
b) The City may run free travel days or designate certain times of day as free travel periods for passengers and issue complementary tickets. In such cases no fare will be charged for a given service.

7.2.4.2 Fare evasion penalties and non-closure fares

a) Any party found to be evading payment of fares or aiding or abetting in the evasion of the required fare payment may be:
    i. Charged either one of the fare evasion penalties set out in the associated tariffs as applicable per financial year, or;
    ii. Charged with a fine (which is to be defined and enforced by a City bylaw), or;
    iii. Charged with a fine (which is to be defined and enforced by a City by-law) or arrested or served with summons as per applicable legislation.
b) It is the responsibility of a passenger to comply with the correct check-in and check-out procedures per mode, as per the Fare Rules. Failure to comply with procedures will result in the non-closure fare set out in the associated tariffs being charged.

7.2.4.3 Event and related service fees

a) The City may, in support of an event, agree to extend the hours of an existing service beyond the operating times as defined in the published timetable subject to the additional fees as described in the fare business rules. The value of the various categories of additional fees charged for extended services is defined in the associated tariffs as applicable per financial year.
b) Event and related services fees are payable as described in the Tariff Schedule and conditions. The value of the various categories of

additional fees charged for events and related services are defined in the associated tariffs.

c) Event and related services must be managed so that they do not negatively impact on the normal day to day operations.

7.2.4.4 Park 'n Rides

a) Park 'n Ride initiatives are expected to encourage more private car users onto the public transport system. In light of this, discounted parking fees may be provided regarding Park and Ride facilities linked to public transport services administered by the City.

7.3 Fare Technology

In Cape Town, the four main modes of public transport (i.e. MyCiTi, scheduled bus services, Metrorail and Minibus taxis) currently have separate fare collection systems in place. MyCiTi and scheduled bus services have automated fare collection (AFC) systems in place that are fully functional, although there is no integration between the two AFC systems. The MyCiTi system is bank-supported while the scheduled bus services system is not. Metrorail has made little progress towards automation, while on minibus-taxis – apart from a very limited number of pilots being conducted in a few locations in the country – no progress has been made towards automated, cashless fare systems.

7.3.1 Fare integration and a universal fare collection system

a) The City's preferred option is to procure an integrated ticketing system that is account-based. The fare collection system must have the ability to integrate with other modes.

b) Independent operators will be offered the option of using the City's integrated ticketing system under agreed conditions. Fare structures and working relationships will need to be defined and agreed upon.

c) Where independent operators do not use the integrated fare system, some passenger subsidies/benefits will not be available to the user, making the service of the independent operator less attractive.
d) All agreements with third parties need to emphasize data use and data ownership by the City. These arrangements can be included in conditions for receiving an Operating License, as part of service level agreements (SLAs) or other applicable rules and will be described in the Commercial Rules.
e) The City will collect all relevant information as it becomes available and maintain a transport data repository.

7.3.2 Payment Options

a) The most important consideration in making a system easy and convenient to use is that it should be easy to access, register and load any payment medium or mobile payment device used on the system.

7.3.3 Fare collection and validation strategies

a) Where appropriate, public transport modes should implement pre-board validation to allow for rapid boarding.
b) If passengers do not board at a station, on-board validation is required to compute where passengers are travelling to and allow for the correct fare to be charged to the passenger.

7.4 Tariff and fare level updates

This Policy provides a guiding framework for setting the fares and fare levels which are reviewed annually in the Tariff schedule and conditions for City administered services. The essential principle in providing this framework is to achieve an optimum balance between sustainable cost recovery and passenger affordability.

