

**MARKET INQUIRY INTO THE
LAND BASED PUBLIC PASSENGER
TRANSPORT SECTOR.**

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WEDNESDAY 27 JUNE, 2018

VENUE:

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Session 1

CHAIRPERSON: Good morning, today is the 27th of June 2018. Welcome to the Competition Commission's public passenger transport market enquiry public hearings. Today is the 9th day of the public hearings. I am Bukhosibakhe
5 Majenge, I am the Chief Legal Counsel at the Competition Commission. I will also be acting as the chairperson of the panel. I am joined by two panel members. On my left, I am joined by Ms Nompucuko Nontombana who is the Divisional Manager of the market conduct division at the Competition Commission. She is an Economist and on my left, I am joined by Mr Thulani
10 Mandiriza who is also from the Competition Commission, who is also an Economist. He is joining the panel in his capacity as the head of the enquiry's technical team.

On my extreme right, I am joined by two evidence leaders Mr Jabulani Ngobeni and Mr Itumeleng Lesofe, who are also with the Commission and they will be
15 acting as evidence leaders in these public hearings. Mr Lesofe as well as Mr Ngobeni together with a team of the Commission's lawyers and economists will be assisting the panel in soliciting evidence for the enquiry.

Before we proceed with the enquiry, I would just like to explain the framework governing this enquiry. A market enquiry as stipulated in Section 43 (a) of the
20 Competition Act Number 89 of 1988 as amended is a formal enquiry in respect of the general state of competition in the market. A market enquiry is not a specific investigation for a specific conduct by a specific firm. Further, an enquiry is initiated to pursue the purposes of the Competition Act which aim to promote and maintain competition in the Republic.

In the light of this, the public passenger transport market enquiry, was initiated because the Competition Commission has reason to believe that there exists features, or a combination of features, in this market which may prevent, distort, or restrict competition.

5 The enquiry officially commenced on 7 June 2017 following the publication of the terms of reference in the government gazette in May 2017. The terms of reference sets out 6 broad themes that the enquiry will be focusing on in its assessment of the state of competition in the land based public passenger transport industry and those six themes are as follows, firstly, price setting
10 mechanisms and their impact on competition. Secondly, the impact on non-price regulation on competition of route allocation, licencing and entry requirements, thirdly, the impact of operational subsidies granted to other modes of transport on competition. This includes both intra-model and inter-model competition. Fourthly, the impact of government transport plans on
15 competition and lastly, an assessment of transformation issues, including ownership patterns in the industry.

In addition to the themes outlined in the terms of reference, the enquiry has also identified as set out in its statement of issues, a number of issues which it will assess as part of its enquiry into competition in the public passenger transport
20 industry. These issues include the following, (1) the implementation of BRT and its effect on the renewal of taxi operating licences, (2) access to finance and the cost of finance on the sustainability of the minibus taxi industry, (3) the impact of limited or lack of access to infrastructure and terminal facilities (4) an assessment of long term contracting between government and bus operators
25 and its impact on competition and lastly, the enquiry has found it imperative to

also seek out and consider the views and experiences of commuters on whose lives the recommendation of this enquiry will have a direct bearing.

The terms of reference together with the statement of issues, has set out a narrow analytical framework in order to assist participants to focus on issues
5 that have arisen so far from the enquiry.

I wish to emphasise that the points raised in these 2 documents are intended to be topics or themes for further engagement and do not represent any settled views or findings of the enquiry. In terms of where we are with the enquiry, this
10 enquiry is currently at evidence or information gathering stage and the information gathering stage is concerned with gathering evidence on market dynamics in the sector and to understand the impact of the regulatory framework on competition.

During this information gathering phase, the enquiry was able to gather information through the following ways, (1) issuing a call for submissions (2)
15 targeted information request to market participants (3) field investigations and stakeholder engagements across all provinces. These public hearings will provide an opportunity for stakeholders to submit additional evidence and to also respond to the issues raised in the statement of issues and the terms of reference.

20 The public hearings will be held over the next 3 months in all the provinces and we started in the Gauteng province followed by the Western Cape and KZN is the third province which we are covering. The schedule of information on dates and venues is available on the Competition Commission's website.

In terms of the rules that will be applicable to these hearings, the rules of procedure, firstly, the formal sitting of the enquiry will be open to the public at all times, except when the chairperson rules that part of the proceedings will be closed on grounds related to confidentiality or for any reason deemed justifiable
5 in terms of the Competition Act, (2) all sessions of these public hearings, will be recorded and will be streamed live online on You Tube save for those sessions or part of the sessions that are closed.

In order to allow for the proper ventilation of issues, the chairperson and the panel members as well as the evidence leaders, may pose questions to any
10 person making oral submissions or to any witness. The chairperson will not permit any person, neither personally nor through a legal representative, to put any questions to any witness or witnesses or any persons making oral submissions during these public hearings.

In the event that any stakeholder has an objection, comment or question in
15 respect of any submission made during these proceedings, that stakeholder must submit that objection, comment or question to the enquiry in writing and the enquiry will attend to that comment, objection or question as soon as possible at an appropriate time.

Due to time allocation, we usually only allow one representative to present, but
20 we do allow multiple representatives to make oral submissions, where appropriate arrangements have been made with us in advance, where it is anticipated that multiple representatives will be needed to address different topics.

In conclusion, I wish again to welcome everybody to this hearing and I hope that over the next few days, as well as months, we will be able to have a meaningful and robust engagement about the issues in the land based public passenger transport industry. The industry is indeed the backbone of our economy, providing mobility to over 70% of the South African population, a well-functioning and reliable and efficient public transport system is therefore not only necessary, but is vital to achieving a growing and inclusive economy.

We will now receive a submission from the Newlands Bus Operators Association. Welcome gentlemen to the enquiry and thank you very much for coming. If you could please switch on your mic and there should be a piece of paper in front of you. You may take the oath or the affirmation, starting from my extreme left.

MR SOMARU: I Kemraj Somaru, swear that the evidence that I shall give, shall be the truth, the whole truth and nothing but the truth, so help me God.

15 **CHAIRPERSON**: Thank you very much, just for the purposes of the transcript, can you please just spell your surname for the record?

MR SOMARU: Kemraj K-E-M-R-A-J Somaru S-O-M-A-R-U.

CHAIRPERSON: Thank you Mr Somaru.

MR DIPCHUND: I am Mr I. Dipchund D-I-P-C-H-U-N-D I am also on behalf of the Newlands Bus Association under the mother body of the BOA, thank you.

20 **CHAIRPERSON**: Thank you Mr Dipchund, you may also take the oath or the affirmation.

MR DIPCHUND: I [inaudible] Dipchund, swear that the evidence that I shall give, shall be the truth, the whole truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you Mr Dipchund.

5 **MR DEHAL:** Good morning my name is Mohanlall M-O-H-A-N-L-A-L-L and my surname is Dehal D-E-H-A-L. I am the chairman of the mother body, the parent body, bus owners association. The bus owners association represents most or the majority of the non-subsidised bus operators.

CHAIRPERSON: Before you proceed, Mr Dehal, if you could also take the oath
10 or the affirmation?

MR DEHAL: I Mohanlall Dehal, also known as Prem Dehal, swear that the evidence that I shall give, shall be the truth, the whole truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you Mr Dehal, you were just explaining the Newlands
15 bus operators association and your role, you may continue?

MR DEHAL: I am the chairman of the bus operators association BOA and we are the parent body, representing the non-subsidised bus operator. Newlands is one of our members.

CHAIRPERSON: I understand and how would you like to structure your
20 presentation? Who will begin?

MR DEHAL: We will start first Newlands and then I will follow, thank you for that.

CHAIRPERSON: Alright, you may go ahead Mr Dipchund.

MR DIPCHUND: Thank you Mr Chair, as we are the small bus operators, the association was formed in 1920, some 10 years prior to the first road motor carried transportation act of 1930. The service was actually not started with normal buses during that time and it was done by the sons of the farm
5 labourers, so they actually used lorries to do these transportations of passengers during that time and thereafter, they found that there was a need to improve the mode of transport by getting proper buses onto the road and that is where the bus body shops were established and so forth and continued to upgrading the buses and made it quite safe for the travelling public.

10 So there was no subsidy, no assistance given from any statutory body from day one and up until this current date. So we are not answering to the questions that were given to us by the Competition Commission, we are just saying what really affects us.

These buses were quite safe and it made it very affordable to the travelling
15 public. In fact, in the rural areas, most of it started off by these small bus operators in the entire Kwazulu Natal. Road conditions were very bad and even now, some of the roads are quite bad and the roads were all widened up using their own mechanisms to make it accessible for the buses to go into those areas and this was all done by request of the community of the particular area.

20 We will give you some of the areas in Kwazulu Natal, mostly surrounding the Durban vicinity, like mainly Inanda, Indwetwe, Verulam, Tongaat, Isipingo up to Stanger.

Everywhere where there was a road done, it was only these small bus operators that started the whole public transport service and no other means of

transport was there except the bus operator. They somehow managed to provide the service without any assistance and we faced a lot of hardships from day one with regards to law enforcement where we were on our back continuously and managed to survive from that time to now up until this day.

5 As time passed, we have been purchasing new chassis, putting up the bodies to make it safer for the travelling public with still no assistance and the fares were not on the economical side of it, it was on the slower social side of it, so that made it very difficult for us to operate the service, because the commuters were very low income earning and a poor community and transport was also
10 used together with conveying of scholars or learners during the peak hour with reduced fares. Unlike now we have some routes, they have special contracts given to operators to provide a separate transport for scholars, but up until this day, we convey the learners on the peak hour trip, as I say with reduced fares.

The challenges we have been faced with in recent years by our competitors, but
15 is not even fair competition, it is unfair competition. We wouldn't be submitting it as unfair if it came almost like a transformation for another competitor to operate public transport, so this became as time passed, the competitors came in in the early 1980's, so there was no problem during the introduction of that competition.

20 As time passed, it started getting a bit aggressive and intimidation and thereafter, demanding reduce your buses and extend your times and increase your fares, not taking the plight of the commuters into consideration. That is faced up until this day, intimidation. It is our main factor today with regards to this public transport.

Something about the licencing issues, we don't have much problem because we don't make new applications we only do the renewal as COV, change of vehicle that is when you replace the bus with another bus. That is the time we may have some hassles, they want some certain documents to comply with, but
5 nevertheless we still comply. We are compliant operators in terms of the national land transport act.

Our cost factor, actually the fuel cost, some 3 decades ago, or 3½ decades ago, the rebate system for our fuel, was withdrawn without any reasons given to the bus operators, so we appreciate that the fuel rebate system be back for the bus
10 sector. The reason being, our fuel consumption on the buses, are very less kilometres in respect of the litres for the day, that is a bus only does about 2 kilometres per litre, so we're looking at 50 litres per 100 kilometres, so that is our setback. It is our view, that the fuel bill is one of the very expensive items for the day as an operational cost.

15 We also do a comparison in respect of the vehicle licence fees. Our buses convey, on an average, in respect of tons, 3½ tons to 4 tons over and above the tare weight. The licence is based on the tare weight of the bus or any other vehicle, even a horse and trailer it is on the tare weight. For example, the tare weight of a bus, you are looking at about 10 000 kilograms, so we add another
20 3½ tons to it, it comes to about 13.5 tons. So the Department of Transport's average weight per passenger is 63 kilograms, so we do a round off figure as 70 kg per passenger.

So we do a comparison in respect of the government gazette, the tariffs are advertised in the government gazette on a yearly basis, to give you a complete

rundown from the kilograms from a light motor vehicle ending off with a heavy motor vehicle, going up to 12 tons on that particular [inaudible] so I have got no grievance against the truck operator or something because they are also providing for commerce and industry, but nevertheless, tonnage conveyed by the articulated truck, it is far above than a heavy passenger bus. So a truck is about 25 tons some of them and most of us have travelled down the N3 up and down and the number of heavy vehicles on the N3 is quite huge.

So what I submit with respect, the rating per kilogram, be differentiated from the heavy trucks with regards to the tonnage that is conveyed by us and conveyed by the heavy goods truck vehicle, because we've got certain categories here in respect of the gazette, this was the 2016 tariff. The pricing before you Mr Chair those are the 2016 tariffs. However, [inaudible] looking at the 2017 and 2018, however those are an additional 10% increase annually. Now if you look at those, the rest of the sheets, all are done for rewards as the bus is for reward as well.

Now I don't know what definition they use a tractor on a public road, because a tractor on a public road is also going for a reward, if it is done on an hourly rate or whatsoever and then you get a breakdown vehicle also going for a reward on a public road, you have a special concession in respect of those fees. You see one of them on the bus side, its high compared to a tractor on a public road and a breakdown vehicle. If the Commission can investigate that part of it, or get a separate category for the heavy passenger bus no matter if the bus has got an extra axle in the rear to set a fixed tariff for the heavy passenger bus. I end that topic with that part.

CHAIRPERSON: Thank you Mr Somaru, Mr Dipchund?

MR DIPCHUND: Thank you Mr Chairman. Mr Chairman you just head my colleague with the history of the bus operators and just in a nutshell as I can see we are under time constraints, just in a nutshell, my concern is the
5 intimidation part of the industry at the moment that is taking place. I used to operate in the area called Lindilani and I have made submissions to your office a year ago and I think last week as well, so my concern is now, my vehicles, I was actually intimidated in 2007, my vehicles were forced to stop, drivers were threatened, I was threatened and eventually 8 of my buses were set alight in my
10 depot.

Now I have tried all avenues within the DOT municipality and whichever departments to get some sort of assistance to go back to work, but to no avail. My very great concern is I am very deeply involved with the IRPT system at the moment and one of the legislations that the municipality is harping on, is the
15 NLTA Act, which they say if your vehicle is out of the road or you haven't operated within 180 days then your permit becomes a public permit. Mr Chair with your directorship and leadership here, I am sitting with my indefinite permits, my valid indefinite permits. Now the BRT is on process, how do I actually get involved in this thing, I need directorship because the MEC won't
20 respond at all to me. I spoke to the municipality and the municipality says it is not in their hands, I must go to the MEC. I tried knocking on the MEC's doors, but to no avail.

I am actually quite appeased with you guys that you are here to listen to our plight, so Mr Chair just in a nutshell, can you guide me on my plight as to the

validity of my permits, because my request is, that I want to be recognised as an existing operator which is through no fault of mine that my business has come to a standstill, so I will really appreciate your guidance in this matter, thank you Sir.

5 **CHAIRPERSON**: Perhaps if you could just explain Mr Dipchund as to what would you like to see happening? What is your desired outcome?

MR DIPCHUND: My desired outcome is as I have explained that I would love to work and I've got a passion for the bus industry. We worked in the Black areas for a number of years. Now that the BRT system is going to be
10 implemented very shortly and the first route which is called the C3 route that is probably going to open in January and that route now actually I am directly affected on that route, so how the compensation is going to be implemented I don't know, because I brought it to the municipality's attention, but they have actually told us that they are going according to the legislation and like I
15 explained, we have asked the MEC, I have written letters, I emailed the MEC and they won't actually respond to you.

So what I'm asking for the Competition is to actually come in and see our plight just to actually give some assistance but my bottom line is here, is that I want to be recognised as an existing operator although I am not operating because I am
20 holding permits and if tomorrow, if the department allows me to work, I will go back to work.

CHAIRPERSON: What is the current status of the permits that you currently hold?

MR DIPCHUND: I am holding indefinite permits at the moment, so I believe the Board is now actually in the process of conversion, so now I cannot do conversions because I don't have vehicles on board to tie up to those permits. Now one of the requisites by the Transportation Board is that you have to have
5 certain requirements, certain documentation in order to do the conversion, but I am sitting just with the permits, but there are no vehicles to the permits because it's probably all burnt out.

CHAIRPERSON: And how many permits do you have?

MR DIPCHUND: 12.

10 **CHAIRPERSON**: And you say you are unable to convert these permits into operating licences?

MR DIPCHUND: Yes.

CHAIRPERSON: What are the obstacles to you doing that?

MR DIPCHUND: One of the requirements is that you have to have a vehicle to
15 do the COV and the COF, so the Transportation Board won't accept it without these vehicles on board, so we don't have vehicles. I cannot go and engage myself financially to just get those permits converted, because I am not guaranteed to go back to work.

CHAIRPERSON: Mr Dehal?

20 **MR DEHAL**: Thank you Chair, the Competition Commission's work is an enquiry. The first is to diagnose the most probable structural features impeding effective competition in the passenger public transport industry and 9.2, the

second is to evaluate the most effective remedies to counteract the adverse findings from the diagnostic exercise.

For you to get a very true picture, a clear picture, we have to go back to history and the history started way back in the late 1800's when the indigenous
5 labourers arrived here in South Africa as slave labourers to work in the sugar cane plantations. Having said that, these labourers decided that they had to improve their standard of living and they found that with the salaries that they earned, there was no [inaudible] from that government of that day, so what they did, is that they built schools at their cost to educate their children.

10 Another area that they found there was a need, was in the transport sector. Passenger transport is the backbone of any country, there is need always for transport, so and because there is no help coming from the government and because history will prove this, in the rural area, there were Black people and I am not being racist please, there were Black people living there, Black and also
15 brown Indians that lived together. There was no infrastructure in place, there was no public transport, there was no postal service so what did these people do? Our forefathers decided that there is a need now for transport and the passenger transport service was first introduced by animal drawn carriages and these were in the late 1800's.

20 After the labourers found there was a need and then the motorised vehicles came on the scene and there were lorries there were cars and also lorries at that time, the lorries are what we call today trucks, but the lorries were small like a 3 tonner, or a 4 tonner. They had a cab and with the body, so what these people did, they built structures at the back of the cabby with these structures

and then the structure that [inaudible] they made like a compartment attached to the cab. Then they installed benches for seating and then also, now at their cost and at great pains, they started making roads together Black and Brown, starting making roads. They used tractors, made roads and now, they started
5 providing service to the disadvantaged. The majority of South Africans transport and now these lorry bus as you call them, they transported the fresh produce and also transported people and as the days went by, they found that there was a need for this transporting in all areas, everywhere and then, with the vehicle, the types of vehicles that came on the market, improved vehicles,
10 bigger vehicles, bus body shops emerged, a very big industry, starting building bodies, chassis' were being imported fully chassis' from overseas. That is basically how the transport industry evolved.

Coming to today, we got more or less three types of transport, the bus, non-subsidised, no subsidy at all, no relief in any way whatsoever from anywhere.
15 We got a subsidised bus operator, just a few, about 5 or 6 in and around KZN and they are subsidised. The non-subsidised operator has got nothing against them. There was a need for that and the government of the day, found it necessary to identify certain areas and they said in these areas, there are disadvantaged people living here and to keep the fare structure low, the
20 operator in that area, will be subsidised so it went on a tender system. So whoever tendered, there was a contract signed with the government, local, provincial, national government was involved and they started operating and enjoyed the benefits of subsidy.

The reasoning behind this was that they have disadvantaged, poor,
25 unemployed people living in those areas, that was the reason for the subsidy.

Today that scene has changed. If you go and look at Durban and the surrounding area, I live in Reservoir Hills, my buses operates Durban, Reservoir Hills and also service the UKZN route area, the university there. In our area, when you enter into, it starts from Umgeni Road into Springfield and it goes on
5 to Reservoir Hills and the university that is our area. I can honestly say, we have got about 12 informal settlements. When I say informal settlements, what I'm saying, is that these are people who cannot afford a decent house. These are poor people, disadvantaged, so what has happened? From the rural area, they have shifted into the cities, so what I'm saying right now? If I service that
10 route, do I qualify for a subsidy? The hand says yes 100% I qualify for a subsidy, but I am also saying in the same breath, the non-subsidised bus operator, who I represent, we are not recognised, that is for sure.

We have made representations, we have asked for subsidy numerous times and nothing comes of it, nothing. So I am telling you Commission, don't you
15 think there should be research right now? Don't you think all tiers of government should look into this? My personal view is, look at this way, initially we got a document that was issued to us as a bus operator, which was called a certificate. It gave us authority to operate our bus and that became later, a permit, operating permit. Today, that is known as operating licence, OL. The
20 government that deals with the Department of Transport says that document, you don't know, it is issued to you, it is my document, you cannot sell, you cannot abuse. Alright fine, that document that they give to me, tells me that you are the member, am I right in saying that? And I am the tenant, so if you are the landlord, you own this document, then please there are things that you have
25 to provide me with. I need subsidy, I need the infrastructure, I need depot

facilities where I can park the buses, where I can repair the buses. These are things that I am not offered, that I have no privilege to and we are in the majority, so if I say we are side-lined, I know what I am talking about.

Also we agreed that I as a bus operator, I am singled out, I pay licence twice a year, only buses, not other modes of transport, only buses. Why? No subsidy
5 and we all know, I think everyone that owns a car, you know how expensive car licences are, so you can imagine how much I pay for buses, on average R20 somewhat thousand. That is another area.

The route allocation if I had to apply for an operating licence as a bus operator
10 and this is how it stands presently, previously it was known as LRTB local route transportation board and I recall that it was based in Durban and has now moved over to Pietermaritzburg, is now known as PRE. The PRE works in conjunction with the local municipality, the local government. Whenever there was an application, this is how they should have worked, is that when there is
15 an application, let's say my area in Reservoir Hills, that application that PRE may refer it to the local government to say, can you accommodate this application, have you got the [inaudible] for this particular application. Sadly, it is not working right now, the way it should work, because there is a backlog. At the local government level, there is a backlog. They cannot work, they haven't
20 put the system properly here in place in Durban and then there is pressure on the PRE to attend to these applications within 3 months, so what happens? They had to bypass the system and grant the permit.

The other weakness Chair is the moment I apply for an operating licence, not for the bus guys, maybe the other modes of transport, as long as I have got a

receipt, I can start operating. Law enforcement can do nothing, because I've got a receipt to say I applied. It is flawed, that system is flawed. It is open to abuse, so Commissioner, please look, into that area.

I know that if we applied previously, that there were board inspectors who went
5 around and you had to motivate and prove that that particular application, that there was a need for an additional vehicle. I don't think that system is working today. Having said that, what is taking place quite often is that you find there are moratoriums in place. Moratoriums probably it is not working how it should work. Let's put it this way, the powers that be, are trying their utmost to get
10 things in order here. We must agree that it is not in order. The transport sector is in disarray. If it was running smoothly and everything was in order, there would be no strikes, everything will be running smoothly, it would have been up and running right now, so there are the people who are involved, the stakeholders, the operators, all those involved in the public transport sector, are
15 not happy with a lot of issues and I think personally, there should be more engagement with the stakeholders, sincere, honest engagement and those powers that have to engage with us, please we say also, let's engage in honesty, let it be true, let it be transparent, listen to what we are going to tell you. We are people who are borne in this industry. I grew up, I am now 72
20 years old, I grew up in this, my dad ran buses, but I am not ashamed to say I am poor in the sense that from the time we got into buses to now, there is some improvement, not how it should have been for the sacrifices that we have put in in the transport sector.

We are doing the work of government, local government, provincial and national
25 government. This passenger transport should have been provided by them, but

having said that, also within the work for the government, we are being on a lot of occasions, hammered for it, hammered in a way, sometimes I get the feeling I am providing an essential service, I am doing the work of the government. I am pleading to the government to local government, please come to assist us.

5 We are crying.

The other area, we spoke about the contracted, subsidised operator, the contracted. We feel and I feel we are justified in saying that, first we are not given a chance, why is the contracted only a selective few benefiting, why? Am I not capable? Then let me point out something. Those guys who are running
10 the contracted service, were initially in the same shoe as me, they were bus operators with no subsidy and if they went in there now and they are doing a good job, which they are doing, why can't we non-subsidised guys, be given an opportunity, a piece of the cake? If my information is correct, I think from 1996, the government has not entered into any new contract, so what it says very
15 clearly, is that those who were running before that, are still running and those who were running before that, have been running for maybe over 20 years.

So what it is saying clearly is that a contracted service is only given to the original guys who tendered and they are still on the scene. Also, we know that even when the contract has expired, they are now allowed to operate month to
20 month. Normal? Your contract expires and that particular route goes out on tender. Why haven't government done anything about that? So if you find that there is dissatisfaction here in this passenger transport operators, these are some of the reasons. How would you feel if you were treated like that? Very, very aggrieved also, angered. Commission, please take note, these are areas
25 of major concern.

Having said that, there is a lot more I can say, but there are time constraints, but in conclusion, I am saying to the Commission, you have to actually report back please. Please we are asking you, we are begging you, engage with the bus operator, even the modes of transport, passenger transport, please come
5 with us and let's have an inspection in loco. What you heard today, you will know and understand better if you see what I'm talking about. So I am telling you, come anytime, we are prepared, we will take you to the areas, we will actually show you, we are parking our buses at home and the local government says you are breaking the law and they charge us. Where the duty of the local
10 government is to provide us with depots and everything else that entails that requires to run a good operation, I also feel that the local government has failed us here, so yes Commission, please come, come with us and come and see for yourself.

I am saying this without any anger. I am saying this because I've got an
15 opportunity today to express my concerns and my grief and my suffering and I am saying to you, please come to our assistance. I thank you for allowing me to come and do a presentation, thank you and all the best to you.

CHAIRPERSON: Thank you very much Mr Dehal, we only have, because we started a bit late, we only have a limited time for questions. Mr Lesofe?

20 **MR LESOFE:** Thank you Chair, thank you very much for the presentation. Just to confirm, in terms of the services that are provided by Newlands Bus Operators, you provide unsubsidised commuter bus services, is that correct?

MR SOMARU: Yes an unsubsidised bus service.

MR LESOFE: Yes you also provide scholar bus services, is that correct?

MR SOMARU: No there is no separate scholar buses. As I submitted earlier on, that we convey the learners together with our commuters, but the learners are given a huge concession in respect of the fares.

MR LESOFE: Okay but you don't have any subsidy contract for learners?

5 **MR SOMARU**: No Chair.

MR LESOFE: Then any charter bus services that you offer?

MR SOMARU: We only do it on special hires, such as church organisations from the schools and then other organisations that hire the buses and we do those services in good faith, with a very reasonable charge to the parties.

10 **MR LESOFE**: Thank you. What I also wanted to get from you is for you to identify some of the key routes that are operated by your members. I think you mentioned earlier, the UKZN and C3 those are some of the key routes right?

MR SOMARU: It will be parallel to the C3 corridor and we currently aren't really affected in regard to the development of the C3 corridor route. In fact, the entire
15 city, there is [inaudible] the entire city. However, when the MR577's that is for the new C3 corridor the BRT system, if the city chooses only that particular stretch of road, that prevented the commuters from crossing and boarding our buses and we were serving that community since mid-1960. We are subject to a huge loss per day on per bus, so on average of a bus, we are losing on
20 average almost R2000 per day each bus on that particular corridor after the erection of the barriers.

It is amazing how the city chose that part to safeguard the public from accidents, but the rest is not done.

MR LESOFE: Sure, I think we will get into the details. I just wanted you to identify the key routes that are operated by your members currently.

MR SOMARU: Currently we operate from Newlands West, adjacent to Kwamashu to Durban CBD to the the Workshop area.

5 **MR LESOFE**: Okay and I also wanted to get a sense of the number of operators who are in Mr Dipchund's position. In other words, are you able to estimate the number of operators who are currently in-active. In other words, who have exited the market?

10 **MR SOMARU**: Well on my route on the Newlands West area, we have 14 single bus operators.

MR LESOFE: Those are active operators?

MR SOMARU: Active operators yes.

MR LESOFE: And are there any operators who are in-active, who used to be active?

15 **MR SOMARU**: No all in that association, are active operators, who have a valid operating licence or bus permits.

MR LESOFE: So what I'm trying to understand is if any of the Newlands bus operators, are there any of your members who have exited, who have stopped operating?

20 **MR SOMARU**: No Chair nobody has stopped, except my colleague and that's further on the Western side of Newlands West, has been affected and that is Mr Dipchund.

MR LESOFE: Mr Dipchund.

MR SOMARU: Sir, can I just add one more thing? With regards to our infrastructures, we don't have proper infrastructure with regards to lay of base. I know it will be physically impossible to have every bus stop and I am sure that
5 the ETA, maybe somebody here will give you a pricelist of the cost factor for each bus lay-bye it works out to thousands of Rand's and if you had to only spend on that particular item on bus lay-byes, then that is [inaudible] for the value [inaudible] sanitation will be left aside if they have just put in monies for lay-byes.

10 However, we have the metro police that continuously charges the buses for double parked, but the bus stop sign is there, but they fail to charge the motorists parking on the bus stop, so a bus is 13 metres in length and we have a marking where the bus stop, it is only about 3 metres. Now obviously 15 metres cannot get into a 3 metre and we continuously get these tickets to
15 supply the requisition for obstruction to fill in driver particulars. However, the driver is there, take his particulars whilst he is at the steering, because the bus is not left without steering while he is on the route and it can also maybe give the officer without any note, he can just take down the registration and then open up a charge for obstruction and that ticket is always in the region of R500.

20 If we look at Queen Street in the CBD, there is no particular lay-bye in that particular stretch of street there and there is commercial activity in that vicinity with supermarkets, hardware shops in that area and there is no proper lay of base and continuously, we get these tickets to submit driver details. I have got one of these as an example that was given to us in fact.

CHAIRPERSON: Thank you Mr Somaru. Perhaps Mr Somaru before Mr Dipchund explains the position with regards to the conversion challenges, I think we wanted to get a sense of the routes that are being currently serviced by your members, just to get a sense of what those routes are and where are those routes and we also wanted to understand, whether there is an overlap between the routes that are serviced by the unsubsidised operators viz-a-viz the routes that are serviced by the subsidised bus operators, so we just wanted to get a sense of which routes are being serviced by your members and which routes are being serviced by the subsidised bus operators, because that will also enable us to understand whether your members are also able to service the routes that are currently being serviced by the subsidised bus operators.

