

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

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10



VENUE:

15

**(Polokwane)**

**Date:** 21<sup>st</sup> August.

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## Session 1

**CHAIRPERSON:** Today is the 21<sup>st</sup> of August 2018. I would like to welcome you to the Competition Commission's Public Transport Market Inquiry Public Hearings in Polokwane in the Limpopo province. My name is Bukhosibakhe  
5 Majenge. I am the chief legal counsel at the Competition Commission, and I will also be chairing the panel. I am joined by two panel members. On my right, I am joined by Ms Nompucuko Nontombana who is the divisional manager of the market conduct division at the Competition Commission and on my left, I am  
10 joined by Mr Thulani Mandiriza, who is also from the CC, who is joining the panel in his capacity as the head of the inquiry's technical team. Both Ms Nontombana and Mr Mandiriza are economists based at the CC.

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

Before we begin, as is customary we will just recap the rules that will be applicable to this inquiry. The first is that the formal sitting of the inquiry will be open to the public at all times, except when the chairperson rules that part of the  
20 proceedings will be closed on grounds related to confidentiality, or for any other reason deemed justifiable in terms of the Competition Act.

Secondly, all sessions of the inquiry will be recorded and will be streamed live on YouTube, save for those sessions or parts of the sessions that will be closed. In order to allow for the proper ventilation of issues, the chairperson, the

panel members, as well as evidence leaders may pose questions to any person making oral submissions or to any witness in these proceedings.

The chairperson will not permit any person, neither personally nor through legal representatives, to question any witnesses or any persons making oral  
5 submissions during these public hearings.

In the event that any stakeholder has an objection, a comment or question in respect of any submission made during these public hearings, that stakeholder must submit such an objection, comment or question to the inquiry in writing, and the inquiry will attend to such an objection, comment or question as soon as  
10 possible at an appropriate time.

We will now receive the first submission from the Great North Transport. Welcome, lady and gentlemen, and thank you very much for coming and for being on time.

**MR MONKOE**: Thank you very much, and good morning.

15 **CHAIRPERSON**: There should be a piece of paper in front of you. You may proceed to take the oath or the affirmation, starting with the lady.

**MS MATLOU**: Morning, ladies and gentlemen. I, Nolundi Matlou, swear that the evidence that I shall give, shall be the truth, the whole truth, and nothing but the truth. So help me God.

20 **CHAIRPERSON**: Thank you, Ms Matlou [00:04:55]

**MR MONKOE**: I, Patrick Monkwo, 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 Monkoe. Before you start with the presentation, if you could just start by introducing, just with introductions. If you could just state what your current role is within the GNT and how long have you held that role.

5 **MS MATLOU**: Okay, currently at Great North Transport, I am working as a revenue manager where I am responsible for the revenue of the company, including the subsidies. And I have been in this position from last year June.

**CHAIRPERSON**: Thank you. Mr Monkoe.

**MR MONKOE**: Ja, my responsibility is the marketing and business development  
10 within GNT. As you would know, GNT is a subsidiary of Limpopo Economic Development Agency, which is LEDA, and then in the group, I provide marketing and communication services. You know, at the group level, obviously you have financial and non-financial support services. Therefore they differ in terms of their commercial outlook, but with regard to GNT, my responsibility is that of marketing  
15 and business development, and I started doing this since 2016.

**CHAIRPERSON**: Ja, Thank you. You may take us through your submission or presentation. That will then be followed by questions from us.

**MR MONKOE**: Well, our approach to this Commission is based on the questions that we received and since I think May, we started interacting with the  
20 Commission and then ultimately, we sent the questions in terms of, I mean, the responses in terms of the questions that were sent to us. But just to give you a background of GNT, GNT is a state owned company. It is a subsidiary of Limpopo Economic Development Agency, which was created to provide transport services to the people of Limpopo province.

We are currently operating 11 depots, 10 in Limpopo province and one in Bushbuckridge, which is eastern part of Mpumalanga province. We, as I said, provide transport services to the working class, to the poor of the poorest in the province, and we do that throughout all the villages and small towns of Limpopo  
5 province.

**CHAIRPERSON:** And if you could just indicate the number of vehicles that you have.

**MR LESOFE:** Ja, at full capacity we are operating 503 busses but currently, we are operating around 403.

10 **CHAIRPERSON:** If you could also just give us an indication of the areas which you are servicing currently.

**MR MONKOE:** Okay. We have, our biggest depot is Seshego, followed by Tzaneen and Bushbuckridge, and as well we are operating in Makhado, Giyani, Phalaborwa, Marble Hall, Mokopane, MMotetema, which used to be called  
15 Groblersdal. Tzaneen I think I think I have mentioned.

**CHAIRPERSON:** Ja, I think at this point then I will hand over to, unless there is anything that you would like to say as part of the introduction, I will then hand over to the evidence leaders to put questions to you. Mr Lesofe.

**MR LESOFE:** Thank you, Chair, and good morning.

20 **MR MONKOE:** Morning.

**MR LESOFE:** If we could just start with the ownership structure. So GNT is 100% owned by government, is that correct?

**MR MONKOE:** Yes, sir.

**MR LESOFE**: Okay. And for how long has it been providing commuter bus services.

**MR MONKOE**: For as long as I was alive as far as I am concerned. It was also—  
let me put it this way. When the former homeland states of Gazankulu and Venda  
5 were incorporated or merged with Lebowa, those two homeland states came with  
their own bus companies, which ultimately were incorporated to form Great North  
Transport. So the company is basically coming from as far as the home states  
were developed.

**MR LESOFE**: And for how long have or perhaps let us start with the routes. I  
10 know you mentioned different areas that are serviced by GNT. What is the total  
number of routes that you service? You can give an estimate.

**MR MONKOE**: 540.

**MR LESOFE**: And this is throughout Limpopo and as I understand in  
Mpumalanga.

15 **MR MONKOE**: Ja, the eastern part of Mpumalanga, Bushbuckridge.

**MR LESOFE**: Okay. And if you could just, because I assume you cover both  
rural and urban areas, if you could just give examples of some of the deep rural  
areas that the entity services.

**MR MONKOE**: Well, you would appreciate and know that Limpopo is 80% or  
20 90% rural. You have got only Polokwane as the city and then you have got small  
towns like Phalaborwa, Giyani, Groblersdal, and Marble Hall but in the main, we  
operate, we operating in the rural areas in terms of moving people from the rural

areas every morning into different work destinations and as well as students that will be travelling from their villages into schools and so on and so forth.

You have deep rural areas in Giyani, such as Moheshe where the president during the presidency of Jacob Zuma, they selected it as a presidential  
5 nodal point for development. So I would say in the main, we operate from deep rural areas such as Blouberg, My Darling, on the side of Waterberg you would go as far as Tiberius. These are areas that are characterised by gravel road for a lack of a better word.

**MR LESOFE**: And as part of the services that you offer, do you have any  
10 unsubsidised commuter bus services?

**MR MONKOE**: Ja, Phalaborwa as well as Tubatse. We are, the two depots are not subsidised but we are expected to provide the same service like any other company that is subsidised.

**MR LESOFE**: Has that always been the case or they were once subsidised and  
15 things subsequently changed?

**MR MONKOE**: I think Phalaborwa at one stage, some years back it was subsidised and then I do not know what has happened but later on, when we resumed with the services, it was not service– subsidised anymore.

**MR LESOFE**: And [intervenenes]

20 **MR MONKOE**: What I am saying is that it looked to me from what I gather, that Phalaborwa was subsidised for a while, and then the depot at one stage closed shop. I am not so sure what was happening, but because of the demand for that

service, GNT had to resume the services but the subsidy was never given back.

With regard to Tubatse, it was never subsidised as far as I know.

**MR LESOFE**: And how many busses do you run at these depots?

**MR MONKOE**: Like I said, Seshego currently we are running [intervenes]

5 **MR LESOFE**: I mean specifically where you are unsubsidised.

**MR MONKOE**: That is Phalaborwa and Tubatse.

**MR LESOFE**: [Indistinct 00:15:11]

**MR MONKOE**: Phalaborwa we are running around 32 busses and then in Tubatse at full capacity, we are running about 22.

10 **MR LESOFE**: And what would you say are the key challenges that you encounter, especially in areas where you run unsubsidised bus services? So if you do a comparison between an area where you get a subsidy and an area where you unsubsidised, what would you say are the key challenges that you face?

15 **MR MONKOE**: Obviously, running a bus company is a very, is a mammoth task and if you are not subsidised and you are expected to still maintain the fares that are equivalent to bus companies that are subsidised, you are likely going to have a huge challenge, because what happens is that your maintenance of the busses is always going to suffer, particularly that we are travelling on roads that are very  
20 bad, for a lack of a better word. That is number one.

I think number is that where you are not subsidised, the challenges that you are always not going to be efficient and effective in terms of providing the transport services.

**MR LESOFE**: And then my next question would have been in relation to the major challenges that you face when servicing rural areas. I am asking this question because we have made an observation in other provinces that operators who provide commuter service, commuter bus services in rural areas, seem to  
5 face challenges in comparison to their counterparts who provide similar services in urban areas. I just want to get from your perspective, given that you service both, what would you say are the key challenges that you encounter?

**MR MONKOE**: You know, in the rural areas, obviously majority of people are unemployed. That is number one. The road conditions are too bad, and you are  
10 likely, for instance, during rainy season, the bus gets stuck in the mud. Therefore it means that route for that particular week is not going to be operated because of the same challenges I am speaking about.

So and as soon as you are not able to provide that particular service, you are putting jobs on danger. You are putting students away from school for that  
15 duration, and you are likely to get a response from the community in terms of them now ... what, how can I put it, revolting against the company for not providing the service. Remember, some of these people buy weekly tickets or a monthly ticket, and as soon as the bus is not available because of the road infrastructure or because of the rainy season or because the bus has broken,  
20 they will then need to get alternative means of transport to work and therefore, it actually deprive them from the small money that they should have used for something else.

**MR LESOFE**: And in terms of operational costs, would you comment on that?

**MR MONKOE**: Ja, the maintenance goes a little bit high, like I said, with our road infrastructure. You are likely not to be able to sustain your tires. You are likely not to be able to sustain the bus as a vehicle, the cost of spares obviously are forever escalating and therefor, comparatively speaking, the people that operate in the  
5 rural areas compared to their counterparts in, you know, the difference obviously come from that.

**MR LESOFE**: And the allocation of the subsidy, does it– so when you get your allocation, is that factored in? In other words, does government take that into account, because if it is more costly to service rural areas, it essentially means it  
10 would actually make sense for the subsidy that is dedicated to servicing rural areas to be higher in comparison to a subsidy that for instance, is dedicated to servicing Seshego.

**MR MONKOE**: Well, I think personally I do not think we are being given a proper or an equitable allocation in terms of subsidies, and I will leave my colleague to  
15 comment, because if you look at us in comparison to other operators, I think there is a huge difference, over and above the fact that even though the difference is noted, I still believe it is not sufficient for all us, all of us who are operating in the rural areas. And for that I think I will leave my colleague to comment.

**MS MATLOU**: Okay, thank you. The subsidy that is given to us operating on  
20 rural areas and on towns, it is the same subsidy for the company. They give you the same rate, whether you are operating on rural or whatever area that you are operating on. However, the difference with the small operators, they give them a higher rate which is because they are still, the explanation is that they are still a young group which still need to be developed, but looking at it, it is not, you can

feel that it is not fair because the services that you need to provide are the same and the expenses that you incur as the bus company, those are the same expenses for both operators.

**MR LESOFE**: Thanks. Now, if we could talk about your current subsidy contract,  
5 what is the status of, what is the current status of that contract?

**MS MATLOU**: Okay, the contract that on– in GNT we have two contracts that we, two types of contracts that we have, which there are depots which are operating under the interim contracts and there are depots which are operating under the negotiated contracts. Our negotiated contract, it is only three depots  
10 and the other five depots which are subsidised are on the interim contract.

The three depots which are on interim, the five that are on interim are our Marble Hall, Motetema, which is on the Sekhukhune area and we have the Tzaneen, Makhado, and Giyani on the north, in the north side. And the sixth one will be Bushbuckridge, which is, under Mpumalanga. And we have Hoedspruit,  
15 Seshego, and Mokopane which is on the negotiated contract.

