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**FARE POLICY AND FARE
STRUCTURE**

LEETO LA POLOKWANE

2024/2025

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ANNEXURE "A" TO THE FARE STRUCTURE – FARE REGIME

DEFINITIONS AND ACRONYMS OF TERMS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:

Term	Definition
NLTA	The National Land Transport Act, No 5 of 2009
AFC	Automated Fare Collection system as defined in the NLTA Regulations. A Smartcard must be used as the main Payment Medium.
BRT (Bus Rapid Transit)	A high capacity road based public transport system utilising buses 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. Bus Rapid Transit systems consist of high capacity trunk routes as well as feeder routes.
Check in/out	To check in or check out is the terminology used to describe the act of entering or leaving the transport system and either by validating a Smartcard on a card validator machine or by use of a paper ticket. Using a Smartcard to enter or exit the system is also referred to as tapping in or out as the card is often tapped against the validator equipment although physical contact is not necessary as the validator equipment can detect a card in close proximity to the validator.
Chief Financial Officer	an officer of the municipality appointed as the Head of the Finance Department (Budget and Treasury) and includes any person: - <ul style="list-style-type: none"> • acting in such position; and • to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.
Contracting Authority	Authority assigned to a Local Government by a Provincial MEC for transport to develop, negotiate and enter into contracts with public transport operators in terms of the NLTA
Council or Municipal Council	A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Polokwane.
Director	the person in charge of the transportation services component(s) of the Municipality and includes any person acting in such position; and to whom the Director has delegated a power, function or duty in respect of such a delegated power, function or duty.
Electronic Purse	Portion of the data storage facility on the Smartcard (ABT) wherein cash can be loaded electronically for use to purchase cash Fares or low value retail purchases from retail merchants, at a retail outlet that supports the use of this functionality of the card.
ABT	The Account-Based Ticketing Fare collection system as specified by the Department of Transport,

ABT Card Issuing Fee	<p>The fee to be charged to any passenger to whom an ABT Card is issued:</p> <ul style="list-style-type: none"> • on request, the Municipality may redeem the issuing fee where the passenger returns the Smartcard, provided that the card has been used on the Leeto La Polokwane system. • subject to Leeto La Polokwane Rules and Terms & Conditions made available together with the Smartcard, or on the Municipality's website, including terms and conditions regarding the redemption of the issuing fee - which conditions may be varied on notice to the passengers; <p>The Smartcard issuing fee may, for marketing purposes, be waived when and where applicable as authorised by the Transport Authority in consultation with the Chief Financial Officer.</p> <p>The ABT Card Issuing Fee shall be waived in respect of the first issue provided ID number of the passenger is captured on issue.</p>
Fare	The price of conveyance or passage of a person travelling on a public transport vehicle.
Fare Box Recovery Ratio	The Fare box recovery ratio of a passenger transportation system is the fraction of operating expenses which are met by the Fares paid by passengers. It is calculated by dividing the system's total Fare revenue by its total operating expenses. Fare Box Recovery Ratios are normally represented as a percentage with 100% representing a balance between operating cost and revenue.
Fare Evasion Penalty Fare	<p>The Fare to be charged where there is prima facie proof that a passenger has intentionally evaded or attempted to evade paying a Fare.</p> <p>An example is where a passenger jumps over an access gate or a station fence, or intentionally tailgates. An example of tailgating is where a passenger enters a gate together with another passenger in such a manner that the second passenger does not pay a Fare.</p> <p>Where more than one passenger acts in this way with a common purpose, they may all to be charged the Penalty Fare.</p> <p>Despite having been charged a Penalty Fare, the relevant passengers may also be prosecuted.</p> <p>The Fare Evasion Penalty Fare applies where the passenger is found to have evaded or attempted to evade the Fare on a Route..</p>
Interim Period	The duration of the Interim Service, which shall not exceed 3 (three) years from date of commencement thereof.
Interim Service	A public transport service that is run on a temporary basis and 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.

IRPTS (Integrated Rapid Public Transport System)	A public transport system that is integrated with other public transport systems and that conveys passengers rapidly and at higher speeds by using a degree of segregation from other traffic either by exclusive use lanes in the case of road based public transport. Rapid transit systems are characterised by high capacity and high frequency of vehicles.
IRPTS Full Fare System	The IRPTS service using a full fare management system, namely an AFC system including technology, software and back office capacity required to administer a route-based fare. Public to be notified of the start of the IRPTS Full Fare System through a notice in the press. IRPTS.
Journey	One or more One Way trips connected through permitted closed and open transfers.
Leeto La Polokwane	The official brand name of the Municipality contracted, road-based public transport system consisting of Bus Rapid Transit (BRT) on trunk routes and supported by a feeder and distribution network on other routes and utilizes a variety of vehicle and facility types. The Leeto La Polokwane system is characterised by high quality services an automated fare collection system utilising CiPurse Smartcard technology and is operated by means of vehicle operator contracts developed and administered by the Municipality.
Municipality	Means Polokwane Municipality established in terms of the Local Government Structures Act.
Municipal Manager	The accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) and includes any person acting in such position; and/or to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.
Municipal Services	any of the local government matters listed in Part B of Schedule 4 of the Constitution, those services provided by the Municipality, including Municipal Public Transport Services, and for which payment is required by the Municipality or not.
Municipal Surcharge	A charge in excess of the municipal base tariff that a municipality may impose on fees for a municipal service provided by or on behalf of a municipality, in terms of section 229(1)(a) of the Constitution
Notice in the press	A notice placed in two newspapers generally circulating in the City of Polokwane prior to the relevant information that is to be published, as per the City of Polokwane Communications Strategy.
Off-peak periods	All periods of operation of the service, other than peak periods.
One Way	One Journey or trip either in a forward or a return direction only.
Payment Medium	The means by which payment is made or payment information is conveyed e.g. by paper ticket or Smartcard etc.

Peak Period	The period as defined in the official published timetable (as amended from time to time) and relates to the peak demand of travel during the morning and evening peak periods. This period may be amended by a notice in the press.
Penalty	A punishment or sanction imposed by law or an authority for a crime or an offence.
Policy	A plan, course of action or guiding principle of a government or business, intended to influence and determine decisions, actions, and other matters.
Premium Service	A service designed on a specific route for a specific trip purpose. A premium service generally offers a higher level of service than a non-premium service.
Redundancy Conditions	A condition which occurs when a necessary part of the AFC system is not operating as planned, such as when the system for loading cash on the card is down, or 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. It could also be due to a corrupted server and data is lost.
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, No 5 of 2009.
Ridership	In public transport terms, patronage or ridership is a type of forecasting or statistic for studying the average quantity of passengers ("patrons") carried per certain time period in a mode of a public transport system. The concept should not be confused with the maximum loading capacity of one particular vehicle or the whole public transport system. The gathered or predicted ridership data is usually used in transport planning to align a route and determine the kind of vehicles that should be employed.
Seamless Travel	Travel from origin to destination, which attempts to improve the ease of transfer between modes.
Smartcard	A contactless card CiPurse, a South African National Roads Agency Limited (SANRAL) recommended payment media, complying with National Department of Transport (NDoT) specifications and conforming to the requirements of the NDoT data structure, as prescribed in the Regulations. A user can use the Smartcard in two ways: (a) as an Electronic Purse, with value to be loaded as required, regarding which the user must pay load fees to the SANRAL (which load fees are deducted from value loaded and which load fees are payable in addition to the fees above), with Fares being paid from this purse by checking in (currently there is only checking in though the Bus Validator) on the Leeto La Polokwane system; and (b) to load and use a Travel Package issued by the Municipality.