MR SOMARU: Is it the subsidised routes or the non-subsidised routes?

CHAIRPERSON: We want both actually.

MR SOMARU: Okay.

15 **CHAIRPERSON:** You can just give us a broad sense of what those are.

MR SOMARU: Chair from the bus sector, we thank you very much for giving us this opportunity to make our presentation, thank you very much once again from the bus sector.

CHAIRPERSON: Are you able to just give us a picture then of the routes?

20 **MR SOMARU:** Do you want it in a detailed form which we can email to your department?

CHAIRPERSON: That will be very helpful. Mr Dipchund?

MR DIPCHUND: Chair thank you very much. The area that I have been in operating in, is actually an enabling area of the Newlands area, it is just behind the Intunzuma area called the Lindilani area. My area together with my colleagues, we are about 6 with other operators. We had a total of about 20
5 buses in the area and this area was from the [inaudible] to store to Central Durban and we had actually 8 or 9 routes going out of the CBD.

I would also like to bring to your attention that that area was actually a subsidised route by the former PUTCO who was subsidised and I was the operator that was operating together with them, it was actually a competition
10 with the subsidised and non-subsidised and this is how I feel, how unfair the system used to be and I have been given the same service compared to the subsidised operator. Until recently when I was actually stopped from operating, initially I had 1 bus, I started with 1 bus and when the demand grew, I actually applied for permits which were granted by the Board.

15 We serviced an area and we worked harmoniously together with PUTCO and when PUTCO pulled out, there were a few other Black operators that came into the route and we got together and we worked harmoniously until 2007 when we were stopped from operating and we were told if you don't stop, then it is going to be a disaster, but drivers of mine, because of their commitments, they
20 wanted to put food on the table, they were forced to work. Drivers were threatened, drivers were shot at and the last straw was for them whoever it was, to come to my depot and set my 8 buses alight.

From then, as I have explained in the past, I have got documentation, I've got a lot of correspondence, but I would also like to duly submit more information with

respect to your office for more information that you will need. I think that will probably be a good suggestion for more information.

MR LESOFE: Thank you, so you mentioned that there were 6 operators. Have they also stopped providing services?

5 **MR DIPCHUND**: Yes that is correct.

MR LESOFE: Okay Mr Dehal on your side, which routes would you say are the key routes and who are your main competitors on those routes?

MR DEHAL: If you say who is, the main competitor, every route has got competitors, the taxi industry. Now that has created unfair competition. The
10 government of that day had hardly any problems with the passenger transport operators. I am not pointing fingers. There was a need for taxi service, those applications, all I say maybe [inaudible] when the permits were issued, should have been issued right in a properly regulated manner, proper timetables, proper infrastructure, depots in place. When an operating licence was issued,
15 the issuing authority should make sure that this particular vehicle has got all the facilities, parking facility, depots, repair shops and all that, so if we start looking in that way, you will find that there is a very good system in place.

There are many, many buses. Right now, the public at large has some areas, some routes, been disadvantaged because they have got no more buses
20 operating there. When the buses were operating there, there was intimidation some people have lost their lives.

MR LESOFE: Are there routes where you compete with subsidised buses?

MR DEHAL: Yes, like the Newlands operator, probably he didn't mention it very clearly he operated Durban to Lindilani that area. He operated all alone with no subsidy. PUTCO came in, the previous government, PUTCO came in, same route, same people and they got subsidised running parallel to there with
5 a non-White operator and PUTCO got a subsidy and Newlands operator got no subsidy. It is still happening today. If you talk of my route, my route, municipal bus or urban transport operates along my route and they get a subsidy.

MR LESOFE: And if we could talk briefly about fares. How do your fares compare to the fares of your competitors on those routes and if you can give
10 practical examples if you can?

MR DEHAL: The fare structure is not properly regulated. Different modes of transport, work differently. Taxis have their own fares, buses have their own fares, subsidised buses have their own fares, subsidised buses increase their fares once a year. When a non-subsidised disadvantaged operator cannot
15 increase every year, because we've got competition and for survival purpose, we are keeping our fares as low as possible.

We would like to purchase new buses like the other guys subsidised operators. I am telling you this and I am not ashamed to say this, non-subsidised bus operators have got buses dating back to the 1970's still in operation. Do you
20 want an example? I have got one bus the Durban Cooperation owned by the municipality, ran his bus for years and found that now the bus has to be retired and the bus was then auctioned and one company known as [Ekai] Motor Spares, purchased this in auction sale and I bought this bus from them. To-date, I have refurbished a couple of times and the buses are still operating.

What Durban Cooperation discarded, I am still using. If I had a choice, I would have bought new buses.

MR LESOFE: I wanted to have a sense of whether your fares are higher or lower than fares of your competitors?

5 **MR DEHAL:** Our fares are forcibly lower, because we have not got brand new buses. Ours are old buses and we have to survive, so the fares have to be lower. Look, if the playing fields are level, there should be uniformity in fare, that is how it should be run, but we are forced to keep our fare structure lower. We don't have a choice otherwise we will go out of business and this is our
10 livelihood. Today, we are sitting with BRT, we are sitting for meetings and the meetings are all about our livelihood.

MR LESOFE: Yes if we can maybe move on and discuss BRT. Which of your routes are likely to be affected by the implementation of BRT?

MR DEHAL: That is a very good question. I wish I could answer that, but let
15 me say what I know. I know BRT, that this country has adopted BRT. Presently, it is all focused here in KZN, but from what I have seen, there is no clear picture. The only clear picture is coming out of the C3 corridor which is a brand new route. The road constructed is brand new, so there is no directly affected operator on that particular route, but the operators are affected,
20 because the route has cut through areas like Newlands and Avoca, so it is affected proportionately. Like earlier on, Mr Somaru tried to explain that there has been a barrier constructed and as a result, those commuters used to actually walk down and take the buses, but because of the BRT construction,

now those commuters they have lost those commuters, they have lost that business, so C3 corridor has no direct link.

Then there is talk of let there be proportionate effectiveness in a way. I operate Durban Reservoir Hills and one day, they say look maybe when they do come
5 in that corridor, that there will be sections of your route affected. For that section of the route affected, the loss should be paid proportionate compensation. No clear picture as far as I am concerned, so we don't know. Initially, we were told that Newlands operators will be fully affected. The new operators got geared to say look there will be a buy-out. Today, it is a different
10 picture altogether. To me, it appears that they are trying to plan it in such a way, that no routes will be affected directly or fully, so it means in a way, that we guys will still operate years down the line, so if we are going to still operate, then we need assistance.

MR LESOFE: So to the extent that the implementation of BRT, it would seem
15 that it is likely to affect some of your routes. Now my question is, have negotiations commenced?

MR DEHAL: Negotiations has commenced many, many years back. To be honest with you, I can recall that when this was first tabled by ETA, it went back to like 10 to 12 years ago, so negotiations are there. Some operators, taxi and
20 bus operators have actually been once to Bogota in South America to see how the system is operating there. The city right now, ETA is actually in the process of taking another delegation and probably maybe next month, they are deciding on the date when they will take a delegation.

MR LESOFE: What has been explained to you as the purpose of taking you to Bogota?

MR DEHAL: The reason behind it, is for operators to have a look at the system, how it is operating overseas and to actually show us all how good a system it is. I agree, but I also have to point out to the powers that be, BRT not
5 the full solution to the problems of this country. The solution to the problem that the passenger transport sector has lies with the operators, the taxi operators and the bus operators and the government together, to sit together, to look into all aspects, to start listening to us and we will come up with solutions.

10 **MR LESOFE**: Okay now in terms of the compensation model, has this been explained to you? Do you understand the compensation model that will be used?

MR DEHAL: They have mentioned that there will be a compensation model. We don't know how it is going to work. To me, I hear this all the time. To me, I
15 am still not clear. I know that there will be like a buy-out. Now my understanding is, if I am directly involved, then there will be a buy-out and if they had to decide to come to my route, there will be a buy-out and then there will be, a, compensation. What amount, I don't know, but what I do – look I've got no problem with a buy-out, but I say to government, when you do a buy-out,
20 go to the routes, do a proper study, a feasibility study and if you do have buy-outs, complete total buy-out, so the BRT when it starts operating, it becomes very lucrative, it doesn't run at a loss. Any business that runs at a loss, is not going to last and you are going to burden the taxpayer.

So when you do a proper complete total buy-out, do not leave any loopholes, because if that particular route has a buy-out, then it must only be BRT operating there. No other modes of transport will get in, so then that system will work fine. That is my understanding.

5 **MR LESOFE**: Okay thank you Chair.

CHAIRPERSON: Thank you, Ms Nontombana?

MS NONTOMBANA: Just two questions to follow-up on the submissions you have made. One of the things you have mentioned, is that the competition is largely amongst the operators, the subsidised and un-subsidised and also the
10 taxi operators, but you don't mention rail and I was just wondering to what extent would you consider rail to be competing with your services in the routes that you operate, if at all?

MR SOMARU: Currently we are also affected with Metro Rail, on the Sea Cow Lake area that is from Newlands West, we travel along Inanda Road on Sea
15 Cow Lake Road, then Ngeni Road to the CBD. The Metro Rail tariffs are far cheaper than all modes of transport, so they have a direct rail from that area, that comes from Kwamashu to travel along the vicinity of [Kenva] station and the [inaudible] station and around those, are quite a bit of informal settlements.

If you look at the tariff on a monthly ticket on a Metro Rail from the Sea Cow
20 Lake to Umlazi, it costs in the region of R150 a month, so that is how we are affected by Metro Rail and then looking at one of the tariffs, let's start by Durban transport from a particular bus point, one of our major bus stop, Inanda Road, it's an area, quite a lot of activities in that particular area, it is called [Basa]

[inaudible]. If you look at the distance from there to the CBD, it is about 12 kilometres.

The Durban transport tariff from that bus stop to the CBD Workshop is R18.50 single trip and the bus fare charged by us as a small un-subsidised operator, is
5 R11 and that R18.50 for some reason, I believe was the old tariff and has never increased.

MS NONTOMBANA: So the other question I had was then your reference to the current contracting, particularly for bus operators. I think in one of the submissions, you mentioned that there are a few subsidised bus operators and
10 the question I had, was if for example the other operators like yourselves, were to compete say for example for tenders for bus contracts, what would be the impediments that you would face in order for you to take over the contracts if any?

MR SOMARU: We are willing, if it is shared to the small bus operators, we are
15 willing to provide those particular contracts and it is a way forward I think. That is how the economy actually grows, by the more providing, say for example, if one operator running a contract, it is only one activity for commercial activity by that particular operator, but if 10 on that area, shared that contract, the economy will grow by at least 10 operators.

20 **MS NONTOMBANA:** But in terms of capacity, is that capacity there among the operators, the independent bus operators and I am thinking in terms of the routes that you would have to service for example, that capacity is there already in terms of the fleet that you would require in order to service, is all of that capacity available?

MR SOMARU: Well the capacity will be there actually.

CHAIRPERSON: Sorry to interrupt you Mr Somaru, if you can just give us a sense of the fleet that you have as compared to for instance the fleet that the current subsidised bus operators have and perhaps whether I think we have
5 received a submission previously in respect of the City of Cape Town as well as in Gauteng, that because in Gauteng, you have PUTCO and here in KZN, you also have PUTCO. In the City of Cape Town, there is Golden Arrow operating there as subsidised commuter bus contracted services.

The submission we received, was that because the incumbent operators who
10 are contracted have got much larger fleets, these contracts could also be broken down instead of one large contract being given to one monopoly service provider, so we want to get a sense of your fleet as compared to the fleet owned by the current subsidised bus operators and to also get a sense of whether the current contract could be broken down into smaller routes.

15 **MR SOMARU**: We have the capacity and resource-

CHAIRPERSON: But what is that capacity in terms of numbers, because ultimately, it boils down to numbers? What are your numbers?

MR SOMARU: Well just for myself only-

CHAIRPERSON: No, no as a whole?

20 **MR SOMARU**: As an association, we have 32 buses and then we also have the back-up buses and we provide up to the minute transport to the travelling public in that particular area.

CHAIRPERSON: And what are the numbers operated by you? You mentioned 5 subsidised bus operators? Do you more or less know what their capacity is in terms of the number of fleets?

MR SOMARU: The buses or the operator services?

5 **CHAIRPERSON**: The 5 who are subsidised, do you know what, is, the number of buses which they operate?

MR SOMARU: I think the representative is here, he will give you a better run down of how many of the subsidised buses are operating.

CHAIRPERSON: Just roughly?

10 **MR SOMARU**: I am sure in the Inanda area, it is about 70 and then you've got Durban Transport, they have got 150 in the Ntuzuma/Kwamashu area and there is another small operator that is also in the Inanda area that has got about 12 buses. That is on the North, we are just talking on the North. As to Umlazi and so forth, I am not too sure of those particular corridors.

15 **MS NONTOMBANA**: In terms of other facilities, I know you mentioned earlier that you don't have lay-by areas and I think there was mention of depots as well not being available, so I wanted to get a sense of how would you get around that infrastructure that is required, but also whether there is any potential for infrastructure to be shared, the existing infrastructure to be shared
20 in instances where you would require such infrastructure?

MR SOMARU: Looking at the depots, it's a huge problem for the small bus operators. In fact, a commission of enquiry sat here in the City Hall in 1980, to remove all small bus operators from operating in Durban, Chatsworth, Phoenix,

Newlands, Overport, Sydenham area. However, we had our attorneys and our comrades there in fact that assisted us in addressing the Commission. It was called the Van Zyl Commission and finally the status quo remained. In one of those findings, it was imperative that the city must assist the small bus operators to provide depots which was not done and therefore, some of our colleagues and I also faced it, but [inaudible] inspection with the law enforcement from the town planning and the status quo remained on my side and then my colleague he was faced with a high court matter for eviction and this is how it is with the depots with regards to the small bus operators.

10 For example, we've got Ntuzuma that is part of Kwamashu, we have got allocations that were made for Durban Transport to have a parking space for about 150 buses and if you look at each bus square metre, you are looking at 45 square meters for one bus, so some operators have 3 buses, some have 4, on my side, I have got 14 buses with my back-up buses, so we need the space
15 to provide these tools to park those buses.

CHAIRPERSON: We are only left with 3 minutes to wrap up, Mr Mandiriza?

MR MANDIRIZA: Thank you for the presentation I just have maybe 3 questions. I think the first one is, as small bus operators, have you explored forming a vehicle operating company for you to be able to tender, or to prepare yourself to tender for large contracts, because I think from what the Chair has
20 said in Gauteng and Western Cape, they mentioned that their biggest impediment is trying to deal with a lot of single bus operators so I think I just want your response to that.

The second question is in relation to what you have mentioned in terms of the buy-out or compensation. You are saying BRT, where they operate, no one else should be able to operate on those specific routes, so my question is, let's say there is a bus operator who doesn't want to be bought out by the BRT, but
 5 wants to be able to compete and operate, I just want to get your view with respect to that, because it has been an issue in other provinces where maybe from the side of taxi where they want to be able to compete with BRT and not create specific routes for BRT to operate on their own. So I just want your perspective to that.

10 Then my third question is just a clarification question so that we have it clearly on the record. You said the rail is the cheapest followed by subsidised bus services and then I just want a confirmation of whether I got that correctly? My last question, I think Mr Dehal I think you mentioned that there are backlogs at the municipality in terms of making recommendations to the PRE. I just wanted
 15 to be sure whether these backlogs relate only to buses or you are talking about in general, including taxis, so I think those are my 4 clarification questions, thank you.

MR SOMARU: Okay I will just answer one and then my colleague will take over the rest. With regards to compensation, here with the BRT system, it means
 20 you are removing a bus and you are replacing a bus. Now obviously you are going to get your money back by operating that service and the other compensation you are looking at when a road infrastructure is done, firstly the houses that are affected, so that money is paid out to those affected houses that bid for the roadway to be constructed. Now that money is given to those
 25 houses and there is no return. Now as I said with respect, this money is going

to come back and it is going to come back in a very good term, resources in fact. That is part of the compensation, just comparing the compensation how it is now. I will hand over to my colleague for the rest of the questions.

MR DEHAL: As far as the backlog is concerned, that is actually more for the
5 taxi operator. As far as for the tendering for the contracts, let's be honest, we do not have the infrastructure, we don't have the monies, but what we can suggest, is if the city and the government is serious in empowering the small guy, then the city must own the fleet and own the infrastructure and we become the operators for an interim period of maybe 3 or 5 years, whatever it is and
10 then hand them to us. They have got unlimited funds and my understanding, national provincial and local government funding, they can empower us.

Right as we stand now, we don't have the monies, we don't have the depots. Our buses won't qualify to run, so if you want to empower us, that is the way. As far as the [inaudible] operation first and foremost, all the [inaudible] sell this
15 to the operator, taxi or bus operator and say listen, in the long term, it might not work out for you because you are going to compete with the VRT who would have the best fleet of buses, all the time updated and then are we talking of single operator running in parallel. Remember that generation finally goes out and there is another generation that will take over, like my case, if I am running
20 buses today and if I say I am going to run parallel, when I'm gone, who is going to take over to run parallel, but the BRT can keep running because there is a tender for contract. So these are the things.

[inaudible] operation causes competition and I am not for it. Also, you find that this is where violence comes in, so these are some of the reasons that I am not

happy with parallel operation, but yes, I know about it, I have heard about it. It has been tabled to say you can operate, but then you also get told in no uncertain term, when your operating licence is due for renewal, it will not be renewed, so if you decide to operate in the parallel, you only have a life span for
5 a couple of years and you go out of the system.

MR LESOFE: How do you feel about that requirement by either the municipality or the PRE saying if you don't join the BRT or the buy-out, they are not going to renew your licence, how do you feel about that kind of restriction?

MR DEHAL: That restriction is unfair for a start. I will look at it being unfair.
10 Remember they said this OL we own, they have said it right from the beginning, so they call the shots, so negotiations must be done honestly and when you offer to the operator compensation, he must be happy with that, he must be smiling, he must say that is the best thing that happened to me, because if you look at a parallel operation, look at this way, you have to have staff to run your
15 fleet. There are salaries involved, you have to have vehicles, you have to renew your vehicles, there are cost factors there, all the operating costs and everything comes in, compared to you're getting a lump sum to say there is it. You've got so many vehicles, this is what it is about you know about it, you are operating this, so do you want to carry on like this or do you want a lump sum
20 and say put it there and relax. You need to sell this to the taxi and the bus operator to say weigh the pro's and con's, which is better and offer me that, I will prepare to opt out.

CHAIRPERSON: Thank you very much I think we have run out of time, thank you Mr Somaru, Mr Dipchund and Mr Dehal for your time and for your

submission. We will certainly be making follow-ups on the additional information that we have requested. I think we will appreciate if we could receive that information as soon as possible in terms of the detailed routes serviced by your members compared to routes serviced by the subsidised bus operators, if we could get that information as quickly as possible, but thank you very much time for your time and for coming, you are excused.

MR SOMARU: Thank you Mr Chairman, I would like to extend my appreciation to you for giving us this opportunity to explain our plight and I can see actually you guys are wonderful guys to actually listen to us. Previously nobody listened to us, but for you to take the time off and come and listen to us, it is well appreciated, thank you very much.

CHAIRPERSON: Alright thank you, you are excused. We will now receive a submission from the Kwazulu Natal Metro Rail. Welcome Ms Joni once again and I am sure you will introduce the gentleman.

MS JONI: Chair thank you, this is the second last presentation from us. I will take a break until August now. I would just like to highlight the fact that unlike the other provinces where we had regional managers presenting, I will ask the colleague from the KZN office to introduce himself, what his role is in that office because the regional manager couldn't make it today so he sent – I have been working with him on this since last week, so I am sure he is more than capable to present.

MR HATTINGH: Good morning my name is Daniel Hattingh, I am the Business Development Head for Metro Rail in KZN. Again, I would like to extend an apology from my regional manager who is hosting our Group CEO today.

CHAIRPERSON: Thank you very much Mr Hattingh and also welcome to the enquiry. There should be a piece of paper in front of you. You may take the oath or the affirmation.

MR HATTINGH: I will take the oath Chair. I Daniel Hattingh swear that the
5 evidence that I shall give, shall be the truth, the whole truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you Mr Hattingh, you may take us through your presentation.

MR HATTINGH: Thank you Chair, I have prepared a fairly long presentation,
10 so whoever is driving the presentation, I am just going to ask to skip a few slides. They are there and pretty self-explanatory, but I will address the issues more pertinent to what the purpose of today's session is.

The first slide is just a bit of facts about the region. The region operates across 103 stations and what we call [holt] stations which are generally areas where
15 people are manning that specific facility and [holts] are places where you can simply stop and get off the train and you might not see any personnel there.

Our rail track extends across 605 kilometres. We share part of that track, 240 kilometres of that, belongs to Transnet and 365 to ourselves. We have a fleet allocation of 57 train sets and we operate across 20 hours of the day. The
20 trains that we schedule on a typical week day are 445. We currently convey in the region of approximately 130 000 passengers per day, which represents just less than 8 million trips per month and we employ 2353 people which includes a small compliment of fulltime casual workers, namely 46 of them and in that, are also some learnerships.

Just in terms of the network that we operate across, I have put in the detail to the right. We have classified our corridors in various ratings, A corridor being the most dense, B also fairly dense but with lower frequencies of trains and C the less dense and obviously a lower frequency of a train service. As you can see, we operate from [Kelso] in the South up to Stanger, or [KwaDukuza] in the North. To the West, we operate as far as Cato Ridge.

Our most significant route is the route between Umlazi and Kwamashu which includes Bridge City on the North and Isipingo on the South. As I go further into the presentation, you will see what the significance of that route is. We also have the minor routes which operate to Cross More, to West and to Pinetown and then as the previous speaker also mentioned, we have a service across the Greenwood Park line and across Effingham heading up towards the North.

Just in terms of transport planning, we have been an essential part of the development of integrated rapid public transport plan of the Ethekwini transport authority. Rail has been identified as the backbone to this public transport system. It is known as the C2 corridor and depicted there by the dotted line. We are expected to get new trains and again, you will see the significance of this as I progress. We are expected to get new trains in the first quarter of 2020. This programme is slightly delayed but nonetheless, that is the new delivery date.

The integration of rail with other public transport providers, coupled with a modernisation plan of the new rail environment. We believe it will attract more users. Commuter concerns such as safety, security and service reliability, are

obviously key in this process and we have attempted to address that as part of the modernisation process.

Just in terms of rail network expansions that are planned for KZN, the Bridge City corridor has since been implemented and is currently running. The support
5 is not as high as we had expected unfortunately, but we are hoping that it will grow as the IRPTN expands further and begins to deliver on their aims.

We have also identified an opportunity to extend services into the North particularly linking up with the King Shaka International Airport, [Dube] Trade Port and the growing developments in the North of Durban. Just to say that at
10 this stage, a feasibility study has indicated 3 potential routes that could be followed, the details which could be provided to the Commission if required.

We are also looking to re-introduce a service between Pinetown and Pietermaritzburg via Cato Ridge. That was a public route which in hindsight we should not have stopped. However, we did do so some 20 years ago and now
15 we find that there is a growing need to re-introduce that service.

Umgeni Business Park is also an extension of our current services which we wish to introduce. There is an existing rail line into the facility and whilst there is development taking place there and a programme that we are involved in to develop the land further, we are still in the process of looking at what
20 opportunities present themselves in terms of the passengers stationed in the area.

I am not going to spend too much time on this Chair, other than to say that there is opportunity other than a light rail system, but a pre-feasibility and full feasibility would still need to be conducted. Suffice to say as well that the

section that cross the harbour mouth, we have been told is probably a no-go already with the plans of expanding that mouth area and developments in the area there.

We are also looking at opportunities to connect to other provinces, the details of which are there. Also just to indicate that in that, is also a high speed rail link between Gauteng and KZN, that is just a notional link that we have put in there, but what we have identified, is that we most certainly need to get a rail route that is not as twisty and geographically challenged as the one that we have currently and that we share with our Transnet colleagues.

I am going to ask that we skip the next 2 slides that is just detail in terms of our transformation and our gender figures. The challenges currently facing rail, are pretty massive and I think you have heard the stories nationally, you are probably tired of hearing the term rolling stock and [inaudible] but the truth of the matter is that our fleet is aged, we are running in trains in excess of 50 years old, extremely difficult to keep them going. The technology is outdated, spares are difficult to come by and even original equipment manufacturers, are starting to fall by the way side and are no longer available to assist us with some components, so it is requiring new design and what have you on what we call beach buggies that we are now trying to run with Rolls Royce spares.

Our infrastructure where we have a particular problem is with our permanent weigh or the track, as most of us would understand it, is the restrictions throughout the system. This is mainly due to the failing rolling stock which is placing further complications on keeping the track in condition. Because the rolling stock is unable to operate at the level of which we expect it to, we have a

lot of slipping and what I mean by slipping, is that there is skidding on the tracks and that leaves skid marks which is a dent in the track and as the trains pass over these dents, they create what we call, muddles and if you could imagine taking a hammer and constantly hitting a piece of metal, the ground under that,
5 is eventually going to give away and that is essentially what is happening.

So we are faced with a lot of track that needs to be replaced, 85 kilometres in KZN that needs urgent replacement and then that replacement comes along with very heavy expensive on-track machinery that needs to tamper that track to screen the [balistone] below that and obviously then to put the track in a
10 position that is regarded as 100%.

Vandalism and theft continues to plague us. Copper is becoming a curse to use in our industry and I think Eskom and Telkom and the rest of the guys, sing the same song as we do. It is unfortunately the reality. The smallest piece of copper that gets stolen, even if it is just a metre, cripples us intensely, because
15 firstly we have to locate where that is being stolen and then get out there and repair it. I have a few images of the problems we have. Encroachments by informal dwellers, is becoming an increasingly massive problem and unfortunately particularly so on one of our priority corridors, namely the sections between Kwamashu and Umlazi. Every bit of land is being invaded and people
20 are beginning to squat on the side of tracks, frightfully close to tracks and risking not just themselves but all commuters making use of the trains.

Our network is also very open. In years gone by, we were able to fence the entire network. We have attempted to do that along certain routes. The issue is then we cut communities off from each other on the adjacent side of these

tracks and those communities simply just trash the fencing again and we end up with a very open system again. We believe that this leads to a lot of the theft and vandalism that takes place and because people are right next to the track side, they have easy access and even in the evenings in particular, they are
5 right there, so it just requires a bolt cutter or whatever to pinch a piece of copper.

The storm damages we have had in KZN, has affected us severely. The previous year was a tough one for us. Our South Coast route was shut down for a period in excess of 6 months. People were forced to either relocate to be
10 able to get to work on time, or find alternative solutions to get to work and since we have managed to effect repairs, the unfortunate thing is that many of these commuters have not returned to those routes. We are experiencing a slight increase month on month, but nowhere near the numbers we used to convey on those routes.

15 The next 2 slides are just some images for you to understand how close people are to the track. The very first image on the top left shows a fence that shares our mast pole as a structure for that fence. The one on the right is a mast pole just outside Uzuletu on the way to Kwanando and Umlazi route. The chaps that have built their residents just below that have undermined that embankment to
20 such an extent that that mast pole threatened to slip and we had to shut down one of the two lines that we have available to that line.

On the bottom left, we have an entrepreneur there right on the side of the track and everyone that passes him, can buy their wares from him and on the right, the effect of some of these, I am going to refer to them as squatter camps and

the refuge being dumped on our property, also creating some unsanitary and unsafe conditions.

As far as vandalism and theft is concerned, just some illustrations there of copper cables stolen. Those cables although very small, operate our signals
5 and obviously if any interference is conducted on our signalling system, we have a fail-safe system, all the signals will fall back to red and trains will obviously not be able to move.

The bottom two images of trains burning, is simply as a result of some of the challenges that we have to maintain timekeeping. It is also largely as a result of
10 commuter frustration and we understand that. We do however appeal Chair, that commuters refrain from doing so, because every train destroyed like this, is out of service for a very, very long time, it goes for insurance claim and they are not processed very quickly and as a result, it is just less trains that we have available for the public to use.

15 Just a quick illustration of our passenger trip history from 2009 until the current, 2010 was a good year for us. We almost achieved 90 million passenger trips in that year and then we began to decline slightly and I think that was purely as a result of the euphoria that sort of settled down. We began recovering through to around 2014 but since then, there has been a gradual decline and it is largely
20 attributed to the lack of rolling stock, poor train timekeeping and unreliable and unpredictable services.

The next one illustrates the factors resulting in the decline in passenger numbers. As I said, reduced capacity, increased number of speed restrictions which extends our running times on certain routes and then a marked increase

in delays in cancellations. The rest I will leave for the Commission to read through.

Potential solutions to inefficiencies, one of the biggest challenges we do have, is the supply chain management process. We are of the belief that we need to
5 streamline this process in some way. It has just become too tedious now. Whilst we understand the need to ensure that the Public Finance Management Act and other regulations surrounding that, are adhered to, we are of the belief that things could be done to improve the supply chain management progress, especially in an industry such as ours, where some of the activities are done by
10 the operator in the region, but approvals are sought through either a head office or a corporate office and that just delays processes extensively.

We also need to give consideration to increase in decentralised authority as I have already mentioned we need to try and get more contractors appointed on the SCM processes, so that we can bring in more contractors to assist with
15 catching up on our backlog and as I mentioned earlier about the heavy duty on-track machinery that is required.

We have started some processes to move vagrants and informal dwellers, but the current process is simply not sustainable. There is a specific programme that we are running right now between Durban and Berea Road, My City
20 colleagues and I am sure the members present here today, will have seen the effect of what we refer to as [wingo] addicts in that area. We have had to take a stance and had to have two of them removed. Our protection services team are constantly chasing them out. They now find themselves in the streets of the city and the wrongdoings that they get up to, continue. We believe that the only

way in which we can rectify this, is to have a multi-disciplinary approach which includes everyone such as human settlements, all social service entities, to first establish what it is that keeps these people there, what do we need to rehabilitate some of them and if there are criminals there, let's follow the correct
5 routes and try and rid this area of these people.