**MR LESOFE**: So in terms of duration, I do not know if they have different durations, could you just explain to us what is the position in terms of durations, for instance, in other provinces, some of the bus operators their contracts are renewed monthly, whereas others would have contracts with about three-year,  
20 you know, duration of three years subject to renewal. I just want to understand what is the position in Limpopo.

**MS MATLOU**: Okay, we have currently renewed our contracts with the department from April this year, which will be for the period of three years, all the contracts, all the negotiated and interim contracts.

**MR LESOFE**: Before this renewal, what was the duration before that?

**MS MATLOU**: Even before this contract, this renewal, it was a three-year contract. We are renewing on three-year basis and also this year, they also added another three years.

5 **MR LESOFE**: Now as I understand, the duration of the contract plays an important role or it is key in running a bus operation. The fact that you are given, and I understand that—and you tell me if this is wrong—I understand that if you run a bus operation, a three-year contract may not necessarily be sufficient or a term that is long enough, because this may to some extent affect things such as the  
10 procurement of a new fleet. It creates a number of uncertainties. That is what we have heard in other areas. I do not know if you share the same sentiments or if there are any other challenges that are presented by being awarded contracts with a short duration.

**MR MONKOE**: Ja, obviously, you are right to say it creates a lot of uncertainty,  
15 because if you look at Limpopo for instance, you would realise that a lot of people that try to create employment, they look for operating either taxis or busses precisely because of the levels of unemployment, and you will see the mushrooming of these kind of services and as well, particularly with us at GNT, some of the small operators that we have come from, I will call it not necessarily  
20 unbundling but at one stage, we were requested to give away some routes to some small operators. And we hand-helded [sic], incubated them until they were able to operate efficiently and effectively. Therefore, every time when you see a contract that is signed for three years, you are always asking yourself whether

does this mean government wants to open up and give away part of the routes to other emerging bus operators. It does create uncertainty.

**MR LESOFE**: Okay. I would like us to explore what you have just mentioned in some detail, the issue of empowering emerging bus operators but before we get to that, and for how long have you held both your negotiated and interim contracts?

**MS MATLOU**: The, all the negotiated and the interim contracts we held when, as my colleague had said in the beginning that when the former Gazankuluand they were combining to make one company as GNT. So that is when we started with those contracts.

**MR LESOFE**: And before then, I know this is a while back, before then do you know if there was any form of support, financial support or in the form of a subsidy that the entity received from government?

**MR MONKOE**: Well, that we will not be able to answer. We will not know.

**MR LESOFE**: Okay. Thank you. If we could then now talk about the empowerment of emerging operators, how many operators have benefitted from the arrangement that you referred to earlier, and I think you referred to it as some sort of an incubation arrangement.

**MS MATLOU**: We have a small bus operator, which right now we are still working with them, which is Kopano Bus Services which is working with GNT. That is the company that GNT has groomed and now they are doing so well as a company also.

**MR LESOFE**: And are you able to estimate the number of busses that they run?

**MS MATLOU**: Currently in the contract that we have with them, we require 10 busses, however, the company has grown with, their number of fleet has increased with, they have more than 20 busses at the moment, and they also have other operators that they are working with, which they still making that group  
5 of small operators.

**MR LESOFE**: And which areas do they service?

**MS MATLOU**: They operate on the, around the Lebowakgomo area, which is mostly for part of the service there, and the other bus companies that they work with on that same umbrella of Kopano, they operate on ... what is this area going  
10 to Mokhado, going towards Giyani area, going towards Giyani, yes.

**MR LESOFE**: And GNT does not have any shareholding in Kopano.

**MS MATLOU**: No.

**MR LESOFE**: Okay, and is Kopano black owned? Is it a black owned entity?

**MS MATLOU**: Yes, it is black owned entity.

15 **MR LESOFE**: So in terms of your arrangement, is it a– it is a subcontracting arrangement as I understand, right?

**MS MATLOU**: Yes, it is.

**MR LESOFE**: Can you just elaborate on that? How does the arrangement work? What are the key terms of your arrangement?

20 **MS MATLOU**: The small operator is given from the kilometres that we are given to operate by the government on those roads, they are given a percentage of kilometres that they are going to operate that we divide with the number of roads

that we give to them to say they are going to operate these routes. And a portion of the subsidy for those kilometres is given to them on a monthly basis.

**MR LESOFE**: And are you happy with their performance?

**MS MATLOU**: Yes, we are very happy. They are doing very well.

5 **MR LESOFE**: The reason why I am asking these questions is because there is a general concern that how the current subsidy contract is structured is such that it favours operators who were awarded the contracts when the system started, such as GNT and Buscor, Putco, and others, and given that these contracts have just been renewed in perpetuity, in a way they have created monopolies in  
10 markets and this is not how the system was designed. So when the system was originally designed, the idea was that from time to time, the contracts will be put out to tender so that small and emerging operators can be afforded an opportunity to also participate and grow in the bus industry. But because these contracts, there has not been any tender process for at least 21 years now, this means that  
15 to some extent, competition has been undermined and the effect of this is that the contract system now serves as a barrier to entry. So the question now that we need to answer is what can be done to facilitate the entry of small and emerging bus operators? And I think the kind of arrangement that you have, it is probably one of the solutions that perhaps government could, may consider. That  
20 is the whole thing of subcontracting. I do not know if– just giving you context to these questions. I do not know if you would like to add anything to that or maybe you have other ideas.

**MS MATLOU**: I think the other thing that would make it, as much as the company would want to add more small operators, the fact that the government is not

increasing the subsidy, as much as they know that the villages are growing and everything, however, the subsidy that we are given, it is still the subsidy that we were given 10 years back. It is still those kilometres. It has not increased to say due to special development, it can increase a certain kilometres and you will get  
5 subsidies for that.

The government is still giving us, they give us 10 kilometres from Seshego to town, and still paying us for those 10 kilometres, however, as an operator, as we know the villages, how they extend and everything, and due to passenger demand, we are forced to increase the kilo– operate more kilometres than we are  
10 subsidised for. Let me take an example at Seshego. the kilometres that we are given to operate on a monthly basis, we find ourselves going an extra mile to operate more kilometres that we are not claiming from the government.

We only claim that portion that the government has given to us to say, “These are the kilometres that you have to operate on a monthly basis,” and  
15 hence I am saying that as much as we would want to add other small operators, it would be difficult for us to do that because now it means we will have to subsidise those routes because they would not have enough money to start their own routes or to subsidise themselves.

**MR LESOFE:** Okay, thank you. I just want to talk briefly about commuter  
20 experiences. So we have heard from a group of commuters who are based in the Bushbuckridge area, and I must say they have serious concerns. They have raise serious concerns with us regarding the quality of service that GNT provides in that area, and I will quote an extract from the transcript but this is just to give a sense of the kind of issues that they have raised with us, and I quote. They say:

“We feel that we are being undermined and we feel that we have been looking down at because when you check other areas in Limpopo where Greater North is operating, their busses are in good conditions compared to us here in Bushbuckridge under Mpumalanga.”

5

Is that a fair comment?

**MR MONKOE:** I do not think it is a fair comment because if you look at all the depots, it is, I think the depots that got some new busses five years back, it was Mokopane, Marble Hall, and Hoedspruit, and the conditions of busses in Hoedspruit they are forever good because the busses are using tarred road most of the time. And when I, for instance, came into GNT in 2016, one of the things that we did was to move busses from Marble Hall to Bushbuckridge precisely because we wanted to give them a fleet of busses that would transport them from there to Nelspruit so that people get to work as early as possible.

10

15

But the issue of busses, if you go to Makhado, they would give you the same comment that we are not being taken care of. If you go to Tzaneen, you will still find people complaining about the state of busses. Our busses generally across the entire company are very old, and precisely because the type of fare that people are paying is not the type of fare that you can basically go and buy new busses.

20

Like I said when did my introduction, we are transporting the domestic workers, the work class, the poorest of the poor. These are the people that government wants to pass back the savings from whatever they get from employers back to the household using GNT bus as a means of transport.

Therefore, you cannot expect the company to really buy new busses with the type of fares that these people are paying.

**MR LESOFE**: Now, I am sure you receive these kind of concerns from commuters themselves.

5 **MR MONKOE**: Yes.

**MR LESOFE**: And besides the issue in relation to the quality of service, what other concerns do commuters generally raise with you?

**MR MONKOE**: Well, in the main, it is around reliability of our service, availability and reliability. You fix a bus today, the following day another one breaks down  
10 and then as a result, you will forever be confronted with complaints that says we are not able to work on time because of the reliability of some of these busses.

**MR LESOFE**: And in terms of fare increases, when the fare increase is contemplated, is there any form of consultation that takes place, especially consultation with commuters?

15 **MR MONKOE**: Across the depots we have what we call transport forums. Those are the people that represent various communities and they come, we consult with them, we have meetings with them. Even if, even when we actually speak about other things, those will be the first point of entry to communities.

**MR LESOFE**: Just my last one or two questions just on BRT, Chair. I know BRT  
20 has not been implemented as yet in Polokwane. Are there any of your routes that are likely to be affected by the implementation of the system?

**MR MONKOE**: Ja, with the introduction of phase 1 of BRT, I know about 20 busses in Seshego were going to be affected, although there are still clarity

seeking consultations in terms of exactly what is our participation in this whole thing because initially at the start, we were told that or the impression that we got was that we were going to be part of the operating company but later on, it looked to us as if we are no longer part of this. But those are the discussions that are  
5 going on right now to get exactly what our participation is going to be if we lose or if we move the 20 busses out of those routes.

**MR LESOFE**: And what would be your attitude towards that proposal that you are actually not incorporated into the vehicle operating company in the interest of transformation.

10 **MR MONKOE**: Look, our attitude has always been if we have a proper transport, integrated transport system that will basically provide service to the people, that is what we are excited to see at the end of the day, because if you look at the congestion and the reasoning of the BRT in terms of reducing congestion of traffic in town, we do not have an issue with that because we obviously need to understand  
15 precisely how we get affected and ultimately, how this relationship is going to translate into the service delivery that we were told about from the beginning.

**MR LESOFE**: Thank you, Chair.

**CHAIRPERSON**: Thank you, Mr Lesofe. Just some clarity questions arising from Mr Lesofe's questions. We understand from the submission from the provincial  
20 department of transport that the department currently has 26 bus contracts, that is subsidy contracts, can you just clarify how many bus operators are operating these contracts within the province? In other words, how many bus operators provide subsidised commuter services within the province, including yourselves?

**MR MONKOE**: It will be very difficult to know.

**CHAIRPERSON**: Just roughly, very roughly.

**MR MONKOE**: Oh ...

**CHAIRPERSON**: You have no idea. Who are the other bus companies that you know who provide subsidised commuter services?

5 **MR MONKOE**: Look, I see busses that are travelling, criss-crossing the province, whether they are subsidised or not subsidised I would not know.

**CHAIRPERSON**: Now the routes that you are servicing [intervenes]

**MR MONKOE**: Ja.

10 **CHAIRPERSON**: ... very roughly, can you give us an indication of which of those routes you operate in parallel with minibus taxis?

**MR MONKOE**: Almost all the route that we are operating.

**CHAIRPERSON**: Almost all the routes.

**MR MONKOE**: Ja.

15 **CHAIRPERSON**: And what is it that is attracting commuters to minibus taxis, notwithstanding the fact that those routes are serviced by subsidised bus operator?

**MR MONKOE**: I would say the reliability of the services is one of the things that would attract people to minibus taxis, and the other thing is that busses are scheduled. Our busses obviously are scheduled services.

20 **CHAIRPERSON**: And in terms of pricing?

**MR MONKOE**: Look, in terms of pricing we are not above taxis. We are always below, in most cases we are always below the mini taxis.

**CHAIRPERSON:** Mr Ngobeni.

**MR NGOBENI:** Just one question, Chair. In clarifying what the chair has, you know, on the question that the chair has just raised with you, you have mentioned that reliability is one of the issues that attract commuters to the minibus taxis. The  
5 question that I have is are there any routes that you are allocated to, that you are aware of that are underserviced or you are not completely operating those routes?

**MS MATLOU:** Yes, there are some of the routes that we are aware that we are not fully operating, however, when we schedule our services, we try to cover the  
10 whole area. The only thing that will be a problem is the number of busses that we put in that area due to the demand from the passengers. So when we operate on a normal basis where we do our schedule of busses, we would allocate busses in order to cover all the areas that we are supposed to service so that we can have our service running on a daily basis. And the issue due to reliability as my  
15 colleague has said, it will be the number of busses that are required to operate on that route.