Tariff	A Municipal Tariff means a tariff (price) for services which a municipality may set for the provision of a service to the local community and includes a surcharge on such tariff.
Transit points	Transit points are a transit product that offer prepaid value covering the bank load fees and enabling the traveler to choose the amount to load and to use this for travelling on a pay as you go basis. This product does not offer any discounted Travel Fare and is charged at single trip rates. Transit points loaded are equivalent to the rand value.
Travel Demand Management	<p>The concept of managing travel behaviour in favour of more efficient transport modes is known as Travel Demand Management (TDM). The following six focus areas should inform the Travel Demand Management Strategy:</p> <ul style="list-style-type: none"> • Promote Higher Vehicle Occupancies. • Roll out programmes for large employers to encourage alternative transport options (Travel Smart programme). • Develop supporting Policies and Tax incentives. • Market TDM and Public Transport. • Develop a Congestion Pricing Strategy and focus on Intelligent Transport System applications to inform drivers.
Travel Package	Travel Packages are a transit product that offer prepaid discounted payment options and give added benefits such as covering the bank load fees and enabling the discounted Travel Fare to be charged compared to single trip Fares. Travel Packages load points equivalent to the rand value. Savings are provided on purchases of Travel Packages compared to loading cash without purchasing a Travel Package. Travel Packages are offered at a discount, through various Travel Fares. This is intended to encourage bulk purchase and frequent use of the system as well as the purchasing of the Travel Packages as opposed to loading cash. The costs of the various Travel Packages are defined in the associated tariffs as applicable per financial year.
Trip	Travel from one point to another per mode of travel. A single journey may be made up of multiple trips for example in a home to work public transport journey, a traveller may walk to a taxi or feeder bus stop (one walking trip), catch a taxi or feeder bus to a BRT station (one taxi or feeder bus trip), travel by BRT to a taxi or feeder bus stop (one BRT trip), catch a taxi or feeder bus to an approximate final destination (an additional taxi or feeder bus trip) and walk the rest of the way to the final destination (additional walking trip). This typical journey would therefore consist of 5 trips.

ACRONYM	MEANING
AFC	Automated Fare Collection
BRT	Bus rapid transit
CITP	Comprehensive Integrated Transport Plan
CPI	Consumer Price Index
PSDF	Polokwane Spatial Development Framework
DoRA	Division of Revenue Act (5 of 2012)
ABT	Account-Based Ticketing
IDP	Integrated Development Plan
IPTN	Integrated Public Transport Network
IRPTN	Integrated Rapid Public Transport Network
IRPTS	Integrated Rapid Public Transport System
KPI	Key Performance Indicator
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act (56 of 2003)
MSA	Municipal Systems Act (32 of 2000)
NLTA	National Land Transport Act (5 of 2009)
PC	Portfolio Committee
PGL	Provincial Government of Limpopo
PLTF	Provincial Land Transport Framework
PTIG	Public Transport Infrastructure Grant
PTNO	Public Transport Network Operations
PTNOG	Public Transport Network Operations Grant
PTOG	Public Transport Operations Grant
TDM	Travel Demand Management
TCT	Transport for Polokwane
VOCs	Vehicle Operating Companies

1 PROBLEM STATEMENT

The Polokwane Municipality is in the process of introducing the initial implementation stage of Leeto la Polokwane, the Phase 1A of which will be launched during the latter part of the 2018/2019 Municipal financial year. The Fare Policy needs to accord with the Vision, Mission and Values for the City of Polokwane of becoming a "**Smart City**".

The **Vision, Mission and Values** for the City of Polokwane are as follows:

- **Vision:** The ultimate in Innovation and Sustainable Development
- **Mission:** Provide cost effective services which promote sustainable livelihood through socio economic development and good governance
- **Values:** Transparency, Respectfulness, Integrity, Responsiveness, Loyalty, Professionalism, Approachable, Adaptable.

With the development and implementation of the Leeto La Polokwane Integrated Rapid Public Transport System (IRPTS) project underway, the need to establish a formal Fare Policy and a Fare Structure that governs Polokwane's Fare-related decisions is vital. Within the Polokwane area there are different public transport modes that are operated by different entities and each with its own Fare Structure , policy regimes and differing subsidy levels. The minibus taxi industry serves an important role in the public transport environment, but it is unscheduled and receives no operating subsidy.

With the establishment of the Polokwane Transport Authority, and its vision for an IRPTS in Polokwane, it is considered imperative that a policy foundation is established prior to the incorporation of additional modes into the Fare system and design.

A condition of the Public Transport Network Operations Grant (PTNOG) is: "*From the start of operations, IRPTN/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 Operating Grant contributions. These direct operational costs include fuel, labour, operator administration and vehicle maintenance*". This condition poses a challenge for the Leeto La Polokwane system as it highly unlikely that the IPTN system can immediately recover all direct operating costs to ensure self-sustainability of the system.

A Fare Policy should establish the principles and goals that will underlie and guide the Municipality's Fare related decisions (i.e., decisions regarding developing or adjusting the Fare Structure). In addition, all such decisions should also be made in accordance with National, Provincial and Local

Government enabling legislation (e.g., NLTA, MFMA and MSA) and policy frameworks for public transport.

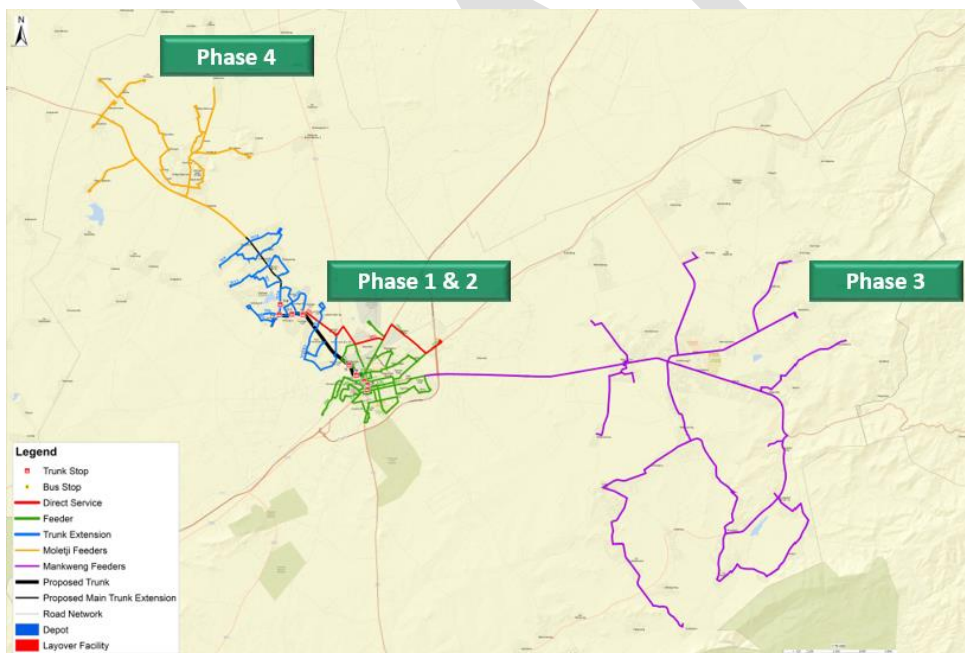
Three fundamental parameters are related to decisions taken about Fares namely,

- Fare Policy;
- Fare Strategy and Design; and
- Fare Structure and Levels.