Sorry that I am harping on about it, but the difficulty for us as rail, there is extensive theft in the area of copper cables, metals and things like that. These people are using drugs in the area, there are hypodermic needles lying around there and things like this and our staff cannot access the area to begin to work
10 and maintain on the structures and facilities in the area and besides all of this, there are no facilities there for these guys, so it becomes very unhygienic to try and operate in the area. Bear in mind that this is right through the centre of our system and the majority of our commuters would have to pass through this system every day.

15 If a train fails in that area and it stands there, unfortunately commuters and our train crew get robbed and attacked there. I think it was in February or March of this year, one of our drivers and our guards was attacked quite badly and they have still not returned to service, because of fear of those kinds of issues there again.

20 Well I have just put in some pricing comparisons. I am sorry that I could not source many bus fares, but what I found is that most buses operate short distances. I managed to get one comparative to our third zone and the bus company said our fares are very low, this is simply because our fares are

regulated, they need to be passed by Parliament before they are approved and we are subsidised as an entity.

We have also taken a conscious decision because of the poor service that we have been rendering, that it would not be fair to the general public to increase
5 fares too drastically until we get our ducks in a row.

I won't go through the next one, capex trends, but the final slide is just an indication to show what is being done to modernise the rail system, to also align it with the plans of the city. Essentially the new trains will run between Umlazi and Durban or the first batch that we receive. There is a lot of work that has
10 been done in terms of upgrading stations, modernising depots to accommodate the new train sets, but we are not just confined to working within what we regard as the A corridor. As you can see from the purple indications, all of those stations are receiving work in this current financial year and within the next 5 years we would have upgraded or at least improved every station within our
15 operating ability. Thank you Chairperson that is, the end of my presentation.

CHAIRPERSON: Thank you very much Mr Hattingh. Mr Ngobeni?

MR NGOBENI: Just one question Mr Chair. Mr Hattingh I think I have looked at your slides and there is just one question on the slides where you have dealt with infrastructure damage, just to try and understand, we understand that in
20 other areas for example, it has taken weeks and weeks and weeks to fix whatever damage has occurred. In your case and in this province, the question is, how much time does it take you to repair the actual infrastructure because we have been told in other provinces, that this has led to commuters being left stranded and not having proper transport to commute?

MR HATTINGH: What has simply happened and I will use the South Coast as an example, because it is typical of what just happened, it is a very lengthy process. Just from my own experience over the years, previously we were permitted to go ahead and repair and then claim from insurance, but it appears
5 that that process has now horribly dragged out. The approvals take a very long time to get started. You will understand that this is expensive work that needs to be done, the appointment of contractors seems to take a long time and the South Coast for example, the approvals and the appointment of contractors took almost 5 months. The work took about 3 months to complete and that is
10 the disturbing bit. It goes over the 6 months for which I said the service was out, but what we did was, we put pressure on the contractor to at least give us a portion of the track or one of the lines back so that at least we could start to run some kind of a service, but yes, we were experiencing the same difficulty.

MR NGOBENI: Thank you Chair.

15 **CHAIRPERSON**: Mr Lesofe?

MR LESOFE: Thank you Chair, you mentioned that you are expecting new trains in 2020. Are these meant to replace some of your old trains or they are part of your expansion and if you could give us a sense in terms of the number of trains expected?

20 **MR HATTINGH**: The new trains are essentially expected to replace the existing fleet, but because the fleet is so big, it consists of well over 580 odd coaches, so we won't be able to do that overnight. The first batch of the fleet that is expected in 2020, will also arrive in drips and drabs and it will supplement the existing service, but as I said, we have identified a corridor, namely the corridor

between Umlazi and Kwamashu to begin to use those trains there. They will have to run parallel with the old sets until we get to a position where we can begin to remove the old stuff permanently and just run on the new stock.

MR LESOFE: Thank you Chair.

5 **CHAIRPERSON**: Mr Mandiriza?

MR MANDIRIZA: Just one question from my side. I think you mentioned that as part of the integrated transport plan, you work with Ethekewini transport authority, I just want to get a sense of the level of engagement with the transport authority and also comment on whether in your engagements do you
10 also discuss timetables or scheduling of your trains with the authority?

MR HATTINGH: The level of engagement is pretty intense. We have been involved in the programme from the very start. In fact, I would call it starting as the fundamental restructuring of the public transport system and I personally have been involved in excess of 12 years now. We are involved in many
15 forums, established specifically to deal with rail issues. One of those forums being the C2 rail working group. In that working group, we have representation, not just from the region, but from our corporate office as well to discuss issues relating to rail.

We haven't got to the detail of discussing timetables yet, but we do share our
20 performance in that meeting with them, so they are pretty aware of what it is that we are doing and how well we are doing it or how poorly we are doing that. They are not involved in preparing the timetables. If I can respond to that, before we make any changes in timetable, we go through a fairly rigorous little

bit of research for the smallest time change and we engage our commuters as to what is regarded as the best option.

CHAIRPERSON: Ms Nontombana?

MS NONTOMBANA: Just two questions, so in terms of the network coverage,
5 are there any areas that are only serviced by rail currently and not the other
modes of transport and then the other question I had, is in regard to your
presentation on capex spending for 2016 and 2017. I noticed that there is a
significant difference in terms of what was available and what was spent and I
just want to get a sense of what were the challenges with regard to that, given
10 the needs that would have been, addressed if some of what was available
would have been spent?

MR HATTINGH: As far as having exclusive rights to any route, I am not sure
that we have anywhere there are other operators that operate parallel to all our
routes currently. I am not aware of any route where that does not happen.

15 On the second question with regard to the capex spending, we had a specific
challenge in last year, in that I am not sure whether it was legislation or just
policy within the company, we had to establish bid evaluation committees and
bid adjudication committees and it was a slight change to the policy and the
appointment of bid evaluation committees in particular began to slow down
20 processes tremendously to the extent that we were unable to get some projects
off the ground and that essentially speaks to why I said that we really need to
look at the way in which the supply chain management process works and try
and reduce that process to fast-track spending, especially when it comes to

capex, it just seems like an absolute waste that we request money from Treasury and then simply have to hand it back to them at the end of the period.

CHAIRPERSON: Just one question from my side Mr Hattingh, the City of Cape Town as well as a member of Parliament Mr de Freitas, have made a
5 submission to us that cities are in a difficult position as planning authorities, because they are not able to plan efficiently for rail services within cities because they don't have the management of rail services which are provided within cities and so, that situation makes it difficult so the submission goes, for cities to be able to integrate rail as part of their broader integrated transport
10 planning. I just want to get your reflection and the proposal that has been made by the City of Cape Town as well as the member of Parliament Mr de Freitas. I am not sure what the views of the City of Ethekewini will be, is that the function of managing rail services is better managed by local authorities rather than by PRASA, because rail is the backbone as you have submitted of this integrated
15 transport plans. I just want to hear your reflection on this proposal.

MR HATTINGH: Chair I think the view of the city is the same to the extent that I am aware that they have even gone as far as to do a study into the devolution of the rail subsidy. Excuse my ignorance please Chair, I am not sure what the study revealed, or perhaps I should request that I see the city is on the floor this
20 afternoon, that perhaps they can reflect on what the outcome of that study was. My view is that it makes a lot of sense. I do believe that we can still be of national competence, but still managed by the authority which we serve.

In KZN, it is not too difficult. I think and again I speak under correction, I think we only have 9 stations outside of the Ethekwini transport authority, so it does make a lot of sense, but that is simply my view.

CHAIRPERSON: Thank you very much Ms Joni and Mr Hattingh for your time
5 and for a very detailed presentation, thank you very much. We will now take a short adjournment for Tea and we will resume at 12:00 to take a submission from the Metro Group of Companies, so we will be back exactly at 12:00.

Session 2

CHAIRPERSON: Welcome, welcome to the inquiry sir.

MR MAHARAJ: Thank you, Chair.

CHAIRPERSON: And thank you very much for coming. There should be a
5 piece of paper in front of you. You may take the oath or affirmation.

MR MAHARAJ: I, Vikesh Maharaj, swear that the evidence I shall give, shall
be the truth, the whole truth and nothing but the truth. So help me God.

CHAIRPERSON: Thank you very much. Can you please spell your surname
just for the transcript?

10 **MR MAHARAJ:** MAHARAJ.

CHAIRPERSON: Thank you very much. Maybe you can just start by
introducing the group that you represent.

MR MAHRAJ: Okay.

CHAIRPERSON: Just explain your position.

15 **MR MAHRAJ:** Okay.

CHAIRPERSON: Within that group.

MR MAHRAJ: Okay. My name is Mr Vikesh Maharaj. I am the General
Manager of Metro Group. We are a group of five subsidised bus companies
that operate in Ethekeweni and the area of Zululand. We operate ten contracts
20 that are tendered contracts. The contracts started from 1997 and the last
contract that was negotiated was in 2017.

CHAIRPERSON: And which are the five bus companies that you represent?

MR MAHRAJ: We represent Combined Transport Services, Metro Bus Services, KZE Country Cruiser, KZE Bus Services and KZN Bus Services.

CHAIRPERSON: And which areas do these bus companies service?

5 **MR MAHRAJ:** The combined transport operations cover in under and surrounding areas to Durban, Pinetown, Westmead and Jacobs. The KZE Country Cruiser operations cover [inaudible] and the surrounding areas to Durban. The Metro Bus Service Contracts cover Claremont and surrounding areas to Pinetown, Durban, Pine Street and [inaudible]. KZE Bus Services
10 operates from Hammers dale, Hillcrest and Ntjanga and surrounding areas to Pinetown and Durban and KZN Bus Services operate Ishawe, [inaudible] and Empangeni.

CHAIRPERSON: Can you give us an indication more or less of the fleet of busses operated by these five operators that you represent?

15 **MR MAHRAJ:** The fleet is about 300 to 350. There is a spare capacity of about 50 to 100.

CHAIRPERSON: I understand that you have prepared a presentation.

MR MAHRAJ: Yes.

CHAIRPERSON: You may take us through your presentation.

20 **MR MAHRAJ:** Okay. In terms of my presentation I am going to focus on three areas in terms of your issues. The first issue relates to challenges on IRPTN. The second point relates to transformation and the third point relates to long term subsidised contracts with the department. I will start with the IRPTN.

Currently in Ethekeweni municipality we have a Go Durban project. In terms of the Go Durban project on phase 1 there is a launch on the C3 corridor. The C3 corridor is from Brits City to Pinetown. Currently there is three associations involved with the ETA negotiations. That is Saboa, which the metro group is a member of Saboa. There is [inaudible] and there is BOA. BOA, I think the previous presenters are part of BOA. BOA, I think the previous presenters are part of BOA and then there is a group that negotiates on behalf of the taxis. Representing all the regions. The five Chairs, the IEMTC, and the negotiations are currently with the bus operators and the ETA, and the taxi operators and the ETA. With the common objective at some stage as the negotiations proceed, it will be common transport operators. The bus and taxi will join together and negotiate with the ETA. Currently we have been involved with negotiations with the Go Durban project for the past five to six years. There has been lots of challenges in the process of negotiations, but currently I can say now going into the process of negotiations, because our technical consultants have been appointed, and currently in terms of the process there is about nine documents. The principles of negotiation, AUEF, eligibility that the bus operators and the taxi operators are going through in terms of the terms of reference. My presentation today it will deal more specifically in potential challenges enrolling out the IRPT networks. On the first issue that we have is government. Now if you look at all the other BRT's that are being implemented, be it [inaudible], Tshwane, My City. The major challenge is each of the municipalities are rolling out BRT's to suit them. Government did not launch a proper framework of how the BRT structure should be rolled out. Now this is impacting hugely on the cost because one of the issues that we are having currently in Durban is in

relation to funding. Obviously there is funds from National Treasury in terms of the PTISD grant. Municipalities have to co-fund. Like in Durban at the moment, we [inaudible] corridor from Pinetown to Brits City. But due to constraints there is a pilot project going to be launched. That means it is not really launching the

5 entire project. Now the project should be broken down in four phases. Now obviously there is many challenges with the municipality, national in terms of funding. From our side, our view is in terms of government when we are launching the BRT structures, there should be set framework. Each of the municipalities should follow that framework, because if you look at difference

10 municipalities there are different ways of doing things, and that is one of the issues the Competition Commission must look at, because there has to be a proper framework of rolling out BRT's, because we are part of Saboa and we hear stories about National Treasury saying BRT system does not work. Look at the current contractor operating, transform them to ensure it covers all

15 operators in terms of rolling out the project. The other issue that we are experiencing is public transport operators. I sat listening to the BOA in terms of them being marginalised. In terms of the subsidised system and one of the issues in terms of our C3 negotiations we have all organisations represented around the table, but one of the challenges we have, we have people see

20 KWANABUCO has been subsidised operators, but KWANABUCO also represents unsubsidised operators. Then we got the BOA who are regarded as the small operators who are unsubsidised, and the third organisation we have is Konabako. Konabako is Kwazulu Natal Bus Council. This was formed by the Department of Transport around 2006. This should represent all operators of

25 KZN, but each of the three bus industry representatives from three associations,

come from different backgrounds and each of the three has different problems. So obviously there is a challenge in Ethekeini for the bus industry, for the three organisations to come together and talk in one voice. Obviously there is historical issues that is affecting us, communicating as one unit being the bus industry. That is a major challenge that we are working with Ethekeini to see how we can resolve. Negotiations between taxi and bus operators, it is common cause that the taxi industry control the market share. It is common cause. The survey is saying they operate up to 60 and 70 percent, but the bus operators are an integral part of the transport system. If people look at KZN, KZN is a unique province to all the other provinces. There is a history of more especially the Indian bus operators in KZN that goes back. Our group, our late CEO Mr Mangaroo's family has been involved in bus transport since 1918. So there is embedded history. KZN is completely different to Cape Town where you have Golden Arrow, Joburg where PUTCO is the biggest operator. In KZN we have smaller operators. If you leave Durban, Transnat Durban out, surrounding Transnat Durban there is a lot of smaller operators in terms of how we operate the subsidised services. On the subsidised services in KZN there is about five big subsidised operator families that operate. The busses they may operate, I stand to be corrected. It is about 1200 busses, including Durban transport. The negotiations between the taxis and the bus, the idea of the municipality is currently we are separately negotiating towards a common project which is the Go Durban C3 Corridor, and the idea of the municipality at some stage, the taxi and the bus will come together and there will be a common negotiation with the ETA, with the Court being the facilitator. This process has taken some time, because there is a lot of underlying factors from the taxi

industry and the bus industry that there is a lot of history that affected us to meet together, but we are hopeful that in the process when we start the final negotiations with the ETA we will come together at some stage, because a Court who is appointed facilitator, are looking to find the middle ground for the

5 two transport industries to come together. The other issue that we have is new infrastructure. Now in terms of the C3 Corridor, there is a whole new infrastructure built from Brits City, the MR277 Road. It is a brand new infrastructure that cuts through from Brits City to Pinetown. One of the challenges we as subsidised operators and the small SMME operators have, is

10 the issue of cost. To build infrastructure today, it costs money. If you look at the BRT structure in Cape Town, if you look at the BRT structures in Johannesburg, they use the existing infrastructure that was there, so obviously with treasury complaining in terms of the PTISD grant, the issue of funding, obviously what we are saying is rather than looking at the existing structure

15 there and absorb the structure of the operators that we can use to implement the BRT C3 Corridor. That is one of the challenges we have made recommendations to the ETA to see how are existing structure, because we are being subsidised operators, we have huge infrastructure in the City of Ethekekwini and one of the challenges is once the BRT is rolled out our contracts will be

20 absorbed in terms of the BRT structure. So we will be left with huge depots, holding areas, workshops, fuelling facilities, without any work for them. So what we did propose to the ETA is to look at, to absorb the current structures that current operators do have in terms of the launch of the C3 corridor. The issue of funding, in terms of the BRT process we understand there is a PTOG grant,

25 there is national funding from Treasury and there is funding that is coming from

the municipality. We have heard a lot of news reports where National Treasury is saying there is no funding, because in terms of our subsidised contracts we are governed by the Division of Revenue Act, DORA and there is capping in terms of the subsidies that comes to operators. Now with the launch of the

5 BRT, funding has to come from somewhere and the reality is, the BRT structures throughout South Africa has cost a huge amount of money and has not delivered in terms of bums on the seat. Labour is a major issue in terms of subsidised operators, because we are governed by [inaudible] and in terms of the process that the ETA is unfolding, the project plan that deals with how the

10 project is going to be rolled out and how the staff are going to be integrated and employed. Now we as bus operators, we have a major issue. In terms of contracts we have been running from the Section 197. Section 197 states:

“All benefits of staff must be transferred over.”

If the Corridor is launched and our staff is not taken, we have to retrench. One

15 of the challenges we have in terms of the retrenchment or the tripartite agreement with government in terms of retrenchment, in terms of how staff would be dealt with because our contracts were for five years. So after five years they were supposed to go out on tender, so the tripartite agreement between government, the union and operators to deal with the issue of the

20 retrenchment. So on the issue of labour, surrounding the BRT, there is a lot of work to be done. But one of the challenging issues we have on the ground, the unions are not involved in the process. I understand Ethekwini has processes in terms of skills and training where there is going to be consultation, but the problem is we have been involved with this project for the past five years.

25 Labour has not been consulted. Labour at the moment is a major issue with us

in this country. The other issue we have is comparing IRPTN compared to existing contracts that are operating, being subsidised contracts. We are of the view, of the bus industry is simple. Rather than spending a lot of money launching these new routes on BRT's, look at the existing contracts, transform
5 them to cover the taxis and small bus operators, it will be far cheaper than launching this huge BRT structures that is not cost effective and obviously it is creating a problem in terms of funding with the National Treasury. The major issue we have in terms of operators, in terms of the Ethekeeni, is a terminology they use, they call it affected operator. Affected operator is creating a huge
10 issue in terms of who participates in the C3 Go Durban project. I know there is discussions with the bus industry, taxi industry and the ETA, but this has not been finalised. There is documents that is in discussion, but to summarise the problem with the launch of the BRT system in Durban, it relate to market share. It is all about market share, and my fellow colleagues from the BOA identified
15 situations where they were stopped to operate due to intimidation or whatever other manner, because that affects market share, because the reality we know. People say between 60 and 70 percent of the market share is controlled by taxis, but those figures are distorted, because if we have to look at the legal taxi operators, compared to the illegal taxi operators, it will give you another figure
20 altogether. So in terms of our BRT negotiations, there is a market survey document that is going to go out in terms of the [inaudible] to appoint people, to verify what is on the ground. One of the major challenges the bus operators have in Ethekeeni, the market share will be distorted in a sense that we operators had to stop services due to intimidation where routes were overrun by taxi
25 operators. So all these issues, there is fundamental issues that we still have to

finalise with Etikweni. Ridership on BRT is historically in all the other BRT's launched, it was found that bums on the seat is a major problem, because if you look at your peak and off peak and if you look at headway of the busses, there is a problem with the capacity and patronage on the busses, so that is a major issue, because for the system to perform it must be a modern transport system that is going to revolutionise the City, but if passengers do not support it, it is a major issue, and obviously in terms of the BRT there is going to be cross subsidiaries coming from the City to make sure the fare on the BRT systems is economic for the passengers, because currently as we operate, we operate from point A, I am using [inaudible] as an example. We operate from [inaudible] right to the terminus of where the passengers work. With our BRT system it is going to be from Brits City to Pinetown. Thereafter there is going to be feeder services to the outer lying areas. Now you are going to have a situation where a passenger pays. We are not sure how the City is going to deal with the issue of fares. We may have a situation where we would have to pay three fares. Rather than with the current operators you pay one fare, MGAT fare or cash fare to reach a destination. So as we go into negotiations, all these issues will be discussed with Etikweni to see, because obviously if it costs a passenger more, they are not going to support the system. Consultation with stakeholders in business, I think one of the major challenges that Etikweni does have is for private business to buy into the project, and obviously I think in terms of chamber of commerce, Etikweni has as lot of consultations, but things have changed a lot in our negotiations with Etikweni where operational plans were changed. So obviously the major challenge we have is a consultation, because Saboa, [inaudible] and even the taxi EMTC, they represent a whole host of

associations behind them and members behind them. The challenge we are experiencing, more specific in Etikweni, is taking long to launch the project and when it comes to situations where Etikweni go out in the media, put presentations out, it creates a huge problem for us as organisations to control
5 our members, because the reality is consultations with the people on the ground, the affected operators are not Saboa, not KWANABUCO, not EMTC who sits around the table and negotiate with Etikweni. They are the associations and the people on the ground and the consultation I think we have tried, we as Saboa we tried to have quarterly meetings, but even that the
10 turnout at the meetings are poor, because people are insecure of what is going to happen to their businesses and their livelihoods. I think another major challenge is community bases stoppages, the C3 Corridor has been hampered with the community based stoppages of constructions, has been going for the last two or three years. Etikweni has experienced a lot of difficulties and that
15 has been one of the delays in launching the project. From our side, from the bus industry in terms of the models Etikweni is looking to start the negotiation process in terms of the C3 Corridor. The important documents are the market survey, affected operators engagement forum, eligibility, compensation. The issue of compensation, now different BRT's treat compensation differently. So
20 that is what I said in the beginning. There should have been a proper framework designed by national government. This is how the BRT is going to be rolled out. If you look at different provinces, they deal with compensation differently. Some provinces, they compensate you for the bus. Some provinces compensate you for the permit. Some provinces compensate illegal. We saw
25 that in Cape Town where illegal operators who did not have an operating

licence were compensated. So obviously we did go for study tours to Johannesburg and Cape Town to look at how they rolled it out. But we see our, we still are negotiating in terms of how we are enforcing compensation to be rolled out in Etikweni, like we being subsidised operators, I think the documents

5 on the table is not finalised. Where Etikweni said subsidised operators should not be compensated, because their contracts are on a month to month. Their contracts are one year. So all this consultation process we are still in discussion but nothing has been finalised. To close on the issue of the challenge of the BRT its cost effectiveness of a BRT. We hear in the media, we

10 are part of Saboa nationally, provincially. We hear what treasury is saying. It is not cost effective. Government could spend the money elsewhere where it is needed. Then roll out a structure that is going to cost the government a lot. If you look at the issue of [inaudible], look at the issue of My City. There is issues there in relation to the launch of these projects. So obviously we are of the

15 belief as bus operators in KZN and Etikweni, the City and the provincial government, even national government should relook at this launching of the BRT. We should look at existing structures that are there, modify it, transform it to meet the objectives of the operators on the ground. The next aspect I want to touch on is the issue of long term subsidised, tendered, negotiated interim

20 contracts. My colleagues of the view are correct. We have been running contracts from 1997 to date. The contracts were initially for a period of five years. Now in terms of our tender document, it had to go out on tender, but we have been operating contracts from 1997. There is five contracts from 1997 to date. At first when a contract expired, we got a one year extension. Operated

25 month to month for about ten years. Now we are on a yearly extension. The

issue with us is in terms of national legislation. From us the issue of our contracts, when we tendered for our contract in 1997, our contracts are based on a base costing, in terms of a tender costing. Based CPK cents per kilometre, and together with our CPK we get what we call a CPI escalation that

5 is linked to fuel, labour and spares, but government only pays you 60 percent of the increases. I sat here listening to my colleagues of the BOA, saying there is a select few that operate subsidised contracts, and we have been operating from 1997. That is beyond our control to a little extent, because our contracts are governed by provincial government, who gets mandates from national

10 government. Historically in the past we have heard it was too expensive to put contracts out on tender. If you look at our base cost on some of our contracts we are operating in Inyanda, my base cost is R4-57 a kilometre. My CPI is sitting at 3.2. The cost per kilometre to run that operation, the government is paying me R14-00 a kilometre. We have done a redesign of a contract. In

15 terms of the requirements of our contracts, like if you look at our DOT contracts, busses cannot be more than five years old. A five year old bus will cost you 1.5 million. A brand new MAN bus today is two million and fifty thousand. The structure of repayment for that bus is anything between, it depends how you structure it over three or five years, can vary from 45 to 65000 repayment a

20 month. My drivers, we are part of Bargaining Council. The average basic of my drivers is sitting at 12000. With overtime our drivers earn anything between 12 to 18000 a month. So the issue of fuel, we have workshops, fuel we all know have been increased. The 40 percent that government does not pay us, we have to look to fare increases. Now with the current environment with fare

25 increases, first thing we are challenged with service delivery protests. Number

two, government does not have a proper structure in terms of who you deal with the community. So there is a lot of challenges with subsidised operators in terms of how we run the operations, because in terms of the contract conditions we have penalties, our busses cannot be more than five years old, our busses
5 are inspected every four months, we have to comply with [inaudible]. As you are all aware that there was a strike for about a month with the bus industry. We have to pay the driver a nine percent increase. The bus council [inaudible], an analysis was done on Saboa, is the highest of all the Bargaining Councils in terms of increase that has been given. They are the highest. We have to give
10 a two year agreement at a nine percent we had to implement from 1st of April this year. There is a further nine percent next year in terms of a two year agreement. That nine percent is misleading because cost to company in terms of the new Bargaining Council is sitting at 22 percent in terms of all the benefits that we have to comply with in terms of our staff. So whatever we pay our staff,
15 we have got to add 22 percent. Now the challenge is we have run a structured operation in terms of a contract we have got to comply with with government. My colleagues on the other side, they are not part of Bargaining Council. I know Bargaining Council. I know Bargaining Council extended to non-parties. Their cost of running a subsidised structured contract compared to us is
20 completely different. It is correct. The contact should have went out on tender. They should have been given fair opportunities for everybody to tender. But the reality is in terms of the current structure or the moratorium and in terms of how national is looking at the tendered, the interim contracts, because the contracts we run are all net based contracts. They are not gross based contracts. Net
25 base you incur all the risk. Gross based contract is a management contract

where the municipality supply the busses, they collect the revenue, you supply the Managers, you take care of the fuel and labour. You charge the municipality for it and our contracts from 1997 they, the cost have spiralled to such an extent. Like in our operations there is two of the five operations

5 running at a poor loss. Now we are cross-subsidising to ensure, because the demand is in terms of the passengers. The other major issues on our subsidised contracts we do have, if you look at contracts that started in 1997, we have seen surveys. [inaudible] has grown ten times from 1997 to now in terms of all the areas. That is one of the challenges we have with government,

10 and every subsidised operator is running unsubsidised services, because when government subsidise your CPK per kilometre is on a set time table, and now with the introduction DORA government will not give you additional funding. So the challenge we as operators face, whilst we are operating, we started in [inaudible] with 45 busses. I am operating 65 busses. 25 busses are

15 unsubsidised. Whilst my colleagues sit here and say unsubsidised, I am also an unsubsidised operator. I do not get paid for the 25 busses, because the reality of the situation is government due to treasury and DORA are not assisting operators because of a lack of funding. Pure lack of funding in terms of the budget. So obviously for us in the area not to get our busses burnt by the

20 communities which we have had, from 1997 to now we have had 15 busses that burnt due to community demands. If the community require a service, you have got to provide it. They are not interested in whether you are subsidised or unsubsidised. So that is the reality of what we are facing, because our contracts from 1997 to now should have went out on tender. Should have been

25 redesigned. Should have been recosted to take into account the growing of

each of the townships. Government has also in terms of our contracts are government in terms of Section 41 to 46 in terms of the National Land Transport Act, and in terms of Section 46 and 45, I stand to be corrected, where contracts can be negotiated. Government is looking with contracts that are outside the

5 BRT to negotiate the contracts with operators that operate in the area. Be it taxi operators, be it small bus operators, but once again when we come to national government, or national government introduces the framework, what happens in the province is completely different and that is one of the challenges. In all subsidised contracts there has to be a controlled by national, because each

10 province deals with negotiated contracts differently. One of the challenges that I will touch on, on the issue of transformation that we have, we are forced by national government in terms of the national transport strategy that was launched in 2007 and 2011 document, and government is saying we must give away 70 percent of our operation to emerging taxi operators, who ever runs

15 subsidised operations, but how the interpretation of that document and how each of the province implements, it is different. One of the challenges we have in KZN, transformation is limited to taxi operators. It is correct. Taxi operators control the market share which we do not have a problem of giving services away to them, but small operators also operate bus operations like the BOA in

20 KWANABUCO, but when you deal on negotiated contract with government, they are purely focussing on taxis. They are not focussing on the small five, ten, six bus operator, because in terms of transformation, we have to transform the area of whoever operates there. We had a negotiated contract that we had to give away 40 percent of our services in Zululand. The reality of the situation

25 was 35 percent of the services were given to local taxi associations. We have

to step up to the province and tell them you must also transform the local operators. That is why in terms of province and national, I reiterate that the commission has to look into is every province does it differently. The National Land Transport Act is there, interpretation and implementation of the public

5 transport strategy, each province does it differently, and that is what is creating the animosity with the small bus operators. On Etikweni, the province because one of the major issues we are experiencing in Etikweni is the taxi industry wants to be part of the subsidised process, and I think Etikweni we have had many challenges. In [inaudible] our busses were stopped, to push forward the

10 issue of transformation. The provincial Department of Transport has rolled out transformation in Zululand, all those areas where it is outside the BRT, and it is a simple situation. The taxi industry and Etikweni is looking at what is happening in Zululand, and obviously they want the same to happen. So in Etikweni we are governed by the BRT and obviously they want the same to

15 happen, but Etikweni we are governed by the BRT. So obviously you cannot have transformation and the BRT together, because it is in conflict, but the reality of the situation is the taxi industry has risen up in Etikweni to force the province and Etikweni to role out transformation. So it is exciting times as we proceed, because we have a BRT structure which is delayed. In terms of the

20 phases we are supposed to be on C1 Corridor, which is Brits City to Durban and that is the bulk of the services. Now the taxi industry have been told wait for the BRT to come, you will be transformed and taken together in terms of the VOC and how everything will be launched, but over the last six months there was huge interruptions of services, unsubsidised operators and subsidised

25 operators, services were stopped that forced the MEC to intervene and do

transformation, because of the delay of the other corridors, because BRT in Durban is not only C3. It is C3, C1, C9, C8, C10. So it is, you are supposed to launch it out over a period. I think it was, the entire corridor had to be launched out by 2025, but the dates change as we proceed every year. So one of the

5 exciting processes we do have is transformation in Etikweni plus we have got a BRT structure, and that is going to pose some problems in terms of how the Etikweni roles out the BRT, because we are only focussing on C3. C3 is I would say one of the smallest corridors rather than C9. So from our side on the issue of transformation, we were instructed by the MEC for the province and for

10 Etikweni to design a framework of how they are going to role out transformation. I think I have enclosed those documents in my submission, and it is not an easy process, because Etikweni have their own views of how things should happen. The province has their own views, because one of the issues here is a contracting authority. The Etikweni is the contracting authority and in terms of

15 the National Land Transport Act, what was supposed to happen and in terms of the proposed amendments that have not been legislated, the contracting authorities were supposed to take over all our contracts. So it is, I would not say exciting time. It is challenging times ahead of us where transformation is going to happen, plus we got the BRT to synchronise the two is going to be a

20 problem because of the delays we have experienced. From our side in terms of transformation, even though our contracts we operate it from 1997. In terms of our contract we are to promote small bus operators, being African Black transport operators, which we have implemented since 1997. We have got about 60 bus operators who have been promoted from 1997. There are

25 challenges. There are huge challenges with the, with the SMME operators in

terms of funding, in terms of assistance from government, in terms of infrastructure. So they are challenging because [inaudible] in the system in terms of subcontract never worked. Like what government is introducing now, in terms of the negotiated contracts, they call them set aside operations. Set
5 aside operations mean an SMME or taxi operator will be given a contract on his own name. infrastructure, government will assist them with infrastructure and funding. So with the metro group we have assisted. 60 operators from 1997 to now, taxi operators, small operators in the area of operations, but all that will change with the launch of the negotiated contracts. Personally we feel these
10 negotiated contracts that the province is implementing, there is no frame work. It is sad that I am saying this, it is too political. Politics plays a big influence in transport. What is sad is the proper BEE operator do not get opportunity, because decisions relating to who gets the business relates to politics and we have seen that in KZN. That is a major issue, because it is too political. We
15 have, there is organisations out there who are not benefitting from these negotiated contracts. Because everything is based on politics. I thank you.