**MR NGOBENI:** And which routes are those routes?

**MS MATLOU:** Right now, okay, let me take the Seshego area. The area around Lebowakgomo, there are some of the routes that we know that we are not  
20 servicing 100%, however, we take advantage that our small operator, which is Kopano, is also available on that route so that it can cater for those passengers who need the services also.

And on areas which we are operating locally, our Seshego routes to town, we always make sure that those areas, if they are not covered, we know that the

taxis are always available to cover those areas, but we always prioritise areas that are in the, are far from town, which are Moletji and everywhere away from town because we know that people are struggling to get transport from there. So we make sure that our rural areas are mostly covered more than the local, 5 because the local the taxis are always available.

**MR NGOBENI:** Thank you, Chair.

**CHAIRPERSON:** Ms Nontombana.

**MS NONTOMBANA:** Thank you, Chair. Just a follow up to the questions that have already been posed. The first one is on the subcontracting, and my question 10 is if for example, the contracts were to be made, were to be put on tender, would there be bus operators like Kopano that would be able to tender successfully in the province, just in your view? So operators that have developed to a certain extent that they can run contracts on their own without depending on a subcontract from a bigger operator.

15 **MR MONKOE:** Ja, I should believe that, like my colleague has said, Kopano has developed to a point where I believe they can tender and operate on their own, because even now currently, there are routes that they are operating on their own without necessarily subcontracting to us.

**MS NONTOMBANA:** But my question is other than Kopano, because I do get 20 the sense that Kopano is one of those that would probably be in a better position but other than Kopano, if you wanted to bring in other smaller bus operators, is there capacity to have those operators other than Kopano?

**MR MONKOE:** I think yes, there could be people that, I mean, other operators could actually come into, they can bid successfully and be to operate, but the

challenge has always been, is always going to be the other conditions that we spoke about. You buy a fleet of 20 busses and the next thing, you realise that without proper road facilities, you know, and there's little amount of subsidy that you get, you are likely to go under within a very short space of time.

5 **MS NONTOMBANA**: Then the other question I had was whether you provide any scholar transport.

**MR MONKOE**: Yes, we do provide scholar transport. We are also obviously operating a cross-border service from Burgersfort to Zimbabwe once a week every Friday.

10 **MS NONTOMBANA**: And in terms of those other services that you provide, the scholar transport and cross-border, are there any specific challenges other than the ones that you have raised with regards to commuter bus services?

**MR MONKOE**: Look, with cross-border, we are trying to respond to the regional integration plans of government where we want to integrate the Sadec and  
15 Limpopo in terms of trade, in terms of tourism, in terms of cultural exchange. There is no challenge other than the challenges, the normal challenges that you get at the border, you know, long queues, and so and so forth.

**MS NONTOMBANA**: Then the last question is on the fares. The question was whether in the routes that you operate with minibus taxis, whether the, what is it,  
20 the— or let me put it this way. You said that in most of the routes that you operate, the fares of the busses would be lower than the minibus taxis, and I just wanted clarity whether by that, when you say “most,” does it mean there are routes where the fares would be higher than minibus taxis or it is always the case that the fares would be lower than minibus taxis?

**MR MONKOE**: Ja, like I am say[ing], in the majority of cases, we are always below the fares of the taxis. I am not aware of any route where we are above.

**CHAIRPERSON**: Mr Mandiriza.

**MR MANDIRIZA**: Thank you, Chair. Just a few clarity questions. Is GNT  
5 profitable or are you covering your cost with respect to all the depots that you have mentioned?

**MR MONKOE**: You know, that question, the MEC, our MEC always ask us to say if you guys are saying you are not profitable, why do you want to be profitable because if you are providing public service transport? The minute you become  
10 profitable it means you are actually over-charging our people. So I do not think we are profitable, and my colleague here, revenue manager, will attest to the fact.

**MS MATLOU**: Okay, I agree with my colleague, and I would also add on to say even the two depots that we have that are not subsidised, they are also adding to that because now we need to, as the group, it needs to subsidise those two  
15 depots so that they can be able to run also.

**MR MANDIRIZA**: Okay, ja, maybe let us split for the subsidised depots. Are you able to cover cost?

**MS MATLOU**: Mhm ... I think on that one, it is a touch and go. I would not say we are able to cover all our costs, especially right now with the maintenance cost  
20 that are going high and our busses are aging very quickly.

**MR MANDIRIZA**: Then was— ja, okay. So you are part of government, you are a state owned entity, and you also indicated a challenge with respect to some of your roads not being subsidised maybe, you gave an example Seshego for

instance. What seems to be the challenge in renegotiating with government for route extensions? Is the contract not flexible enough to be able to cater for changes, either in commuter demand or commuter preferences>

**MS MATLOU**: The contract that we have it is not allowing us to have those  
5 extension of routes but, however, we, as the company, we have tried to engage with the department and the response that we got was that it was still referred to the national department for them to consider that on the extensions. And we are not the only company that is complaining on that.

Even the small operators are complaining on that also but we have  
10 engaged with the department on how best can we work on that. And the other thing that we were advised on was to cut the routes that are not profitable and take the subsidies to the routes that are profitable, but we have our commuters that we need to services also, still taking to their places. We cannot just cut the routes because we say, we feel that we are not subsidized on those routes.

15 **MR MANDIRIZA**: So even for just amendments to routes, the provincial department is not flexible.

**MS MATLOU**: No, there is not much flexibility on that.

**MR MANDIRIZA**: Because what we have heard in other provinces, for instance, is where the provincial department is to some extent flexible and they allow some  
20 busses to be moved in routes where there is low demand to service routes that have higher demand. Is that not even a possibility for you guys?

**MS MATLOU**: We have tried to do that but still, I would say the demand is more for transport on other areas. So we are forced to operate those areas and we cannot reduce those kilometres as much as we want to reduce them.

**MR MANDIRIZA:** Then in terms of– how does the department monitor your compliance to your schedule and .... Ja.

**MS MATLOU:** We have– they have got monitors whom they send out on a daily basis to monitor that the depots are operating according to the required  
5 schedules, and we since last year in, I think it was in May, they have installed a system in two of our depots, which is in Machado and Seshego, that is doing the monitoring of all the trips that we are operating, but on the other depots they are still using the manual way where the monitors are going out on a daily basis to monitor if we are still operating accordingly.

10 **MR MANDIRIZA:** From your own perspective, are you adhering to the schedule? I think your colleague has indicate that you have problems in the schedule in meeting the timeframes. Have there been any penalties? How is your contract structured in terms of delays or not fulfilling respective times?

**MS MATLOU:** Yes, there are penalties when we do not fulfil the contractual  
15 obligations, however, as the company we try our level best to operate the routes and to operate on time that are scheduled to avoid to avoid all those penalties, because we know that the ultimate end, it is not only about penalties that we get. It is about the people who are using the service, because the moment you are not reliable it means they would not use your services anymore.

20 **MR MANDIRIZA:** Okay, thank you, Chair.

**CHAIRPERSON:** If you could just clarify: other than subsidy funding and perhaps funding or revenue generated from the fares, what are you other sources of revenue?

**MR MONKOE**: Well, we go out and speak to companies to contract us in terms of their trips for leisure, for instance. The mining companies that are there, we try to speak to them so that they give us contracts sometimes to transport their employees from one point to the other. We also embark on talking to advertising  
5 agencies to get clients and advertise on the busses just to get small revenue.

**CHAIRPERSON**: Do you receive any form of capitalisation from the department of transport?

**MR MONKOE**: What I know is that currently, there was an attempt by the group leader at group level. The board was working the recapitalisation plan. As to  
10 whether it is getting approval from national treasury is something that I am not sure of.

**CHAIRPERSON**: But you do not receive any capital assistance from the department?

**MR MONKOE**: Other than the subsidy, I am not aware of.

15 **CHAIRPERSON**: And then can you just give us a rough indication of the market share split between busses and taxis in the province? We just seek to understand which mode carries the majority of commuters in the province, just very roughly.

**MR MONKOE**: I think I would say it is 60/40, 60 being taxis and 40 being busses.

**CHAIRPERSON**: The department seems to, the department of transport, seems  
20 to suggest that busses are merely providing a peak hour service with taxis then filling in the gap off peak. Is that your understanding?

**MR MONKOE**: Ja.

**CHAIRPERSON:** And then if you could also give us an indication of the average, just the average age of your fleet, just on average.

**MR MONKOE:** Age of the fleet?

**CHAIRPERSON:** Ja, the fleet that you have, because you have raised issues of  
5 reliability and ...

**MR MONKOE:** I think average age is nine years.

**CHAIRPERSON:** And then how responsive are the current contracted schedules that you have to commuter needs? Are those schedules responsive to commuter needs and is there flexibility in terms of the amendments to those schedules to  
10 respond to [indistinct 01:02:29] commuter needs.

**MR MONKOE:** Ja, sometimes I would think so because there are times when I personally go into the depots in the afternoons, I mean, bus ranks just to look at the movement of busses. Sometimes we do inspection in the morning, four o'clock in the morning, management goes out to go and just do the monitoring of  
15 busses and how they, people respond from various villages into the city.

**CHAIRPERSON:** And just one final question from me. Assuming that your current contracts were to go out on tender, both the negotiated and the interim contracts, were to go out on tender, public tender process, what barriers or impediments exist for new entrants into these routes that you are currently  
20 servicing, because you own the depot infrastructure and you have a very large fleet

**MR MONKOE:** I would say in my personal experience that the— I think GNT has developed a brand over a very long time and therefore, I would say majority of

the people, despite all the challenges that we are having, are still very loyal to the brand. So I think brand loyal might be an impediment to most of those small operators because if you are a no-name, people might, people may not be comfortable to venture into you.

5 **CHAIRPERSON**: Alright, and does the department have any say in your fare determination process?

**MS MATLOU**: The department is more interested on having both parties having an agreement. If– there was a consultation with the passenger forum and, because the passenger forum is representing the community that we are serving,  
10 then if there was an agreement between those two parties, then the department is just accepting the agreement as it is.

**CHAIRPERSON**: So they do not have any say or they do not contribute in your fares?

**MS MATLOU**: The only advice that they normally give us is we need to make  
15 sure that we do not charge the passengers more than what we are supposed to. We are not supposed to be very high for passengers because we need to remember that we are giving transport to people who are poor and they are not earning more.

**CHAIRPERSON**: And in terms of your own assessment, how affordable are your  
20 fares, especially to poor commuters, whom you have said constitute the majority of your commuters?

**MR MONKOE**: No, they are very affordable.

**CHAIRPERSON**: Alright. Thank you. Thank you very much, Ms Matlou and Mr Monkwo, for your time and for your submissions. You are excused. Thank you very much.

**MR MONKOE**: Sorry, we are excused.

5 **CHAIRPERSON**: Excused, yes, yes. Thank you. We will now take the next submission from Sanco Limpopo province. If the representative or representatives of Sanco can please come to the front table. Welcome, sir, and thank you very much for coming. Are you flying solo?

**MR LESHILO**: Yes [indistinct 01:07:42]

10 **CHAIRPERSON**: Ja, there should be a piece of paper in front of you.

**MR LESHILO**: This one?

**CHAIRPERSON**: Ja. Please take the oath or the affirmation. Yes, please switch on the mic.

**MR LESHILO**: Should I raise my hand?

15 **CHAIRPERSON**: Once you get to the part which says, "So help me God," if you are taking the oath.

**MR LESHILO**: Okay. I, Shylock Leshilo, do 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 Leshilo. If you could start by  
20 indicating what your current position is within Sanco and how long have you held your current position.

**MR LSHILO**: My current position in Sanco is communication officer. It is one and a half years being there, although I have been in Sanco for many, many years, even during the time of UDF.

**CHAIRPERSON**: Alright. I understand that you have prepared a PowerPoint presentation. You may take us through the presentation. That will then be followed by questions from evidence leaders as well as the panel.

**MR LSHILO**: Okay. What [indistinct 01:09:17]. Thank you very much. Yes, we made collective presentation for this August gathering from Sanco. Then at our introduction shows that the purpose of this presentation is to relate experience and challenges commuters and operators encounter on their daily basis by using public passenger transport, and it is through, according to the Commission's request for the support of South African Civic Organisation, Sanco, in public passenger transport inquiry. Experience to be shared with the inquiry may include but not limited to waiting time, the amount of time spent on the road, the cost of public transport, walking distance to public facilities.