These three primary parameters of a Fare System are closely interrelated. This policy should generally set the direction for the specific strategy and design. This Fare Policy applies to all aspects of Fare Design development, pricing, and the selection of fare collection and payment methods.

2 OVERVIEW OF FULL LEETO LA POLOKWANE NETWORK

The full Leeto La Polokwane IRPTN route system and network extents are illustrated in the figure below



The following is a brief description of the four phases:

Phase 1 & 2 – Public Transport Infrastructure Intervention: Within the high population density of the Seshego-Moleteji corridor the PIRTN will provide a Bus Rapid Transport (BRT) system. This

intervention is infrastructure intensive and will require significant investments in road infrastructure, new vehicles, bus stops and depots. The key design features of Phase 1 & 2 of the PIRTN system is the extensive use of trunk & trunk extensions designed to maximise coverage and minimise walking distances to access the PIRTN. No transfers have to be made by commuters between the feeders and the trunk service. A second feature is the pedestrianisation of Church Street to only allow access to pedestrians, PIRTN buses and delivery vehicles. Other vehicles currently making use of Church Street will be accommodated by addressing congestion on parallel roads. This will be done by improving intersection capacity through the implementation of intersection upgrades, improved traffic signalling and better management of parking demand.

Phase 3 & 4- Transport Restructuring and Formalisation: The PTI Grant will be used to restructure the existing conventional bus or mini-bus services along public transport corridors between Mankweng and Polokwane, and along the lower density area of outer limits of Polokwane North West. This development will be in line with the grant requirements for transformation of the businesses and operational models and for meeting tax and labour requirements. Infrastructure upgrades are not the focus of this intervention, the focus is operational improvements and a restructuring of the exiting subsidized (PTOG) services into integrated, coordinated PIRTN contracts. A further key feature of Phases 3 and 4 is that while the services will provide improved public transport into the Polokwane CBD from these outlying areas, this long-distance service is limited in extent so as not to entrench the existing spatial dislocations. Instead, the service will focus on creating viable urban environments within Mankweng through improved access and connectivity locally.

All phases will include automated fare management and a Public Transport Management System. The Automated Fare Management enables Automated Fare Collection using a smart card system. The Public Transport Management System will include electronic monitoring of vehicles.

3 LEGAL BASIS AND REGULATORY FRAMEWORK

The Fare Policy for the Leeto La Polokwane IRPTS has been written in accordance with the instructions and guidelines published by Government in the National Transport Policy White Paper of 1996. This Fare Policy is based on the following legislation and regulations:

- The Constitution of South Africa, Act 108 of 1996 (e.g. provisions on assignment of functions).
- The National Road Traffic Act 93 of 1996 and NR Traffic Regulations, 2000: fitness of drivers and vehicles, rules of the road etc.
- Promotion of Administrative Justice Act 3 of 2000 (PAJA) – fair administrative processes.
- Promotion of Access to Info. Act 2 of 2000.

- Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000.
- Municipal Systems Act 32 of 2000: e.g. on assignment of functions
- Municipal Finance Management Act no 56 of 2003
- Intergovernmental Relations Framework Act 13 of 2005.
- The Division of Revenue (DoRA) Acts 12 of 2009, 1 of 2010 and 6 of 2011 – provide for the Public Transport Operations Grant (PTOG) and PT Infrastructure and Systems Grant (PTIS).
- Protection of Personal Information Act, 2013
- Consumer Protection Act, 2008
- National Land Transport Act, 2009
- NLTA Regulations Relating to Integrated Fare Systems of 2011
- National Regulations on Automated Fare Collection

The Fare Policy must comply with all necessary legislation and regulations from a National, Provincial and Municipal perspective.

We set out in this Report as Annexure “A”, the Fare Policy and the Fare Structure. The Fare Structure shall apply on the launch of the Leeto la Polokwane, and shall be reviewed pursuant to detailed analysis which will include the take up of the Leeto La Polokwane and financial viability, amongst other issues.



POLOKWANE MUNICIPALITY

FARE POLICY FOR LEETO LA POLOKWANE

Date of Approval by Council:

Date of Implementation

1 POLICY FRAMEWORK

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

- White Paper on National Transport Policy
- Provincial Transport Policy
- Polokwane Integrated Development Plan
- Polokwane Transport Policy
- Transport Needs Assessment
- National Land Transport Act (NLTA) of 2009
- NLTA Regulations Relating to Integrated Fare Systems of 2011
- Division of Revenue Act (DoRA) of 2014

In developing this Fare Policy we have taken into account the policy objectives set out in the said Policy Documents.

2 PURPOSE OF THE FARE POLICY

The purpose of this Fare Policy is to set out the framework and clarify the governing principles in respect of -

- the determination of Fares charged on the Leeto la Polokwane
- the AFC System and how it functions
- the Roles and Responsibilities of the AFC Contractor

This policy also provides the guiding principles for the establishment of a by-law, which amongst other aspects of the public transport system, would address the enforcement of the Fares Policy.

This Fare Policy is produced to guide the process which will result in Fare determination and collection for Leeto La Polokwane, which will be implemented and controlled through use of the AFC System and the AFC Service Provider. The policy is therefore an overarching framework document or guiding document that must be referred to in all fare-related decision-making. In addition, all such decisions should also be made in accordance with the above-mentioned National, Provincial and the Local Government enabling legislation (i.e., NLTA, MFMA, MSA etc.) and policy frameworks for public transport. This policy is consistent and compliant with the existing legislative and policy requirements.

3 SCOPE OF THE FARE POLICY

The Fare Policy will be applicable to all the public transport services administered by Polokwane Municipality. These may be services provided directly by the Municipality or services contracted by it. The scope includes the BRT Services planned for implementation from 2019, as well as any integrated road-based services that the Municipality may contract. The aim is also to enable Fare integration with other transport operators outside of the Municipality's control in the longer term.