CHAIRPERSON: Thank you. Thank you very much, Mr Maharaj. Mr Ngobeni?

MR NGOBENI: Chair, thank you. Mr Maharaj, just two questions. One, it
20 relates to the you know the discussions, because I understand you to be saying that what government is saying to you is that for the three associations that are involved in that C3, you call it the C3 corridor.

MR MAHRAJ: Yes.

MR NGOBENI: You have been asked to negotiate separately and you have also indicated that there is also a similar process that is happening with the taxi industry as well. So what I am more interested in as part of the first question is what has been the level of engagement between the three associations and I
5 am now talking about Saboa, I think it is, you said KWANABUCO and BOA, and what is it that you are seeing as challenges in those discussions?

MR MAHRAJ: Okay.

MR NGOBENI: That is the first part of the question and the second part of the question relates to you have indicated that you know, there needs to be
10 discussions between the operators, the bus operators and the taxi and then the minibus taxi industry as well, but you are saying that that has not happened and you also said you will correct me if I am wrong. You say that there are currently negotiations, but they are separate and they are underlying factors and they are underlying issues. But what I am more interested in is the detail of those issues
15 that you have highlighted.

MR MAHRAJ: No problem, thank you. On the first issue relating to challenges among the three associations, I think my colleagues from the BOA alluded to some of the challenges. The bus industry, the regards for BOA has been subsidised operators only. That is incorrect. Saboa represents all bus
20 operators, be it subsidised or unsubsidised. The BOA, maybe to add to what Mr [inaudible] said, the Saboa operators you see here were part of the BOA. We historically started with the BOA, but when contracts went out on tender, the same BOA operators tendered. Our late CEO Mr Mangrow. They tendered for contracts. They were awarded for contracts in 1997, 1998, 2010. The

contracts were awarded in terms of the contract system, that the provincial government has put the contracts out. The major challenge I would say with the three associations why we are not talking in one voice, we are coming from different backgrounds. The Saboa, the BOA and the KWANABUCO see Saboa as subsidised operators. They have the capacity, expertise which is correct, because we have been running tendered contracts and over the period of time we have learnt how the system operates, and in terms of our contracts is structured. There is structured reporting, we have to have state of the art electronic ticketing machines for recording of passengers. So all that is governed in terms of a contract, what government requires from us. On the BOA, on KWANABUCO, they are being regarded unsubsidised operators. So one of the major challenges is would BOA and KWANABUCO and Saboa is subsidies. I think they alluded to that earlier on in relation to subsidies. The reality is to run an efficient service without subsidy, it is a major problem. That will result in the BOA having busses that are 25, 30 years old. I am not saying they cannot operate. They will operate because it is a family business from them where they have repaired, they have built everything over the period to make sure the busses run. They cannot buy a 2.1 million bus. They cannot. They will not afford it. So one of the major challenges between us and them, we do get on, but we do have our differences in interpretation, because our major challenge is Etikweni wants us to talk in one voice. That is a major challenge. We are coming from different backgrounds, but we do have meetings collectively. We are trying to find the middle ground of where we work together. We try to assist them, they assist us. So it is not an easy, it is a forced marriage and with a forced marriage you are going to have a divorce in-

between. So from our side we try to work together, because if the bus industry does not work together, we are going to have issues with the ETA. ETA will say you are not talking in one voice, and ETA may threaten to leave the bus industry out, and just negotiate with the taxis. So obviously that creates another
5 problem for us as bus operators. The other issue is I think maybe to correct you there, the BRT process or the C3 Corridor the idea of the ETA is to have one, in terms of our negotiations and our relations with ETA we have what we call a sub project agreement. A sub project agreement governs the negotiations between the bus industry and the ETA. The taxis also has a sub project
10 agreement between their industry and the ETA, and before this process started, the ETA told us we cannot deal with two facets of the bus industry. The two of you must come together and then we will negotiate in terms of how the process will go. It has been challenging. I think the court has tried over a period to have joint meetings with taxi and bus operators, but once again the taxi's ideologies
15 of what they want are different to that of the bus operators. So we are working towards it. A court has been mandated to do joint decision making between bus and taxi talk in one voice, but one of our major challenges with the industry and I know Etikweni will not be happy what I am saying, but so be it. Taxi industry has over the period had a lot of problems and there was a lot of side
20 agreements entered into the taxi industry, to sort out the issues they had with the ETA to be part of the process. Now we as a bus industry feel we are transparent. ETA must be transparent. You have got an MOA agreement there. If it is other side agreements that entered to calm the taxi industry down, be open to us, because when you go into negotiations to talk in one voice, you
25 must level the playing fields. We are in consultation with the court and Etikweni

to see how we cannot meet each other down the line so that this C3 project can go forward. So the objective of the ETA is for the taxis and the busses to join together and to negotiate on one forum. But there is challenges to achieve that.

CHAIRPERSON: Mr Lesofe?

5 **MR LESOFE:** Thank you, Chair. The C3 Corridor appears to be very important. If you could give us a sense in terms of the length of the corridor and the areas that are serviced by the corridor.

MR MAHRAJ: The length, I stand to be corrected. I do not know the exact length, but it starts from Brits City. Maybe Etikweni in their presentation will give
10 you further information, to Pinetown. From what I understand in between there is 16 to 18 stations on the corridor, on the MR277. Now it will cut across, it starts from Kwamashu, it will cut across Kwamashu, Newlands West, [inaudible], it will go into Westville, it will go into Claremont and come into Pinetown. So each one of the stations, they have linked the corridors in terms
15 of the stations.

MR LESOFE: Okay, thanks. You said you have 25 busses that run unsubsidised. The services.

MR MAHRAJ: That is one contract.

MR LESOFE: On one contract. Are you able to estimate in terms of for
20 different contracts how many busses?

MR MAHRAJ: Altogether in the group of the 250 we have about 75 busses that run non contract trips.

MR LESOFE: Okay.

MR MAHRAJ: You see, just to add to that. For us to make the service viable, we must merge contract and non-contract together. You cannot run non contract alone. The service will fall. So what we do is we schedule the duties. We schedule non contract with the contract trips. We call it a combination in
5 terms of how we operate.

MR LESOFE: Okay. Actually that would have been my next question.

MR MAHRAJ: Yes.

MR LESOFE: So these then are more of extensions.

MR MAHRAJ: Not necessarily, no.

10 **MR LESOFE:** They run on separate routes.

MR MAHRAJ: Yes, you see your non contract services will be routes, route extensions, that is where, because our time tables in terms of subsidised contracts are set. If government tells you you operate from point A to point B, I am paying you 50 kilometres. Now one of the issues with these contracts, if
15 you measure the route, you will find the actual kilometres of the route is 65. Government will pay you 50. That is the time table that has been set in 1997. In terms of the unsubsidised services, its routes, its route extensions and additional busses operating the whole route.

MR LESOFE: Okay, and these 75 busses, do they operate using their own
20 operating licences?

MR MAHRAJ: Yes.

MR LESOFE: All of them?

MR MAHRAJ: Because in terms of our reporting structure with the Department of Transport we have what we call a PVR, pick vehicle requirement, and PVR is broken into busses that operate, unsubsidised busses and subcontractor busses plus spare capacity.

5 **MR LESOFE:** Okay, and then in terms of your contracted services, so these contracts have been running from 1997.

MR MAHRAJ: Yes.

MR LESOFE: It is 21 years now, right, and if we focus specifically on these contracts, have some of the routes been updated?

10 **MR MAHRAJ:** What do you mean by updated?

MR LESOFE: Do they still run based on the routes that were identified in 1997.

MR MAHRAJ: Okay.

15 **MR LESOFE:** Or some have been updated on the basis of for instance new developments and expansions.

MR MAHRAJ: Okay, I will respond to that. As I did explain, a time table we run was set in 1997. Government will only pay you that. Government has not reviewed our contract rates. Nor the kilometres. That is why in my presentation I have told you, like the area of [indistinct] has grown ten times from 1997 to
20 now. That is where the unsubsidised comes in, because if you look at Inyanda, the two areas that is not, that the government did not cover is an area called Gogakazi. An area called Congo. Now it is on the main line. If we start on point A. Point A is Kanyeni and we operate down to Durban. Now you will have

a situation, if we have about ten townships that come in here, government only subsidise you for four. So the other six will come and say you are operating on the main line, why do you not assist us with a bus. We go to government in terms of our monitoring firm or representative, we make an application. They
5 come back and say there is no funding. DORA, there is no funding. So we as an operator are faced with a situation. The do not deal with the community or point number two, your bus will get burnt. So what we have to do is we call it rationalise. We will have to come again, put our bus in there to make sure the community is happy and rationalise our service. Reschedule our service.
10 Combine the duties to make sure we cover the service. That is why when I said 75 in all my operations, that is how we are running. From 1997 until now things have changed. Kilometres have changed. Routes have extended. Government is, they have got funding. [inaudible], DORA, they are capped. When we try to negotiate, it is straight there is no funding, because that is from
15 National Treasury. So whilst we run a subsidised, the important point I want to get through to you all, my colleagues will say subsidised. Whilst we run subsidised, we also do, we call them social services. Unsubsidised. If we do not take care of the community, we are going to have protests outside, because majority of my depot is under location, because for us to maximise on our, to cut
20 costs, we have to have our depots where the operation starts. Meaning if you look at my Hammersdale depot, it is in Mpumalanga township. It is about five kilometres away from where. Now the reality is you have a depot that is worth 30 million. Mpumalanga township, you are surrounded by the township. If that community wants busses, if you do not take care of them, the reality is your
25 busses will get burnt and your depot will get burnt. So it is a catch 22 situation.

We have to balance it out to make sure we make everybody happy, but province and national do not assist me.

MR LESOFE: Sure. In terms of the, your fee structure, do you draw any distinction between subsidised and unsubsidised services?

5 **MR MAHRAJ:** Okay. In terms of our fees we are governed, all our busses in terms of our contract conditions must have electronic ticketing machines. Now on the electronic ticketing machine the two fares we have, we have a cash fare and we have an MGAT. Coupon fare on the common terminology. In terms of our structures, our cash fares cannot be lower than that of the taxies. We
10 always have got to be higher. Our peak cash fares and even our off peak cash fares, have got to be higher than taxies. In terms of on how contracts were designed, we provided, they were designed on the assumption of worker services in 1997, but over the fluctuation of time things have changed. He is not purely a worker, so we introduce a coupon, a MGAT card where it is a 40
15 percent lower than my cash fare, so it is 60 percent of my cash fare. We have a ten trip coupon, we have a 12 trip coupon from Monday to Friday, Monday to Saturday. We have 44 trip coupon, we have 52 trip coupon. We have reduced rates for scholars in terms of concessions. We have reduced rates for pensioners, because pensioners in some of our operations they pay a minimum
20 fare. If the route fare is R80-00 on a long hold route, the pensioner pays a minimum fare. So in terms of our structures, we have fare grids and the fare grids are kilometre based in terms of stages, and all our routes are all on GPS wireless so the fares change automatically. We have got, our ATM machines cost on average 48000 per bus. State of the art technology. In terms of how
25 we run the services.

MR LESOFE: Okay and you said these contracts, that is your 1997 contracts are now renewed annually, correct?

MR MAHRAJ: We do have a challenge there. At first we were engaged for 18 months. Then for ten years, 15 years we were given month to month. One of
5 the challenges we are having, because we cannot go to the PRE, that is provincial regulating authority for operator's licence. You go there, you ask them to renew your operators licence, they ask okay what is the period of your contract, one month. So it will not give you a licence for one month. So also the Department of Transport about two, three years ago they got in trouble with
10 the Auditor General. Said why are you operating these contracts on a month to month, it is illegal because the minimum you must operate is in terms of your DORA allocation which is 12 months. So as I sit here now, my contract expire 30 June. The one year, but we are waiting for the government now to extend so we can get our operators licences uplifted, because the PRE in KZN will not
15 uplift operators licence for one month. So obviously due to, because the provincial government is looking to renegotiate, they are waiting for the BRT. So there is a lot of uncertainty regarding the contracts. I know there is talk about an investigation to be done to see if all the contracts are on tender. So we are just waiting because it is a national issue. It is a moratorium, so we are
20 just waiting to see what happens.

MR LESOFE: In terms of your extensions, the extensions for your contracts which are now due the end of June, are these extensions negotiated or they are imposed by government.

MR MAHRAJ: In terms of all, about two years ago in terms of National Department of Transport, in terms on [inaudible] there was a decision that was passed to all the provinces that up until they figure out these tendered contract, negotiated interim contracts of what is going to happen to them, they will give
5 three lots of one year extension, but there is a clause in the extension document that states should BRT come all your contracts are transformed. There is a suspensive condition there. So it is linked to BRT or transformation. So if we get a one year contract and BRT comes, our addendum is cancelled, the contracting authority comes in. For those contracts that are outside Etikweni,
10 should transformation come, then our extensions will be [inaudible], then we entered negotiated contracts.

MR LESOFE: Given that these contracts have been renewed in perpetuity, there is a view that subsidised bus operators have a competitive advantage because of these contracts. In other words these contracts are such that they
15 could subsidise bus operators in a competitive advantage vice versa their competitors. In this instance it would be minibus taxis and unsubsidised bus operators. What will be your reaction to that proposition?

MR MAHRAJ: We cannot deny, if I am operating a contract from 1997, I have the infrastructure, I have busses that are less than five years old. I have the
20 capacity of staff. We cannot deny that. We have to be fair to the situation. I would not say competitive edge, because historically in the KZN province, there is conditions. There is underlying conditions. In the past they issue RFP's. It is not a tender. There is a contract that went out in KZN where RFP's were issued, and in terms of the RFP's department levels the playing field. Level the
25 playing field to an extent that they will tell you will contract to taxi local operators

30 percent of the operation. They will tell you, you will assist the local taxi operator with busses, with capacity over a period until you make him set aside. So you are correct in saying there is a competitive advantage, but whilst I am saying that, there is also conditions that the department puts in for us to say
5 okay, 40 percent of the operation goes away. You will assist those SMME operators to grow their business. We have got, we have got some examples. In my Zululand operation in Ashawe we started with the Umlazi taxi operators. Initially they were given eight busses when we started the contract in 2010. One of the conditions on RFP was that you would promote and uplift the taxi
10 operator. Today, they are set aside. They are running about 15 busses on their own. They employ their own staff. So there is lessons learnt. Whilst there is a lot of negativity in terms of how it operates there are a few set aside sub contracts that have risen to the occasion. So that is why I come back to what I have said originally in my opening. How the province awards these contracts to
15 certain individuals, I do not want to talk too much about it. It is all about politics. Politics is creating a problem in the transport industry.

MR LESOFE: Thank you. Another proposition is that the contracts actually the subsidies should be allocated to commuters and not necessarily operators. In other words it should be commuters who choose which mode of transport to
20 use. How would you react to that proposition?

MR MAHRAJ: It is correct. In the past in the interim contracts that they operated in Joburg and in Durban, it was given to the commuters in terms of the coupons. You know, based on the coupon subsidy. But historically Joburg, Cape Town and even in Durban all those contracts were revised to kilometre
25 based. Now indirectly a kilometre based contract is the same thing. We see it

as differently. In the past in your interim contracts you are subsidised based on coupons. There is a lot of loopholes there where operators were burning coupons and claiming excessive subsidies. So that created a big loophole. So government came back and said no, no now we have got to have a set time
5 table. They used the same factor there, but you subsidise in terms of the CPK. CPK is based on a fixed and variable cost. So there is no difference in that. It is correct that it should benefit the people on the ground, but to implement that we are talking like, South Africa is third world. We are talking a first world country. Multi modelled. One card, you can travel on both bus, train. We are
10 far away from that. For us to get there is still 30, 40 years, because the reality is we have to look for an African solution, and it is not so simple to have a multi model system just thrown in the mix. We have got too many diversities.

MR LESOFE: Okay. Chair, I have just a few questions on BRT. So you mentioned that for purposes of BRT and I think it is part of your implementation,
15 of your negotiations. You have now, a technical advisor has been appointed, right?

MR MAHRAJ: Yes.

MR LESOFE: Are you able to share the name of the technical advisor?

MR MAHRAJ: It is fine, it is Dulcar Systems.

20 **MR LESOFE:** Yes, who appointed this person?

MR MAHRAJ: On the technical advisors, once again there is a little bit of history there.

MR LESOFE: Please share the history.

MR MAHRAJ: Do we have enough time? Okay. The history was originally when Etikweni approached the taxi industry and the bus industry on the issue of technical advisors, the taxi industry found their technical advisor and they were appointed in terms of Section 36 of the SCM process. So they got appointed, 5 because the idea was Etikweni wanted the operators to be comfortable of who they deal with and who to advise them. On the bus industry side, challenge was each one of the three associations wanted their own technical advisor to be brought on board. That is some of the historical issues we had in the past, and there was delays from the bus industry I must admit, and we could not go with 10 the Section 36 because you need one advisor to advise three different associations. So Section 36 and also there was issues with counsel and EXCO. Section 36 is like an emergency. You cannot just use it any time. So the avenue of Section 36 was closed, because there was delays from the bus industry side and there was delays from Etikweni's side also. So we had to 15 follow normal procurement process. The underlying issue we are still unhappy with, at first we were told we will be part of a committee. We cannot be part of a SCM and adjudication process. We will be part of a committee to see if we are happy with what we get, but due to SCM adjudication and bid evaluation we were not part of it. So the situation is our technical advisors were appointed in 20 terms of Etikweni SCM processes.

MR LESOFE: By Etikweni?

MR MAHRAJ: Yes, and were paid by Etikweni.

MR LESOFE: And you were not ... [intervenes]

MR MAHRAJ: No, we could not. At first we were told we will part because we cannot, SCM processes does not allow us to get involved, but we were told we will be consulted. That is a bit of a sore point the bus industry has. We were not consulted, but we understand, but I did not want to comment too much on
5 our technical advisors, because we have our reservations on the capabilities. Let me leave it at that.

MR LESOFE: Do you want to expand on your reservations?

MR MAHRAJ: No, no, no let me just leave it at that.

MR LESOFE: Okay. In terms of, I think we will probably need your response
10 and we will see how to get that response, just to avoid clearing the room for confidentially Chair, but I think it is important that we get your views in that regard. In terms of the compensation model, I appreciate your evidence that there is no clear framework you know, for purposes of implementing BRG but I want to check with you to what extent are you clear in terms of the
15 compensation model that the City will be using or uses.

MR MAHRAJ: Okay. I think at the moment there is a principal the City has developed a document in terms of how compensation should happen, and one of the issues we as subsidised operators we do have that is being reviewed by, at first we were told subsidised operators will not be compensated. The idea
20 was we are running contracts, their contracting authority will take over the routes. Our routes based on market survey, they will give us a percentage of the VOC. We as subsidised operators are not happy, because we understand the underlying factor of this whole BRT is the market survey and the historical factors are not being addressed by Etikweni. Okay, now we are still in the

process of finalising that, because it boils down to this here. My C3 operations, I am going to have about 40 busses affected. I am going to have about 40 busses affected. If Etikweni says they will not compensate me, I must make the call. What do I do with the 40 busses? I cannot take the 40 busses and put
5 another contract, I cannot because my contracts are all closed contracts. So we have got to decide now do we partake in a BRT, get a five percent share in terms of the market survey percentages, because we know for a fact the issue of historical in the market survey, like on the issue of the rail, I will just talk on that. When the rail was launched from Brits City to Umlazi, we were told it will
10 be like ad hock services. The reality of the situation is we have seen in the presentation, the rail fares are far cheaper than that of the bus fares. Now with our contracts at government based on per kilometre, our fares are fixed, coupon and cash. Now if my passenger numbers drop below 40, the department will step in and cancel those trips. What has happened in Inyanda over the last, I
15 will say the last five, ten years? We have lost 30 percent, 30 percent of patronage due to the rail, because of fares. Because things are hard out there and community looks for the lowest fare. Now when they introduced that there was no consultation. That is the issue we have with SANRAIL. Now obviously with a new system being implemented all we had done, we were invited to Brits
20 City. Brand new station. Not showing us the trains, the stock coming in, but the underlying issue there, the fares. They ate into the taxis and the subsidised and small bus operators. Those are the historical factors that we are fighting with the ETA now to say you are doing a market survey now. It does not represent the true effect of what the patronage on the route was, because once a
25 percentage has come, if we find out the taxis are doing 80 percent, the bus

operators had been 20. It is not a fair system of how they are doing compensation. So we are having issues and discussions, Etikweni is trying to meet us but it is taking time to reach that.

MR LESOFE: Thank you Chair.

5 **CHAIRPERSON:** Panel members? Ms Nontombana?

MS NONTOMBANA: Just two questions. I want to follow up on the presentation. The first one is the one you mentioned that the integration of the different modes of transport, for example through an integrated ticketing system would take a couple of years to do. Just enlighten us on why you think it would
10 take such a long time to integrate the different modes.

MR MAHRAJ: Okay. Must I respond or will you give me the second question?

MS NONTOMBANA: The second question is ... [intervenes]

CHAIRPERSON: Mike please.

MS NONTOMBANA: The second question is with regards to the consultations
15 that you said you had with ETA and you specifically mentioned some of the recommendations you have made regarding the use of existing infrastructure and I wanted to know whether those are taken on board by the ETA and if not, why not if you have the reasons?

MR MAHRAJ: Okay. Maybe I can respond on the multi model structure.
20 Maybe one ticket you can use like rail, bus, metre taxi and maybe boat. The reality is, we are a third world country. Our transport system, if you look at the issue that we have in relation to our transport system, it will be cost effective to have one ticket where you can travel on four different modes of transport, but

our infrastructure and the situation on the ground of the operators is far from that. I am not saying it will not happen, but the diversities on the ground between minibus taxi operators, metre taxi operators, unsubsidised operators, subsidised operators, there is too much diversity for that to happen. For that to
5 happen, it will take time or a buro or a whole host of issues need to happen. On the second point, on the issue of consultation with the ETA in relation to our existing facilities, we did over a period raise with them over the last three years. I am not saying they are not looking into it, I know there is emails between us and them, because we have a major depot that is strategically situated for the
10 C3 Corridor, that can take about 250, 300 busses and we have proposed that. We did propose that about three years ago. We are in consultation with the planning department, because the issue of infrastructure with the ETA I think the issue of funding, there is the whole SCM process and approval with EXCO. I think there is delays in that regard, but from our side we proposed it to the
15 planning, we are just waiting for them to come back to us. It is not that they rejected it, they are looking into it, but we are waiting for the last two years for them to come back to us.

MR NGOBENI: Just two questions from my side. I just want to get a sense of your motivation for continuing you know, running some of the routes that are
20 unsubsidised. I think you mentioned the social aspect of it, but I just want to get a sense of whether you are able to recover your cost since you are doing clearly there is some cross subsidisation that is happening. Then the second part, you mentioned that two of your five contracts making losses. I just want to get a sense of why are you continuing with those contracts, and whether you have

engaged government or the province and what has been their response you know, to the province.

MR MAHRAJ: Okay. The first question is the motivation in terms of unsubsidised. As I had explained, when unsubsidised trips come on board, we have to merge it with the subsidised trip, what we called it cross-subsidisation. Now the reality is if I have to run those services based on the contract requirements to comply with, having a five year old bus, [inaudible] having infrastructure, the penalties, I would not afford to run the bus. It is like me running a bus at a loss, because in terms of our contracts, if we do not trips we get 140 percent penalty. We do not get paid for the trip and there is a 40 percent penalty being imposed. So there is a whole host of penalty structures that are tied into our contracts. Just to summarise your point, if those services run separately, we cannot afford to run them. But we have to run them because indirectly it will affect my subsidise. If that community comes to my depots, so the reality is the only reason we introduced those services to keep the community calm. That is the reality and we run a business based on our income per bus. That is how we run our subsidised services. For us to run a viable service on income per bus on a five year old bus, you need a subsidy income per bus between 85 to 95. The two services that I am telling you are running at a loss, is running one at 50000 a bus a month and the second is running at 65. So the other contracts where we are making profits, we are using it to cross-subsidise. The second point is why are we running the services. We did tell the department we are giving the contracts back. On one of those contracts we approached the Department of Transport, it is minuted in terms of the minutes and the department always comes back and says there is

a problem, we cannot put contracts out on tender, we are waiting for the BRT to come where all your issues will be sorted out. This is what has been happening for the last three to five years. Because for us now, when we tendered for the contract we had to provide a service. If you treat, in terms of our contract, every contract is ringfenced. What it means, ringfenced, it is one of the issues we got with the National Department of Transport. Ringfencing mean you run it specifically in relation to that contract. There is no cross-subsidising money come from the outside. But that condition fell out of the window in the first three years. The ringfence clause does not apply, because we have to look to promote the services. We have to cross-subsidise on combination contracts. From our point it is also a duty for us, because with the Department of Transport, I think in my opening I said transport is very political. Very political and if you withdrew a service, we have seen it with operators in KZN what happens to them. We are there to run a business. We can throw in the towel tomorrow, but there is heavy repercussions after that from the other side. I do not want to elaborate further on that.

MR NGOBENI: I think I understand because we know from evidence from Gauteng that you know there is a an operator that you know, rendered the contract back to the province because they were making ... [intervenes]

20 **MR MAHRAJ:** What happened to the operator?

MR NGOBENI: So much losses. I think it was on some of the contracts, that is why I think we just wanted you know, that kind of clarity. Okay, no thank you.

CHAIRPERSON: Can you please Mr Mahraj, just give us a sense of the depot network that is currently owned by the subsidised bus operators. What kind of network are we talking about?

MR MAHRAJ: You mean on the depot infrastructure?

5 **CHAIRPERSON:** The depot infrastructure.

MR MAHRAJ: You mean cost point or size point?

CHAIRPERSON: Size point.

MR MAHRAJ: Okay. We have a depot in Brits City vicinity that is 25000 square metres. We have a depot in Hammersdale area that is about 30000
10 square metres. We have a depot in Zululand. The three depot sizes vary from 15 to 20000 square metres.

CHAIRPERSON: And you have heard the submission from, the earlier submission from the unsubsidised bus operators, raising issues about access. Access issues in relation to depot infrastructure and a question arose as to the
15 possibility of having shared infrastructure. I would just like to get your reaction on.

MR MAHRAJ: Okay, just a little bit of history on our services. If you look at my [inaudible] services and my Hammersdale services, these contracts were required, these contracts belong to Kwazulu Transport. Kwazulu Transport
20 liquidated in 2001. Operators formed an SPV. It was about six operators that formed an SPV and we acquired the assets of Kwazulu for 103 million. Now a part of the infrastructure there we had to pay. If you look at my Phoenix depot, we paid 20 million for it. Part of our cost that we paid the Department of

Economic Affairs. My Hammersdale depot it is a, leads to own property. We paid five million. On the issue of depots when you do your tender costing, you have to factor the cost of the depot. The Department of Transport, no municipality will give you a depot, but the municipality has got to provide you ranking and holding facilities in the City for your busses to go there. Now that is the obligation of the municipality. I know in Etikweni there had been plenty of challenges. We even took Etikweni to court in relation to holding facilities in Durban and that case is still hanging in the air. One of the issues I think the municipality has launched this new public transport by law, where they are looking to address the issues of infrastructure relating to holding facilities, relating to ranks, but the depot, Department of Transport know the municipality would not give you, you have got to [inaudible] your tender. You pay for it.