7.4.1 Determining fare levels for City administered services

a) The operations budget, and possible deficit, is linked to significant fluctuations in fuel. The increase in cost related to fuel will need to be made up through charging higher fares. The full additional cost must be passed onto the passenger, on the condition that the fare charged remains market competitive.
b) Implementing a higher fare level is a mechanism to increase fares when there has been a significant fluctuation in the relevant fuel price. Fuel may include diesel, petrol or electricity and others that are specific to the vehicle operated.
c) The fare levels are directly related to the applicable fuel price, which are set as the threshold for when a higher fare level must be implemented. The fuel price must be higher than the relevant threshold for two out of three months or two consecutive months for the next fare level to be implemented.
d) The calculation methodology of the base fare level, or fare level one and subsequent levels and level triggers must be described in the Tariff conditions. The fare level triggers are typically defined as the duration in which a fuel price exceeds a certain threshold, defined in the terms and conditions of associated tariff schedule.
e) The fare levels and triggers must be set that the fares may not increase more than four times per given financial year.
f) The fuel price can be extremely variable, within one year it can go up and down every month. However, it is not possible for the passenger to pay a different fare for the same service every month. The role of the City is to act as the float for when the fuel price fluctuates.
g) Automatic fuel price-linked increases within a financial year only apply after various conditions are met, as set out in the conditions forming part of the associated tariff schedule. Such increases must be compared to competing public transport modes to ensure that fares remain market competitive. This is to ensure that the service does not price itself out the market, resulting in a drastic loss in ridership. Should this be the case, the

City must explore other means of funding for the service, prior to the implementation of the increase.

7.4.2 Price of services should fare structures change

a) Public Transport modes that perform similar type trips, for example scheduled bus services and MyCiTi services offer similar line haul services, may benefit from the same fare structure but may have different fare levels.
b) In principle, the fares paid per passenger trip must largely remain the same when transitioning from one fare structure to another.
c) The nett effect of fares received, and costs incurred, must be sustainable for the City.

7.5 Fare exceptions

7.5.1 Starter and interim services

a) Starter and interim services may be excluded from the fare design, levels and business rules described above.
b) Appropriate experimental fare designs, levels and rules may be developed, in the Tariff Schedule and conditions and Business Rules, and temporarily employed, as and when necessary, for these services.

7.5.2 Redundancy Manual Tickets

a) Redundancy manual ticketing refers to a ticketing system involving manual inspection of tickets with few or no electronic components. These are applicable only under redundancy conditions as defined in the Tariff Conditions.
b) Redundancy travel tickets are charged as a flat fare.

8 ROLEPLAYERS AND STAKEHOLDERS

8.1 Roleplayers

The authorities being collectively the City, Western Cape Government and National Government are the key roleplayers that are required to work together to establish an integrated public transport fare system through a fare integrating entity.

According to the NLTA Section 11, the City is responsible for, "*introducing, establishing or assisting in or encouraging and facilitating the establishment of integrated ticketing systems, the managing thereof including through-ticketing and determining measures for the regulation and control of revenue-sharing among operators involved in those systems*".

Due to the fact that contracted public transport modes are administered by different spheres of government, the City must facilitate engagement with other spheres of government to pursue the joint goal to improve and integrate public transport.

The other stakeholders are the independent operators of different modes, that are not under administration by the City, that may require to change their AFC systems and fare structure to conform to the integrated / interoperable fare systems.

8.2 Stakeholders

The public transport users are stakeholders that will be directly affected by this Policy, as it guides the tariffs that they will be paying.

9 MONITORING, EVALUATION AND REVIEW

The Policy must be monitored and evaluated consistently, and reviewed every five years. However, within the five-year review cycle, operational, technical or legislative circumstances may also arise which would necessitate the updating of the whole or part of the policy.

A review of the policy requires a holistic assessment of the policy including the goals, objectives and principles as may be required to ensure re-alignment with other corporate plans and strategies.

9.1 Monitoring and evaluation objectives

The policy may be monitored and evaluated against the following objectives:

a) Increase ease of use and improve accessibility;
    i. The increase of use and improved accessibility can be measured through number of passengers utilising the system through multiple fare media;
b) Level of fare integration between modes;
    i. Establishment of a mechanism to facilitate fare integration between different public transport modes, and to track users; and
    ii. Establishment of a mechanism that can measure the impact of total journey time and waiting time when transferring between public transport modes.
c) The City administered services must remain market competitive, which can be determined through comparison of fares of similar public transport modes; and
d) Aim to reduce fare collection costs generally and monitor the relation to the actual fares collected.

9.2 Annual review of applicable documents

The tariffs and tariff conditions are to be reviewed and approved by Council annually. Fare Rules and Business rules are to be updated accordingly, if required.