This document sets out the main policies in relation to the Leeto La Polokwane Fare System. A Fare System can be understood as having the following main components, each of which is dealt with in this document:

- Fare Policy Principles;
- Fare System Technology;
- Fare Structure;
- Fare Levels;
- Fare Types and Products;
- Access Control and Fare Evasion;
- Distribution Strategy;
- Data Requirements Policy; and
- Institutional Arrangements.

The Fare Policy is the main document among several that will describe the Fare System as a whole. It must however be read in conjunction with other governing documents such as the MFMA to avoid any possible conflict. The other documents that will be developed in due course are the following:

- **Concept of Operations:** A document describing the characteristics and principles of the proposed IRPTN system.
- **Fare System Business Rules:** Describes in detail all the procedures according to which the Automated Fare Collection System will operate, particularly those which govern the calculation of the Fares, the customer interface and the operation of the system.
- **Fare System Distribution Strategy**, setting out the network through which the Smartcards may be obtained and where value and products may be loaded onto them.
- **Annual Polokwane Public Transport Tariff Schedule:** Before the start of each municipal financial year, as part of the annual budget process, a report and schedule will be submitted to Council, after public comment has been sought, setting out the proposed Fares and charges for the public transport services administered by the Municipality.
- **A Fare Brochure** will be published and made available to passengers. This will provide factual information about the different Fares and products, how and where to obtain

Smartcards and load value or Travel Packages, minimum balance requirements, card costs, bank load fees, a passenger's obligations (e.g. to tap in and out), the penalties that will be deducted from the card for non-compliance, refund policy and the appeal processes where passengers believe a mistake has been made. It will also cover procedures for staff and passengers to follow in the event of irregular events, for example, if a card is lost during the journey; the procedures of Fare deduction that are followed when the system is off-line, e.g. due to power failures or system malfunction; and so on. The issuing bank's terms and conditions of relevance to passengers will also be covered in the Brochure. The Brochure will also set out Conditions of Carriage.

- By-law setting out Fare-related offences and penalties.

4 FARE POLICY PRINCIPLES AND OBJECTIVES

The guiding principles and considerations have been gathered from the legislative and policy environment as well as attempting to incorporate practical considerations. Drawing on the above policies and laws, the following objectives will be served by the Leeto la Polokwane's Fare Policy and Systems:

4.1 Objectives of the Fare Policy

The objectives for the Leeto La Polokwane Fare Policy are to achieve the following objectives:

- To set and structure Fares in such a way as to maximize ridership;
- To set Fares that are affordable to households in Polokwane;
- To treat all passengers fairly in the application of Fares;
- To generate adequate revenue to cover direct operating costs so that the Leeto La Polokwane remains sustainable for the economy of Polokwane, within the constraint of what passengers can afford and bearing in mind the low-density nature of Polokwane and the long travel distances that are an apartheid legacy;
- To reduce travel times through streamlined Fare collection and pre-board payment;
- To incentivise off-peak travel as part of the objective to manage travel demand;
- To minimise the inconvenience of transfers through a single, seamless Fare from the start of the journey to the final destination; and
- To operate and manage Fare collection independently of the public transport operators.

4.2 Objectives of the Fare System

The Fare System will be designed and implemented in such a way as to:

- Set equitable (fair) Fares, i.e. the Fare paid must be related to the value of the public transport service purchased (in terms of factors such as distance travelled, comfort, and safety, security and travel time).
- Make the Fare system understandable and convenient for passengers.
- Encourage passenger loyalty.
- Reduce the operating costs of fare collection and control through efficiencies.
- Enable the Leeto La Polokwane IRPTN and public transport to remain competitive with other modes of transport.
- Give priority to the prevention of Fare Evasion.

The **objectives** to obtain user acceptance should include the following:

- Understandable
 - What is fair and equitable may not be understandable and practical to implement
- Transparent fare increases
 - Fare increases should be transparent and regular. In an inflationary environment, users accept price increases provided it is fair and justified. For example, a fare increases in an environment where the fuel price and/or an exchange rate decreases can be perceived as unjustified.
- Concessionary fares
 - Concessionary fares should target specific user groups in such a way that it is easy to administer.
 - A principle that can be considered is that i) it must minimize the possibility of fraudulent transactions and
 - ii) it should not cost more to administer than the income generated. The more cumbersome the concessionary fares, the easier it might be to be defrauded from the Authority's point of view.
- Incentivize regular use

- Discounts on Multi Journey Tickets (MJT's). Weekly and monthly bundles are well known products that reward loyal users, and it's been used by public transport operators (rail & bus).
- User Affordability
 - Fare should be affordable to the user
 - Cross subsidization can be used as a tool to relieve the burden on some users
 - Balance between user affordability and financial sustainability of the system must be the aim

5 FINANCIAL SUSTAINABILITY

Financial sustainability refers to the relationship between total revenue and total cost that must be balanced annually within the budget. Total revenue refers to two main components; one is the subsidy budget and the fare revenue, the latter of which is directly dependent on the approved fare level, given a demand profile.

This goal refers to the total revenue that should balance the defined expenditures. The total cost coverage comprises of the fare structure (fare revenue) and the subsidy.

The cost coverage should be optimized which in turn will have a positive (decreasing) impact on the operational subsidy requirement.

The cost coverage can be maximized in 2 ways, namely to i) minimize total operating cost of the vehicle operating company and ii) that the fare structure optimizes revenue collection.

● Optimize Revenue Collection

This goal refers to the role of the Planning Authority in optimizing revenue collection. There are four components to this goal, i.e.:

- (v) The fare structure must be simplistic to the passenger
- (vi) Fare evasion must be minimized
- (vii) Revenue collection must be administrable to the Planning Authority and
- (viii) An integrated and interoperable fare payment system.

Apart from the affordability issue, the simplicity of the fare structure will go a long way in ensuring user acceptance with the added benefit that if it is perceived to be fair and understandable the users will be more inclined to pay for the service. The system should accurately process the transaction as users lose faith in the system if it is perceived to be inaccurate, unreliable and time consuming.

The evasion of fares and pilferage should, if possible be eradicated as far as possible with the Authority taking a zero-tolerance approach to this. Fare evasion refers to the ability either intended or unintentional of the user to evade fares. The intentional fare evader makes a premeditated conscious decision to avoid fares and that can be viewed as a criminal offence as the user is stealing from the service. The unintentional fare evader is someone that undertakes a longer trip that was intended and then pays to travel to a certain zone, but actually travels to a further zone.

Such unintentional actions could sometimes be attributed to a complicated fare structure. A closed tap-on, tap-off ticketing system of the BRT system will eliminate most of the potential fare evasion incidents.

6 PRICING PRINCIPLES

The pricing principle refers to the process of determining an equitable fare at which a specific BRT service can be priced.

The pricing principles should be based on the five elements, in the following order:

- Benchmarking the cost of the vehicle operator in terms of industry norms
- Covering all the direct operating cost as per the DoRA conditions (June 2011)
- Pricing the system to cover total cost, over and above the bus operator costs
- Determine the portion of the cost that can be recovered from the fare in relation to the subsidy requirements
- Benchmarking affordable fare levels given the socio-economic circumstances of the majority of the target market.