CHAIRPERSON: Because I just want to understand how in the event that the subsidies, the operational subsidies were to be rolled out currently to the unsubsidised bus operators, whether lack of access to depot infrastructure is going to be an impediment.

MR MAHRAJ: Chair, if my contracts go out on tender and if a new operator tenders for, there is something called establishment. There is an establishment amount that in the past tenders, I am not sure in the new tenders what will happen. On the old tenders there was an establishing amount. I stand to be corrected. It was one or three percent of the contract value and that money that is allocated in terms of the subsidy you will use for your infrastructure and stuff like that. So in terms of the tender it is covered in terms of the tender, in terms of depot facilities or workshops, because on the old tenders 1997 2001 there was an establishment grant given. It is a percentage of your subsidy. So it is

covered in the tender process, Chair. I am not sure in the new tenders how it will be dealt, but in old tenders it has been covered.

CHAIRPERSON: Now on the BRT model for the City, I just want to understand especially on the C3 Corridor that has been much discussed and
5 debated. This, we understood from the earlier presentation that this is a new corridor and I am not sure what that means. Does it mean that this corridor is not currently being serviced by either the minibus taxi operators, the subsidised commuter bus operators or the unsubsidised commuter bus operators and so that we would understand the context within which you then become affected
10 parties if this is a new corridor.

MR MAHRAJ: In terms of the MR277, it is a whole new road. It starts from Brits City. It cuts across the north and comes out in Shepstone Road, New Germany and it goes to Pinetown. It is a whole new road that has been built and developed. There was no, there may have been operators that used
15 alternate roads and operate parallel to that, because in terms of our discussions on eligibility, there is three terminologies we have. Directly affected, partially affected and indirectly affected. So we understand if this is a brand new road there should not be anybody that is directly affected. It will be partially and indirectly affected, because that is the discussions we were having with the
20 municipality in terms of the survey. How do you survey a brand new road, because there was no services there before. So obviously we are trying to work out, we were having issues with them, I will be open [inaudible] and how this must be done. For us, my major issue is we have not serviced [inaudible]. We have 11 busses that go to Pinetown, but we go M25, N3 and we come, we go to
25 Westmead. Now with this coming now, how are we going to be taken because

our busses will not be allowed. There will be busses on the trunk from Brits City to Pinetown and there will be feeders that come in. Now we still need to unpack that in terms of our negotiations, we have not started negotiations with Etikweni yet, how all this is going to unfold, because obviously like one of the issues we have, I have services that is 30 kilometres away from Brits City. How are we going to be covered in terms of this, because our busses will have to take the people to Brits City, then the low flow busses will take them from Brits City to Pinetown. So my route busses cannot be used there, because it is specialised vehicles, but we have not gone, started negotiations. We are merely designing the template and the framework of how we are going to negotiate. So that is the process we have got.

CHAIRPERSON: Ja, because if you look at the other BRT models in other cities, they were, I mean the BRT routes were mainly existing routes, and the incumbent operators were required to surrender their operating licences for those routes. In exchange for shareholding in the vehicle operating companies. So the context here seems to be different in the sense that at least the C3 corridor will not necessarily involve a surrender of operating licences, because this is a new route as you have said. Will it entail a surrender of operating licences in that indirectly affected routes.

MR MAHRAJ: Yes, Chair it will, because if you are indirectly or partially affected, you will have to surrender. Let us say we have a permit and we have organised parties on the permit, like if my route either you will have to surrender a portion of your permit, I am not sure how all that is going to happen with the MRE, PRE with all the challenges we have got. You will have to surrender a portion, because the whole idea is that Etikweni does not want you to compete

with the BRT. There cannot be because one of the issues were if you are competing with the BRT, when the MRE comes in or the PRE, Etikweni can instruct them to cancel that permit because they are in competition. So there is a lot of issues that has still got to be unpacked. We are just designing the documents to start the negotiations, so there is a lot of difference of opinions, especially with the taxi industry. There was upliftment of the moratorium about a year and a half ago. All illegal taxis now are legal. So there is a lot of underlying issues that we have still got to deal with.

CHAIRPERSON: Any further questions arising from my questions? I think we will now take a lunch adjournment and we will be back at two o'clock to receive a submission from EThekwini municipality. We will be back at two.

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Session 3

CHAIRPERSON: Welcome back and we will receive -- excuse me, a presentation from the City of eThekweni. Welcome gentlemen, thank you very much for coming. There should be a piece of paper in front of you. You may
5 take the oath or the affirmation as you wish.

MLUNGISI WOSIYANA: Thank you, Chair. Thanks for the opportunity. Firstly, let me introduce the colleagues. My name is Mlungisi Wosiyana, I'm the deputy head of public transport, I work for eThekweni transport authority. With me is advocate Shadrack Nxumalo, he is the project executive dealing with safety
10 security and public transport safety security and he is the management. And Mr Robin Chetty, senior manager, public transport planning.

CHAIRPERSON: I did not, I beg your pardon, I didn't get your surname because of the noise. No, I got Advocate Nxumalo and Mr Chetty, I think I didn't get your surname because of the noise.

15 **MLUNGISI WOSIYANA:** My surname is Mlungisi Wosiyana.

CHAIRPERSON: Thank you very much Mr Wosiyana.

MLUNGISI WOSIYANA: Okay, let me take the oath. I, Mlungisi Wosiyana, swear that the evidence that I shall give be truth, the whole truth and nothing but the truth so help me God.

20 **SHADRACK NXUMALO:** I, Shadrack Samuel Nxumalo, swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth so help me God.

ROBIN CHETTY: I, Robin Chetty, swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth so help me God.

CHAIRPERSON: Thank you very much, gentlemen. I understand that you have prepared a presentation. You may take us through the presentation, but
5 perhaps before doing so, if you could just start by just introducing your positions in the CT and how long you have held those positions.

MLUNGISI WOSIYANA: Thank you, Chair. We have indicated, we are from eThekweni transport authority. EThekweni transport authority was formed in terms of section 10.13 of the now debunked national transport transition act. So
10 the transport authority response is for all transport related functions in the city to ensure that there is integration. So, with the promulgation of the 2009 NLTA our functions remain the same, but obviously there are a lot of other additional functions that will be devolved to us as the transport authority. We are one of the, I think we are the only transport authority in the country that was formed in
15 terms of the NLTTA. As a deputy head of public transport, I am responsible for all the public transport, regulatory planning and operations functioning in the city. Us as a metro, we are responsible for that. I will allow the two colleagues to indicate their two respective roles within eThekweni transport authority.

SHADRACK NXUMALO: My colleague has already indicated that I am
20 responsible for the safety and security and incident management of public transport, as well as the regulatory aspect. Thank you.

ROBIN CHETTY: I am responsible for the public transport planning, that is planning of the services and public transport infrastructure that is actually

required. And all other public transport plans for any developments within the eThekweni municipal area. Thanks.

CHAIRPERSON: Thank you very much. You may proceed with your presentation.

5 **MLUNGISI WOSIYANA:** Okay, Chair, so that we don't dodge your question, you asked how long we have been, maybe we can just indicate quickly. I joined the ETA from 2011, and advocate?

SHADRACK NXUMALO: I joined in 2012, sorry I joined in 2012.

ROIBN CHETTY: I joined in 2009 in the current position I am in.

10 **MLUNGISI WOSIYANA:** Chair, in terms of the approach, obviously Mr Robin Chetty will start articulating issues that relate -- Advocate Nxumalo will start articulating the issues relating regulatory sector and then the next presenter will be Robin to cover the -- but Chair, before they present, I must indicate that one must, fortunately I came in the morning and had an opportunity to listen to all
15 the speakers I've got 13 pages that I've taken of notes. And will obviously want to ensure that that we assist the commission in its legislative duty. There are some issues that we noted with serious concerns that actually amounts to misrepresentation. Because our view is that it is either you know or you don't know, and if people come and make oath in this commission and then come
20 and make statements that are false, we take exception to that. So we would like to assist the commission even beyond this enquiry, maybe to present information that is factual. There are quite a lot of things that have been said here by the various, with all due respect, but we will assist the commission to

indicate that here is the information and the veracity thereof. So let me allow advocate Nxumalo an opportunity.

CHAIRPERSON: Thank you very much for that, for pointing that out Mr Hosiana. I think in terms of the rules that we have outlined at the beginning of
5 this hearings, we indicated that if there is any stakeholder who has an objection or a comment or a question in relation anything that has been said in this hearings, that stakeholder is at liberty to raise that issue with us in writing. So, we will certainly welcome any engagements with you to the extent that you are of the view that any of the submissions that have been made are not a correct
10 representation of the facts. So that is part of the process, because the enquiry, we are currently at an information gathering phase at the moment. So, we will certainly welcome further engagement with yourselves. Over to you then, advocate Nxumalo.

SHADRACK NXUMALO: Thank you. I must, at the outset, indicate that my
15 presentation will be a bit at a higher level, not going deep down into some issues, but my colleague on my right, will elaborate further on the issues. It will paint a picture guided by the information that was given to us, so we were of the view that our presentation should be channelled at least along those lines. So if I omit something that perhaps the commission expects me to have covered in
20 this, it's just based on that guidance which we believed was the line of -- ja. Basically, these are the areas that I will cover, the introduction and the policy overview, but all relates to transport and provision of public transport. The CT's position of devolution, devolution specifically looking at the provision of licencing function as the national transporting act provides that a municipality, which it
25 believes it has competency, can make an application for this function to be

assigned. That is to be devolved to it, because currently it is the function of the provincial regulatory entities, so that is what I will be talking to. The role of eThekweni transport authority in the operating licence function, I will be just highlighting our role as a municipality or municipalities, on the basis that three
5 levels of government have a competency in terms of delivering of transport. In particular, public transport that is national government, provincial and municipalities is a third level of government and I will conclude by giving these short, brief concluding remarks. Introduction, next slide. As I have indicated that the three spheres of government all have a role to play. Starting at the top,
10 look at the function of the national government, it sets the national policy. It's strategic level, regulates and coordinates a function, especially at the present moment, we have the current existing legislation which is the national land transport act, which is the act which regulates public transport country wide. Supported by its regulations and the delivery of our services are aligned, or are
15 informed by this piece of legislation. In particular, I make mention of section 11 of the very same act which defines the responsibilities of each level. I've indicated that the national government sets the strategy action plan. That particular action plan gives the municipalities the mandate to have control and authority over their networks, because public transport is at the level of local
20 government, although they are interprovincial, they are inter-municipalities. Then, coming to the second level, that is the provincial government, I think very close to us, it's a level that we as municipalities, in particular with relation to the operating licence function, work hand and glove, if I may put it that way. We have functions that we have to do in terms of the act, especially the preparation
25 of integrated transport plans which are not approved by us, we have the

mandate to prepare, but they are approved by the MEC at a provincial level. And they play a role as well in terms of planning of coordination, but at a provincial level, we as municipalities are moving to the third level of government. We plan within our areas of jurisdiction, as my colleague on my
5 right will be covering that. But looking at the act itself, the national transport act, there is a specific area which pertains to the local government. This is one area which I would say, sits next to my heart, the provision of safe public transport with these elements, reliable, affordable, effective, efficient and integrated in the sense that it indicates a clear depart from the past, in saying previously public
10 transport had these elements that it was really not safe. Not to say, today it is safe, but we are driving or moving towards ensuring that public transport is safe. It has got that feature of being, not only giving a perception that it is safe, but safe, reliable, affordable. Primary goal in terms of the consolidation of these functions at a local government will be, I will indicate in the next slide where this
15 takes us to. I've indicated earlier on, when I was looking at the provincial government, that we provide the plans for the regulatory part which have to be approved by the provincial department of transport, the MEC. Next slide. The consolidation of functions, the planning, municipalities taking control of the networks, and in particular the devolving of the function, the assignment of the
20 operating licences function to a municipality will assist the municipality in taking control of the networks. Assisting the planning in a number of ways, because it will be closer, it will also be responsible in ensuring that those that qualify for licences, get licences, and the other areas of constructing. In other words, linking with the national sphere in terms of operating licence systems, and our
25 five-year plan of integrated transport plans, that will assist the planning which

will inform licencing, and we have indicated, I think my brother on my left indicated that other areas, we do the administrative part but the execution is done by the other departments, or other units within the municipality. Here, I mention the enforcement, we may come up with good policies and things but

5 we do not have the mandate or competency to accept with enforcement, so we pass that over to law enforcement. And then going back, enforcement will highlight, especially areas where there is a challenge around overtrading and fragmentation in terms of provision of services, so that will also inform licencing, contracting, planning and on a continuous basis we will ensure that there is

10 monitoring. So if the function is devolved from the national government, it will assist a municipality in taking full control around the issue of planning and the issuing of operating licences and also taking control, especially when one looks at the transformation of public transport in terms of RPTN integrated public transport plans. Next slide. What is the CT's position in terms of the devolution

15 of the operating licences function? As I have indicated, guided by the national government strategy policy on devolution, in fact, there has already been a recommendation by physical financial control in terms of piloting this function, the devolving of the functions. And eThekweni municipality was one municipality or metro, that was highlighted to take over the piloting aspect. And as a

20 municipality we recognise this policy and the council approved that we undertake the feasibility study around that, to check whether we do have the capacity. But, checking whether we have the capacity, we had to do a process of checking exactly, with our local department of transport, to check what does the function entail? Where does the funding come from? What are the

25 structures in place? If we are take over the functions, the employment of staff,

competencies in staff, we have done that feasibility study and out of that it was a recommendation to say, yes it is the right direction, I think talking to the previous slide that I have indicated. As I have I highlighted, the council recommended that, we recently took that move to the provincial cabinet and at the presentation of our position as a municipality to say, we want to make this application the cabinet of Kwa-Zulu Natal approved. So, we will then be approaching the national government in terms of going ahead with the process. We have covered some ground at the present moment. What is the role then in terms of issuing of operating licences? The current position, that is the status quo, we do not have that competency as a municipality of issuing, however, the provincial regulatory entity is the authority, that has got the mandate. In terms of the act, we have one accuse whether it is a limited power or powers, whatever, if you look deep into the legislation itself, at face value it looks like we have got a very limited power, but in actual fact we have huge powers in terms of the role that we play. Because, as a municipality, if somebody or an operator or a potential operator, or interested party for that matter, wants to make an application for an operating licence, that particular somebody has to approach the provincial regulatory entity with an application. After receiving the application, the law requires the regulatory entity, that's the provincial, to approach a municipality within which the operations will be taking place to say, you have an application, can you comment on this application, will you support the application? In terms of section 55, we have 21 days to indicate whether we will support or we will not support. There are certain things that we require, we are required to look at to consider to form the basis of our responses, and my brother on my right, from the planning, plays a huge role in terms of the

assessments of the demand for the service. And another unit, we will also, in consultation with the same planning, will look at the facilities, because we don't want to have our cities congested, limiting the limited infrastructure that we have with the vehicles double parking because there is no space. So, we have to

5 take into account the availability of the facility that is public transport facilities. One may call it ranks, one may call it holding areas, whatever the name, but we have to look into that. I have indicated that we check the demand. But currently, as the system is operated, obviously the operator already recommended, or made recommendation, representation to say in that

10 particular route, there is so much demand. But we have to investigate to confirm before we can say thumbs up or not. But, in terms of that, no you are too fast, slow down a bit. In terms of that particular area, that does not disempower the provincial regulatory entity, in saying if we don't respond within a specified period, that is 21 days, unless we ask for an extension and they

15 grant the extension, they can go ahead and take the risk of granting. When some municipalities don't have that capacity, they will perhaps keep quiet, then the PRE, provincial regulatory entity may grant the application, but that is not without challenges at a later stage. However, that is a position. I have indicated that we look at the facilities provision of facilities and staff, and

20 obviously there is a competition because the possibilities that other operators may have already be working on the very same route, or partially, not covering the whole route, but part of the route. We also play a huge role in ensuring that the operators, legal operators, also pay for the use of the facilities. I think that is a general administrative function and role that the user payer system. And we

25 also liaise with enforcement agencies in terms of, I've indicated that the

extension that they have to execute. And we also do research around new ways and means to provide this service in a cost effective manner, or in any way better. Now you are on track, you are following my hand. Thank you for that. In closing remarks, we try our level best to ensure that service delivery is as transparent as possible, and we involve our stakeholders and clients. We have monthly engagements with the other stakeholders, I've mentioned the provincial regulatory entity, but understanding that our operations in some areas, they go across to saddick [?: 00:26:40] areas, we also involve and include cross border in terms of the provision of service. There are other players that I not have mentioned like your SARS, South African Revenue Services, we ensure that they come and engage with our clients in giving them information. I've indicated continuous improvement plans are in place to ensure that we improve our standards at all times, because we believe and the legislation also indicates that our citizens are entitled to a service that is better and better at all times. So we try our level best to ensure that we improve our services, at no stage we will say our services are really more than 100%, but we are aiming at all times for the best. We deal with complaints if and when they come, we provide answers where we can, we refer them to other services where we cannot, I think on that score, thank you.

20 **CHAIRPERSON:** Thank you very much advocate Nxumalo. Mr Chetty, I guess it's your turn now.

ROBIN CHETTY: Thank you, Chair. As my colleagues have stated that, it wasn't really clear for us to understand exactly what we needed to present today. And so our understanding was that we did receive some questions from the commission and it's my intention this afternoon to actually answer some of

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those questions that were actually posed to us. So thanks, so that's what my presentation is going to be about. And so, both my colleagues will also help answer some of the questions as you heard that it's cross cutting across our unit. Thank you, next slide. So the content of the presentation is really around

5 the four areas that we've actually been asked questions on, and the first one was around the A part which is the licencing, the route allocation and entry regulations. The second part is around transportation planning. The third is the transformation and then fourth was other emerging issues, and that is more around the implementation of the BRT system. So the first part, the A part, the

10 first question was, what are the factors limiting the municipality from applying for the functions of issuing operating licences? Now, my colleague, the advocate next to me explained the process that we actually follow and he also spoke about the devolution of the function. So the municipality has done a due diligence study and also evaluated the establishment of a municipal regulatory

15 entity, named more or less the actual name is MRE. And the eThekweni transport authority has prepared a report on this regard and it was forwarded to the eThekweni municipal council to evaluate and make a decision taking over the MRE functions. So that's the answer to that question. The next question was, if the national department of transport was to assign the powers of issuing

20 operating licences and allocation of routes to municipalities, what resources would the municipality require? This information is contained in the report that has been submitted to the municipality or the council for approval. The report also contains the consideration of taking over staff from the current provincial regulatory entity. And the second part to the question was and is the

25 municipality equipped to undertake such functions and if not mention the

reasons? The due diligence study was undertaken and this report has been forwarded to council for approval, which details the upscale and the takeover of resources from the PRE. Question A3 was, how can the government ensure that commuter services provided by Metrorail are fully incorporated in the municipalities integrated transport plan with the municipality playing a significant role on issues such as timetables to ensure complimentary with other modes of transport. The city's integrated public transport plan, which is IPTN, was developed together with Prasa and the rail is the backbone of public transport in eThekweni and the level of service required for rail was developed together with Prasa. So jointly the road based feed and network, the business plan for rail operation etc. has been jointly planned by both parties. And that is one of the reasons why it is called integrated public transport network. Question A4 was when new routes are identified by minibus taxi operators, what is the process normally followed by the PRE in granting operating licences given that the minibus taxi operators would be already illegally operating such routes? Unfortunately, this is more for the provincial regulatory entity to comment. And I think my colleague actually explained the processes that we follow in terms of the allocation or the supporting of operating licences. Question A5 was what mechanisms can be implemented to timeously deal with routes, amendment applications considering the operators in certain cases they start operating before the process is concluded? So what we are saying here is that some of the mechanisms is number one is that law enforcement by government departments, enforcement by the public transport operators and associations etc., and then number three is proper relationship management between PT operators and the PRE in terms of efficient and timeous functions and

turnaround times for applications. Question A6 was what could be the optimal process that new minibus taxi operators can follow for route allocation? I think it's really around understanding and following the provincial regulatory entities operating licences process. And A7 are the current measures undertaken by the municipalities to identify the public transport needs sufficient? The ETA has a public transport plan, we develop a public transport plan, we have a public transport management information system which is called PTMIS, it is an electronic database which incorporates the city's current public transport records. We also have a rank management system and then we have also what we call simulation models that's strategic microscopic simulation tools that forecast public transport commuter demands within our city, as developments come on board and that is linked to our integrated development plan and our special plans for the entire city. Next question please. Number eight, with respect to the bus rapid transport system, BRT and municipal buses, the allegations that routes are outdated and are not responsive to the changing needs of the commuters, thus BRT and municipal buses have low capacity utilisation. Please indicate how can government determine routes and ensure that they are responsive to the changing needs of the commuters. As I've said the city's integrated public transport plan, it takes into consideration, both current and future public transport commuter demands, the IPTN plan incorporates a public transport system that factors in both current and future land growth population, car ownership, employment etc. and other scenarios and thus deals with public transport holistically for the entire eThekweni Municipal area. A9, does the proposed amendments to the ALTA address the likely impact on competition between the traditional metred taxi services and E

heling services? If not propose mechanisms that would address the issues identified. It does to a certain extent, but it does give solutions to the problem, but it does not give complete solutions to the problem on hand, we know that the amendments have been made and we are waiting to see how that can

5 actually be enforced in the city as well. A10, with regards to public passenger rail indicate how route allocation for Metrorail commuter services can be improved in terms of aligning it with other modes of transport, to ensure that commuters continue to use rail services. As mentioned, the backbone to public transport in eThekweni is rail, and hence part of the city's integrated public

10 transport plan, feeder services have been proposed to feed the key stations along this particular corridor. Mention the underlying reasons with regards to the issuing of moratorium by the municipalities and the respective PRE's, were there any studies undertaken to justify the moratoria? From the eThekweni municipality perspective, there is no moratorium on the issuing of operating

15 licences for normal PT services. The city still comments on the operating licence applications, which is based on public transport demand. There is however a moratorium on metred taxis, but work is currently being undertaken as part of the city's comprehensive integrated transport plan to address this issue. And is the imposition of moratoria by some of the PRE's effective in

20 deterring entry into the minibus taxi industry? Unfortunately, this is a comment that needs to come from the PRE. A13, why is overtrading a common feature mostly in the provinces where the moratoria are in place, is the moratoria only put in place for the issuing of new operating licences to minibus taxi operators, or the moratoria is also extended to renewals? Again, I think the PRE needs to

25 comment on this. And what mechanisms did the PRE's and the municipalities

put in place to enforce these moratoria? We are not too sure but obviously the PRE can answer that as well. Number 15, to ensure effective control of public transport, what is the best way to deal with oversaturation of minibus taxis in some of the identified routes? The public transport system should be as my

5 colleagues mentioned, should be based on demand on not be a supply driven system, enforcement and the restructuring of the public transport system in alignment with the IPTN program will assist with this challenge with oversaturation. Okay, the B part was the transport planning questions, and the first question was, what is the current status in as far as the implementation of

10 the proposed IRPTNs? In our city we have nine corridors, and one of the corridors which is C3 has already been constructed and it is ready for operation later or early in 2019. Other corridors, namely the C9 and C1 are currently being constructed and all the other routes together with their feeded networks have been planned and ready for design implementation when the funding

15 comes available. What challenges has the municipality together with the different spheres of government encountered in implementing the RPTN's and in developing the integrated transport plans? I think it's really about delays in implementation due to work stoppages, funding, industry transition, cost, operational subsidies, resources, the slow pace of roll out, political championing

20 and then supply management challenges etc. In terms of ITP's the date from the national government data resources and professional teams to undertake the work in accordance with the minimum guidelines, I think that is a real challenge in terms of implementing or developing ITP's. What measures can be put in place to ensure that capacity is developed for the successful

25 implementation of the IRPTNs and the development of ITPS. The ETA's is in

the process of restructuring its current organogram to make provision for the implementation and operations of the IPTN program which is one of the measures, other measures are funding mechanisms, appropriate resources and political buy ins, etc. Does the difference in pricing mechanism have impact on competition between the metred taxis and out based? I think possibly, but other factors have a substantive impact, IEE is of use convenience etc. In terms of transformation, the first question was, identify the top five critical inputs for the municipal buses including the suppliers of municipal buses. I'm going to ask my colleague, Mr Hosiana to answer this.

- 10 **MLUNGISI WOSIYANA:** Thanks, through you Chair, I think this for us was a very ambiguous question which could have a lot of answers, but the simple answer is that if you are asking about the inputs for the municipal buses including suppliers, we don't know whether, our view is that it is not different for a municipality. Any bus operator would have the same, for example, there are certain given operating costs that are fixed invariable in the bus operation. So in a municipal context, that would not be different, but most importantly, as you know the national transport act actually discourages municipalities from becoming players, so municipalities, I think only Tshwane and the city of Joburg have operations that are city run. In the case of Durban transport, Durban transport is contracted to a private operator, so we are not sure what is the real question behind this question. But with regard to the input cause, that relates to buses, I think they would be the same across any operator whether private or -- because you have to buy the bus, you have to maintain the bus and then all of those factors would be applicable to all operators whether private or municipal.
- 25 And then, the next question was the issue of bottle necks for transformation

across the chain. Again, on this question, one of the reasons why the whole issue of implementation or restructuring of public transport was exactly to unbundle state owned entities. Your Putco's and all your big companies that were operating with the view of transforming them and bringing previously

5 disadvantaged operators into the public transport system. So some of the bottle necks include your issues of access to capital for example, if you talk about empowering previous disadvantaged operators, if government were to negotiate with them, either a 5 year or 12 years, the NLTA has a provision for 12 year contracts. The moment you agree to give them a contract, they will then need

10 to go and buy buses. Now the question is what collateral do they have to go, banks want guarantee to buy, and that is exactly one of the burning issues now at the negotiation for the BRT that the industry is saying we want to own the fleet. And we are saying that nowhere will banks or other financial institution including DPSA give a new VOCO entity that has no credit record, it's

15 a risk. The risk would be too high. Hence we are saying that we as the government will procure the fleet on their behalf because we have got a better balance sheet etc. and our race can interest, but also to support them to ensure that it doesn't collapse. [00:45:00] And then after a few years, we then transfer to them when they have capacity and credit rating, and basically, that amounts

20 to empowerment or transformation that government is -- But unfortunately, that message has not really got into the industry. There is still a sense of saying that having a vehicle or owning a vehicle from day one is going to be a solution for them. Therefore, until that is addressed there are serious happenings in terms of transformation, for example, the vehicle acquisition constitutes a major

25 portion of the cost and that is one of the major barriers to transformation.

Because the infrastructure like your station etc. we as government are implementing that and operating and maintaining. Because even lessons have shown from the promulgation of the NLTTA that once you empower operators, you give them opportunity. There is a tendency in some cases to cut
5 maintenance so that they maximise profit. Then that cost of maintenance means vehicles are not safe, and all of that which is problem. But the whole issue of access to capital and finance is a major one. And then the next question deals with other issues relating to the BRT. The question was, what are the implications of governments policy with regards to BRT on competition?
10 Again, we are guided by the national land transport act of 2009, as well as a public transport strategy and action plan, which were passed through parliament and there was a very robust public participation process to get those blueprints that are guiding us. So, our view is that the question is that public transport currently, government spent subsidy, there is a subsidy that is spent for rail with
15 regard to road based public transport modes like your subsidised buses for example. Government in eThekweni spends about over half a billion every year in eThekweni metro within the subsidised contracts that are here. And then there is another money that is spent on the rail subsidy. Now, the question is that, one of the challenges that has to be addressed is that funding is limited,
20 there is a limited amount of funding, how do we ensure that we optimise that amount of subsidy? Now, if you have 11 contracts that operate within eThekweni metro, some competing with each other, even rail in some cases competing with the buses, there is a problem where you have a duplication of resource. Subsidy is limited, how do you ensure that it does not, you have
25 buses competing with trains, both taking a person from Umlasi [?:00:48:32] to

town, using a train. There are buses also from Umlasi into town also being subsidised, that is not the best use of scarce resources. So the BRT is basically intended to address exactly that. We are saying, rail is going to be a backbone, which will be a mass mover, you move 2000 people in one direction using one train set. That will be the efficient use of resources, but also, then you bring buses and minibus taxis to play feeder services, so that public transport is integrated. Now that is the intention of BRT. BRT is not going to be implemented wall to wall in the whole city. All we are saying is that, where there are major, that's why we have 9 corridors, I heard that someone said there are 11 or 12, but we have got 9 corridors. Each corridor was specifically designed taking into account the origin and destination and population. For example, why we started with C3 is because if you take Phoenix [non-English: 00:49:43] that is where the majority of people, who have got over a million people in that mode. Therefore, you have to prioritise that one. Pinetown, Westmead is a major source area of employment, educational institution, KZN etc. So you prioritise those, so for us we don't really see BRT as competition with other modes, we are saying that implement high repeat public transport in areas where you have high volumes of people, so that they are moved efficiently using, for example, if you were to use 100 taxis to transport people that can be fitted into 20 buses, which one is the most efficient thing? So taxis can do feeder as part of the contracts, and then buses and trains operating the high volume corridors. So we see this as an integrated service, not that one substitutes the other, but almost work in a complimentary approach. So that is our view on this whole issue of BRT. I know there is an issue that relates to, I know if you want to compete with BRT, you do not allow to take compensation

then, we will not renew -- It is simply because of demand and supply, remember the national land transport act says that as a planning authority, we must prepare a transport plan. The transport plan must be the one says in corridor from town to Kumashu [?: 00:51:30], you can use so many vehicles because of a demand that is there. And then it simply on the basis of demand and supply principal that we then decide how many licences and how many vehicles we can allow. It's got nothing to do with saying that you want to remove other modes for BRT, it is about transport economics, basically. Thank you Chair, and then the next one, obviously we are a metro, we have got 3.5 million citizens, eThekweni is a large city. The highest contributor in terms GDP in the province. And we are a major source of economic activity, therefore for us, we may not really comment in terms of BRT for smaller cities, but perhaps national are the one who are best suited to comment. In our view, there are some corridors for example, I've indicated Pinetown, Bridge city, Umlazi, if you Kwamashu to CBD or where, it is for these reasons that we have come up with nine corridors. We have not come up with corridors that go all over the show, but where we feel there are mass movement of people that is required, that is where we have implemented, we have planned corridors for implementation. So, obviously, experience has shown that BRT is not a panacea for all public transport challenges, but you can implement it where it is suitable. Because numbers must justify the amount of expenditure that has to occur in that area. Okay and the next question, the last one I think, there was a question relating to the options available to promote integration between BRT and taxis. I think I've covered that one and indicated that it is not an either or, for us, that is why, eThekweni we did not call this transformation, we didn't call BRT. It is called

integrated public transport network or IPTN, because simply we are saying that all modes must work together in a complimentary approach. You need minibus taxis to provide feeders. You will find a person who uses a train, currently the person who uses a train, they walk long distances from home to get to -- some

5 of the surveys we have done in the township will show that people walk long distances to get to a train, and you ask them, why are you walking so long to get a train, it's dark in the morning, they got robbed etc. And they say, because the train is cheap. You had how much, Danny was indicating what is a monthly ticket of the train, so they walk long distances. Now, national government have

10 come up with guidelines that say to us as a municipality, people must not walk more than 500 metres to get to the closest point of public transport of their choice. So, what we are doing, we will then be implementing feeder services to say, from your home, take a feeder service that is inclusive in your fair ticket, that you are not going to pay another fair. Take a feeder from your house, you

15 walk outside take a feeder minibus taxi, it drops you at a station, from the station you take a train or a bus to get to your destination. So we see this being an integrated system where minibus taxis, buses and rail play a complimentary role in an integrated approach. Obviously, using a one or single ticket, so that is our approach as eThekweni. Thank you Chair, I think we have taken more

20 time than was allocated but thank you.