So in essence, we cannot concentrate on those ones because I think we went through that document, then we saw how other people said about the very same thing. So but now, we as Sanco, as community based structure, is the legitimate structure that represent citizens, including yourselves, as a mouthpiece in relation to basic services to the civil society, including transportation related matters.

Civil society is indeed defined as "all voluntarily formed of association, formal or informal, that are not part of the state [indistinct] system. As such, it is little more than a, just a reduced class that provides little analytical cloud." If you

are concerned with the question of how civil society or more specifically, how certain expressions of civic life contribute to democratic deepening, we have to begin by exploring the relationship between associational life and the practice of democracy.

5           The determinant of that relationship between associational life and the practice of democracy is the interaction of members of civil society in all walks of life. It is not a scene or a nuisance [indistinct 01:11:49] or a [indistinct] thought for you, Commission, when undertaking a market inquiry into the land based public passenger transport industry, invited Sanco to form part of this encounter. It  
10 should be noted that all political parties did not emerge automatically. Instead, they are formed members by civil society after affiliative or notorious situation.

          Sanco's participation in the inquiry: Sanco really applauds for being part of this interaction so that aspirations and wishes of communities at grass root level, where Sanco being the custodian of the turf, are [indistinct 01:12:36] upon.  
15 In the same vein, Sanco partake in this encounter to promote socio-economic transformation from inclusive common understanding.

          It is worth noting to indicate that there are positive experience and challenges discernible in the public passenger transport, like that we are having a mobility which I think is conducive [indistinct] taxis, busses like that. So it is a  
20 positive angle, which sometimes we can share with you. That we are happy about that. There are no more moving coffins. So that is a positive experience as we are saying [indistinct 01:13:21].

          Sanco is guided by material condition on the ground to support the inquiry as a through [indistinct] to present views and the views of the civil society. Public

passenger transport involves commuters and operators as major participant in the daily engagement. It is through– these vehicles are not driving themselves, so passengers are used to interact with the operators as drivers of the very same vehicles fairy them from point A to point B. So that is why there are daily  
5 engagements.

National Land Transport Act 5, 2009 defines the public transport service as:

“Scheduled or unscheduled service for the carriage of passengers by road or rail, whether subject to a contract or  
10 not and where the service is provided for a fare or any other consideration or reward, including [indistinct 01:14:19] in respect of passenger transport as defined in the Cross-border Act, and except very clearly and appropriate, the term “public transport” must be interpreted accordingly. For  
15 benefit of people, [indistinct] simply means transport in coastal waters or airspace or between two points, point A and point B.”

So as Sanco, we still embrace whatever is stipulated in that act. In [indistinct] terms of reference, as for focal point, the Commission has identified the public  
20 passenger transport sector to include road and rail based public passenger transport as relevant for this inquiry.

Document in disposal [? 01:15:12] indicates that the inquiry requests submissions that reflect commuter experiences for both rural and urban areas. Sanco’s focal area in this regard is road transport. The reason being that

approximately 80% of civil society utilises land mode of transport, being busses and taxis. It is a fact that public transport plays a pivotal role in providing significant mobility for the majority of South African residents.

5 The majority of population use public transport as a reliable mode that play integral part in trying to achieve socio-economic development. It is important to indicate that the most common trips are journeys to work or to and from movement five days each week, 50 weeks per year. There are also trips undertaken to and from school as a regular movement for many people, particularly learners.

10 There are also members of community who need transportation for shopping, visit doctors, visit friends, and other personal reasons. Some are travelling for religious purposes on pilgrimage to sites of special importance, especially during Easter vacations. Notwithstanding that public transport is cost effective mode of utility, there are experiences and challenges faced by users on  
15 a daily basis.

Then we come to experiences faced by users on [a] daily basis. Public passenger transport users of transportation have several criteria when measuring the quality of transportation service between departure point and destination. They are: speed; accessibility measured in lapsed time between the decision to  
20 use transport and obtaining access to it; reliability; frequency of commuter's trips; intervals between the operator's departures; minimised transfer or intermediate stopping points, and punctuality.

Then because we indicated earlier on that we are going to concentrate on busses, the old minibus taxis and busses, then we start with minibus taxi.

Sometimes, operators are very slow or stop unnecessarily and enthruse impatience of passengers. Sometimes, operators drive very fast and overtaking at awkward milieu because of unknown reasons. The reasons are known by them by they usually do that. That is an experience from members of civil society.

5 Loud audio systems in minibus taxis also pose a situation of discomfort to passengers and/or aggravate their health conditions, particularly the ones that fare scholars to and from schools or school excursions. When coming to busses, commuters spend more time on their way because the mode still operates under rigorous setup, instead of point A to point B. Furthermore, depots are at the  
10 outskirts of towns.

Here is a general challenge. General challenge is that although transportation facilities and opportunities increase, there are some groups that are still excluded. The weak, the elderly, and the disabled are in vulnerability of being left because they lack equal access to the transportation systems.  
15 Members of society mentioned above remains a challenge as to what responsibility they have for transportation system that can be used as an alternative to the current mode of transport.

Then we came up with recommendations. Operators should always drive at a reasonable speed and adhere to regulated speed limits. Audio systems  
20 should be reduces as a means of considering the rights and health [indistinct 01:19:45] of commuters. Operators of the ones that fare scholars to and from schools or school excursions, should be encouraged to play lesson related devices instead of these other music or genres. So I think because we say we as members of community we say education is the key to any success. So that is

the reason we encourage the operators to sometimes utilise the very same devices for the very same, for learning related matters.

Operators should take into cognisance that the unnecessary stoppages compromises commuters' intended trips. By stopping there, someone must go to bank, some must go to doctors as we have been saying. So by that unnecessary  
5 stoppage, they come be to an [indistinct 01:20:39] situation.

Recommendations to busses. Routes should be transformed into point A to point B. Furthermore, depots at the outskirts of town, municipality should allocate space for depots closer to CBDs or CBAs, central business areas. All  
10 public passenger transportation modes and facilities should be modified to accommodate the [indistinct 01:21:19], the elderly, and the disabled. You know, it is a fact that all these taxis are not user-friendly for people who are using wheelchairs. Even the busses are not having that utility for accommodating people who are using wheelchairs.

15 So I think if they can sometimes modify them by putting escalators which sometimes can assist these elderly, weak people then obviously, we will say we have reached the destination. Together we can do more. Thank you.

**CHAIRPERSON:** Thank you very much, Mr Leshilo. Mr Lesofe.

**MR LESOFE:** Thank you, Chair, and thank you very much for the presentation,  
20 Mr Leshilo. I just have a few questions, and my questions are largely in relation to the provision of commuter bus services, not even— let me just broaden it to include other forms of public transport to rural areas. From a commuter perspective, what would you say are the challenges that commuters in rural areas face as far as the provision of public transport is concerned?

**MR LESHILO**: Well, if you— let me check. Okay, what I can say is that most of people at the villages use transport to their workplaces, alright. They woke up early in the morning. In fact, that first person who is going to use, who is going to be, to take that mode of transport, that bus, will be the last in the evening when  
5 that bus comes back because of that radius.

And ultimately, the person become very weary, weak because of that setup, but if the routes are modified in such a way that we are having point A and we know that this bus route goes this direction, from [indistinct] to Polokwane it goes straight, via Marishani, like that, and Masemola to [indistinct] until it reaches  
10 the destination, then obviously, people will not be weary by then. But if it depart from [indistinct 01:23:49] at half past four in the morning, go to [indistinct], come in that other side, Mamone, until it goes to join the very same R579 and when it arrives in town, the very same person who is going to work, is already tired.

So that is one of the things which I think they pose a challenge to  
15 communities. And furthermore, here are people who are taking medication. Then the very same time, when is that person arriving the destination, that that person already defected from medication and then there will be reaction. So these are some of the things. We check pros and cons of the very same story. So that is the reason we find that this thing poses a challenge because people to reach their  
20 destination in a very swift manner but not encouraging the speedy operations because we are law abiding citizens.

**MR LESOFE**: And are there any rural areas that are disadvantaged in a sense that they do not benefit from the subsidy, the bus subsidy contract system? In

other words, are there rural areas where commuters are not provided with subsidised commuter bus services?

**MR LESHILO**: Not in my, not in our, not in Sanco's knowledge, sir, because you know, we deal with issues, basic issues that affects members of civil society but  
5 when coming to these other things of enterprises, entrepreneur and others, then I think those ones, sometime we do not fiddle with that type of things.

So that is the reason in this Commission we cannot even give an evidence of saying that our people are not benefiting because they did not even come to Sanco and say, "We are not benefitting. The tender system is giving in an  
10 eschewed way of which we are not benefitting." So on that one, I think we are virgins [? 01:26:12]

**MR LESOFE**: I have no further questions, Chair.

**CHAIRPERSON**: Mr Ngobeni.

**MR NGOBENI**: Thank you, Chair. And, Mr Leshilo, I think if you can just go to  
15 the recommendations that you make, and if you look at the recommendations that you are proposing in relations to the minibus taxis, and I look at your recommendations and I see no mention of any consultations in terms of how fares are determined. So what maybe you can explain to the panel is whether or not any of the taxi associations in the province, if they do consult with Sanco before  
20 they increase fares for commuters.

**MR LESHILO**: To tell the honest truth, the honest truth, these operators, taxi operators did not consult, do not consult with Sanco when coming to this fare increase. They usually start when fuel increase sometimes, but after some time. We cannot say they change prices abruptly. They take some time. So there we

can also applaud for them but where, but they start to be [indistinct 01:27:40] if this fuel prices goes up.

Then ultimately, it brings fear to them. It also bring fears to the members of society because they say, "Oh, by the way, prices are high. Obviously, the increase will be high," whilst unemployed are also, feel the very same pinch of the very same fares. So but in essence, when they are trying to change their prices, the do not even consult with us. Sometimes they even put papers on the window, saying from now from [indistinct] into Lebago[?] , this amount. From Polokwane to Mankweng is this amount. From Groblersdal to [indistinct] is this amount. We just see them on windows.

**MR NGOBENI:** And from where you are sitting as Sanco, do you think that commuter voice is important before the announcements are made? Is that the type of engagements that you would like to have with the industry before these announcements are made? What is your view on that?

**MR LESHILO:** Remember, before there can be taxi operators or public passenger transport operators, there are members of civil society. Before you can be commissioners like this, you are members of civil society. So obviously, because you are talking about togetherness, togetherness and unity, we must breathe from the very same nostril. So obviously, it is important for them to come closer to us as members of civil society. Then we engage.

You know, public users, commuters are understanding people. Ultimately, when you indicate to them the afflictions or adversaries in that mode of transport, then obviously they will understand, because you must know that in fact, these members of society knows that when we are talking about transport, particularly

a taxi, we are not talking about fuel. We are talking about tyres. We are talking about system mechanism. We are talking about the driver. We are talking about the owner. We are talking about taxman. So obviously, if you go to people and explain such type of things, ultimately they will understand.

5 **MR NGOBENI**: Thank you. And on slide 5, your slide 5, you mention a couple of positive, you mention positive experiences and challenges emanating from the public passenger transport environment, and I think amplified this morning when you indicated that some of the positive challenges are that we no longer have moving coffins and all of those.

10 What I am more interested in finding out from you is what has been Sanco's experiences and challenges in relation to services that are offered by the Great North Transport bus services? So if you can just start with the positive experiences, and then if you can just highlight what has been the challenges that the commuters that you speak have faced in using the service.

15 **MR LESHILO**: Thank you, sir. Let me indicate that fares are reasonable and furthermore, after it being modified from— do you still remember, we had what you call LT [indistinct 01:31:26] transport by some times ago, where they were using fibreglass seats. So this Great North Transport is modified in such a way that it is user-friendly for commuters.

20 This is a positive side but the negative side is that commuters will wait for a long time, especially at bus terminals because sometimes, for example, somebody comes from Mhlaletsi[?] comes to Polokwane, came early in the morning, do whatever was supposed to be done in Polokwane. And that person will wait until one o'clock or 13:00 for that transportation to go— to in fact, carrying

the very same language or whatever grocery bought to the depot at the outskirts of the town, heavy like that, and from there, take the bus to using the very same radius way of operation, arriving at Mhlaletsi at six o'clock in the evening or 18:00, being tired, but after being paying for the very same service. So I think this is another critical point which sometimes we must take it on so that we must have this rapid response when it come to transportation related matters.