7 STRATEGIES

Fare strategies will be employed to give effect to the goals and objectives of the policy, and in this instance, the strategy employed can be found in the overall fare structure. The majority of the proposed strategies address more than one objective.

The fare regime described in this section must be unpacked during the next phase of the study in more detail and more importantly be tested in the appropriate model (transportation model for impact on demand and elasticity and the financial model for impact on income from fares).

The results of the fare regime and by implication the strategy will be documented in a separate report that is to follow this Fare Policy document.

7.1 Fare type

There are essentially three main categories of fare structure, namely a flat fare and a distance-base fare and zonal fare:

- A flat fare structure means that any journey made on the system is charged at the same price, regardless of the distance of the journey.
- A distance-based fare structure means that journeys of different lengths are charged at different prices, according to distance travelled fare.
- Zonal fares, the fare is flat within the zone regardless the distance travelled in that zone but increases as the passenger travels across zones.

7.2 Fare levels

The **fare level** refers to the amount of money charged to the passenger for using a public transport service.

From a purely financial point of view, the technical or economic fare would be the fare that allows payment of all costs and investments involved in the operation of a transport service, including a 'reasonable' profit to the operator. A crucial issue for consideration here is which costs are classified as costs of operation. It can be argued that the capital cost of the fixed infrastructure should be excluded (roadway etc.). The current government directive in this respect is that the fare revenue should cover the direct operating cost of the Operator, excluding the capital cost of the bus.

A further issue that needs to be considered is that even if more than one operator is contracted to provide part of the BRT service, the fares nevertheless need to be held at the same level for comparable services throughout the system. However, the costs and financial responsibilities of each contracted operator are unlikely to be precisely the same.

The passenger fare, on the other hand, paid by the passenger may be different from the technical or economic fare (for instance, it may be discounted).

The fares charged to passengers constitute operating revenue (i.e. the majority of revenue) and may be supplemented by additional revenues from advertising and rental of commercial space, for example.

If the fare levels decided on by the Planning Authority generate insufficient revenue to cover the cost of operation, then additional funding will need to be found to cover the operating shortfall. This usually takes the form of an operational subsidy paid by the Planning Authority and/or funding support from the other government spheres (PTOG).

The estimation of fares is an iterative process where fares, other income and subsidies are calculated until a balance with sufficient political support is achieved. The following steps illustrate a typical process:

- Determine the current fare levels;
- Calculate the technical or economic fare;
- List the fare policy objectives and other criteria that need to be taken into account in setting the fare levels;
- Analyse the elasticity of passenger demand (EMME Transportation model);
- Set appropriate fare levels; and
- Model the fare levels and adjust as necessary (Fare module of the Financial model)

Fares may also be ***differentiated*** by a number of criteria:

By service: a higher fare for a specific service may be motivated by the fact that this specific service offers a better quality or level of service, such as being faster, more frequent, better quality ride (seat capacity) and offering more safety.

By time period: different fares are charged depending on the demand during the time period when the service is used. For example: peak services versus off-peak services, weekdays versus weekend, high season versus off-season services.

By use: fares are related to the use of the services or to payments in advance - the more the system is used, the lower the trip price.

Also, there can typically be three product types:

One trip ticket: allows the passenger just one trip on the service or network. Its target user is the sporadic passenger and it is usually paid for in cash at the time of using the service. This one- or single trip fares are usually higher per trip than other tickets.

Multiple trip ticket: allows for a pre-paid set number of trips, such as 10 or 12 trips (weekly tickets), or 40-44 trips (monthly tickets).

It usually offers a reduced fare per trip as compared to a one-trip ticket and can be purchased from a number of vendors and/or ticket machines, thus lessening the time the passenger needs to spend on purchasing tickets. There are operational or logistical and some financial benefits to the operator in terms of cash flow from the advance fare collection of multiple trip tickets or AFC sales.

Period ticket: allows for the unlimited use of the service or transport system for identified users within a defined period, be it a week, a month or a year, for example.

The fare is usually discounted, and this type of ticket is an incentive for passenger's loyalty. It is often offered to scholars or the elderly.

Concessionary fares can also be offered, typically for two main reasons:

To increase passenger numbers or usage; and/or

To improve social equity by allowing identified groups of people increased access to the transport network.

Typically, concessionary fares are based on a particular market segment. This includes fares based on age, such as discounts for pre-school children, learners/students, and pensioners or those above a certain age. Concessionary fares for passengers with special needs are also common.

8 POLICY REVIEW AND UPDATING PROCESS

The Fare Policy will be reviewed from time to time to accommodate changes in the Fare Policy as the Leeto La Polokwane public transport system once the system has been in operation long enough to identify challenges. Polokwane Municipality will update this Fare Policy once a year and publish the updated version together with the associated tariffs each year for public comment. If there are significant changes to the system or a new mode is incorporated into the Transport and Fare System the implications of these circumstances will be incorporated into annual updates of the policy.

9 CONCLUSIONS AND RECOMMENDATIONS

The document provides for a purpose, vision, goal and objectives of the intended IRPTN Fare Policy.

It gives an indication of what the strategy and a very high-level description of what each strategy entails. It is not the intention of this document to provide the detailed strategies. This will be unpacked in detail and the financial implication of each strategy will be communicated to the decision makers to ensure that the financial impact of any proposed Fare Policy is fully understood by the decision makers.

It is recommended that FARE POLICY FOR THE IRPTN: All phases must be approved in principle to support the detailed analysis on the impact of the different strategies (i.e. the proposed fare structure).

The final recommendations are summarised as follows:

1. The Fare Policy set out in this document be approved as the initial Fare Policy that will guide the Fare Structure for the Initial Period.
2. The Fare Structure Set out in Annexure "A" of this Fare Policy be adopted for the period commencing on the launch of the Leeto la Polokwane, and be reviewed as and when required, to ensure the sustainability of the system.



POLOKWANE MUNICIPALITY

FARE STRUCTURE FOR LEETO LA POLOKWANE

Date of Approval by Council:

Date of Implementation

1 FARE STRUCTURE

The Leeto La Polokwane Fare Structure set out below is compatible with the Fares Policy objectives set out in the Fare Policy document and is to be applied to all contracted, road based public transport administered by Polokwane Municipality. Future adjustments to the Fare Structure must be developed and evaluated subject to the stated Fares Policy objectives.