CHAIRPERSON: Ja, thank you very much Mr Wosiyanaa, Mr Nxumalo and Mr Chetty. Because you are a mega city and you are at the heart of the ecosystem, the public transportation ecosystem, there are likely to be lots of questions for you from my colleagues. So if you could just bear with us.

25 Colleagues, I think we need to prioritise the key issues and then if there is still

time left then we can go to the other issues, but let's start with really the key priority issues. Really the burning issues if you like. If there is still time, we can go to other issues. Mr Ngobeni?

JABULANI NGOBENI: Thank you, Chair, and good afternoon to Mr Nxumalo,
5 Mr Wosiyana and Mr Chetty. I think, I just want to start with a question on assignment, the assignment of functions. And I just want to try and understand first what the process is, because if you look at the answer as provided for by, which were being read out Mr Chetty, and what advocate Nxumalo spoke about, there seems to be, I just want to try and understand, it appears to me
10 that an application has already been submitted to national. But then if I look at the answers that have just been read out by Mr Chetty, it appears to me that, a report after a due diligence was done, was sent to council, and that is where the process is. So, what I am trying to understand is where is the process, just clarify the process where we are. Is it, are we still at council stage or have we
15 complied with all the processes and we are now asking national to move those functions away from the PRM to the MRE?

SHADRACK NXUMALO: Okay, thank you. There are two processes mainly. The first part, I indicated that there was initially a recommendation from FFC for the process to be piloted and the city accepted and then approved phase one of
20 it. Phase one only entailed a conducting of a feasibility study. Once that was done, then there had to be a report back to council. If the council was happy with the report at the main, if the report was going to say it is important that the city request the assignment for a number of reasons, obviously that were tabled. The second report will then, I think I'm covering the first report to say go
25 and do the feasibility study and come back and report to us, that has been

done. That report to council partly it's covering, it's presenting the report based on the initial approval and the cabinet approval which then says, we also support. Then council will then go for the second part, which says we are happy with this, approach national for assignment. So there were two reports.

5 If that answers your question.

SHADRACK NXUMALO: [01:00:00]... go for the second part which says we are happy with this approach national for assignment. So there were two reports. If that answers the question.

JABULANI NGOBENI: It does and thanks for the clarification. And I think still
10 on that, what I wanted to find out as well is the... It appears to me and you've mentioned the Financial Fiscal Commission. It appears to me that a further requirement in terms of, you know, when you try and ascertain whether or not the city will be able to carry out, you know, some of these functions, it's a question of funding. And that is required in terms of the Financial Fiscal
15 Commission Act. The question that I have there is what then, you know, because it appears to me when I look at answers, the answers that are provided... Which are provided for by Mr Chetty under B2 and B3. It appears to me that there's an issue that is identified by the city and that issue is a question of funding. Funding is mentioned as one of the issues that, you know, is
20 presenting a challenge in those answers that are provided for under B2 and B3. The question that I have is to try and understand how you're dealing with the requirement in terms of the FFC which, you know, you'll correct me if I'm wrong, which seems to be a requirement that is... That seeks to say, well is the city ready in terms of would the city be able to, you know, to perform, these
25 functions. Do you have funds and all of those things? So that is why I'm now

trying to understand whether or not, you know, that part has been satisfied, given the challenge that you yourself have identified as being a funding issue on the answers that you've provided under B2 and B3.

SHADRACK NXUMALO: Thank you. With respect, the B2 is not responding to
5 the devolution assignment. Instead it is responding to RPTN. It talks to RPTN, but when it comes to the issue of funding for the assignment, our feasibility study indicated, because it looked at how is the function currently done or performed by the province funded. So it took that into account and there was an indication that the national government does provide funding. In as much as the
10 operators, when they do the renewals and the what have you, there is funding that is generated, but it's really not enough to cover. But then if the function is assigned, there will be a calculation that will have to be done to say a portion, depending on the percentage of work that will be taken by the city will have accordingly to go to the city and the remaining portion... Remember the
15 assignment focuses on the operators within the city. The remaining portion will have to be part of what goes to the provincial regulatory entity. But the report did not raise the issue of funding as an issue. However, as I've indicated earlier on, the funding relates specifically to the RPTN. Yes, the grant funding.

MLUNGISI WOSIYANA: If I may just add a little bit. As we've indicated, the
20 FFC recommended that Cape Town and eThekweni should be the only cities that undertake the piloting of this. Further to that, the directive from national was that the licensing function must be dealt with together with the contracting function. So for the record, currently eThekweni is not a contracting authority. So when we are applying for this assignment of function, we are talking about bus
25 contracting function, as well as the licensing function. So it will be tied together.

Now with regards to funding, there is really no issue because this is not an existing function. This function would be assigned or devolved from province, and therefore FFC have indicated that function must come with the funding thereof. So there is no issue with regards to funding.

5 **JABULANI NGOBENI**: Thank you. And maybe just to ask on... If one looks at B2 and B3 again, because it appears to me, I'm getting a sense that if you've highlighted the challenges there, some of the challenges there. And some of them, they relate to, you know, the delays in the implementation of those IRPTNs and the ITPs. The question that I have there is, and those are your
10 planning functions. So the question that I want to try and get your comment on is whether or not these additional resources are not going to add, you know, to some of the challenges that you've identified, you know, there. So what I'm actually asking for, and I'm not saying that you're not going to be able to do it, but what I'm saying is, you've identified challenges and the question is whether
15 additional functions are not going to add to the... Some of the challenges that you're currently facing.

MLUNGISI WOSIYANA: If I may address this one. I think clearly we are much in a better position as a metro. Maybe the other municipalities that are much smaller may have a serious challenge. I think ETA capacity wise, we are not in
20 bad situation [?: 01:06:40]. But secondly, the Municipal Systems [?: 01:06:46] Act required us to undertake what we call a section 78 investigation which is like a due diligence that Advocate Nxumalo was referring to. That say you need to assess all implications of you taking this function. So there were staffing, financial resources, etc. etc. So that assessment, that due diligence indicated to
25 us what the risk and challenges, how much funding do we need, how much stuff

we need. All of those things. Now having done that due diligence, we then came to a conclusion that yes, given the government or the principal that stems from the constitution that says devolve all functions to the most competent [?: 01:07:43] [inaudible: 01:07:44] of government in the interest of bringing services
5 closer to the people. So we think it is worth performing and you can attach financial value to that. Currently operators within the city have to drive to Maritzburg which is about almost 90kms, or depending where you come from. You go there and queue. Sometimes they say hey you're document is not complete, go back. So the amount of time and inconvenience that operators, we
10 can never be put in terms of the runs and [inaudible: 01:08:20] in terms of time they waste. We think that would be something that is urgent that we must address. So we have to look at all of those things and not only in terms of rands and cents. So, but having done all the assessment, we are of the view that yes, it's something that urgently needs to happen. Because if you take the whole
15 KZN province, with regard to the minibus taxi industry, there are 112 tax [inaudible: 01:08:49]. They are 246 tax [inaudible: 01:08:52] in KZN. Almost half of them are in eThekweni. Now if all those people, almost 15, 20,000 vehicles have to flock Maritzburg for that. It is a huge inconvenience that as government we must address as a priority. So with all those reasons, there was a strong
20 business case to say this must be done as a matter of priority.

JABULANI NGOBENI: Thank you. And just on the inconvenience aspect, we also understand from national that the system, you know, the operating license system that is currently in use has its own problems. So the question that I have is, is the city planning to roll out its own infrastructure, or how are you going to
25 deal with the current issues that are, you know, that some of the municipalities

are facing in terms of the system. I mean I saw from submission from SAMTA [?: 01:09:50] for an example. They give an indication that, you know, from their submission, from the minibus taxi industry it appears to me that there's a backlog of issuing of operating licenses because of some of the issues that are associated with the system itself. So the question is, are you planning to roll out your own system? Or if you're not, then how are you going to deal with the current challenges that are currently there?

SHADRACK NXUMALO: Luckily, when the feasibility study was undertaken, that was one area that was highlighted. That the challenges were that the data was an issue, getting the data was a big issue and system crashing in some other areas including our province was an issue. But, all in all the biggest challenge was that the systems were not talking to each other. And our approach is one that will ensure that we develop a system which will then link up with all other structures including national and the province. And making it more accessible. I will make use of an example of eNaTIS. That's a national system that you can access anywhere, of course with limitations. You cannot fiddle with information that is there, but you can access the information. So currently we are looking into that going forward so that even when the system... When the function is finally assigned to us, if we have already got a system, there will be a seamless, you know, linking with all other systems in place because that will assist us in terms of the planning phase at the present moment.

JABULANI NGOBENI: Thank you. And you also mention in your submission that there's a... I think there's currently a moratorium in terms of meter taxis as I understand from Mr Chetty presentation this afternoon. Maybe to try and

understand, if you are able to Mr Chetty and if you are not then we will ask the pre [?: 01:12:00]. What informed the moratorium? Do you know? Are you able to advise?

MLUNGISI WOSIYANA: Thank you, Chair. The National Land Transport Act
5 empowers us as the municipality. Not the PRE, not province, not national. Only the municipality may. The MEC under certain circumstances may [inaudible: 01:12:30] a moratorium, so the NLTA does give us power to proclaim a moratorium based on the demand and supply. Now in 2010 prior to the soccer FIFA World Cup, people had been promised heaven and earth and [inaudible: 10 01:12:54] and honey and all of those things. There was an influx of meter taxi application to say that hey, there will be tourists here for soccer, we'll be making dollars and pounds. So everyone applied for a meter taxi. People were converting their houses into B&B's thinking there'll be dollars and pounds. So in June 2010, we then decided based on the demand and supply, put a
15 moratorium based on the demand and supply. Obviously during 2010 World Cup, there was a transport plan for the World Cup, park and ride and all of that, so having looked at all of those demand and supply, we then put that moratorium in place and basically that moratorium was basically saying, if as a municipality or as a planning authority we are of the view that demand now
20 exceeds supply, then we put... Because over trading, over saturation of the industry does not benefit both the existing operators and new entrants. But obviously the act makes an obligation on us to continuously review that moratorium on an ongoing basis, as Mr Chetty indicated. We are currently reviewing our integrated transport plan, particularly the public transport plan and
25 looking at the demand and supply factors with regards to the meter taxis,

because as things stands now, we are flooded by applications from your Uber, Taxify, whatever. And there we are indicating to them that no, we have a moratorium at this point, until we have finalised our study. We will then make a call whether we uplift or retain it. So it is on that basis.

5 **JABULANI NGOBENI**: And, is my understanding correct that you're saying that this current moratorium also applies to the current... The so-called e-hailing services, Uber and Taxify. Is that what you've just said?

MLUNGISI WOSIYANA: It's not that straightforward. You see, I know this issue of e-hailing becomes a heated one because people have certain views. Uber is
10 an app company. They are not a public transport operator. If a meter taxi operator, for example if I own a meter taxi and I have a permit, I can then subscribe to the app and then say I'm going to use them to call and connect with passengers. So there are two categories of operators. You have illegal people. People who operate illegally using the app of Uber or Taxify or any
15 other app because they don't have a permit. Then a lot of existing meter taxi operators who are legal, have seen the value that instead of me having a call centre where people phone and say hey I want a cab, I subscribe to Uber or Taxify so that I use my smartphone to connect with passengers. So there are, contrary to popular belief, there are meter taxi operators who use the app. And
20 then you have a quite a sizable majority of operators who operate illegally, because they are saying that we want to get new permits. But because of your moratorium, we are unable to get permits. So, which becomes an enforcement issue at the moment. But there are a lot of legal operators who use the app as... In conjunction with their existing permits or operating licenses.

JABULANI NGOBENI: And how have you dealt with the, you know, these new e-hailing operators in terms of operating licenses? Because one of the complaints that we've received from this province is that the meter taxi industry is complaining that they are competing against an unregulated and unlicensed operators in the province. How have you dealt with the applications for operating licenses?

MLUNGISI WOSIYANA: Okay, through you, Chair. I think as I've indicated that firstly we have a moratorium since 2010 June, which means any person who is a new entrant in the meter taxi industry cannot operate legally now as things stand. Now currently as a municipality, when a person talks about meter taxi operator, we are guided by the National Land Transport Act, which is very specific. There is a definition of a meter taxi in the act which indicates that the meter, the taxi must have a sealed meter. That sealed meter must be used to determine the fare. That meter must be accredited or in line with the SAPS approval. So which means any other form of fare determination other than that would be agreed between the driver and the passenger is not legal. So the use of an app or smartphones as things stands is not legal. As we know there's an amendment act, or an amendment bill that has just gone through parliament which I think now has been passed by parliament, is now coming to... It's a section 76 legislation... Is now going to public hearings through the various provinces. That bill that is now going to become an act, if it is passed, it has a provision which now introduces what you call e-hailing. So as things stands, even our own Metro Police, about a week ago I had a very difficult meeting with meter taxi operators and Metro Police. Currently Metro Police are guided by the existing act, which says when they stop a meter taxi, they will want to see the

sign on the roof. They will also want to see the meter which is used to determine a fare. And that is the litmus test, legally. Now the complaints from meter taxis about people that operate Uber and Taxify using smartphone, not being dealt properly by Metro Police is something that we are dealing with on an ongoing basis. Metro Police go and [inaudible: 01:20:02] they impound a whole lot of them. But there are some challenges in terms of the enforcement which I think [inaudible: 01:20:09] Advocate can elaborate on, because if you stop somebody and there's a smartphone that you see on the screen, there's a suspicion of... There's reasonable suspicion that that person may operate illegally. And then you stop that person until there's a passenger that would confirm that yes he or she's paying a fare, those cases got thrown out of court to say that no, the state doesn't have a solid case. So those are some of the legal challenges that Metro Police and enforcement agencies are dealing with. But with regard to the e-hailing as things stands, it is not legal. The legislation as it stands now says a fare must be determined using a meter, and that meter must be in line with SAPS. The e-hailing, if it's approved into an act which it bring e-hailing, this will bring a whole lot of things in terms of the legislation. National DOT will have to tell us okay, are we now amending the regulations that now says what the meter must be. The definition of a meter. Because if the smartphone is now going to be used to determine the fare, what are we saying? It brings a whole lot of dimensions that were no longer in place. For example, how does the meter, cost per meter for example if it's says R5 per kilometre, how are you going to use this in the app that uses a GPS or whatever. Which is different from the meter [inaudible: 01:21:50]. In order to ensure that there's fair equitable process of fare determination by all operators in the interest of fair

competition. How are you going to reach that between the traditional meter and the smartphone? That thing will have to go SAPS and be through a research and development, and then guidelines will have to come up very specific with how do you deal with that. So, but as things stands, any fare determined using
5 an app or thingy, in terms of this act, is not legal.

JABULANI NGOBENI: And I think maybe just...

CHAIRPERSON: Maybe just before you... Sorry Mr Ngobeni. Sorry to interrupt you. I just want to establish how long you need. In terms of my meter, you have taken the [inaudible: 01:22:38] 25 minutes.

10 **JABULANI NGOBENI**: I still have two more questions, Chair. I'm about to finish. Just as a follow up. The national department indicated to us that in 2013 to 2014 they issued what they call a practice notice on how you should be dealing... On how municipalities should be dealing with e-hailing services. The question that I have there is, and I want, you know, just to get the city's view
15 here. After the publication of that notice, the question is whether or not you've exercised or you've used any of, you know, the practices, directives [inaudible: 01:23:21] that practice note [inaudible: 01:23:23] today? We understand that it was issued in 2013 and the question is whether or not since then the city... whether or not you've recommended to the PRE [?: 01:23:35] for an approval of
20 an operating license for an e-hailing service? Using the practice note which was issued to the provinces and the municipalities from the national government.

MLUNGISI MOSIYANA: Thanks, Chair. Maybe at this point I need to declare my conflict. I, in my former profession, I was one of the employees of [inaudible: 01:24:03] who were writing this legislation. So I was intimately involved in terms

of the development of legislation. So with regards to the practice notice that you are referring to, this is one area where I think we don't agree from national. Sometimes when you are at national, it's very easy to write academic and abstract policies that you don't know that once we are on the other side at
5 implementation, practically whether it would work. Now one of the challenges is that the legislation is very specific as I've indicated. One, if you check, there's a definition of what a meter taxi is. And as I've indicated, it refers to there's a meter. Sealed meter approved by SAPS. And there's nowhere else in the legislation where there is provision to utilise a smartphone or app. It was for that
10 reason that there was a need for legislative amendment to bring on the e-hailing. So our view as a municipality, which I think we've expressed to the PRE, because I think in 2013 the PRE came to us and said, eThekweni Municipality, we are having a problem. We are flooded with people who are applying... Who say they want to apply for Uber and Taxify but they are told that
15 you are refusing them. And we said, based on the current legislation we are not in a position to support something else other than what the act says. So if you say currently the act does not make provision for e-hailing. And you are saying that until the legislative amendment has happened, and the National DOT have also issued very clearly articulated guidelines [inaudible: 01:26:01], how do you
20 deal with that? Because I think there are practical challenges there to law enforcement would have at a practical level when they have to stop vehicles and enforce whether, for example the act says if you transport people for a reward, you are conducting a public transport service, and section 50 of the act says you need a permit to do that. Now, Metro Police they will stop a vehicle
25 with reasonable suspicion that it's Uber or Taxify or something. Now the current

litmus test that they have to follow to determine whether there's illegal or legality in operation, are currently what is in the act. Now what NDOT was bringing in that practice notice, was nowhere supported by this legislation. And that is the difficulty we have to say that okay, we know that the people from Uber etc, they
 5 were doing very strong lobbying through the national government, and also they came to us saying that, guys, you've got to accommodate us in the meantime while the legislation amendments are taking place, but the difficulty that we have is that we've got to ensure that as a regulatory entity, we ensure that everything happens in line with the legislation. We can't be allowing things that
 10 are not provided for in the legislation. As much as we would want to accommodate the Uber and Taxify people because passengers, yes, want it. They're saying it's convenient etc. But how to ensure that it does not happen in a way that is unfair to the existing operators. So that level... The playing field is level. Thank you, Chair.

15 **JABULANI NGOBENI**: So the city has never used the practice notice? I just want to make sure that it is on record. It has never been used by the city?

MLUNGISI WOSIYANA: Okay, yes, the answer is yes. But simply because we have a moratorium. Because we have a moratorium since 2010, when they issued their practice notice in 2013, it was almost not something that we could
 20 use because we had a moratorium.

JABULANI NGOBENI: Thank you. And just one last question, Chair. One of the, you know, on the... Just one question on the BRT, what is referred to as the C3 corridor. One of the things that you're going to be looking at is the question of affectedness [01:28:39]. It was raised this morning by... In one of the

submissions and the question that I have there is, if currently as... If the meter. Sorry, if the minibus taxi industry is correct to say that there's currently a backlog and in the municipality. Sorry, in the area of the issuing of operating licenses and there are people who are waiting for their licenses to be issued.

5 The question that I have there is how are you going to determine, you know, this question of affectedness [?: 01:29:14]? Because there you're going to be looking at, you know, as to who is a legal operator and who is not a legal operator. What then are you going to do in instances where there's a potentially legal application which is facing a backlog and that application is yet to be
10 attended to because of the backlog?

MLUNGISI WOSIYANA: I may be unpopular for my response on that one. But I think there's a duty for us to articulate what the law says. Firstly, the legislation is very clear in terms of section 50 of the NLTA. It says... For example, people talk about this backlog at the PRE and you may, you may even think it's people
15 that have applied and now must be granted but there's a backlog PRE maybe for capacity etc. I just want to caution the Commissioner and indicate what it means, I can go the PRE and lodge an application, and then the PRE will write to the municipality where my operation will fall and say [inaudible: 01:30:27] Mr Nxumalo has applied for a permit, he wants to operate from Town to
20 KwaMashu, please comment on his application, and then the municipality will comment within 21 days and say, yes, there is demand, we support Mr Nxumalo's application, please you can grant him a permit for five years. Then his recommendation from the municipality will go to the PRE, now when the PRE gets the, the... Mr Nxumalo's recommendation from the municipality, they
25 will gazette that application and want all interested and affected parties to

comment and object, say no, this is going to encroach in my road etc, etc. Once that objection and appeal is exhausted, the board will then decide, if they decide that the grant, once the board grant, says yes, we grant, having heard all objection we grant Mr Nxumalo a permit or application. Now Mr Nxumalo must
5 go to the PRE office to uplift, when we call the uplifting. Now, when he goes there he will say, okay, last week the board granted my application, I'm here now to uplift. Then there are legal requirements that the PRE will want. Number one, they will say, we want your tax clearance from SARS. Now if Mr Nxumalo is not in good standing with SARS, he can't get that permit. Now
10 would you regard that as a backlog or not, I think the answer to that one depends on where you sit. The board will say we want a certificate of roadworthiness of the vehicle, if Mr Nxumalo doesn't have that roadworthiness, he will not be granted, his application will appear as pending. Do you regard that as a backlog, and from where I sit the answer is now, because there are
15 legal requirement that are mandatory that an applicant must meet. Now when we negotiate with people, there's a definition of an affected operator, and I know that it becomes a heated issue here because the legislation is very clear, we are not coming up with things, we are guided by this legislation. I have indicated Section 50 says, do you have an operating licence, the answer is
20 either you have it or not, there's no pending at the time when we are looking at whether you are affected or not. I also want to maybe touch on the issue of 180 days because I heard it was mentioned. We are guided by this legislation, if you were an operator in 2007 and then, then something happened, you no longer have those vehicles, the law is very clear, it says that if you don't operate
25 within 180 days that permit or operating licence ceases to exist. Now, as I'm

saying that from where we sit, it's either you have it or not, there's no but or there's a litmus test that even legally if we were to challenge we can go to court and say, this is what is guiding us and if there's an element of unfairness then the court can make a determination. So, the definition of an affected operator

5 would say, yes do you have a permit, yes or no. If you're saying, yes I have a permit then we will consider you as a potentially affected operator, but secondly, when you get a permit or operating licence it's got a very detailed route description, that route description indicates every road, depart from Soldiers Way Taxi Rank, get into Mahatma Gandhi, stop at a particular stop, it describe

10 all the road A to Z. Now to say that you are affected, we would need to see okay this C3 route that we are talking about, it starts in Oldman Road Pinetown and then it comes all the way, so 26km of road with 16 stations, ending up at Bridge City, KwaMashu. Now we look at origin and destination to say that if you are saying you are an affected operator, let's look at the passengers that you

15 were transporting, or you are currently transporting, where are they originating from, and where are they going to. Currently as operators have indicated, you have somebody who says, I take people from Bridge City, KwaMashu they are going to Pinetown, because the law says you can't deviate from the route and the route description that is in your permit, currently I leave KwaMashu, go to

20 [inaudible: 01:35:46] highway and then get into, and then get into M3 and end up M13 into Pinetown, that is the route description that they have, if the police find them using another alternative, we've built this C3 which is a very convenient route because it cuts the travel distance between Pinetown and KwaMashu more than by half. People were taking three to four hours maybe,

25 or longer during peak to travel, now this new C3 that we've built, it cuts the

travel time to maybe, ja, less than 30 minutes or longer. Now, the convenience that would come to the [inaudible: 01:36:29], but operators can't then say, okay there's this new route, let's use it, because there would be now contravening the conditions of their permit. But to say you are affected, we'd be looking at

5 whether origin and destination of the passengers that you are transporting, and then we will say, yes we are affected. When we implement this C3, some of the passengers that were going to Westville etc, will no longer use your service, they now shifting to this new service, then you are affected. So, there's a very objective process that looks at whether you have a permit and it looks at your

10 route description to say, the people that you are carrying are going to be migrating and all of that, and then we take all of those things into account. And as a city, we have appointed advisors for the... For both mini bus and bus operators, so that they have people who are professionals that can advise them properly in terms of making well informed decisions about what is their

15 livelihood. Thank you Chair.

CHAIRPERSON: Ja, before you... Thank you, thank you, yes thank you for that Mr Ngobeni, because otherwise it was going to an hour. Before you begin Mr [inaudible: 01:37:52], I will just like to appeal to the next presenters [non-English: 01:37:59] rights organisation. There are a couple of topics which

20 we still need to cover with the City of Ethekewini., if you could just bear with us in terms of time. Mr [inaudible: 01:38:18].

UNIDENTIFIED MALE Thank you Chair. I'll focus exclusively on BRT and I think some of my questions have been answered already. If you look at the BRT system in Gauteng, in particular in Tshwane and Johannesburg, there is

25 actually acknowledgement that the system is not doing well, in terms of both

passenger numbers, as well as revenue. Now my question to you and these BRT operations have been running for a while now, my question to you is based on your observations and assessment, do you think BRT system would be suitable for Ethekewini, and do you think the system would be sustainable?

- 5 **MLUNGISI WOSIYANA:** Thank you, basically, we at Ethekewini municipality, we think we are in quite a better position that we were also the last... One of the few last metros that are going towards implementation of the BRT. We know that City of Joburg and particular, City of Joburg started before the World Cup and there were some pressures to deliver a transport solution for World
- 10 Cup which resulted to some of the decisions that were made then. So, we're working closely with [inaudible: 01:40:16] DOT and all the other 13 cities that are implementing RPTN to say that what are the lessons or mistakes that happened in other cities that we must not replicate. So, we are quite fortunate, and some of the issues that you are leading to, for example, the whole issue of
- 15 revenue and ridership are some of the lessons that we have learnt. And therefore the design of the systems and also the question whether which corridor do we implement first, how to ensure that it's sustainable, but also it's something that has a business case to implement. So, our view is that yes, as we've indicated, you can't implement BRT wall to wall and all the... We've got
- 20 110 wards in the city, you can't implement everywhere, but we know there are major transport corridors, for example, we've got three and a half million citizens, 70 percent are using minibus taxis, and more than 40 percent of our population rely on public transport, being rail and buses. How do you ensure that the major corridors that takes people for example, if you leave Umlazi
- 25 coming to town, it's a chock-a-block in the roads, and we are saying that in itself

is also not sustainable. The congestion in our roads resulting to accident, the time that you see... There are studies that have been done that indicate the cost of congestion in billion of rands, and that is also not sustainable, so how do we ensure that we address transport system that allows efficient movement of

5 people. So, our view is that, that in the major corridors that are congested, where there's mass movement of people, BRT is the solution and experience has shown, even from other cities abroad, so that's why we have the nine corridors. If you take corridor one, it starts from Bridge City coming to town, and if you were to look at that route, it's a heavily congested road during peak hour.

10 So, in those corridors, the nine that we've identified, we believe that it's the most appropriate form of transport to ensure that you move millions of people, or hundreds of people within a short space of time, in a manner that is affordable as well to ensure that you don't have, for example, say hundred busses and taxis transporting people resulting to congestion, but at the same time we need

15 to ensure that there is a continuity of the services, minibus taxis continue to operate where they are most suitable and convenient mode of transport, so that we don't implement a system that is not affordable. I think the affordability is one of the most important things that we have to consider. Hence as Ethekwini municipality we have indicated, currently government spent half a billion rand on

20 subsidy in Ethekwini, we are saying that how do we take that half a billion and utilise it effectively to cover all our 110 wards. So, it's about restructuring of the existing service to ensure that is efficient and also optimal in terms of promoting access and mobility. But, also address the issue of affordability because currently the national and transport... The white paper says people should not

25 spend more than ten percent of their income, but people are, some people are

actually working for transport. You can actually pay them to stay at home for example, I met a gentlemen who is a security guard, what he earns per month, he spends almost 60 percent or more on transport to get to and from work. So, that is something that we have to address to ensure that we make public
 5 transport affordable using this BRT or [inaudible: 01:44:40] which is a subsidised system, so that people can become able to use their money on food and basic needs rather than on transport. Thank you.

