

Key Themes

- 1. Public Transport Transformation
- 2. Financials 2005/06
- 3. Strategic Response
- 4. Funding Requirements
- 5. 2010









Introduction

- Public Transport is a National Priority
- > Increased investment in PT Infrastructure
- ➤ Initiatives for PT Transformation
- ➤ Level of Public Awareness at its highest
- Mobilisation by PT Users and Stakeholders
- ➤ 2010 Transport Agenda









Introduction (contd.)

National Transport Indaba

- ➤ A major victory for Integrated Mass Rapid Transport Networks (Rail, Bus, Taxis, Cyclists and Pedestrians)
- Municipal-Driven and Managed PT Networks

Cabinet Lekgotla in January 2007

Another critical moment for PT Transformation









Strengths of Rail

- Efficient mass people mover (A full rail coach transports between 85 and 120 people)
- Reduction in Congestion A full train would replace over 100 taxis or 300-380 cars on our roads
- Reduction of motor car emission by some 80% as rail uses electricity
- Rail is potentially the safest transport mode
- Rail occupies three times less space than road transport









Strengths of Rail (contd.)

- Most efficient energy conserving mode
- Offers a solid base for inter-modalism
- Facilitates linkages between rural and urban nodes
- Facilitates integration and accessibility
- Offers permanency for property developers and economic activity
- Facilitates spatial planning and densification for an integrated society.
- Enables us to defend the urban edge
- Major contributor to employment within the economy.









Mandate of SARCC

- To ensure that rail commuter services are provided in the public interest.
- To promote rail as the primary mode of mass commuter transportation.
- To generate income from exploitation of assets managed in terms of the Legal Succession Act.









MTEF

	2005/06	2006/07	2007/08	2008/09
Operational Subsidy	2 156 377	2 151 542	2 259 119	2 485 031
- SAPs Pilot Project	0	20 000	0	
Total	2 156 377	2 131 542	2 259 119	2 485 031
Capital Grant	688 300	1 029 598	1 516 078	2 017 686
Grand Total	2 844 677	3 161 140	3 775 197	4 502 717
Infrastructure Fund Ringfenced	0	180 000	376 000	10 000









OPERATIONAL SUBSIDY GROWTH

	Note		Growth
		Rm	%
2002/2003		1,545	
2003/2004		1,678	9
2004/2005		1,716	2
2005/2006	1	1,619	-6
2006/2007	2	2,131	32
2007/2008	3	2,259	6
2008/2009	3	2,485	10
2009/2010	3	3,042	22









OPERATIONAL SUBSIDY GROWTH

- 1 Subsidy from DOT became VATable from 1 April 2005.
- 2 SARCC, as a commuter rail business, is now exempt from VAT resulting in a higher increase in subsidy received.
- 3 Subsidy receivable in terms of MTEF allocation.









CAPITAL SUBSIDY GROWTH

	Note		Growth
		Rm	%
2002/2003		663	
2003/2004		665	0
2004/2005		782	18
2005/2006		980	25
2006/2007		1,030	5
2007/2008	1	1,516	47
2008/2009	1	2,017	33
2009/2010	1	2,470	22

1 Subsidy receivable in terms of MTEF allocation.









INCOME STATEMENT

<u>Note</u>	Actual 2006 Rm	Actual 2005 Rm	Var %
Revenue	2,332	2,085	12
Subsidy	1,619	1,716	(6)
Fare revenue	268	-	100
Property income	295	262	13
Capital subsidy amortised	150	107	40
Operating expenses	3,038	2,439	25
Commuter expenses	1,973	1,520	30
Depreciation and write offs	613	476	29
Insurance costs	174	173	1
Infrastructure assets rental	38	38	0
Property portfolio expenses	148	144	3
Administration and other costs	93	88	5
(Shortfall)/Surplus before other income	(706)	(354)	99
Other income 1	176	120	47
(Shortfall)/Surplus from operations	(530)	(234)	









BALANCE SHEET	R'000 Rm 2006	Rm	
Property, plant & equipment	6,590	6,157	
Trade and other receivables	402	79	
Cash and cash equivalents	1,119	1,115	
TOTAL ASSETS	8,111	7,351	
Share capital & acc loss	2,992	3,661	
Other financial liabilities	185	198	
Provision for insurance claims	141	135	
Capital subsidy and grants	3,711	2,878	
Accounts payable	1,082	479	
TOTAL EQUITY AND LIABILITIES	8,111	7,351	









BUDGET

	Note	Budget	Actual	
		2007	2006	Var
		Rm	Rm	%
Revenue		3,576	3,094	16
Subsidy		2,132	1,619	32
Fare revenue		1,081	1,042	4
Property income		308	295	4
Other income		55	138	(60)
Operating expenses		3,755	3,161	19
Commuter expenses		3,104	2,747	13
Insurance costs		171	136	26
Infrastructure assets rental		38	38	0
Property portfolio expenses		207	148	40
Administration and other costs		235	93	153
Shortfall	1	(179)	(67)	167

1 Shortfall was motivated to DOT









EXPENDITURE BY CATEGORY

	Budget				
	Note	2006	2006		
		Rm	%		
Operating expenses		3,755	100		
Labour		1,583	42		
Maintenance		633	17		
Other operating expenses	1	571	15		
Security		297	8		
Energy		215	6		
Insurance		171	5		
Material		167	4		
Operating leases		118	3		

1 Other operating expenses are made up of publications, travel, printing, vehicle expenses, cleaning costs etc.









Background 2004/05 FY

- Report Qualified for non compliance with GAAP on rolling stock assets and lack of proper controls
- Clear instructions by Minister of Transport to the BOC of SARCC to turn the situation around and deliver an unqualified report for the 2005/06 FY
- Strategic Decision by Govt. to separate freight and passenger transport
- Cabinet Decision (Dec 04) for Consolidation of Passenger Rail Entities