The Fare Structure is described in terms of four basic elements:

- Fare Strategy
- Fare Technology
- Fare Levels
- Design Exceptions

For Polokwane Municipality the suggested method of Fare implementation is as follows:

- The Fare would be benchmarked against the fares charged by current mini-bus operators. A slight increase may however be applied as the Leeto La Polokwane is in principle offering more (from a passenger experience perspective) than a current mini-bus taxi or bus.
- The Polokwane system proceeds from the assumption that all passengers originating at a particular point would have the same destination. This implies that shorter trips would cost the same as the full assumed origin and destination for the majority of passengers.
- It is assumed that the loss of short trips will not have a significant effect on the ultimate level of Fares received, because the surveys undertaken during in 2016 and 2018 have indicated that the vast majority of passengers on any one route have essentially the same main origin and main destination.
- If assumed a Flat Fare of R 13.00 per trip is approved; a passenger leaving Seshego or the southern part of Moletjie in the morning, with a final destination of the CBD, would be charged R 13.00 for that trip, irrespective of where they first board (or leave) the bus, and a passenger leaving Flora Park and Westenburg in the morning, with a final destination of the CBD, would be charged R 8.00 for that trip.
- All buses would have to clearly identify what their final destination was, as that would indicate to all passengers what the applicable Fare for travelling on that bus was. As highlighted above, this would discourage short trips by the person who wishes to use the bus within Seshego alone, but with a limited bus fleet in the Interim Phase, all buses would in essence be limited stop / express buses, allowing limited transfer before reaching the CBD.

- In the evenings, for the commute back to their respective homes, clear identification of final destinations of a particular bus would be required in order to ensure passengers are aware of the applicable Fare for that particular route.

2 FARE TECHNOLOGY

2.1 Cash versus smart card

Currently cash is the predominant payment method for mini-bus taxi users. Cash collection by transaction, whether on a bus or at a station, results in a delay in respect of the amount of time taken to board the bus and also carries the associated risk which arises whenever large amounts of cash are accumulated in a place which is not necessarily designed to be a cash holding facility (e.g. a bus).

National Treasury and National Department of Transport have selected Polokwane Municipality to be one of the cities that are piloting the use of Account Based Ticketing System (ABT) as an inter-operable payment solutions. This means that payment is transacted using a chip and pin card, which card holds the information (either an amount of cash in an Electronic Purse, alternatively a recognisable Transit Product (e.g. a monthly ticket) which has been purchased from an authorised vendor).

The ABT system which recognises compatible debit and credit card payment cards, point of sale payment terminals and transaction processing networks. ABT uses cards which are known as smart cards, that contain embedded microprocessors that provide strong transaction security features and other applicable capabilities that are not possible with the traditional magnetic stripe cards. One of the key advantages is that these cards are essentially contactless, meaning that they do not need to be swiped to register the contents stored on the card, but rather the details are registered by coming into close proximity with an acceptable reader. It should be noted that for the purposes of loading value, contact is required by inserting the card in a bank terminal and entering the PIN.

In Leeto La Polokwane, users should be able to buy the travel cards from a wide range of locations. These can be specific vendors, possibly current retailers, banks or any other environment where the handing of cash is part of their current activities. This would encourage take-up of the service. Early engagement to ensure the support of potential retailers is essential to secure their buy in to the system.

Based on the proposal for a flat Fare structure, travel cards would need to be validated on boarding a bus or entering a station. The commuter would generally apply for the return journey during the evening. For the return journey from the CBD, on-board validation is most feasible from an

operational efficiency perspective due to space constraints. An audible or visual sign should be given to indicate whether the transaction has been successful. There could also be an additional warning provided if funds are running low as a way to prompt users to top up the card. In order to discourage users from being dishonest there may be penalties charged for non-payment of a Fare.

Apart from disallowing a passenger who has no funds available, on-board validation by an inspector can be useful to ensure compliance with the Fare rules. It would not be necessary for all buses to carry inspectors, but rather inspectors would be deployed on buses where theoretical Fare calculations are proving to be different to the actual collections.

Consideration may have to be given to electronic verification of passenger volumes. Turnstiles in buses are used elsewhere in the world but are extremely problematic for people with disabilities or people using baby pushchairs. Verification by electronic means (e.g. counters at the doors) have been shown to be effective for passenger number verification and subsequent reconciliation.

The adaption of a product as a method of Fare collection rather than cash is recommended for the long-term sustainability and ease of use taking into account all the considerations outlined above. Due recognition should however be given to the cost of both implementation and ongoing operation and maintenance. Only the essential features should be activated for the Interim Phase.

The introduction of the bank-based cards also results in extra Fare system costs. These include the cost of purchasing the Smartcard, and bank load fees each time value or a Fare product is loaded on the card (also referred to as top-up fees).

2.2 Concessions

While the cost associated with the introduction of concessions cannot be calculated at this time, using the primary reason of wishing to encourage certain travel patterns, the following concessions/discounts should be considered.

- By implication, all users pay the same Fare.
- Any children not requiring the use of their own seat may be transported free of charge. Thus only children under the age of 3 (three) years will be transported free of charge, one child per adult.
- No specific discount is proposed for persons with disabilities, as the universally acceptability requirements are such that the level of service provided is of equal standard to all passengers .

- In future, once the system has been in operation long enough to identify travel patterns, and it is financially viable to do so, taking into account the complexity of implementation, Fares may be discounted on Sundays and Public holidays, thereby allowing the use of the system for leisure activities as well.
- Consideration may in time be given for the discounting of all off-peak usage, but the initial recommendation would be to gather passengers information for several months following the implementation of the Interim Period, before such a decision is taken.
- To be eligible for a concession, the cards need to be personalized, to ensure that the passengers fall within a specific concessionary group.
- Loyalty programme and marketing cards activation campaigns

2.3 Purse and Product

Provision will also be made for specific products, including the following Multi Journey Tickets (MJT):

- Weekly tickets
- Monthly tickets

Both the above allow a reasonable discount for the early purchase of access for 7 days (in the case of a weekly ticket) or 28 to 31 days (in the event of a monthly ticket).

2.4 Annual and Irregular Fare Increases

Provision will be made for an annual escalation of the Fares charged. This increase should be set, as a minimum, at the level of the transport related consumer price index (CPI).

As public transport fees have in some cases been allowed to fall below actual annual increases in transport related expenditure, provision should also be made to increase the annual fees by more than the transport CPI. This will, to a certain extent, allow for the appraisal and inclusion of potential fuel increases during the following year, but in addition, will allow for the gradual increase in Fares to reflect the fact that the provision of public transport via Leeto La Polokwane delivers a standard and level of service that exceeds that of the mini-bus taxi and other bus services.

2.5 Initial Boarding Fares

The proposal for a Flat Fare based on trips will allow for the determination of a Fare per route. In principle, the significant transfer point for the first phase of operation will be the main station in the

CBD. In the Leeto la Polokwane's case, the Fare is not based on a boarding Fare, and thus in principle no provision needs to be made for transfers.

2.6 Single trip tickets

Provision will be made for passengers who are not regular travelers and would not normally be in possession of a Smartcard. This would include visitors to Polokwane.

- The AFC solution will allow for the issue of single trip tickets, whether via refundable smart card, electronically on the bus, or via a paper ticket system.
- To discourage regular use of something which is designed to be irregular, the Fare for a single trip ticket will be priced higher than that of a regular user. The pricing will not be exorbitant, but none the less it may be different.
- The recommendation would be to price single trip tickets at more than a regular Fare.
- These tickets may also be used to accommodate special events for non-regular users of the system. An example of this might be international supporters being transported to and from the stadium, as part of their sports tour.