CHAIRPERSON: Thanks, and in terms of your, your, your plans, so you intend to, to implement the system, in other words the system will be effective from
 10 2019, that's correct, right, is that correct?

MLUNGISI WOSIYANA: There are so many factors that would determine when the go live date is. Yes, in terms of our plans, we were planning that by the end of this year we complete all the stations and then start finalising the negotiations with the affected operators, your minibus and taxis. But, there are challenges
 15 as we've indicated, for example, currently construction has stopped on the 9th, 9th or 10 May. Some of the aggrieved operators stopped the construction on the 9th. So the go live date is dependent on the completion date of the infrastructure, as well as the negotiations being concluded timorously, and then also agreements being signed, training of the affected drivers and operators.
 20 So there are a whole of complicated dependencies that are... Have to be... And one of the burning issue which we have not resolved as I've indicated is this whole thing of fleet ownership. The industry has said, this is a make or break it, if we are not going to own the buses and the thing, then we are not participating. So, until we resolve all of those things, we do have a plan that
 25 says, we would like to go live early next year but whether that materialises or

not, is going to depend on the buy in, because this system is about empowerment of the industry, and existing operators, so you need their buy-in so they make a well informed decision about their livelihood, sure.

CHAIRPERSON: And, for purposes of implementing the system as we
5 understand, operators are expected to organise themselves in VOC's, is that correct? Okay, is there any VOC that has been established, particularly for the C3 corridor?

MLUNGISI WOSIYANA: I think Chair, as we've indicated, negotiations are at an advanced stage, we have put proposal to the industry at the negotiations
10 table in terms of, our preferred or most preferred VOC that is going to be the vehicle at which operators take participation on. So, there is a proposal [inaudible: 01:47:44] table that says, we want to ensure that we set up new VOC that, where all affected operators will be shareholders with equity, and then also there's a role of us as a municipality where we support them to ensure
15 that there's no capacity... There's capacitation for them to start from scratch and also ensure that there's no risk for it to collapse. So, we've put that proposal to the industry.

CHAIRPERSON: If you could expand on the proposal, especially in relation to the support to be provided by the municipality, so you can talk about the support
20 that you currently provide now in terms of assisting them to establish the VOC's, as well as the support that you will provide to them, in particular your role once the VOC's have been established, what will be the municipality's role in the management and running of the VOC's?

MLUNGISI WOSIYANA: Okay. I think as I've indicated earlier that lessons from other cities, like your Joburg, Cape Town, Tshwane, George and other cities that have implemented the early phases of the system is that, there is a need for strong government support to ensure that these VOC's work in a harmonious
5 manner. Now if you take operators that come from diverse background, for example, minibus and bus operators, you put them into one company, one would loosely say it's a recipe for disaster, if obviously there's no shared culture, business skills, business acumens, as well as a culture, business culture that you build. So, the reason why we proposed a VOC where the affected
10 operators will have equity, but at the same time the municipality, or government would have equity at an initial stage so that, for example, shareholding be in the form of 51/49, and that 51/49 equity is prescribed more by the municipality, Finance Measurement Act which says that, if we buy the fleet and assets etc, government must have a majority share. And then obviously as time goes on,
15 how do we withdraw incrementally, at the same time developing their skills. Once after three to five years the VOC is able to function on its own and you show that we have capacitated them, there are corporate governance principles and everything in place, then government will then withdraw and then it will ultimately end up being a hundred percent industry owned VOC. So that is the
20 principle, and we've done a lot of work and taken to the industry to other cities like your [inaudible: 01:51:03] etc to see how this was done to ensure there's no risk of collapse, because in some cases there have been a lot of empowerment projects where you empower people and then you leave them on their own, then it collapses. So, those were some of the mitigation measures that we put
25 into place, but however, because it brings a whole lot of new changes, there is

some reluctance from the industry to say, hey this thing sounds too good to be true, you people, you want to mislead us to agree on something that is going to be detrimental, so we're trying to build trust as I've indicated, we appointed advisers for the industry so that they have people who are financial specialists, legal specialists and other specialist corporate governance, company specialist who are going to look at these things and show the pros and cons of various options so that when they agree to what we are proposing, or proposed changes, they know that it's something that is sustainable, but also that looked after their best interests. So, I think that is how we are talking about the support before the implementation, but also the post support implementation, thank you.

CHAIRPERSON: So, in terms of the appointment of the advisors, it appears that the operators themselves have played a minimal role, if any role in the appointment process. Could you just take us through that process, and explain to us the role that was played by the operators. I'm asking this question, because these are people who, who are expected to advise operators independently, and as we understand, and you confirmed this, the advisors are also paid by the municipality. If you could just explain in terms of the process and the role that operators have played in the appointment process?

MLUNGISI WOSIYANA: Okay, thank you Chair. I think firstly, it's important to indicate when we started... When... After the [inaudible: 01:53:32] of the National Land Transport Act and the public transport strategy and action plan, national government, that is national treasure and DOT, made an undertaking to the industry, that look, this BRT, RPD and is a new thing, it's foreign, we've modelled it from Brazil, Bokator, [inaudible: 01:53:53] elsewhere. We know it's new so because we want you to go and participate on something that is

unfamiliar, we think we have a responsibility to ensure that we provide expertise to you to assist you. So, it was at that point that government negotiating with SANTACO and [inaudible: 01:54:16] and all the structures at a national level, agreed that there will be some budget that is called industry transition course

5 that would cater for study tours, benchmarking study tours, technical support and a whole lot of other things in order to ensure that you capacitate the industry to make well informed decisions. So, just like other cities who then appointment the industry advisors, as a city, we also did that same, I think in 2014 we appointed the minibus taxi advisors, and then after that, we then

10 started engaging the bust industry to say that, please also give us a name of a preferred person or persons that you want them to advise you, and I think unfortunately, the bus people, I would be very honest and frank, they are very fragmented, they're fighting amongst themselves. They couldn't come to an agreement to say, here is one, unlike the taxi industry, the taxi industry is very

15 united, they've got 112 taxi association, there are five regions, they've got a structure that they call EMTC, there's SANTACO, there's Taxi Alliance, if I say I want to call a taxi industry, I know who to call and I can get them to their organise as a sector through the regions, there's SANTACO, NTA and ja and the various structures. Now with the bus operators, they could not find each

20 other in terms of suggesting a name, so we spent I think almost 18 months or longer and then we said to them, look we will then... Let's sit with you and put out a scope in terms of reference to appoint the technical advisors. We then developed the terms of reference to say, what are the services that you need, and then we put a scope with that one. Once we agreed on the scope of those

25 services, we then took the SCM process, there are communities in the SCM

process that you have to go through, like your [inaudible: 01:56:42] specification committee that must approve the specification, it must be advertised and then it must be adjudicated. Unfortunately, the evaluation of tenders is not something that you can bring outside people, and there's something that I must say

5 because people become selective when then speak, some of the bus operators that were part of developing the specifications, they saw a business opportunity and ended up tendering also as well, which is conflicting, which is unethical. So, when we were evaluating we had to disqualify some of them because I think it will be unfair that I sit in this room and develop specification of something that

10 must be tendered for competitively. Because that person has an unfair advantage, and has inside information, even budgets etc. So, and then we kept them abreast in terms of the process to say, okay we... The tenders is now closed, it's going to be evaluated as I've indicated. Unfortunately the evaluation of tenders is something that is very sensitive, you can only bring an external

15 person as an expert that must come and advise, but they are also not involved in the valuation. But, all of them were kept updated in terms of the process. So, when we then appointed the successful tenderer, and this is something that is public information, I saw earlier someone was reluctant to give a name, there's a company called Delca Systems that was appointed through a

20 competitive, open and transparent process. Now, as I've indicated, as a municipality, we hold a very strong view that says, just because some people within [inaudible: 01:58:41] had also tendered and they were unsuccessful, they were aggrieved about who was appointed. But also, [inaudible: 01:58:50] process in government is nice because before we award, we send you a letter

25 of regret and say, you have 14 days to appeal if you are not happy about that,

there was no appeal when that process happened, and we then issued a letter of award to the successful service provider, which was appointment on a competitive process in line with Section 217 of the constitution, fair, transparent, objective, cost effective. So, when we appointed that service provider, we then

5 introduced it to the bus operators, and as I've indicated, I think anyone who has a view that says we have doubt about their creditability etc, it's a surprise, because when we introduced them, they went to the negotiation centre and they presented a presentation, indicated their experience, their experience on BRT in other cities, and solid credentials were presented. And, at no point in those

10 platforms, and solid credentials were presented and at no point in those platforms someone said;- Hey, I don't think you are capable, so it's quite unfortunate then that it only arises now, but sure, as far as we are concerned there's a capable team that is advising the bus operators.

ITUMELENG LESOFE: The reason I'm asking this question is, because in the

15 Western Cape, three different VOC's have actually raised concerns about the advisers who were seemingly also appointed by the city and their view were those advisors were imposed on them and those advisors are seen as the extension of the city, in other words they are not seen as being objective. More so because the city was involved in the appointment process and similar issues

20 have actually been raised about lack of openness, lack of consultations. Are you aware of these issues that I am raising, that have emanated in the Western Cape?

MLUNGISI WOSIYANA: Yes, I am aware, I think as I've indicated, nationally there's a lot of information sharing and we as a network between the cities. Now

25 the difficult part is that when people present such allegations, they became

selective and not put all facts on the table. Their industry dynamics are very complicated and the reality is that there are no permanent friends. Today, people will bring their own open and say;- No, we want Mr. Chetty to be our supervisor, if you were to check how those supervisors were appointed, most of

5 them, I think in almost all the cities, they are appointed via section 36 where the industry says bring a preferred person because saying that working with this person there's trust and whatever that they propose, so once they are appointed, if there are any fall-out that arise in the for example in the case of the Western Cape, I think is ODA is that the service provider in question. Once

10 people start having different views they will then come back and say: - No, we no longer believe that this person is still suitable to advise us. Because of, and unfortunately as a city we must access the capabilities in terms of technical know-how and access the team and also look at the cost effectiveness of what has being proposed. Once you have ticked all of those boxes, you can then

15 allow people to work but when they are now working practically, there may be fall-outs that happen. Which then results to people coming back and say; - Hey, we no longer think this person is suit and fit able to advise us. And which is understandable, which then means that as government we then need to say that let's terminate that contract and then start appointing a new service

20 provider, but in our case, with the taxi industry we, as much as we had challenges, but at no point did they come back and say; - Hey, no, we no longer believe that this person is not suitable, but sometimes there are challenges but our view is that once you appoint people, for a defined contract period they've got to work for that contract, if then there are performance issues, the industry

25 has all the rights to say; - No, there are not performing and therefore if there are

reasonable grounds for termination, you then terminate, you look for other people that are going to be suitable.

ITUMELENG LESOFE: Sure, and out of the group of advisors that have been appointed, are there any advisors who have done work either for Gauteng or for
5 Western Cape?

MLUNGISI WOSIYANA: I think yes, as I've indicated, one of the major requirements we've had quite a big waiting on this scoring of the tenders, is previous experience. Because we didn't want to appoint somebody who was saying; - Yes, I'm a financial expert or a legal expert but who have not been
10 involved, so we wanted people who have entire involvement, either Rustenburg, Johannesburg, as I've indicated there are 13 cities that are implementing this project so we wanted somebody that says; -I've done it before. So that is why in the tender that was part of the major scoring point for tenders

ITUMELENG LESOFE: Okay. My last question, or questions chair on the
15 compensation [inaudible: 00:02:05:33] If you could just explain to us how does your compensation model work, particularly for the C3 corridor? Who will be compensated, on what basis, particularly because the C3 corridor is a new corridor. So how does your compensation model work specifically for that corridor?

MLUNGISI WOSIYANA: I think I have indicated that we have shared all the
20 documents relating to participation, eligibility y criteria, and compensation with the industry and their advisors. So, basically the compensation as I've indicated, that we are guided by section 15, some people call me;- section 15, because that is the first thing that I throw at them, that - are you legal, or are you not

legal? So, and unfortunately people and that is one of the biggest hurdles, I think that is where a conflict start because if you are asking me what is the criteria for compensation; I will say; - one- you must meet section 15 and the sense that you have an operating licence that is valid or permit, so it's either

5 you have it or not, so that is the first criteria. Two, the route that we are operating, must be affected, now I'm hearing a lot about this C3 being a new route. As I've indicated, once again, we're looking at origin and destination of passengers. To say that if you are saying- I was transporting- there are mini bus taxi operators that transport people from Kwamashu to Pinetown and those

10 people are not using the [inaudible: 02:07:35] kilometre road that we've [inaudible: 02:07:36], they are using other routes, but we look at the origin and its destination so we look at your point A to point B. Now, if your original destination is somehow affected partially or in full. For example, someone may say; - Hey, I was taking people from Kwamashu to Westville, now when this

15 RPTN or C3 gets implemented, those people will now have an alternative to use my service, that person is affected, so we don't look at this being a new road, we look at origin and destination and there are subways that are going to be done, to say this association have indicated that from the PRE side will get records that says these are the people that have valid permits from that area

20 and each of those person will look at the road description that says; - you start from here, here, here and end up at that point. And then all of those people they're going to be going to be negotiations with them and then there are a lot of things we have to consider, some of the vehicles are financed. If someone buys a Quantum and then they operate is maybe after a year, that taxi industry they

25 are being ripped off by these financials, so they will say; - Hey, I'm owing R900

000 to particular institution, now if you are saying you are withdrawing my permit, taking away my [inaudible: 02:09:23] I'll be left with this taxi, how are we going to? So that becomes part of the equation, so there's a very [inaudible: 02:09:30] due diligence which I cannot cover in the interest of time, that we look

5 at. We look at validity of your operating licence, we look at your operating course, your fuel maintenance, all of those things get into a formula, that's why we now bringing experts in finance and actuaries, actual scientist that must do all of these numbers and say; - Yes, this is what we think is equitable and fair compensation. So, all of that has to be taken into account, but the problem is

10 that people want us to you can't negotiate this thing with everybody you have to talk to the affected operators, it is for that reason that we are now saying, that we are now saying that we look at road by road or corridor by corridor. So, in the case of C3, working with the industry advisors we have now identified the affected operators, and with the operators it is then that we are going to then

15 talk, about the compensation model to say what are the factors that we must look at, there's also what government calls; - the risk premium. To say that we are taking you from operating what is the familiar business activity and taking you to a new something that has never been done for example in some cases as we've seen in other cities, the revenue focus that was projected may not

20 materialise, what risk factor do we bring in because we need to be compensating you as well, for the risk that you are venturing into. So that compensation model takes all of those factors into account and then sometimes people want you to say- give us a figure. Say, 5 million, or 10 million, and I'm saying that you look at each case in its own merit. But there are principles and

25 factors that we are looking at with the industry advisors, I think we've put

documents and shared with them so that they apply their mind and then make a drive them, so that they well informed decisions whether you have a choice to participate or not. And whether you want to withdraw or not, or buy equity into. So, our view is that the compensation that people supposed to get and then
5 [inaudible: 02:12:03] to get equity into the new VOC because it's not a free handout thing which you get free equity in the VOC budget, as a business person you buy equity into an entity which will then generate profit monthly and dividend and all of that in line with the companies acts. Thank you.

ITUMELENG LESOFE: Thank you Chair.

10 **BUKHOSIBAKHE MAJENGE:** Thank you. Miss Nontombana

MISS NONTOMBANA: Thank you chair. I just have two questions, the first one is in relation to the reliance on rail as the backbone for the public transport system, in the city. And this question is in the context of the presentations we had from Metrorail regarding the challenges that they have, as well as the plans
15 that they have in place to address those challenges which are very long term. So, my question then was how does their plan to address their challenges in the rail system fit in with your plan to integrate the various modes of transport here, and also using rail as a platform part of that system? That's the first one.

MLUNGISI WOSIYANA: [Inaudible: 02:13:33] let me start because fortunately
20 when [inaudible: 02:13:36] presented I was here. I think our planning look at short, medium, and long term so we are saying that eThekweni as a city is going for example if we check there are new businesses etcetera, new formal settlements etcetera, now experience from all over the world has shown that you can't sustain the growth of the city using private transport. So, given the

capacity that rail has, for example, I think Mr. Hatting from Prasa indicated that they've got 103 stations, they operate 605 kilometres of rail and they've got 57 train sets. Now in one train you can move 2000 passengers, just once. Now if you were to move those 2000 people by road there's a lot of extremities that have count, for example conversion, accident, environmental etcetera. So, despite the challenges that Prasa or Metrorail has now, looking at a long term, I think rail is the backbone, I think we're looking at about, is it 40% of passengers that they have capacity to move, so it is for that reason and I think as Robin indicated earlier, unlike other cities for example, unlike Cape Town, where the relationship between the city and Prasa is more of a volatile one, because of a number of factors, including political. In our case, our relationship with Prasa, I think it dates back over a decade and every plan we work together for example, the ITP when we do our integrated transport plan, Prasa Metrorail always make a critical input because they understand that we co-exist and we must complement each other. So our planning is done jointly and I think as Danny [?: 02:16:01] indicated national gave us a budget as a few years ago to undertake a due diligence to say;- What are the things that we'd need if we are to manage the operational subsidy for rail and we did a study and it did indicate what capacity we need, etcetera, and we also working closely with Prasa Metrorail so we firmly believe that it is something that has to happen within the next five to ten years, working together with them. So, we cannot sustain the current arrangement for example I've indicated the issue of funding. The funding implementation, the half a billion that national government spend in eThekweni in bus subsidy, I don't have the rail subsidy figures but they are quite [inaudible: 02:17:01] if we are to combine the two, I'm sure it's over a billion. Now the

question is that if these are fragmented and competing amongst itself, how to ensure there's value for money but also economies of scale, so we believe if we say; - yes. Because rail can move 2000 people just in one direction in an hour to the CBD, how to ensure that happens. And then have bus services and mini bus taxis and other corridors. So, rail yes, we'll ultimately the backbone even though the riders should now, if currently maybe at 13% if I'm not mistaken. Mini bus taxis, 70%, bus [inaudible: 02:17:56] is between 13 and 20% and then you look at rates. So, we want to ensure that ultimately when the new train sets come and the new infrastructure is implemented, rail becomes the backbone especially for people that travel long distances like the C2 corridors. If you start from Umlazi, even beyond, Amanzimtoti and all of those areas. Those people on the road spend hours in congested traffic, so and the cost of travel time is amounts to billions. So, we want to address all of those things, so I think rail is still remains the backbone, I'm not sure, Robin wants to add something.

15 **ROBIN CHETTY**: I will just say that, yes, we agree that rail is our backbone in public transport in Durban, it takes like 40% of the capacity. When we developed the integrated public transport plan, the philosophy was always to design it based on the right mode for the demand. So, we look at our North-South rail corridor, that has demands in excess of 20 000 commuters in your peak periods. So, if you look at that, the right mode for that particular corridor is rail. So, we yes, we are heavily relying on rail, Prasa to come to party to help and so that's why the plan was developed together and they got their plans in place and we continuously trying to manage that. We've set up what we call, the intermodal planning committee, and the purpose of that is to align our projects and our budgets together in order to get that. I think recently because of the

internal organizational changes there was a concern, so we're still hoping that they will come to the party in terms of as we said that, one of our corridors, is the C2 rail corridor, and that is a major corridor, it takes 40% of the public transport demand in Durban and that is not South, it's from Umlazi to the city and from the city to KwaMashu and I think they've actually come and they've got a whole lot of programs in place. I'm not sure this morning whether it was highlighted in terms of the rail modernisation studies, they're putting new signals even rolling stock, it's a program that they have which has been delayed, we were actually promised the first set of rolling stock in the third quarter of 2018 but apparently now that has been moved to 2020. So, we're still relying on them for that particular reasons.

MISS NONTOMBANA: Okay, then the follow up question is, with regards to the integration, I think in your presentation you mentioned or it was Mr Wosiyana, you mentioned that the intention is to integrate the different modes of transport so for example using the same ticketing system. One of the submissions that we received this morning was that because of the diversity in the city as well as where the city is currently in terms of public transport, that would require at least 30 to 40 years to reach a point where there would be that level of integration and I would just like hear your views in terms of that.

MLUNGISI WOSIYANA: Thank you chair, no I think obviously as a city we've done a lot of work in terms of electronic collection system and payment systems for public transport. As a city we've implemented smart card which is called [inaudible: 02:22:07] card from I think it was 2012 we've launched a card so the card is fully effective in all our bus services, so we don't honestly believe that it's something that is dated 40 years. I mean recently we were at a global ticketing

congress that was in London and you'll see not only globally but also closer to home, in Africa, the whole thing of paying cash fare on our public transport is something is going to come to an end soon. When we implemented the smart card, we know that sometimes there's a problem of leakage of cash, driver's

5 stealing an all of that. We implemented the smart card revenue increase by over a million, so there are advantages, in fact when we implemented the move of card detection [inaudible: 02:23:10] came to us and said; - hey we would like to be part of this system, but we're thinking it's early days, but as a contracting authority we believe that the fair collection through smart card systems in an

10 integrated approach so that the passenger, if for example a visitor, you can pay even using your bank card, for example, you just tap, there's a device where you tap, there's a device where you tap even with your smart phone there's a technological advancement. We have to embrace technology and ensure that we, because it's all about customer, passenger convenience, whether you are a

15 visitor or something, so, we are advancing on this one. Our view is that the future of collection would be electronic and whether it's a meter taxi or a bus, or a cab, all of that can easily be collected and there's a clearing house that pays each operator, on this day, you transported so many people. And technology now, is so easy you don't even need to invest into physical infrastructure but

20 smart phones etcetera is creating an [inaudible: 02:24:30] effect on that one. So, we think it's possible in the next, so with the BRTO, with the RPTN the fact collection system would be obviously removal card implemented. We are obviously discussing with Prasa Metrorail to ensure that there's an integrated scheme where a passenger must have one card, even if you are transferring

from a taxi to a bus, to rail. But its obviously going to take a little bit of time but not 40 years or 30. Thank you chair.

MISS NONTOMBANA: Okay and then the last question I have is with regards to your transport plans. You mentioned that this something you do to inform
5 some of the initiatives that the city has [inaudible: 02:25:21] and my question was how regularly does this happen because one of the submissions we received I think it was in Cape Town, was that it's not practical transport plans every five years as required. But it seems that it is something that you are doing, much more frequently and you also use that as the basis of what you
10 then implement.

ROBIN CHETTY: Thank you chair, yes in terms of the legislation we have to produce an integrated transport plan every five years and so and then every five years we're supposed to be reviewing that, so to date ETA has been doing that. So currently the guidelines have changed, it's not called the Comprehensive
15 integrated transport plan and we're currently developing those plans right now. But since the legislation requires that our city has always produced ITP's and with the view of reviewing it every five years.

THULANI MANDIRIZA: Can I just have one question on the interest of time. I think Mr Wosiyana you spoke at length about your interactions with the other
20 cities that were implemented to BRT and you are sharing experiences. I just want to get a sense whether you have managed to check with their shareholders of the VOC's because we have gotten submissions in Cape Town that their shareholders are actually very unhappy in terms of the dividend and the profits that they are getting, so there are two issues. The first one is, in

relation of the management of the VOC's, they're coming into a new environment, that they're not exposed to. They were used to doing business their own way, now they are shareholders and they have a certain equity in that business and the municipality would look for either a competent person who's
5 been [inaudible: 02:27:43] consultant to run this VOC's on their behalf and they become as the allegation goes almost like passive shareholders, no operational control of their business, and they just get a dividend or a profit whatever or whenever it comes. But the actual operation of the business itself, they're not going to get in a [inaudible: 02:28:09] but kind of business acumen. And I think
10 there is this, in two contexts, the first one is in relation to transformation right, so, they were independent operators, 100% black owned, now they become part of this VOC, they don't control this business they're not given an opportunity to learn how to manage this business because it's now complex, the city is involved, they have consultants that are being employed as CEO's to run
15 this business so there's that hesitation that you are by implementing BRT's strategically removing these guys with the promise that they are going to be running the shareholders in this company but in actual fact they don't control the business, so I just want to get your sense in terms of when they're in consultations, if this come up and if it has, how are you trying to address this
20 particular issue? We've even had the submission from a CEO of one of the VOC's who said to us, he has actually gone back to his taxi business because what he was promised, it didn't happen. You know, he's a CEO of this VOC, but the city, I think that's where Mr. Lesofe's question was in terms of the involvement of the city. He's saying the city is running everything, he's a CEO
25 by name, so I just want to get a sense of in terms of your planning I think maybe

my idea of share these plans because I think for us we are mostly interested in one of one of our terms of reference talks about transformation, so we see this also imparting that particular respect.

CHAIRPERSON: If I may just add to this question. The VOC model requires
5 some, a certain degree of transition from, in the case of minibus taxi operators, from being a minibus taxi operator, which is really a cash business, to being a shareholder. A constant refrain which was raised by the shareholders in the VOCs is that the VOC model, it's a completely different model from the cash model, I mean the cash flow model, which is used by the minibus taxi operators.
10 Because the VOC model, as my colleague has indicated, is a dividend-based model. And you see the tension now between the two models. And because the VOC model is dividend based, some of the VOCs ended up having to declare dividends on a monthly basis, such that those dividends are in fact monthly remuneration. Because if the VOCs were not doing that, it will put the
15 shareholders in a precarious financial position, having to wait for months, maybe for years, waiting for declaration of dividends. So, it seems that that process of transitioning from being a taxi operator to now being a shareholder is brought with some difficulties and hazards. Then there is the issue of the duration of the contracts between the cities, as well as the VOCs. And the
20 VOCs have raised this question, I mean the shareholders in the VOCs, that what happens after the lapse of these contracts, some of these contracts are for 12 years. You will find an operator has been in the industry for years and now his livelihood now hinges on a 12 year contract. And the cities indicated to us that after the lapse of the VOC contract, they will go out on tender, putting these
25 shareholders of course in a position of... So, in other words they have been

taken from what was a very stable stream of income to a more uncertain contractual position. So, this seems to have also given rise to enormous difficulties, which of course compounded by the fact that there are also these questions which my colleague has raised in terms of the operational
5 involvement of the shareholders in the running of the VOCs. I think the sense that we want to get is, how different is your VOC model from these other cities, because if it is just going to be a replay of what appears to be playing itself out in other cities, then these are the challenges that the roll out of the BRT system in KZN system is likely to face.

10 **MR HOSEANA:** Thank you, Chair. I think generally the implementation of the RPTN or BRT is informed by the National Land Transport Act, which the process in terms of participation, transformation empowerment is clearly articulated in the Act how it must happen. But obviously I think various cities who have implemented in early stages, have gone for a whole range of options
15 and some which have not worked, as it was envisioned at that point. As I kept saying that as eThekweni we were quite fortunate that we were not at the forefront and there are some key lessons that we have learned from the other cities. For example, if you talk about Cape Town N2 Express VOC, we know about the challenges that have happened and hence our model has tried to say
20 how can we avoid some of those lessons. For example, the whole issue whether some of the, for example in the City of Cape Town, when the compensation model was discussed, operators were paid a lumpsum upfront, which has its own challenges in terms of, you give me 10 million, I will go and spend it and then I am popper the next day or I am broke, what do I do, then I
25 go back and want to operate illegally in the industry without... if you are paying

people the compensation without coming with proper mechanisms to implement change management strategies to say what investment options or income generation you can go, investment, etcetera, that you can take up to ensure that you protect whatever amount that you get, are some of the things that I think

5 were not done. But [2], the whole issue relating to change is something that I think the industry raised very early to say, hey, my taxi was coming to cash-up every evening, now you are telling me about your dividends or share or whatever that I am going to get either annually or monthly, how am I going to make a survival every day. So, those challenges, I think we have looked at

10 those hurdles and come up with practical strategies to say how to deal with that. There are obviously challenges or things that did not work properly in terms of, for example, when the industry, when the VOCs were formed, how do you ensure that the industry is given capacitation practically that is hands on. If you are a CEO, you are not a CEO just by title, where the city has appointed a team

15 of consultants, your KPMGs or the big law firms, which are going to be the one that run daily things. But how do you ensure that [1] there is practical business mentorship, take operators into practical courses where they learn. And also they get involved daily, that is the practical experience. If there is a meeting, they are the ones who get hands on involvement. I think as a city we are quite

20 fortunate in a way that, I think before the world cup, we started implementing taxi empowerment project, for example the people mover bus service that is run in the city, is run by taxis. They have a company, they have a board and it is run as a world class service that is run by minibus taxis. So, we believe that previous best practice that we've implemented is what we are going to use

25 here. There is an issue which relates to people being employees versus

shareholders. Now, we know that in terms of Companies Act, if you are a shareholder you get dividends. But then if there is an issue that says as an operator how do I also get an opportunity to be involved in the operation. Now, there are a whole lot of value chain opportunities that arise, station
5 management, fare management, cleaning, and the whole lot of those things to say, how do we get people that were involved in the industry to now get involved so that they get employed. So there are databases that you generate where you register people, because at a national level, government made a commitment that there will be no job losses or displacement of people when we
10 implement this system. So, we are of the view that when we talk about capacitation of industry, it is not just an academic exercise where there will be people, but they need to be hands on in the daily operation of the service itself, so that at some point after... it needs to have very clear timelines. At some point the city must withdraw, so that these people are also able to stand on their
15 own with very minimal support oversight from the city to ensure that there is no collapse of the entity. And then obviously the whole issue of 12 years is a difficult one, but honestly speaking we are guided by the NLTA. In the past the NLTTA was saying a contract is valid for a maximum period of seven years. The NLTA came and it says 12 years and 12 years, unfortunately by law you
20 cannot have life long contracts or contracts that are over 12 years. So, the challenge that arises with that is that obviously what happens after 12 years, but the reality of the matter is that, once these VOCs are matured and they own the fleet, if we go out on a new tender, these people have an advantage in a big way in the sense that, I have talked about the whole issue relating to the capital
25 cause acquisition of buses, etcetera. If you tender, if you put out a tender,

obviously they will have all the facilities, the depots and everything else, so that they are able to be, not almost guaranteed, but likely to be the ones that are given the contract, to ensure that... Obviously, government wants to ensure that there is healthy competition, but also the whole issue of transformation and empowerment of operators is a critical one. Hence we are integrating not only the bus contracts, but also even the provision of feeder services to say, how do you ensure that minibus and bus contracts, it all works as one, so that even the revenue that comes from the train, because the authorities now, the contracting authority, it collects the income. How that income cross-subsides the other modes so that public transport works as an integrated approach. And obviously government wants to ensure that public transport is a social service that we cannot almost leave to the hands of the private sector to run, but also to ensure that it happens in a way that we regulate the fares, they become affordable, but at the same time to ensure accessibility. So, the whole issue of 12 year contract, I think by law, we are confined by law. We do understand that some of the industry players have said, hey, make it life long or 20 years. But once you do that, there are also other legislation that you [inaudible] in. For example Section 217 of the Constitution, every procurement that government do must be transparent, competitive, etcetera. Once you give other people the monopoly to say, no, you have this contract for life, is that fair and equitable... and that is some of the limitations that we have to operate within. So, ja, I think in short that is my answer. But with regard to the empowerment and transition to ensure that industry are hands on and they don't become just decorating CEOs, etcetera, we are very clear. I think we have implemented projects that we can show that no it is working. If I can take you to our depot and show you and say,

these are the directors of [Inaudible] Sunset, it operates people move, they are hands on, they can tell you we run this operation, schedules, etcetera, and all of that, and also ensure that there is corporate governance, they are being audited. So, we also took them to DOT where they went to an intensive formal
5 course in business management and they graduated from there. So, there are practical ways that you can do. And we believe that some of the lessons that the industry maybe may have experienced in other cities, we are fortunate that we are behind and we have taken lessons from the mistakes, so that we don't replicate them here. But not to say that our system is perfect. I think it is early
10 days to say, but I think we try by all means to talk to Cape Town, Jo'burg, Tshwane, share notes and say what is it that we can learn from you. And also, I think fortunately even the industry we do take them to study tours so that they engage with their counter parts in those cities, so that they can see we are not really selling something and making them look rosy and then they buy into it
15 only to find that... so that they hear from their counter parts in those cities. So, with those strategies we believe we are in the step in the right direction obviously. Thank you, Chair.