**MR NGOBENI:** Thank you, Chair, I have no further questions.

**CHAIRPERSON:** Ms Nontombana.

**MS NONTOMBANA:** Just one question from me, and this had to do with the nature of commuters that are serviced in Limpopo. I understand that most of them would be coming from the rural areas. And so the question is are there instances where, for example, the bus operators would be on strike? And if that happens, how are commuters getting to their places of work during those periods?

**MR LSHILO:** There are this proverb, "One man's meat is another man's poison." So that is where taxi operators benefit and rejoice when these Satau [?] and other unions related to the very same transportation are on strike. So obviously, that is where they sometimes make their meal.

**MS NONTOMBANA:** So are there any other areas where, for example, the taxi operators would not be there of is it the case that if there are busses operating in a specific area, you would also find taxis. There are no areas where you just find busses only or you find taxis only?

**MR LSHILO:** Remember, busses are using main roads or provincial routes but taxis, taxis go to internal streets, collecting commuters from internal streets and

fairy them to the place of their destination. So obviously, when coming to Limpopo, busses and taxis are there.

**CHAIRPERSON:** Mr Mandiriza.

**MR MANDIRIZA:** Thank you, Chair. I just have one question. Do you have any  
5 views about the service being offered by metered taxis especially in Polokwane?

**MR LSHILO:** You know, they used to say, "Truth is an offence but not a sin." These meter taxis do not have permits. So it is risky for these members of civil society, including your cousins [? 01:35:31]. If you call your cousins and say hire metered taxi, you are an accomplice or a culprit to a threat to his or her life. So  
10 obviously, I think the department of transport should enforce law or sometimes, you know, because sometimes there is a sluggishness or latitude of officials in the department of transport for not taking care of the very same request for permits.

So I think this is another thing. After all, the monitoring tool, the monitoring  
15 tool in the department of transport is extremely, extremely weak, especially [indistinct 01:36:15] weekend. So that is the reason we will find that we are having all these anomalies. You will find these law enforcement officers being close to the very same meter taxis, but knowing that this metered taxis are operating illegally, and they leave those things like that.

20 So these are some of the ills that South Africa is faced with. And this hampers socio-economic transformation of our people. So and now, I think it is important for registrar in the department to take heed of these things. And furthermore, whilst we are still on that one, there are still taxis which their permits are not yet approved and in essence, the very same taxis are operating illegally.

So it is a life risk for the usage of those taxis. So I think the Commission should assist us and go deep in those things, check the applicants. You know, there is other applicants who sometimes applied as early as 2008 but up to now, they do not even have transportation permits. So you will find that the certificate  
5 of fitness is not affixed to the window. So ultimately, or they expired.

So the monitoring thereof is still something which sometimes needs determination, but the problem is that the national department, you know, I must say it in this Commission, and please, you must take it forth, because you must not just have paltry gatherings, you know, the changing of ministers now and then  
10 puts a terrible problem to the community because here come someone else who does not even know anything about transport related matters. This person was a *muruti* somewhere else but he came in here to deal with transport related matters where [indistinct] of people, civil society is involved. So I think this is another thing of which you must deal with it. If you fail, then I will do it.

15 **CHAIRPERSON:** Mr Leshilo, I just want to take you to your recommendations, and in particular the first bullet point of you recommendation where you recommend that routes should be transformed into point A to point B. Can you please elaborate on this recommendation and just provide context to this recommendation?

20 **MR LISHILU:** Thank God, I will elaborate because I serviced in national taxi task team in 1995, whilst there were killings of innocent people by taxi operators [indistinct 01:39:26] because of radius. You know, people were tussling with other people's route, according to the applications but in this regard now, we are talking about health of our people, including your sisters, your mothers, your

grandmothers who are taking tablets because you know, today, we are living in a ill society.

If you can check all these bags here, they are not having monies but a lot of tablets for different illnesses. So now, so by radius, you know what is radius?

5 You know, it is just like when you are travelling in this modern society, civilised society, you are moving like Jan van Riebeeck, who come from Nederland going to India but via South Africa. Just this thing must leak in your mind. So here is someone else from the doctor using bus because that person cannot afford taxi or that very same illegal metered taxi.

10 Then you will go to the depot, wait for that one o'clock for the departure of the bus, using the very same route from [indistinct]. Sometimes he is going to Hatsweni [? 01:40:46], he'll go Maratha, he goes to nobody Ramakanye [? 01:40:52] coming that side, until that person reaches the destination. So ultimately, the illness of the very same person sometimes will be aggravated. So  
15 that is why we said we— you know, point A, you move here, you come here, you use the road if you go horizontal.

If you go vertically, you will start here today, you see. If you know, that is how or it can be in a knitted [? 01:41:20] way but it must be point A to point B to avoid any delay or extension of time on roads. That is the reason we said if our  
20 people, because we need these people to be healthy, to be a lovely society. We love them. We love them to make sure that your children are getting married at their presence.

We do not want them to be, to nurture graveyards there because of our misunderstanding or our underperformance on certain resolution taken. So I

think, I take this Commission to be a serious Commission to take whatever we are doing here serious so that in two, two or three years, something will be happening. So now, that is why we say point A and point B. There will be no hustles.

5           There will be no delay. There will be no— in fact, it will be cost effective, socio-economic, and then after all, people will be happy utilising the very same system. You know, people do not like to be delayed. People do not like to be delayed. They want to reach their destination in the very same program of time. Now you must meet your lawyer. Somebody stole your cattle and you must meet  
10 your lawyer in Polokwane high court at nine o'clock but that bus goes the very same radius, turning like that, like a watch, like a wall watch.

When you arrive at that court, your time lapsed. Now your very same lawyer will charge you extra money for penalties. So to avoid all those type of things, because you must think this, you must open your head like that. All those  
15 ingredients. Check all of these possible things. So ultimately you will find that it is important to have this type of transformation.

**CHAIRPERSON:** Ja, thank you. Thank you very much, Mr Leshilo, for your presentation, as well as for your time. We will certainly take up the issues that you have raised with the relevant stakeholders. You are excused. Thank you very  
20 much.

**MR LSHILO:** Thank you for that time. On behalf of Sanco, we are pleased and we are still ready to meet you again on other related issues. We are not here only to solve problems. We must also move South Africa forward jointly like that. We

must build better society and then we believe that together we can do more.

Thank you very much.

**CHAIRPERSON:** Thank you. Thank you, Mr Leshilo. We will now take a tea adjournment. I think we will be directed as to where tea will be served. You are  
5 welcome to join us for tea, and we will be back at quarter past 11.

## Session 2

**CHAIRPERSON:** We will now receive a presentation from SANSBOC-Limpopo. Morning m'am and thank you very much for coming. There should be a piece of paper in front of you. You may take the oath or the affirmation.

- 5 **MS MAPONYA:** Thank you program Director. I Olivia Maponya swear that the evidence that I shall give, shall be the truth, the whole truth and nothing but the truth. So help me God.

**OLIVIA MAPONYA** (d.s.s.)

**CHAIRPERSON:** Thank you very much Ms Maponya. If you could start by  
10 indicating what your current position is within SANSBOC-Limpopo and how long have held your current position and then you may then take us to through the presentation that will then be followed by questions from evidence leaders and the panel

**MS MAPONYA:** Program Director, let me take you take this opportunity to greet  
15 you all and thank the opportunity afforded by the Competition Commission to make presentation on behalf of SANSBOC-Limpopo. I am Olivia Maponya, the Provincial Treasurer of SANSBOC-Limpopo and I am based in Polokwane. Thank you and the contents of our presentation will be focussing on the background of SANSBOC. Then the subsidised bus services that is ...[indisinct]  
20 Transport, Human Resources, Expectations, Operating Standards, Cost Escalation in the Bus Industry, Licensing, Long Distance and Cross Border Operations, the BRT, Road Conditions and other challenges and Conclusion.

1. **Background:** On the background SANSBOC was established in 2009 by the National Department of Transport with an interim structure. The

launch of formal structure in 2012 on all provinces and national by National Department Transport and then District Structures established 2012 and five in Limpopo relatively functional structures in place. SANSBOC has a membership of about 90% of the total bus companies in the Limpopo Province. Services operated by Limpopo operators are ranging from subsidised scholar transport, long distance and charter services. Most of the routes operated by Government SOE were hostile taken over from the previously disadvantaged operators without negotiations and compensation during the apartheid era, regime, in Limpopo Province.

- 5
- 10
- 15
- 20
2. **State owned entities**: The state owned entities bail out and exemptions: Additional grants from Government allocated to state owned entities for their sustainability does resulting an unfair competition as all other private bus operators are face with the same challenges – here mostly we are referring to the operating cost. Exemption from Company Income Tax and less bank charges and other fees and other fees granted only to SOE's thus making the playground uneven.
  3. **Re-capitalization** of vehicles is only applicable to SOE's, by Government and consideration is not made to private bus companies.
  4. **Under Subsidised Bus Services**: The subsidised bus services are operated by private operators and SOE in Limpopo and are managed by the Provincial Department of Transport. Approximately 70% of the subsidised bus operations are contracted to state owned enterprise – that is Great North Transport and 30% operated by private bus companies. The services are monitored by Provincial Department of Transport and none

compliance penalties are imposed to the affected operators. The subsidy increases are implemented unilaterally by the Department of Transport on annual basis without taking into consideration of CPI and other cost increases. Short-term contracts of three years are renewed to operators with the same conditions by the Provincial Department of Transport without consultation and engagement with the affected operators. – thus making it difficult for operators to secure funding from financial institutions. Kilometers are kept by the Provincial Department of Transport without taking into consideration some socio economic activities and population growth. Different subsidy rates are payable to operators and the following slide is on the subsidy increases awarded since 2007 – 2018.

a. The slide is not coming forth, I do not know if there is a technical challenge. It is the slide with the Graph on Subsidy Increase Awarded. That is it. That is just an indication to show the growth on subsidy which is payable by the Provincial Department of Transport to operators that from 2007 it was 8.10% and unfortunately it is not increasing so to date we are sitting with subsidy increase of 3.24.

b. The next slide is on the Passenger Resistance to Fair Increases. The main intention of the subsidy is to make public transport services accessible and affordable to the poorest of the poor, but it becomes a battle between operators and passengers to increase fares to cover the shortfall from the subsidy increases paid by the Provincial Department of Transport to operators.

5. **The Moratorium on Subsidies:** Growing villages result in more kilometers travelled due to extension of routes without corresponding subsidy adjustment. Significant passenger growth was experienced which resulted in inadequate bus capacity and thus resulted in an excessive overloading occurred which posed safety and legal problems. Time tables had to be extended and amended to cater for additional passengers and trips. No consideration on subsidy rates on different capacity of the sizes of buses to cater for passenger growth. Huge capital investments were incurred by bus operators to acquire more new busses with higher carrying capacity to reduce overloading and accommodate ...[indistinct] struggling patterns. All this was done without subsidies being adjusted due to the moratorium on subsidies that increasing cost to operators.
6. **Under the Operating Standards:** Since the implementation of the per kilometer subsidy system the department has more effective control over bus operators. The quality of the service rendered can now be measured and monitored against the approved time table, the measured and described routes, safety, reliability and cleanliness of busses, bus drivers adhering to legal requirements, quality of busses in terms of the ...[indistinct] return submitted to the Provincial Department of Transport Limpopo.
7. **Under Scholar Transport:** Scholar transport is managed by Limpopo Department of Education without relevant knowledge and expertise pertaining to transport issues. Service providers are contracted for three years by the Provincial Department of Education that is making it difficult for service providers to secure funding from financial institutions.

Department of Education only pays service providers for only school going day – here we are talking of 195 out of the 365 days of the year which operators with a ...[indistinct] of paying fixed operating cost such as instalments, insurances, licenses, salaries, offices and bus depot's rental, sleeping grounds and many more. The rates are determined and imposed by Department of Education to service providers irrespective of the tender rates submitted by bidders. That is making it difficult for service providers to provide or to make profit and sustain their businesses and again there is no annual increase and escalation during the tender – tender contract period.