2.7 Penalties to be imposed

The AFC system will not be required to actively calculate or impose penalties, as in principle, entry to the system will not be allowed without sufficient funds or product being loaded on the card.

Penalties for Fare Evasion can only be levied in terms of legislation, and without being definitive in this regard now, it is likely that Municipal By-Laws will have to be established to impose Fare Evasion Penalties.

Through the net contract the onus to try and limit Fare Evasion is on the VOC. The VOC should ensure that as a minimum drivers are trained to record incidents of Fare Evasion. The use of roving inspectors using hand held validators will seek to limit incidents of Fare Evasion. The latter will be an AFC operator function.

2.8 Other matters for noting

The hours of operation will be a function of passenger requirements, implemented using an operational plan, such plan being limited by the available fleet of vehicles. The optimal hours of operation will be determined by that operational plan which delivers the highest possible recovery of direct costs.

3 FARE LEVELS AND DISCOUNTED FARES

The Fare level is the amount of money charged for using a service. Fares that are too high for the target market will reduce and limit ridership, and in turn revenue. Fares that are very low will increase ridership but limit revenue. The objectives of the Municipality with respect to Leeto La Polokwane are therefore important in determining where the Fare level should be pitched.

Factors that have been considered in setting Fare levels are:

- Insofar as the competing minibus-taxi services will be withdrawn from the IRPTN routes, Fares should be pitched at similar levels to those of the replaced services, as a matter of fairness.
- The Fares need to be affordable otherwise many objectives of the IRPTN are defeated, such as growing public transport ridership.
- The national grant conditions of the DORA funding for the IRPTN require that direct operating costs are covered by Fare Revenue, or by Fare Revenue plus the Municipality's own resources. The extent to which the Municipality is able to subsidise the Fares is an important factor in setting Fares.
- Long-distance journeys caused by the legacy of apartheid settlement patterns require that the cost of such journeys be mitigated.

As such, the following factors have been taken into account in setting Fares for Leeto La Polokwane services:

- What the target market can afford to pay.
- The Fares of the competing services (bus and minibus-taxi) that may have been withdrawn from the routes.
- The quality of the service, and the direct operating cost of providing the service.
- Polokwane Municipality funding available to cover that portion of the service cost that is not covered by Fare Revenue.
- The objective to strongly support public transport and to attract new ridership.
- Additional Fare costs imposed by the SANRAL ABT cards on passengers and the Municipality, such as load fees, transaction charges, third-party vendor commissions, minimum balance requirements, and card purchase costs.
- Fairness to people travelling long distances due to apartheid settlement legacies through the setting of an affordable, capped, maximum Fare.

The proposed Fares for the Interim Phase are as set out in Annexure "A" attached hereto.

It is intended that Discounted Fares be made available as an option to all passengers buying Travel Packages, and also for off-peak travel by Standard Fare users once the system has been in

operation long enough to identify travel patterns during the Interim Phase. One of the Leeto la Polokwane's transport policies is to encourage off-peak trip making as a travel demand management measure. Setting Fares lower in the off-peak will greatly aid this. Many passengers may be able to make their trip in the off-peak rather than the peak, e.g. for shopping, visiting friends, administrative chores, etc. In the off-peak there is considerable system capacity that can generate revenue exceeding the marginal cost. The off-peak could be defined as between 9:00 and 15:00 and after 18:00 on weekdays, and on weekends and public holidays.

Notwithstanding the above, implementation of the Discounted Fares during the Interim Phase might not be feasible as the system will need to operate long enough to identify travel patterns first. Discounted Fares may be considered in future, depending on various factors as identified in this document.

4 SANRAL-ISSUED CARD FEES

There are fees and costs related to the use of Smartcards, ie ABT, including a load fee payable to the bank when value or Travel Packages are loaded, as well as the cost of the card medium itself. Cash load fees shall be for the travelers account, with the Municipality absorbing the cost of transit loads.

Regarding the cost of the card medium, it is intended that to charge the card R45 for cost be commuters acquiring their first Smartcard, in an area where the relevant services are being introduced and for a defined period, as long as the user pays for a minimum amount of value or a Travel Package to be loaded on their first card. This will be defined in the Fare System Business Rules. A registration system will be introduced requiring proof of identification and to keep records of first card recipients. Replacement cards will be provided for a fee that covers the cost of the card and associated administration.

Penalties for improper use of the system (e.g. not tapping in or out) will be necessary to make the system function properly. A requirement that passengers maintain a minimum balance (such as an amount equivalent to the maximum Fare) will also be necessary. If the minimum required balance is set at below the maximum possible Fare, and a journey exceeds the distance covered by the minimum balance, the amount owed will need to be deducted upon the next tap-in by the user. How these penalties and charges will be applied will be described in the Fare System Business Rules but will be very well communicated to passengers to avoid dissatisfaction.

To deal with all these issues, the marketing and communication around the AFC system in the Leeto La Polokwane will ensure that passengers are fully aware of the various charges and penalties, the minimum balance requirement, the advantages of buying Travel Packages rather

than loading small amounts into the Electronic Purse, and of the cost of the card if the first Smartcard has to be replaced. A Fare Brochure for passengers has been proposed earlier in the document to explain these issues, as well as give all the facts and options about what can be loaded on the Smartcard.

5 FARE TYPES AND TRAVEL PACKAGES

The LLP CiPurse issued Smartcards will have an Electronic Purse, into which cash can be loaded. This can be used for the pay-as-you-go Standard Fares. In addition, a range of Travel Packages may be defined by the Municipality which can be loaded on the card..

Travel Packages are integrally related to Fare Policy as their price will incentivise or discourage particular ways of using the system.

The Fare types and Travel Packages will be reviewed on an ongoing basis. For the Interim Phase, however, it is intended that the pay-as-you-go in the form of stored value in the Electronic Purse portion of the Smartcard be implemented. Standard Fares are charged if the purse is used.

Once the Interim Phase has been operating long enough to inform the ideal packages and feasibility of such packages (financial and the system's ability to effect changes without extensive costs), Travel Package option based on points rather than cash value that gives a discount for bulk purchase as well as an additional discount for off-peak use may be implemented. However this will not be restricted to a specific time period or route. The package can be bought for a particular price that determines the number of points and thus the amount of travel. While the package will still attract load fees by the banking partner, these are absorbed in the package price, and because of bulk purchase are spread over many trips and covered by the discount. The package will not restrict passengers to a particular origin and destination and so mimics the pay-as-you-go concept but at a discount.

A single and return ticket will also be available for passengers who do not wish to purchase an ABT Smartcard. This will be charged as a Flat Fare and the cheapest practical ticket or Payment Medium will be selected for this option so as not to make it unaffordable for the occasional user. The Fare will not be less than the Maximum Fare on the system.

Complimentary passes: The Municipality may apply Fare payment exemptions to certain people (e.g. people who need to travel on the system for inspection purposes, service delivery, security etc., or people receiving complimentary passes for marketing purposes). The eligibility for these will be set out annually in the Tariff Report and also described in the Fare System Business Rules.