CHAIRPERSON: Just one last question from me and it arises from a follow-up from the question which was asked earlier by my colleague, Mr. Nkobeni,
20 relating to regulatory framework for operating licenses. And it seems from your response, Mr. Hoseana, that the regulatory framework for operating licenses, is crafted in such a way that a prospective operator must first make an investment – that is purchase a vehicle – before making an application for an operating license. Because part of the requirements as you indicated for an operating
25 license, part of the requirements require an assessment of the roadworthiness –

I think this was your response – roadworthiness issues. So, if that is how the regulatory framework has been crafted in the sense that the regulatory framework requires this investment before you can begin to operate, is this then not creating a vicious circle in the sense that, if you don't obtain an operating
5 license, what do you do then with the investment that you have made or the acquisition that you have made?

MR HOSEANA: No, sorry, Chair. I think you misunderstood me completely on that one. What I said was that ...intervened.

CHAIRPERSON: I am relieved.

10 **MR HOSEANA:** Okay. What I indicated is that, the law says you are not allowed, it is illegal to buy a vehicle and then apply for license. The Act says go apply for a license, once it is granted, it is upon then when you go and uplift. I think what confuses people is this upliftment process. I am saying that you go, you lodge your application at the PRE. The PRE will write to the municipality
15 where your operation will operate and say, Municipality, mister so and so or miss so and so has applied, then you comment and you say we support this application. When we support that application, it will go to the PRE process gazetting objections and comment. If it is granted, at that upliftment stage, the PRE will then say, okay, your application has been granted, go and buy the
20 vehicle so that you come back with a certificate of roadworthiness, proof of vehicle ownership. And then also the other key requirement which becomes a big hurdle, which result to illegal operation, the SARS issue. The PRE will say before we give you your operating license, give us a tax clearance. Now, the upliftment it must follow the granting. So, hence it says that people are not

allowed or they are discouraged from buying the vehicle first and then go and apply because it is not automatic that you will be granted. Thank you, Chair.

CHAIRPERSON: Thank you for that clarification. I think we have come to the end of our questions, but there are more questions, it is just that we have got
5 time constraints now. But we certainly do have more questions for the City, which we will of course direct to you. So, there will certainly be a need for further engagements with the City because you are at the centre, as I indicated earlier, of the transport eco system within the city. But thanks a lot for your time, Mr. Wosiyana, Advocate Nxumalo and Mr. Chetty for a very helpful and
10 very insightful presentation. Thank you very much. You are excused. We will take a short five minute break and we will be back at 17:00 to receive a presentation from [Inaudible] Abagibeli Bezithuthi Zomphakathi Rights Organisation, ABZ. If you can be ready at exactly 17:00. Welcome, sir, to the hearing. We will like to thank you very much for your patience and for bearing
15 with us. But more importantly, we would like to thank you for coming to the hearing. Thank you very much. If you could first start by taking the oath or the affirmation. There should be a piece of paper in front of you.

MR SIPHO BUTHELEZI: Can I get started?

CHAIRPERSON: Yes, you can.

20 **MR SIPHO BUTHELEZI:** I, Siphon Buthelezi, swear that the evidence that I shall give, shall be the truth, the whole truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you very much, Mr. Buthelezi. I think you can perhaps start by introducing ABZ, what it is, when was it formed and what are its... what

is its role or function. And if you could also explain your role within ABZ and how long have you held your current role.

MR SIPHO BUTHELEZI: Thank you, Chair. I would like to thank the Chair and the commissioners for this opportunity for us to present before you today. My
5 name is Sipho Buthelezi. I am actually from Pietermaritzburg which is where the organisation is based. Our office is currently at 134 Loop Street, IMG House in Pietermaritzburg. Basically the organisation ABZ or Abagibeli Bezithuthi Zomphakathi it is a rights organisation from the side of the passengers. We have from our directors, basically people who have been
10 involved with SANTACO and other organisations, mainly on the operators side, but it emerged out of the need to say, you know, most of the focus and most of the interventions are more on the operators' side. But in terms of the rights of the passengers, very little was being done. So, what the organisation did then was basically to formulate a strategy based on the whole issue of passenger
15 rights to say how do we then make sure that all this engagement takes place, specifically public transport passengers are also taken on board and their issues are actually taken care of. Especially given also the challenges that we have experienced in terms of, you know, the whole issue of the transport committees and what committee level engagements where transport issues are
20 supposed to be discussed there, but very little is actually being discussed there. And also, in terms of issues of fares, issues of routes indeed, you know, I think the City was talking about how the routes are supposed to be, I mean the bus stops and so forth, are supposed to be 500 meters away, but that is not the reality, you know, in terms of what the public transport passengers are actually
25 experiencing and so forth. So, basically those are the motivations behind the

formation of the organisation. Of course, the organisation is a new organisation, it was formed basically this year and we are basically at the formation stage. We are aiming to launch the organisation on the 1st of August this year. But already we have been engaging, because our approach has
5 been to say we will engage all the various stakeholders, we are not going to be confrontational or anything, in terms of the issues that we stand for. So we have engaged the taxi industry to a certain extent, we have engaged bus operators, we have engaged especially the municipality Msunduzi in Pietermaritzburg. But as we launch, you know, we will go out and make sure
10 that we engage all the relevant stakeholders, introduce ourselves and basically see how we can work with them, because there are value added services that we are looking at, over and above just passenger rights generally. We are looking, for instance, at issues of disabilities – how are disabled people actually catered for within, you know, the whole thing of transport. We are looking at
15 issues of HIV and AIDS. You know, we see this as a very good platform, because we will be going to ranks and all those things, to also assist government in terms of pushing those messages. Basically the main aim of the organisation as indicated there, is to create awareness in respect of public transport passenger rights. And also we see that there is limited attention paid
20 to public transport passenger rights in South Africa. Passengers are excluded from most of the discussions, including price increases and the issues of subsidisation. Especially on the issue of price increases, as we speak, this morning one of my interns actually was telling me that he had to leave home at about 2:00 in the morning to get to work, because there was some strike action,
25 you know, because of the fee increases and he had to catch a taxi to get to the

bus and so forth. So, the way we feel is that, very little is done, you know, in terms of including the public transport passengers in these discussions. And at the end of the day, they are the people who are actually at the receiving end. I mean if you look at also the recent bus strike, there were no arrangements, no
5 nothing, it just happened and passengers were basically left to fend for themselves. Some were actually even carrying, what do you call it, bus tickets. And now, I mean again one of the issues that was raised today is that, if you look at public transport passengers, most of their money goes towards the fare. So, automatically if they can't use the ticket and they have to get alternatives,
10 economically that actually affects them. So, these are all the issues that we are basically looking at. And also the issues of, I have spoken about the disabled but also issues of the indigent senior citizens that are not adequately... next slide... In terms of background, basically just looking at the whole issue of public transport passenger rights, the Department of Transport confirmed that
15 safety rights of commuters remain, you know, one of their main priorities. And I know it is just on paper, but in practice, you know, you don't really get the sense that government is actually prioritising passenger rights. And also, you know the government through the minister again, expressed their objectives in terms of, you know... sorry... express their objectives in terms of basically prioritising
20 the issues of, you know, public transport in terms of trains, buses and so forth and making sure that in doing so, they also ensure that the commuter rights, their comfort, safety, dignity and other issues are actually respected. And again, it becomes an issue of saying how and when and who is actually going to do all of this, especially knowing that government functions within a limited
25 budget space. And unfortunately we find that very little actually is being done,

you know, to make sure that these things do happen. And we know, I think one of the things that actually came up is that most of the passengers are actually using taxis. And the fact that most of those taxis they don't get subsidised, you know, the state of those taxis is not basically what we expect in terms of quality transport, you know, for the public transport passengers. I think these are all basically the issues that we are actually raising as an organisation in terms of trying to ensure that the passenger rights are actually complied with. Next slide. And as part of this also, I think one of the issues that has been raised a number of times, is the issue of transformation of public transport, which requires consistent inter-governmental cooperation and coordination. And I think luckily, the involvement for instance of the Municipality of eThekweni is talking to that, but again the question comes, as that transformation takes place, to what extent are we involving, you know, the passengers themselves. Of course it is a daunting task that requires the setting of clear public transport indicators such as reduced travel times, reduced costs, which I think for us, as an organisation that is talking for passengers, of course the issue of reduced costs will be very well for us, because they need to translate to reduced fares as well. Reduced percentage of household income spent on transport, definitely. You know I work with interns, as I have indicated. Most of the money that they earn, you know stipends, goes towards transport in most cases. And it becomes very difficult for them because they still have to provide for food, they still have to provide for rent, in most cases they are actually from out of town. So, for public transport passengers, generally, you know the issue of fares and so forth, in terms of how much they spend on tickets is very, very important. There is also the need of determination by the relevant transport authorities in terms of the

quality, size and so forth of the vehicles, that are actually being utilised as public transport, and also including issues of access to transport. And this again is a very problematic one. – I work, as I have indicated, in terms of the apprentices that I work with, most of them, basically you will find that they actually work, let's say, in the firms, and I was talking to one this morning, he is working at one of the firms in Jacobs, he stays in Khatu Manor, which is not that far, but the problem is, there is no direct transport from where he stays to Jacobs, he has to go from there to town and then from town to work and he actually has to get to work by 6:00. Now, what are the implications then in terms of the quality of services that they are receiving as passengers? Next slide. In terms of the present public transport scenario, I think I won't spend too much time on this, because I know the statistics would have been discussed. But so far as to say that in terms of our understanding there is about 3.9 million people in this country that are using public transport more or less and most of that about 63% are using taxis. And then of course there are others using other feeder transports and so forth. And about 30% of the household in the Republic spend more than 10% of their income on public transport. So that shows exactly how important public transport is for our people. And of course, minibus taxis, we know that they are more or less an informal transport system, the way they are looked at. And 67% of the total number of trips that are actually undertaken, are actually undertaken on a minibus taxi, which means minibus taxis basically have got a very important role to play. At least with buses there are limited engagement with public transport passengers. But it is very difficult, the way the minibus taxi industry is structured, especially on issues of fare increases, it is very difficult, you know, for public transport passengers to engage them. And

again on issues of safety, issues of quality, these are some of the challenges basically that, you know, our people face. Next slide. Again in terms of the meter taxis, you know, what we have in South Africa is that, unlike in other countries, our meter taxis basically they work from a fixed location and again

5 this affects issues of access to say, if you want to use a meter taxi, you actually have to go to a specific location to basically get the meter taxi. So now, the question is, what does it mean in terms of access for our people. And then the railway infrastructure in most cities cover almost only older parts of cities. So, new parts and townships and rural areas, in most cases, are not covered by

10 railway infrastructure. Small bus operators outside of the formal subsidy system, they struggle to raise capital and to recapitalise their bus fleet. And this is more common again in townships and in rural areas. You get these old buses that people are operating. It raises issues of safety and all other things and in most cases these are not actually subsidised. So what does it mean

15 basically for public transport passengers? And again, in many instances of fraudulent bus operators, you know, we have very complicated processes in terms of the contracts and subsidies that again basically lend themselves to fraud and corruption in terms of, you know, the issuing of licenses, in terms of operation. And I think it is one of the things that the City again highlighted in

20 terms of illegal operators basically on the routes, which compromises the lives of public transport passengers. And I think the last point touches on that in terms of the roadworthiness of vehicles. You know, the more illegal people are, the less likely they are to make sure that their vehicles are actually roadworthy. Next slide. Again here it is just basically going through some of the issues in

25 terms of the public transport passenger rights to say what do we mean when we

talk about public transport passenger rights. We are talking about freedom to choose the public transport mode or vehicle that people can utilise at any given stage, you know, taking into account issues like safety, affordability and so forth. And we know that it is not always the case, that freedom is not always there. As I was indicating, I mean about my intern, he could have chosen to use a train, he could have chosen to use a bus or a taxi, but he didn't have a choice, because I mean to go from where he stays to the train station, he has to catch taxis and all sorts of things, because of, you know, access in terms of proximity. So, it becomes an issue of you have to use what is available. Again, the issue of safe public transport services and roadworthy vehicles is another public transport passenger right that we are looking at. And again we know that the amount of accidents that we get in terms of taxis, in terms of buses, it is not always the case. You know we always get these problems of unroadworthy vehicles that basically compromises the lives of the passengers. And then drivers with valid licenses and professional driving permits, again another problem. Reliable transport services, according to schedule... or expectations, not always, especially with the trains. We know that from time to time, you know, trains are derailed and other challenges where people suddenly have to get themselves alternative transport. And I think the most unfortunate thing that happens in this country is that the passengers utilising public transport are not really taken serious. You know, the moment there is a problem for instance with a train derailment, irrespective of whether they've got coupons or not, they will have to figure out how they get to work or get home. No one will even worry to make sure that they make arrangements, you know, to say with the problem they are experiencing, how they are going to help them. I mean even in terms

of scheduling, you find that a train is 30 minutes late and a person has to get to work at a particular time and no one even bothers to address such issues. Issues of travel in vehicles that are not overloaded or overcrowded. That, from what we've seen, especially in the taxi industry, there is improvement, but it is still a problem. And as an organisation also we see the public transport passengers as part of the solution in that the more we make them aware that these are not acceptable, the more they can take these issues up, you know with the marshals and the taxi drivers and everyone and make sure that this thing becomes something from the past. Professional and courteous treatment from the drivers and staff of all public transport operators. Again this is another problem. I mean the quality of service, the way they treat the public transport passengers, all of these things are a challenge. And again as an organisation, our intention, as we meet with the different operators, taxis, buses and even government, our intention is to make sure that all our focus is on the passengers' side. We also help in terms of training drivers and the guys that help the taxi drivers and any other person that is involved, to make sure that at least, you know, from the perspective of our passengers, you know, we are able to help them to make sure there is improvement in terms of the bad experiences basically that they encounter with public transport. Travel on public transport service without experiencing any form of harassment or discrimination. Again, these are some of the things that we want to address as an organisation and this is part of the public transport passenger rights that we feel are not 100% observed. Harassment, especially for women, is a big thing, but also issues of discrimination, you know they are out there. Transport services that provide value for money, especially, I mean the issue of value for money as well it is

very important. The question is, you know, for what the public transport passengers are paying, what are they getting back in return, other than unroadworthy vehicles that basically put them at risk of accidents and inconvenience in terms of not getting to their destination on time and all those

5 issues. So, value for money definitely is a very important aspect. And then in terms of expectations of passengers, I will just go through them, I won't elaborate just to save time. Of course we know it is issues of prices, especially the fact that I was raising that, you know, they don't even get involved in terms of the discussion of fares, fares are just imposed on them. Routes, again big

10 problem, I mean people have to travel distances to get to public transport. The condition of transport that is being utilised. The ranks and bus stops, especially in terms of issues of safety and security are a big problem, but also even in terms of facilities, you know, your ablution facilities, even also the cleanliness. Sometimes you find that the facilities are there but they are not being cleaned.

15 So now you ask yourself, why are the passengers not being taken serious, why are they not provided proper services at the bus stops and ranks. Hospitality, you know the issue of the drivers and their helpers in terms of, you know, providing a pleasant travel experience for the public transport passengers. Long distance passengers, again, they experience all sorts of challenges,

20 including, you know, when there are car breakdowns. Nobody cares to say no I am [inaudible] so many hours, let's get relief, get another transport. They are just there and they don't even know when basically another vehicle will come or the vehicle will be repaired. So there is a lot of problems that they encounter. Even in terms of stops along the way, you know, to say how many times they

25 can get stops so that they can have breaks to refresh themselves and so forth.

Next slide. Information on cancellations and delays – big problem. No one even cares to say to people if there has been, let's say, a train cancellation, and you've got a coupon, what happens, whether you get refunded or... you know, all those issues are not taken care of. Lost or damaged luggage, especially in the taxis. Most people you will find that someone will leave their luggage behind, they will forget it in the taxi, now it becomes your problem to try and trace your luggage. There is not even systems to help people to make sure that if they loose their luggage, you know, it can be found. Accidents, I think is another big problem. You know with road accidents, especially with taxis, you are there, you are a passenger involved in an accident, you are on your own, you will see how you get to the hospital, what happens... very rarely do you get the taxi drivers and taxi organisations, you know, getting to assist the passengers. Hence, one of the things that we are doing now is an organisation, as I have indicated, is that we are actually getting in touch and forming partnerships with taxi associations, exactly for that, so that if someone is involved in an accident with a taxi we can, you know, with the association work out how they can assist, even in terms of, for instance, getting legal information that might be required if, for instance, you know it is where the report has to be prepared for a case and so forth. So, we found that it is very important to form partnerships with the industry in this regard. Also non-discriminatory transport for disabled passengers, again another big problem. In our organisation we have got some disabled board members and one of the things they are relating is that [1] you find a situation that if you are in a wheelchair, you could be waiting for about an hour or two, taxis will be going pass because they can't help you, they can't fit you and your wheelchair into the taxi. And also, I mean,

as much as we know that government is very particular on services that are friendly to disabled people, especially in terms of buildings, it looks like very little is being done, even to, basically provide guidance on taxis and buses as to how to go about making sure that provision is made for disabled persons as passengers. Again complaint handling and redress, you know, all these problems that people are encountering, there are no adequate systems or processes to make sure that their complaints can be raised somewhere, be it a taxi or bus or train and be addressed and attended to and get a satisfactory answer. Next slide. Some of the challenges faced by public transport passengers, I think most of them I have covered. Lack of consultation, the fare increased, I have covered. Quality of services, the services actually offered, for instances, you know, you don't get taxis close to where you live, which is a problem. Lack of proper facilities for disabled people, the aged and women. And basically what we are saying with all these challenges is that, if you look at all these issues, as an organisation our intention is to make sure that [1] we create awareness among the passengers themselves. And secondly also to take these issues to the relevant operators in terms of making sure that we work with the industry. But also even in terms of government, I think it is very important. I mean for instance issues of crime, it is a big issue in this country. And if you look at the fact that some people, they have to be out at about 4:00 or 5:00 in the morning to get to their destination, they will spend two hours on the road, you know, between work and home every day and they become basically subject to all sorts of challenges including crime, you know, they get highly affected by crime. And of course the issue of unsafe roads and the issue of road accidents as well. Next slide. Our proposal in terms of changes, what

we are saying as an organisation, and these are basically the things that we want to implement, of course, with the assistance and partnership of government and the industry and all the relevant people, we want to make sure that we design programs that will ensure that we move towards equal treatment

5 of [inaudible], especially those from rural areas and townships when providing for reduced prices. What we found out for instance is that in some of the bus services, you will find that there is concessions on a particular day, especially for aged people, but it applies mainly to people from the urban areas, it is very rare that you get such concessions, you know, for people from rural and

10 township areas. Especially because, as I have indicated earlier, in most cases in rural areas and townships it is basically, sometimes it is illegal operators who are not subsidised and so forth, so they can't afford basically to provide such reductions. Provision of transport that caters for disabled, e.g. wheelchair friendly transport. Provision of support for passengers during breakdowns.

15 Provision of security at ranks and bus terminals, we are engaging municipalities in this regard, because our understanding is that it is a requirement. Respect of public transport passenger rights, you know, during roadblocks and the searches that take place. Our understanding is that they don't have to be searched, but unfortunately, whenever there is a roadblock, even if the Police

20 are targeting the drivers, the passengers end up basically, you know, being victimised as well. Adequate information to inform public transport passengers travel decisions, travel time, for instance like, you know, what time the taxi is going to depart or the bus, the duration of the trip, if there are cancellations, all of that is very important. Especially again, you know, times where there is

25 going to be, let's say for instance a bus strike. You know what happens is that

people only find out the morning when they go to the bus terminals, they were not even aware that there was going to be a bus strike. Some of them could have made arrangements, they didn't. Some of them, and I have actually seen situations where people, especially in Durban, people will be walking from town to Umlazi just because there is no buses or taxis, which is a big problem, you know, for the passengers. Integrated public transport information. Ongoing passenger rights awareness campaigns, you know, to make sure that all of these issues are actually brought to the attention of the passengers. As much as people know that they have got right to safe transport, that unroadworthy vehicles are a no-no, that overloading is a no-no... sometimes we have to enforce these messages so that, as the people who are on the ground, you know, interacting with the public transport, with the drivers and operators, they are able to raise these issues as concerns so that, you know, we see improvements in terms of these challenges. Involvement of public transport passengers on discussions on fares, safety, it is very-very important as well. And I think that will go a long way to make sure that at least even if people can't do anything in most cases, at least they are given an opportunity to make inputs and to prepare themselves, you know, for fare increases. Functional transport committees, especially at what level that will deal with public transport issues, again it is another challenge that we found at what level they are supposed to be, people are representing, you know, at least to deal with issues of public transport. But in most cases those people are not there, so your [inaudible] issues are not uplifted and referred to the relevant stakeholders like the Department of Transport, the municipalities, because of the fact that, you know, there is a lack of adequate representation in terms of issues of transport. Next

slide. Okay, with this I would like to thank you, especially for this opportunity. I think as a new organisation this gives us the courage basically to make sure that we work towards developing our organisation and to participate in platforms like this, to ensure that we basically advance the rights of our people in terms of public transport. And just to indicate, one thing that I have left out, is that he organisation is actually going to be a member-based organisation. We see ourselves as a national organisation who will make sure that, you know, the passengers become members of the organisation, so that we will be able to basically solicit their inputs in terms of the various issues. And we see ourselves playing a very meaningful role in terms of ensuring that we contribute basically then towards the transformation of the sector. Thank you, Chair.

CHAIRPERSON: Thank you very much, Mr. Buthelezi. Mr. Ngobeni. Mr. Lesufu.

MR LESOFE: Thank you, Chair. Thank you, Mr. Buthelezi. I think you have provided very useful information and maybe because of time, what we would ask you to do for us, and I think we will detail this in a letter which will be sent to you... Basically, I think what we would need is for you to provide us with practical examples of some of the things that you've discussed in your presentation. And I think there you will need input from the commuters themselves. But like I say, we will address that in a letter which will be sent to you. I just have two questions. The first question is in relation to the recent bus strike and I just want to understand, if commuters, especially those who bought monthly coupons, what happened to them after the strike? Were they compensated or were they offered anything to make up for the loss?

MR SIPHO BUTHELEZI: Thank you, Chair. Chair, what we found in most cases is that, you know, the people with coupons, basically you've got the coupon for that period for you to use for that month. And during the strike, what happens, is that people then had to go and borrow money for them to be able to
5 use other modes of transport whilst the strike was actually in progress. Now one thing that I must just confess is, we haven't really verified in terms of were those coupons extended. But from the information that we've had or the discussions that we've had with some of the passengers is that basically by the following month, they will have to basically buy another coupon for the following
10 month. But practically, the way I look at it, you know your coupon, if you haven't used all the days, there should be some extensions. So, it is something that we need to verify to say exactly how did they deal with that issue.

MR LESUFU: Okay, thanks. And in relation to subsidies, I want to put... this is what I put earlier to one of the presenters that there is actually a view that
15 subsidies should be allocated to commuters. In other words it must be commuters who are given subsidies and it should be for them to choose which mode of transport do they prefer to use, as opposed to the current system in terms of which a subsidy is essentially allocated to a specific mode of public transport, I am particularly referring to subsidised buses. I just want to get your
20 views in this regard and if you agree with this view, practically how would this be implemented and how would it work? How would government ensure that the subsidy is used for the intended purpose?

MR SIPHO BUTHELEZI: Thank you, Chair. Chair, I think the issue of subsidies basically is definitely a challenge and it is something that we
25 discussed at length, you know, within the organisation in terms of [1] the current

discriminatory nature thereof in that it doesn't cover all the different modes of transport, but secondly also in terms of how it is allocated to those who get the subsidy. And, I think, as we've stated in terms of the public transport passenger rights that we are looking at, we are saying that, you know, people must be given the freedom to choose what mode of transport, but now with the subsidy system the way it is actually structured, it actually restrict people to a particular mode of transport to say which one is subsidised, which one is cheaper. Even though maybe it might inconvenience them in terms of access and other issues, but because there is a subsidy and probably a lower price, people who basically tend to go towards, you know, that mode of transport. And I mean the only way we see this thing of subsidy is working is if, as you say the subsidy was actually allocated to the different modes of transport on the basis of the passengers. And it may be very difficult to say, you know, the money would be advanced directly to the passenger. So, it can still work through the operators where they can put claims you know, in terms of the numbers of passengers that they are transporting at any given stage. So that you know that way the playing field will be levelled but also people will then be encouraged to use whatever mode of transport is convenient to them and is accessible basically, if there was a way, you know, for them to benefit from the subsidy irrespective of the type of transport that they use. Thank you.

MR LESUFU: Thank you, Chair.

CHAIRPERSON: Thank you, Mr. Lesofe. Mr. Mandiriza.

MR MANDERISO: I just have one question. I think you have narrated the experiences of the commuters at length. I just want to get your views whether

are there any differences between rural and urban in terms of the experiences that you have shared and if so, you can just give us an indication whether some challenges are more peculiar in the rural areas as opposed to urban areas.

MR SIPHO BUTHELEZI: Thank you. Through you, Chair. I think just the one
5 that I highlighted in the beginning was the issue of senior citizens. I think that one, you know, our guys feel very strongly about. Because what you find is that in most cases, you know, with senior citizens in the urban areas where you've got formal transport and so forth, they get, as I have indicated, the issues of concessions, they get treated properly in terms of their travel experience. But in
10 the rural areas, you know, unfortunately you don't get the same sort of treatment. So there is basically unequal treatment. And also, I mean I think the other issue that we know in terms of public transport is that in some of the rural areas, you know, you don't even have, you know, proper buses and taxis, people are using vans, which in itself it brings issues of accidents basically and
15 safety into the picture and most of them are not even registered, they are not roadworthy, so it is one of the challenges. And again, the issue of disabled, you know in the urban centres there is at least some alternatives in terms of catering for disabled, even though those vehicles are not necessarily created for disabled as such, but at least there is some. But now if you look at rural areas it
20 is definitely a problem for disabled passengers, especially where they are using vans and all sorts of other modes of transport, it becomes an issue. And again, issues of fares and issues of roads, I think they are more structured in terms of urban areas from what we've found, than they are in terms of the rural areas. Especially because again you get, as I have indicated, illegal operators and all
25 sorts of people, you know, that are running these services. And I think the other

issue is the issue of availability. You know, in the rural areas, the biggest challenge, especially people traveling between urban and rural, by a certain time, you know, there is no more transport, so you have to be there before a particular time. So that again restricts people's travel experiences. You do find
5 some of that in the urban areas, but it is mainly for people travelling far, you know, to rural areas. I think those are just some of the issues that I can relate to. Thank you, Chair.

CHAIRPERSON: Ms. NONTOMBANA. Thank you very much, Mr. Buthelezi, once again for coming, as well as for your patience. We will certainly take the
10 recommendations that you've put on the table forward and we will engage with the relevant stakeholders in terms of these recommendations that you've made. Thank you, you are excused. We have now come to the end of today's session. We will resume tomorrow exactly at 9:00 to receive a submission from the Provincial Department of Transport here in KZN. Thank you very much for
15 coming.

END OF SESSION

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