8. **Under the Human Resources Expectations** from April 2012 to SARPBAC. SARPBAC is the South African Road Passenger Bargaining Counsel through the Minister of Labour extended the wage agreement to ...[indistinct]. Small and emerging bus operators are obliged to adjust wages and salaries to be in line with the salary wage scale as prescribed by the SARPBAC agreement irrespective of profit margin for each operator – for the past four years bus operators had implement the SANSBOC minimum wages, as well as increases of an average of 10% which totally unaffordable and unsustainable that is leading to retrenchment, on some companies.

9. **Cost Escalation** The following ...[indistinct] lights will highlight the cost escalation experienced over a number of years depicting the major increases and then we look at the

- a. salary and wages - we took this data form 2012 and 2007 to 2018 – looking at the growth of salary increase in the passenger bus industry.
- 5 b. The next slide is on the diesel increases. In 2007 the price of diesel/liter was R5,89 average for the year and in 2018, where we are seated we paying an average R15,55 – which in impacting negatively on the sustainability of the bus operators.
- 10 c. And then now on the tyre prices, from 2008 the price of a tyre of a bus was ranging in average form R3 176,00 and today as we are sitting we are paying R9 719,00 per tyre. So, if you can look at the graph is just going so steep and then the
- 15 d. bus prices 2007 a price of a bus – we here, we are talking of standard bus of a 65 seater capacity. It was R1 061 616,00. Today in 2018 we are paying the same bus at R2 565 794,00 it is not coming easy on us.
- 20 e. And then the next light is indicating the subsidy versus – the subsidy that some of the operators who are subsidised by the Department of Transport to render services against the cost increases So, if you can check the table on the left hand side. That is the year and the subsidy increase and the cost increase of running the operation and then that – the two graphs indicates clearly that the subsidy which is payable by the Department of Transport is not anywhere in line with the cost increase of running the bus operation.

10. **Licenses:** Then coming to the licenses, operating licenses or permits, as it was previously called. The scholar transport operating licenses are not issued in line with the contract period and then up to three years delay on issuing operating licenses, even for over the counter transactions. So, is still a battle in Limpopo for operators to get the operating license from the Department of Transport and sometimes when we submit our applications, simple applications, we will be told that their systems are off line and this resulted in the operators being unable to render some of their services which are generating income, for them, because they would not be having the operating licenses which are valid and then on the

a. **COF's.** There is a duplication of annual vehicle license fees which is impacting negatively on bus operators. When you buy a bus you are expected to pay the license fee of that bus for the whole year and then six months down the line you will be expected to renew your COF and you will be expected to pay 50% of the annual license fee. We tried to address that with the Department of Transport, but unfortunately there is no help that is coming, you know, to us as operators.

b. The long distance and cross-border operation there is unfair competition between the SOE which is operated by PRASA and private bus operators in that they saturate the market with excess busses due to their over capacity from 2010 World Cup. Which is making competition very tight for private companies which are running same services and then

**Other challenges:** There is lack of financial support to the industry by the Limpopo Department of Transport wherein comparing to the SANTACO, SANTACO is getting assistance from the Department of Transport, but coming to SANSBOC there is – the practice is different  
5 which is making it difficult for us to run our administration effectively and then the lack dedication personnel to coordinate activities of SANSBOC which continues to on *ad hoc* arrangements.

11. **Other challenges:**

- 10 a. There is lack of financial support to the industry by the Limpopo Department of Transport wherein comparing to the SANTACO, SANTACO is getting assistance from the Department of Transport, but coming to SANSBOC there is – the practice is different which is making it difficult for us to run our administration effectively and then the lack dedication personnel to coordinate activities of  
15 SANSBOC which continues to on *ad hoc* arrangements.
- b. Division within Government subsidy beneficiaries and non-subsidised operators is also a challenge and then
- c. Challenges within scholar transport program coupled with the fact that it still resides within the Department of Education.
- 20 d. Sporadic conflicts between small bus operators and taxi operators in some of the routes and corridors is also experienced. Ongoing pressure and sustained blame for preserving monopolies and benefitting a few operators through the subsidy scheme.

12. **Conclusion:** And then on conclusion companies are trying their level best to render the best possible service to the commuters, comply with the operational requirement of the Department of Transport, adhere to the laws of our country but not coping with the increased operational costs.

5 From the slide presented it is clear that the playground is not levelled and operational costs do not correlate with income thus impacting severely on the sustainability of bus operators in Limpopo. Should this challenges not be addressed soonest it will result in the total collapse of the industry.

Thank you so much.

10 **CHAIRPERSON:** Thank you, Ms Maponya. Mr Lesofe.

**MR LESOFE:** Thank you Chair and thank you very much the presentation Ms Maponya. If we could start with the SANSPOC's membership. How many members does SANSBOC-Limpopo represent.

**MS MAPONYA:** In Limpopo we are currently representing 71 bus operators.

15 **MR LESOFE:** And what would you say is the average age of your members' busses?

**MS MAPONYA:** Are you referring to the fleet age?

**MR LESOFE:** Yes the fleet age.

20 **MS MAPONYA:** You know fleet age is – it varies from operator to operator some of the operators are having fairly new fleets. I know many of them, because some of them are running the subsidised contracts and running the subsidised contracts you need to adhere to the requirements of running such contract. You cannot put a 20 year old bus on operation whereas you are being subsidised, but

there is still operators who are running fairly old fleets of busses, because they are unable to finance their new fleet.

**MR LESOFE**: Thanks and are you one of the subsidised operators?

**MS MAPONYA**: Yes.

5 **MR LESOFE**: Okay and then just to confirm the types of services that are offered by your members – from your presentation I gather that some of your members provide, like yourselves, you provide subsidise bus services. Do you – do any of your members provide unsubsidised commuter bus services?

**MS MAPONYA**: No, as I have indicated in my presentation. Our members are  
10 providing subsidised bus – I mean subsidised bus services and then some are providing the charter services which is focussing more on organised party kind of services – wherein a bus will be hired by a particular group to perhaps transport them to various places, but those are not scheduled operation. Unfortunately now we cannot operate commuter services because according to the way it is set  
15 ,within the Department of Transport, there are contracts which are allocated to operators to operate on a particular road for the subsidised services and on some of the routes – like in my company and other companies we do have contracts with the Department of Transport, but above that we do have some busses, because of the other challenges which were addressed in the presentation that  
20 because of the socio economic activities there is growth in population and when the population grow it means there must be more services to those communities. Unfortunately the department is not catering a subsidy for those operations and we tried to address that with the local Department of Transport – they will always tell us that they do not have budget, you know for additional kilometers that

operators are operating to cater for such - for such services and it ended up with operators taking a risk of adding more busses which are not subsidised – which is impacting negatively on them, based on their operating costs.

**MR LESOFE:** Okay and I think that ties in nicely with my next question on whether – is it possible for an operator who does not receive any form of subsidy from Government to run a scheduled bus service. The only area where this is happening, that I am aware of, it is in the Eastern Cape. It is actually in KZN, but it seems to, you know present its own challenges, but from your perspective, as an operator, especially a small or medium size operator. Will it be possible to run scheduled bus service without a subsidy?

**MS MAPONYA:** Thank you for that question. Yes it is possible, but the only challenge is that if you are running a scheduled service and you are without subsidy – unfortunately you are not going to make it, because the business is not going to be sustainable given the current situation now. Even the rates that are payable by Department of Transport to the subsidised operators are not in line with the operating costs – so it is very difficult to say that we can run the scheduled services, commuter services, without getting subsidy and make it at the end of the day.

**MR LESOFE:** Okay I think I have a few questions and I think it would be convenient perhaps to use your company as a case study to respond to these question. If you do not mind. What is the name of your company?

**MS MAPONYA:** My name of the – the name of my company is Kopano Bus Service.

**MR LESOFE:** Okay and how many buses do you - what is the total number your fleet?

**MS MAPONYA:** The total number of fleet is 58 busses comprising of the 65 seaters and the six 80 seaters.

5 **MR LESOFE:** And how many routes does Kopano service?

**MS MAPONYA:** We are servicing quite a number of routes. Maybe just to make it clear. We are running services from Polokwane to Lebowakgomo on a subcontract to – on subcontract from Great North Transport with 10 busses and then we are running another internal contract in Lebowakgomo with 41 busses.

10 Now I think it might not come clear to you to put up the number of busses given to as 58 talking of the 10 contracted busses with GNT and the 41 that I run in Lebowakgomo and the surrounding areas. With Great North Transport it was a requirement in 2000 when it was – it acquired the negotiators contract that it needs to empower previously disadvantaged companies. Fortunately Kopano  
15 was already established and, you know organised and then were empowered with that subcontract. The condition of the contract was that the company should be given, not less than 10%, but not more than 50% of their negotiated contract as an empowerment project. But then we were only allocated with ten busses out of the possible of 136 busses. So, we were trying to negotiate with Great North  
20 Transport as a state owned state owned company to say: According to the allocation it was not just to small bus operators, because the allocation was below the 10% which was a requirement of the - the requirement of the negotiated contract. So, meaning that they failed to comply with that requirement. So, on top of that, because of the service that was run by Kopano Bus Service on the

subcontract there was an overflow of passengers to the services of Kopano Bus Service wherein the capacity that were travelling with – that we were using to cater for those routes was not enough anymore to accommodate passenger on that route. Hence posing the risk, you know of overloading – again being against the legal side of the law so Kopano had to increase its capacity to 16 busses from 5 10 to 16. This 16 busses is non-subsidised but it is operating the scheduled services which are also monitored by the Department of Transport and on those buses, because of the growth on their passenger numbers – we had to buy 80 seater capacity busses so that it can accommodate more passengers than a 65 10 bus seater capacity.

**MR LESOFE**: Okay. Thanks. So, besides the sub-contracting arrangement that you have with Greater(sic) North. Do you have any other contract for purposes of providing subsidised commuter bus services?

**MS MAPONYA**: Okay, other than the sub-contracting - sub-contracted contract 15 with Great North Transport. We do have another one on Lebowakgomo which is an internal contract. So, it is running – the base is in Lebowakgomo then it is servicing the areas surrounding Lebowakgomo, Ga Mphahlele, Zebediela and Greater(sic) Lebowakgomo.

**MR LESOFE**: Okay is that an interim or a negotiated contract?

20 **MS MAPONYA**: It is interim contract.

**MR LESOFE**: Meaning that you – Kopano. How did Kopano acquire the contract?

**MS MAPONYA**: Okay in 2000 – the year 2000 there was a challenge with regard to Great North Transport being unable to cater for some of their routes,

because of less capacity. Like, as I have mentioned that by that time Kopano was already organised. Then that was an opportunity given to Kopano sitting with 10 individual bus operators. It was a group of bus operators and then they came together from Kopano. So, that the project is not going to benefit one bus operator. So, it was a consortium of some sort, but a CC was registered so that it can render those services and then the Lebowakgomo depot was formally operated by Great North Transport wherein the capacity was not sufficient, from Great North Transport, and then it was agreed between Kopano Bus Service and Great North Transport that since they do not have sufficient capacity then Kopano will start operating in Lebowakgomo. When we started in 2001 members of the Kopano Bus Service had to bring their own buses from their individual operation and then we started with 17 busses, from individual operators, and then later on we applied for funding from the financial institutions wherein we were approved for funding and we managed to buy 18 new busses which operated there and then we removed the buses of the individual bus operators from that operation and then their services was high demand and then it grew to a point that 18 busses would not be sufficient to cater for the demand and then we were, on annual basis, adding 6 busses, 3 busses, and so forth until arriving to a number of 41 currently.

20 **MR LESOFE**: Okay and just to understand the current status of this contract in terms of its duration and maybe other key terms.

**MS MAPONYA**: Okay, the status of the contract – maybe let me start by explaining to you the difference between the negotiated contract the interim contract. A negotiated contract is a contract wherein the Department of Transport enter into negotiations and agree with an operator and then on the

rates and the negotiated contract, again has the escalation been looking at the indices. So, those contractors who area operating the negotiated contract on monthly basis are afforded an opportunity when they submit their claim to calculate the escalations. If the diesel has gone up then they will add the escalation. If the labour cost have, you know the salaries – salary increases. They will put the escalation there. So, while looking at the interim contract the rates are fixed. If the operator agreed with the Department of Transport that we will pay this service at a rate of R12,00 per kilometer, it will stand like that, irrespective of the fuel going up, then it is not going to anyone’s baby but the operator’s baby. So, that is the reason why most or our operators – actually I can say all of our operators privately owned companies in the province are running their interim contract. Which is becoming a burden for us as operators to sustain our operations. So, currently things are very bad given the current situation of fuel increases so the operation – we are now at dire stage wherein we can close shop – even tomorrow because cost of running bus operation is very high and unfortunately we are not getting any kind of relieve in terms of escalations from the Department of Transport.