6 ACCESS CONTROL AND FARE EVASION

Fare Evasion is a factor in all public transport systems and needs to be minimised as far as possible.

In the proposed Fare System, passengers will be required to begin any journey by presenting the card or payment device to a validator (Smartcard reader) at a Station Fare Gate (if available), or in the bus when boarding. The buses will have AFC validator machines where the card must be tapped to record entry on a bus. With respect to future Leeto La Polokwane phases to come, stations may have Station Fare Gates, however this will be subject to affordability and necessity.

The Fare gates at the BRT station entry and exit points will provide very effective barriers to Fare Evasion on the trunk buses. Fare Evasion is easier at kerb-side bus stops where passengers board feeder or complementary buses as there is not a physical gate as such. Effective measures will be implemented to address this, which may include on-bus camera detection of Fare Evaders (if financially and practically feasible) and roving Fare inspectors with portable ticket validators to check that passengers have tagged in.

Section 90(1)(k) of the NLTA states that a person is guilty of an offence if, where the person is conveyed as a passenger in the course of public transport, he or she fails to pay the Fare due for the journey when payment is requested by the driver or conductor.

The bylaws will be amended if necessary to introduce penalties for Fare Evasion that are sufficient to deter passengers from evading payment, including enabling criminal prosecution and fines. The responsibilities of the bus companies and their drivers in regard to managing Fare Evasion at kerb-side entry and exit on the buses will be set out in their contracts with the Contracting Authority.

7 BUSINESS RULES

The strategic considerations and applicable legislation can be met, alternatively adhered to, by the introduction of an ABT compliant smart card (or travel card). This collection of Fares will be managed by an Automated Fare Collection System, comprising both hardware and software elements. These elements should include sufficient inbuilt flexibility to manage potential change in the future.

The recommended Fare Structure is a Flat Fare system, which by using routes as its base, will allow different (albeit flat) Fares to be charged for different routes.

The key business rules that need to be accommodated are summarised as follows:

- Fare medium is an ABT complaint smart card providing purse and product functionality.

- Provision must be made for at least two products, namely the weekly and the monthly product. Once the system matures, and when other Phases are implemented, and subject the financial feasibility and no implementation complexity to the system, consideration may be given to a point based third product, alternatively “pay-as-you-go” with frequent user discount.
- A single trip solution is required, which may be paper based.
- All Fares are validated on board a vehicle. In future phases, Fares may be capable of being validated at a station in the CBD, where in station validation would have been installed. In station validation would require a closed station in order to limit potential Fare Evasion.
- There is no requirement for a tap out process at the end of the journey.
- Audible / visual warnings for no-cash or product, alternatively low cash or product are requested.
- A system to provide a passenger count would assist with the identification of Fare Evasion patterns, such that these areas can be the focus of verification by inspectors.
- Hand held validators will be required by inspectors, should the introduction of inspectors not materially adversely affect operational costs.
- Different Fares need to be chargeable on weekdays, Saturdays, Sundays and public holidays.
- Transfer provision is not required for the first implementation stage, but may be required in later years as more stages are implemented.
- All equipment should be capable of upgrading without significant infrastructure alteration, to accommodate potential changes in the future.

8 CHANGE PROCESS

Annual adjustments shall be made to Fare levels considering system cost recovery and affordability. Projected increases in vehicle operating cost rates, in terms of the escalation provisions in the contracts with Vehicle Operating Companies, will be used as the basis for increases in tariffs which can be adjusted by Council decision in terms of affordability. If adjusted downwards from the levels set out in Annexure “A”, alternative sources of funding must have been secured.

Fares may be adjusted upwards of the projected VOC annual escalation if it is found that the level of comparable Fares for other road based public transport applicable to the relevant year is higher than for contracted road-based public transport services after the increase calculated using the VOC escalation, and/or if adjustment is required for sustainability of the system. This is to off-set sub-economic Fares as per the VOC contract, where applicable. The analysis of comparable Fares will therefore not be possible until new Fares for these services have been announced for a particular year. The analysis of these Fares and the outcome thereof will need to be incorporated, if required, into the new associated tariffs for a particular financial year taking cognisance of the due budget approval processes.

Adjustments to or changes in Fare levels during a particular financial year may be made by Leeto La Polokwane based on the pre-approved Fare levels. When making adjustments to Fares during a particular financial year, the Municipality will consider significant changes in fuel price.

Amendment to Fare levels will be done after consultation with the VOC. The VOC understands and accept that the determination of Fare levels is the prerogative of the Municipality.

9 DATA REQUIREMENTS POLICY

An important advantage of the AFC system is the information it is able to generate. Data can be collected and analysed about the way in which passengers use the system, and used in planning and monitoring so that the services can be improved. The national regulations on AFC systems require public transport data to be collected through the AFC system concurrently with the payment or redemption transactions, and for the data to be owned by the relevant government body. They require that data be collected in a database from which can be extracted suitable data for the purposes of planning, monitoring, subsidy management and related operational purposes and must include data per transaction on location, Fare and passenger.

Minimum data and information outputs will be the subject of the AFC tender documentation. In meeting the requirements of the national regulations, the minimum information to be generated by the AFC system include the following, but this will be defined in detail in the system specification:

- Total number of Smartcards issued, per TVM or other distribution channels, and cancelled.
- Total number of passenger tap-ins per bus stop and station over the day (10- minute intervals).
- Trip length information, by time of day and by point of tap-in.
- Origin-destination information, by time of day.
- Take-up of different Fare products and concessionary Fares.
- Downtime of the central system and of each component of the AFC system.

10 POLICY IMPLEMENTATION PLAN

An implementation plan has been developed for this Fares Policy to ensure that a systematic approach is taken to the introduction of the policy and, in turn, to secure effective working practices. The implementation plan is outlined in Appendix B.

11 CONCLUSION AND RECOMMENDATIONS

This Fare Structure is presented for Council approval.

It is recommended that:

A Flat Fare structure be implemented for the Leeto La Polokwane system for an interim period, which is benchmarked against the current fares charged by the taxi industry. Pursuant to the launch the Municipality will monitor the financial implications of the Flat Fare, undertake further work in order to have a cost-efficient system that takes into account the purchasing capacity of the users.

ANNEXURE "A" TO THE FARE STRUCTURE – FARE REGIME

All trips will be based on a Flat Fare

A passenger leaving Seshego or the southern part of Moletjie at any time, with a final destination of the CBD, would be charged R 13.00 for that trip, irrespective of where they first board (or leave) the bus.

A passenger leaving Flora Park and Westerberg at any time, with a final destination of the CBD, would be charged R 8.00 for that trip.

The same Fare shall apply with respect to return trips.

A flat rate of R45 would be charge on the first issue of the ABT card and R60 would be charged for replacement of lost or damaged card.

Description	Price
Seshego to CBD	R 13
Flora Park to CBD	R 8
Westerberg to CBD	R 8
ABT Card	R 45
Replacement of ABT Card	R 60