



# Transport privatisation and subsidies only benefit capitalist class

## Mamelodi: mass protests against PUTCO fare hikes

by Jonas Magedi

Putco bus services, a company owned by an Italian family that operates routes across Gauteng and elsewhere, have increased their fares by 15% arguing that their maintenance and operational costs necessitate it. There has been community resistance to this imposition. Despite attempts by community committees to negotiate with the company the fare rise has been imposed and the bosses refuse to back down. Outrage in Mamelodi has led to the stoning of buses and the burning of one on the day the fare increase came into effect.

This company was established in 1945 and enjoyed support from the apartheid government in South Africa as it assisted the exploitation of black labour by allowing black workers to commute from rural areas in Mpumalanga, Limpopo and elsewhere to industrial Gauteng. Tax-payers money has played a pivotal role in building and expanding this business as the then government pumped

resources into the company.

Putco received R55 million in subsidies for transporting 390 million passengers annually in 1983. Ten years later, the company was in competition with the growing taxi industry and as a result the number of commuters dropped to 80 million but shockingly the subsidy increased to R234 million per annum. 80% less service yet paid five times more. The report issued by Auditor General revealed that the company's subsidies amounted to R1 billion from 1989 to 1994.

Post-1994 the company performed well as it increased its shares from 160c in 1998 to 400c in 2002. In 2005 it made a profit of R46 million, 2006 - R92 million, 2007 - R170 million. This just shows how readily tax payers money can be transformed into private profits!

The taxi industry accounts for more than 7 million passengers, a number equivalent to Putco's, yet this industry doesn't receive

subsidies from the government. This clearly is not about who does the work of transporting ordinary people, but who is linked to government officials.

Will the bus fare increase affect the poor? Yes. Whose side is the South African Government on? The rich. This bus fare hike comes on top of a range of other price increases. The electricity hikes and e-tolls are *sjamboks* ready to lash the poor. Train commuters will soon be told of hikes. Doubtless, all of this extra money for the companies will pay for CEOs to get bigger bonuses!

The South African government has cut the subsidies offered to the bus operators and leaves them to determine their own prices. Golden Arrow Bus Services, a company owned by Hosken Consolidated Investments (a union investment company) increased prices dramatically between 2011 and 2012 yet the government turned a blind eye on the poor. Great North Transport, a subsidiary



of LimDev, has also been increasing prices. In response, the community has submitted a memorandum complaining about the poor service, shortage of buses and high prices.

The problem with subsidies is that it ultimately leaves ownership with the capitalists and therefore the companies motivation remains maximising profits not ensuring that ordinary people are transported from A

to B in the most comfortable and efficient way. Nationalisation of the bus companies is a necessity. Transport is a service to the community and it should be free. The time to confront the power bloc that sustains the current model of privatisation is now! Free transport is a necessity we must fight for, as part of a struggle for nationalisation under democratic control by workers and poor communities.

## E-tolls will not benefit 'society'



by Sheri Hamilton

Big business's support for December's court ruling against the application by the Opposition Against Urban Tolling Alliance (OUTA) to scrap e-tolls is unmistakable. The ruling urges civil society to respect legitimate, judicial and parliamentary processes. It also claims that the decision will improve South Africa's credit ratings after the South African Road Agency Limited (SANRAL) was downgraded amid fears that it might not be able to meet its financial obligations. The SANRAL borrowed R20 billion to finance the Gauteng Freeway Improvement Project before the 2010 World Cup.

An editorial in Business Day concedes that there may be grounds for debate over alternative funding methods, of paying for, and maintaining roads, but argues for support of the court ruling in favour of the veracity of the consultation process and not on the merits of the case. It goes on to proclaim that it may be easy to object to any policy that raises the cost of living but in "certain circumstances it may be necessary and even beneficial for society".

But how can such a policy be beneficial to society when there are alternatives to collecting revenue that will not be as onerous on workers

who are forced to use private vehicles to get to work because there is no reliable, affordable and safe public transport system. In Gauteng there has been a moratorium on new subsidised bus routes for 10 years. Bus companies complain that they are unable to invest in renewing their fleet because many of their contracts were signed before 1994 and since then, have been renewed on a monthly or quarterly basis. Metrorail is unreliable and slow. Its long distance counterpart, Shosholozha Meyl, has had its routes and services reduced to a pale shadow of its former self, has been starved of investment to maintain the service, renew rolling stock and expand routes to service a growing population. Given the problem with ongoing cable theft on railway lines, danger through accidents – as was the case recently when 200 commuters were injured – can also be added to the list of problems plaguing public transport. The promise of Rea Vaya faded before the World Cup ended except for the inconvenient but sad reminder of many scarcely used lanes created for this purpose. This leaves the transport choice of last resort, the mini bus taxi, as the main option for the majority who have no access to any other of form of transport.

What is particularly galling is that the Gauteng Freeway Improvement Project has been exposed as yet another exercise in looting state coffers that workers will ultimately be forced to pay for. The spending of R123 million per kilometre – for what was mostly an exercise in large scale resurfacing of roads – has enriched a tiny elite. This

looting has continued in the awarding of tenders to a small group of operators who will collect revenue from e-tolls that could just as easily have been done by the state in the form of the fuel levy as OUTA has argued. However, we would argue that the main vehicle for financing infrastructure, public utilities and other services should come through the fiscus. Instead, millions of extra Rands are being paid for toll roads as a group of powerful players reap the spoils of lucrative tenders while cheaper options are ignored. It is therefore clear that the e-tolls were introduced not to address the desperate need for decent, reliable and affordable public transport but to enrich the few operators who will continue to make fabulous profits though tolls from Gauteng's freeways. E-tolls will undoubtedly be rolled out to other provinces if it is allowed to succeed.

Instead of investing in and implementing an integrated public transport system, there have been delays and stalling on plans despite 'communists' holding leading positions in the transport portfolio. Notwithstanding mini bus taxis, public transport is worse now than under apartheid. This is why there are so many more cars on the road and why the implementation of e-tolls, despite threats of non-compliance resulting in non-renewal of licences, will not succeed. As Cosatu has pointed out, trying to collect all this money from four million motorists will be impossible to manage and will become unworkable. They explain further that the cost of collection will consume a massive 17% of the money collected which is a

grossly inefficient way of raising the money for road improvements. Moreover, the price of fuel has increased by over 73% since 2009 and together with all the other proposed increases added to an already high cost of living. Additional costs in the form of e-tolls, contrary to what the Business Day editorial claims, are not beneficial to society. It will in fact add to the already heavy burden of commuters as well as the whole of society through the increased costs of transportation that will be passed on in increases in food prices and other goods.

Now that the courts have spoken, taking the struggle to the streets is the only option. Therefore Cosatu's campaign against E-tolls and against Eskom has to be supported. However it must be pointed out that the imposition of E-tolls is Cosatu's reward for its slavish support for Zuma. Rather than re-establishing the control of the party over the government they have received a resounding kick to remind them who's interests the ANC government really stands – the bosses and the capitalist class. Even so, the DSM will add its shoulder to the wheel of this campaign and popularise it in the Workers and Socialist Party (WASP) as one of the key struggles to support.