**MR LESOFE**: So, your preference would essentially be a negotiated contract as opposed to an interim contract?

20 **MS MAPONYA**: Definitely. Yes.

**MR LESOFE**: Okay and just in terms of Kopano’s ownership structure. Is Kopano 100% black owned?

**MS MAPONYA**: Kopano is 90% black owned. It has about 10 members. Unfortunately one is white and then we have got 8 blacks.

**MR LESOFE:** Okay and it – the white member is it a white male or female, because that also matters?

[Laughing]

**MS MAPONYA:** Okay, that is another – the unfortunate part is that it is a white  
5 male.

**MR LESOFE:** Okay. Thank you and then besides Kopano. Who are the SANSBOC member who run a subsidised commuter bus services.

**MS MAPONYA:** Okay. We do have in Capricorn District – we have only two. We have Kopano Bus Services. We have Madodi Bus Company and then in Mopani  
10 District we have Mathole Bus Service. We have Risaba Bus Service. That is two only again in Mopani and then in Sekhukhune District we do not have any small operator who is running subsidised service. In Waterberg we do not have any small bus operator who is running subsidised service and then in Vhembe we have got about 9 operators running subsidised bus services. We have Magwaba  
15 Bus Service. We have G Phadziri. We have R Phadziri. We have Enos Bus Service. We have Mabirimisa Bus Service. We have Netshituni Bus Service. We have – there are quite a number of them. I might not remember all of them, but ja – there are about 9 in the Vhembe District.

**MR LESOFE:** One of the concerns that has been raised with the inquiry –  
20 especially in the Eastern Cape is that small bus operators while they are given subsidy contracts it appears that they are given contracts to service rural areas as opposed to contracts for servicing urban areas and as we understand that puts them at some disadvantage because it appears that it is more costly to service rural areas. So, from a cost point of view it appears that operators who

service rural areas their costs are higher in comparison to their counter parts in urban areas. I wonder if you could comment, based on experiences in Limpopo.

**MS MAPONYA:** Yes, that is very true. Most of our operators we are running our services at rural areas. Given that fact the cost of running our operations become  
5 so huge, because now looking at rural areas – we are talking of ...[indistinct]  
road which are bad and it impacts negatively on the vehicles that wear are using.  
So, if we can – we were to compare a vehicle which is used running the service  
of the urban service company to us running the rural service, in terms of  
maintenance and repairs of the vehicles then we will incur more cost than an  
10 operator who is running urban services. But most of our operators, it is true that  
we are running at rural areas and unfortunately these are the challenges that we  
are faced with on daily basis the cost of new tyres, the maintenance and repairs  
of all vehicles. So, it is coming as a challenge to us.

**MR LESOFE:** And is there any difference in terms of the allocation of subsidies  
15 – in other words does Government take that into account when subsidies are  
allocated to both rural and urban operators.

**MS MAPONYA:** ...[indistinct] with that one. Ja it is a very serious challenge  
because in Limpopo the operators are paid different rates on subsidy irrespective  
of the area you are operating from. We have engaged with the Department of  
20 Transport regarding that matter as well, to say : this is unfair practice because  
how do you justify one operator running same as the other operator but getting  
different rate. So, the factors are affecting us equally. Diesel, if diesel price is  
going up is not going up for those who are running at a higher rate. All the  
operators in the province we are faced with the same challenges, but hence the

subsidy rate differ one operator to another. All of us in the province we are getting different rates.

**MR LESOFE:** Would you say bigger operators are given better rates in comparison to smaller operators?

5 **MS MAPONYA:** On that one I cannot say so – what I can attest is that the rates of the negotiated contracts are better than the rates of the interim contracts. But again within the operators that are running the interim contracts. We are still paid different rates. All of us in the province.

**MR LESOFE:** Thank you. I think there is – at least now a general acceptance  
10 that the current subsidy contract is not as efficient as it should be and to a great extent it has resulted in a number of distortions which some of these distortion have actually disadvantaged some of the operators, especially small and medium sized operators. So, the subsidy contract itself appears to – instead of promoting and enhancing competition it appears to serve as a barrier, you know for small  
15 and medium size enterprises and I think the situation is exacerbated by the fact that you have had the same operators, especially large operators being given contracts indefinitely when it was initially designed the idea was that from time to time there would be a tender process which would in a way facilitate entry of new operators. Right. Now, so one of the issues that we are grappling with is  
20 under these circumstances, obviously the system cannot continue as it is. There has to be changes – otherwise, you know the status core would be perpetrated if there are no changes and one of these changes should be to facilitate the entry of small and medium sized operators. Now, the question is then how do we achieve that, because that is another way of transforming the industry and I think

Kopano it is well positioned to assist us in responding to this question. Does the system of subcontracting, which is one of the options, is it a real option that can be used to transform the industry and facilitate entry if for instance Government were to terminate some of Greater(sic) North Transport's contracts and invite  
5 operators to tender. Would an operator such as Kopano be in a position to tender and to tender successfully not just to add numbers, but would you have capacity to tender successfully, if not what kind of support would you need?

**MS MAPONYA:** Thanks for that question. For years now that we were in talk with Great North Transport. We even engaged there a shareholder which is  
10 LEDA because currently the state in the province in terms of their operation is collapsing – that is given is not a secret. They are given the subsidy contracts but unfortunately they are unable to perform as per the requirement of the contract and that is a gap. Secondly, is that this contracts when they are awarded to operators it is not for the benefit of operators, but it is the benefit of the poor –  
15 poorest of the poor that must at the end get service and talking of service we are not just talking of service for, you know seeing busses running you know from point A to point B. It must be a reliable service it must be a safe service that the passenger will benefit from and then after realising that we engaged with the Department of Transport on some other routes which were not serviced –  
20 holistically so as per their contract with Department of Transport that that as Kopano Bus Service and other small bus operator – we do have capacity. Capacity I am referring to the financial muscle. Now the banks have confidence on us to finance us to acquire more vehicle to run such services. We engaged with them that we do have capacity in terms of vehicles. We do have capacity in  
25 terms of the management – managerial capacity. We know how to play game.

So, unfortunately given the discussion that we had with them they are not prepared to sub-contract. We are not saying - when we engaged with them we said: this is the challenge and now the poorest of the poor are affected. Communities are not serviced as they should be. So, why don't you not allow us  
5 and other operators to come and assist – not to come and compete you, but to come and complement you, because currently you do not have the capacity to run those services and it is a challenge to us – just to give you a typical example: We are running services from Lebowakgomo to Polokwane and then along the route – that is on the R37. Along the route there are some other villages which  
10 are serviced by Great North Transport, I am referring to Ga Maja, Tshwene and Thokgwaneng. Those communities in 2014, they were engaging with Department of Transport – they even have record in place to Great North Transport you are unable to afford us the services and we are struggling. Can you not allow Kopano Bus Service, because it is just passing here on the main road. Why do you not  
15 allow Kopano Bus Service to come and assist us in terms of rendering the service to us and then there engagement with Kopano Bus Service. Great North Transport, the community of Ga Maja and the Department of Transport was also facilitating that activity. Where in we agreed that Great North Transport will subcontract those routes to Kopano Bus Service because they are incapacitated  
20 in terms of rendering the services, but apparently it just fell off. We do not know where did things go wrong, but Department of Transport is aware of such and Department of Transport is very much aware that Great North Transport is unable to render services as prescribed by the contract and they are now in the – if you can – you can recall very well in my presentation there was a slide with the  
25 operating standard. That indicates clearly that the Department of Transport is in

a position to manage all the contract. All the subsidised contracts in the province and then wherein the operator is not able to render a service according to the way it should be as per contract – we get penalised. The Department of Transport can agree with me on this one that on monthly basis Great North is  
5 penalised so much for failing to operate most of the subsidised routes that they are currently contracted to by the Department of Transport and which are subsidised. So, now if an operator is penalised for – the name of the penalty we call it DNO “did not operate” . If an operator is penalised for a did not operate penalty and then the situation is worsening up month in, month out and the  
10 Department of Transport is not doing anything about because the custodian of this contracts are with the Department of Transport. Department of Transport is our principal wherein they must just say: operator A, unfortunately you are failing in taking out the duties as prescribed. So, we will move this contract from you and give it to operator B, because the main purpose of those contracts is not to benefit  
15 the operators, but is to serve the communities. So, the Department of Transport, in this regard, is also failing us because they are unable to do what they are supposed to.

**MR LESOFE**: And is part of the problem not the fact that Great North Transport it is actually a state owned entity and I gather that, you know to some extent some  
20 of your proposals are not – are being, you know are not well received and now my question is: Could that not - one of the factors contributing to that – is it not the fact that, you know Great North it is state owned and to some extent whether directly or indirectly Government may be acting in a certain way to protect its interest in Great North.

**MS MAPONYA:** You know, that one we cannot hide from it. It is true what you are saying because if you have three children in the family and the other children is not behaving well, as parent you will try to cover or accommodate that child. It is your child, but from our observation is that though we are not – this is not  
5 factual, this is just an assumption based on our observation is that the department is unable to take action to Great North Transport because Great North Transport is as good as being Government itself. So, how do I punish my own child for poor performance, but unfortunately, like as I am saying that this is now public knowledge that they are incompetent in terms of rendering their services. Why  
10 the Department of Transport which is having the authority of controlling and managing those contracts – not being able to appoint other service providers to render those services to the affected communities.

**MR LESOFE:** Thank you and just if we could take the discussion further by looking at other operators who are not, probably, as organised as Kopano,  
15 because I think Kopano it is now better position, it is – in your own words you have capacity and you have in all different forms so would not have any difficulties if there is contract or a tender or you know if there is a job in the market. But for other operators who are probably a bit informal. What kind of support would they need to be in a position to, for instance be able to service  
20 some of the routes to be able to be granted subsidy contracts and be able to run services efficiently. What kind of support would they need and also in addition to that - what kind of a model would suit them or would assist them, for instance would a model such as sub-contracting be, probably, the best model to follow or would granting them a negotiated contract just from the onset appropriate

whereby they just run the service on their own, because I assume when you are sub-contracted, in a way you are part of an incubator system.

**MS MAPONYA:** Okay. Thank you. Yes the other small bus operators need support, but we believe that our support base starts with the Department of  
5 Transport. We do have TETA, TETA is the Training Education I mean Transport Education Training Authority. . TETA is more than prepared to assist bus operators with skills. That is not going to be a problem in terms of skills – getting skills to run those operations and then secondly we can perhaps look at the model  
10 of sub-contracting, currently wherein this emerging small bus operators will be given support but the main contractors given that in every business we need to have proper systems in place to run an operation. So in terms of the small bus operators to be in position of running those services effectively. Definitely they will need a support, but a sub-contracting I think can be a starting point before we can talk of the negotiated contract, but again sub-contracting. We must look  
15 at the rates that will be payable to the small bus operators, because even if we can say that we empower small bus operators but we still give them the rates that are not going to sustain their businesses is as good doing nothing, because now we are drowning them even further than where they were before, but the support base is within the Department of Transport, I believe if we can – if they can  
20 understand the frustration of the commuters now they will be in a position to advise Great North Transport to say: why do you not down scale by sub-contracting – perhaps in smaller scales to other disadvantaged bus operators, because we believe that they do have capacity in terms of busses. What we need to enhance on is just the skills and their systems on how to run the bus operations.

**MR LESOFE:** Just my last one or two questions and this is based on your slide on subsidy versus cost increases. When I interpret the slide it actually paints a hopeless picture for running a bus operation and my question is: If one takes this into account. Does – are you able to cover your costs and if not – how do you survive?

**MS MAPONYA:** Ja, that is a serious challenge. We are unable as bus operators, especially subsidised bus operators to cover our cost. Given the escalating cost of running the bus operation against the subsidies that we are getting from the department and before maybe I ...[indistinct] to this. Let me just reflect that when we run the subsidised operation unfortunately we cannot deploy those busses somewhere else to generate income. The only income that will sustain that operation – it is mainly coming from the Department of Transport and if the rates are like the current situation. Then it is difficult, our only survival now is through the bank overdrafts. So, which is not making our business operations healthy, because you go to any bus operator then he will tell you that you know I am busy applying for overdraft, because I am unable to cater for the cost of running my operation. So, we are in trouble. That is why I am saying that even tomorrow we can close shops and it will not be a surprise to any of us here, because unfortunately we are unable to cater for the running cost and again to ...[indistinct] one the – I believe you can recall very well, but April/May there was a national strike for the bus company employees. Wherein they wanted a percentage which the employers or bus operators could not afford. But now those are some of the factors that are affecting us as small bus operators, because we are not even represented in the SARPAC, in the council but all the decisions that are taken in the council are imposed to us and the power is given through the Minister of

Labour wherein, in 2012 the small bus operators there was an extension made for all the small bus operators irrespective of them being members of the SARPBAC or not, but we have to comply with their bargaining council agreement. Given now the position of these operators who are not having the subsidised  
5 contracts, some are not having the scholar transport contracts, they are only depending on the private hires. Sometimes it becomes difficult. Some months are so quiet wherein he cannot even do 3 private hires a month. So, how is that operator going to be able to pay off the salaries of his employees whereas there is no income coming in. So, it is a challenge that some of the decisions take must  
10 be communicated to the relevant operators in the industry, but unfortunately most of the decisions take are just imposed to us without any consideration of what challenges are we sitting with as the small bus operators.

**MR LESOFE**: Thank you very much, Ms Maponya. I have no further question, Chair.

15 **CHAIRPERSON**: Mr Ngobeni.

**MR NGOBENI**: Thank you Chair. Good afternoon Ms Maponya. I think maybe let us just start with the topic that you have covered with my colleague Mr Lesofe on the under services areas, you know the ones that GNT is under servicing and gave an example about, you know on an area called Ga Maja. I just want to find  
20 out who is currently servicing the community know, I mean because you have indicated the challenges and the fact that Government, the department is unwilling to assist there. Is the situation still the same or has there been any developments in the area.

**MS MAPONYA:** The situation is not the same but it has worsened and then those passengers from Ga Maja they are walking about 4 kilometers from their village to R37, so that they can be in a position to access our busses, currently as I am speaking they are buying tax, passenger tax from Kopano Bus Service, because  
5 they are looking at their reliability of transport and now – what is troubling us as well as Kopano is that if this passengers are travelling and walking actually for close to 4 kilometers day in day out to and from – we are talking of a total of 8 kilometers a day, to access transport service of the other company whereas there is a contract running for the other company which is unable to service them.  
10 Looking at the challenges now – in winter some are school learners they are attending classes in Polokwane. They are using busses. So, they walk in the morning around half past 7 O'clock they must already be at school. So, you can imagine what time are they leaving their homes. Is it safe for them during raining seasons. What is happening to those people, because unfortunately we cannot  
15 enter into the villages. That will be contrary to our contract with the Department of Transport. So we are dropping them off and picking them up on the R37. So they still have to walk about 4 kilometers to access services. So, which is a very serious challenge.

**MR NGOBENI:** And you say this has been brought to the attention of the  
20 department and I think maybe we can just ask you, because I do not think that there is anyone from that area to, you know to help us. So, when was this brought to the attention of the department. Do you know, because you said, you even indicated in your submissions that, you know the community people there they do also have some record of some of the discussions that they have had with the

department. When this brought to the attention of the department? I am just trying to understand how long has this been going on.

**MS MAPONYA**: Okay the one part I cannot have facts on that one, but what I can share with you is when the community was approaching us to say Kopano, we are here can you not assist? It started in 2014. They approached us and then unfortunately we had to refer them to Department of Transport to say: We cannot assist you. Only through the blessing of Department of Transport, because this – your area it is allocated to Great North Transport. So, we can only assist if department and Great North Transport are in agreement. Engagement were made with Department of Transport wherein we were part of those discussions Kopano Bus Service, the community, Great North Transport and the department. The department was facilitating the process. Wherein the understanding was the end result is to give service to the community. We even at some point went to the community - it was Sunday, I remember very well I was part of the delegation Kopano Bus Service. We went to the community wherein, as Kopano, GNT and the Department of Transport were to address the community at large, not only the representative of the community. Then we gathered at the Ga Maja hall ...[indistinct] having no deliberations in terms of the services which was required by the community, but from 2014. Yes, I know it was a battle between the community and Great North Transport and Department of Transport. So the Department of Transport can attest to that I believe they also have record of all the discussions and meetings which they held with the community.

**MR NGOBENI**: And are there any other areas that you are aware of where, you know the areas are under services, you know but there is capacity somewhere to in other words are there other areas where there could similar instances where

you know GNT is under servicing the area and there is, you know potential capacity to try and alleviate some of the, you know issues that commuters may be facing in the areas.

**MS MAPONYA:** Okay, in that one I will refer to the request which were made  
5 by the communities, because there were a number of communities who came to us to say we are in need of service, because unfortunately communities are not aware how these things work. So, they will come to the operator to say: come and service us because unfortunately we are unable to get service from operator so and so, but all those requests we are not addressing them. We do not have  
10 the capacity to address them. We do not have the authority to do that, but we will refer them to the Department of Transport to say: Now the employer or the department who is having the authority to do that is the Department of Transport. You have to engage with them in terms of them addressing your challenges, because if it is addressed by us – we are not going to be doing the right thing.  
15 So, all of them who are coming we had communities from Ga Molepo. We had communities from Ga Mashashane they came to us and then were referred them to Department of Transport.

**MR NGOBENI:** Thank you and one of the concerns that you raised it is the issue around the delays in the issuing of operating licenses and you know what  
20 you referred to as over the counter transactions. What has been the reasons advanced by the department or the PRE which is responsible for the issuing of those operating licenses – for the delays.

**MS MAPONYA:** Most challenges that we were sitting with is that they will tell you that their systems are off-line and then you will not be able to get the operating

license and now remember here. We are also talking of the conversion – converting from permits to operating licenses and then there will be some delays in terms of signing the operating licenses for the operators and then the other thing is that when we buy new busses – replacing the old ones, we have just to

5 transfer the operating license from the old to the new one, but that process is like – it is even worse than when you apply for a new operating license, because you will be taken from post to pillar. When you go there the system is off-line. When you go there the operating license signed and unfortunately we have businesses to run. We cannot always wait for the department of the PRE to, you know to take

10 us from pillar to post. So, I do not know what is happening with that particular ...[indistinct] within the Department of Transport but it needs to be looked at, especially in the Capricorn district we are really faced with challenges and sometimes they will issue us with issue us with temporary permits – temporary operating license and then the temporary operating license will be valid for three

15 months and then in that three months we will be checking with them if our things are coming together, but unfortunately we will still be getting another temporary operating license. Which is making things difficult for us as operators because now, unfortunately we cannot take a risk of operating busses without a valid operating license because if we do so should an accident occur we would not be

20 able to claim anything from insurance and in terms of the passenger liability. So all the passengers in the bus will not be able to be covered by the passenger liability and again faced with the law again. So, our busses will be impounded and the impounding fees is so huge that you cannot afford to run a service without a valid operating license.

**MR NGOBENI:** And are any of your members SANSBOC members affected by the proposed BRT System that the department is currently considering. So, are any of your members operating along the proposed phase 1 of the BRT system?

**MS MAPONYA:** On the phase 1 there is no member of SANSBOC who is  
5 affected it is only taxi operators and Great North Transport, but initially when they started we were part of the – or SANSBOC was also part of the committee was - Ja the committee was dealing with this matter and then our point there was that we are SMME's they must not put us aside when deciding on the beneficiaries on that route. But we submitted our presentations with interest to Polokwane  
10 Municipality but as time goes by we are not called to meetings. We are not participating anymore - to date we just see things happening. We do not know what is happening. Who is the beneficiary on that. We do not know anything to date. But our argument was that who were previously disadvantaged. We need to also take us into consideration when ...[indistinct] your beneficiaries on those  
15 - on the implementation.

**MR NGOBENI:** Okay, thank you, Chair. No further questions.

**CHAIRPERSON:** Ms Nontombana.

**MS NONTOMBANA:** Okay. Thank you Ms Maponya. I think I will start with just clarity questions on the presentation itself and the first one is on your slide  
20 regarding recapitalisation of vehicles. Where you say that is only applicable to SOE's and I am asking because in the presentation earlier that we heard from GNT. They have said that there is to such recapitalisation. So, I just wanted you to just clarify what you meant.

**MS MAPONYA:** Okay, the capitalisation happened in ...[indistinct] in 2000 when they were having these very old fleet and when the start the negotiated contract their busses were recapitalised and then they were afforded an opportunity to buy new busses and that is not happening to us as small bus operators or private  
5 operators, because if now our fleet is aging no one will come to us and say: No, I will ...[indistinct] like the process that is also taking place in the taxi industry. Wherein there is a recapitalisation of taxis and they will be compensated for – so that they can be able to deposit the new vehicle, but it is not happening with us. It happened in 2000 with the Great North Transport.

10 **MS NONTOMBANA:** And if you had to explain the kind of subsidy do you have is it just an operating subsidy it is not a capital subsidy. There is no breakdown in terms of the type of subsidy you get.

**MS MAPONYA:** According to my knowledge it is the operating subsidy.

**MS NONTOMBANA:** Then the other question I had. On that slide where you  
15 are referring to subsidy versus cost increases. You said that subsidised busses cannot be deployed elsewhere to try and cover the cost and I just wanted clarity on that, because I am thinking where you have, for example extended routes, because of changes in demands from commutes. Does that mean that you have to then deploy a different bus, but not the subsidised bus.. How does that work?

20

**MS MAPONYA:** Okay, actually is not busses. Which are subsidised, but it is the services we are running. So, is you are subsidised to run 10 trips a day and then you the capacity to run those trips a day then you will be paid subsidy per day, but what I am referring it that we have a fleet which is aligned to the trips.

So if we have that fleet aligned to the trips it is not easy for us to deploy any of the fleet to do any additional service so that we can pay more on revenues. So, that bus is strictly allocated to the subsidised operation. We cannot deploy it anywhere else.

5 **MS NONTOMBANA:** One of the things you mentioned is the fact that there are different subsidy rates that apply to different operators. It is not only about the type of contract but also within a specific type of contract you will still get different rates and I just wanted to understand how did that come about for the interim contract but also for the negotiated contract maybe it make sense, because it  
10 depends on the nature of the negotiations but on the interim contracts how come about?

**MS MAPONYA:** Okay, in 2012 or let me say before 2012 operators were paid based on the number of passengers they are conveying and then in 2012 there was an introduction of rate per kilometer moving away from subsidy paid per  
15 passenger, but now being paid per kilometer and then what the department did was that they looked at operator A, they say okay this is your average subsidy per annum and then they will divide the kilometers that you are operating – I mean they will divide the subsidy by the kilometers that you are operating and then they will come up with a rate from there. So, now the kilometers operators were  
20 running were, you know are varying from one operator to the other and the passengers that operators were transporting are also varying from one operator to the other. So now their decision, according to us, is unfair to operators because if I was running more kilometers with less passengers then it means I am going to be affected. So, that is how it came about the different rate per  
25 kilometer.

**MS NONTOMBANA:** And then the other question I have is with regards to the ability of now specifically Kopano to operate successfully in competition, for example with GNT. You had said that you have competent management. You also have the and you have been established. I think for some time and so you  
5 are able to run your bus services and one of the things that has come up in other provinces is that you also need access to facilities like for example the infrastructure in terms of depots and I just wanted to get a sense from yourself whether that would also be a requirement or whether there are other things that you would need over and above the things that you have mentioned.

10 **MS MAPONYA:** Okay, currently where Kopano is, I think we are at a better position to run any additional service and then given the fact that we currently having a bus depot in Lebowakgomo and then which was utilised by Great North Transport before when it was running those routes and we have improved a lot on the infrastructure on that bus depot. We also put a workshop facility – a big  
15 workshop facility and then in Polokwane again we also have a bus depot to cater for the Polokwane operation. So, in terms of the infrastructure I think we are ready to render any service any time. Unless if perhaps the operation can be outside Lebowakgomo and Polokwane then obviously we will need infrastructure to enable us to render the services effectively.

20 **MS NONTOMBANA:** And just one last question I have is with regards to fair determination and I am specifically interested in how further are determined for your sub-contracted routes from GNT.

**MS MAPONYA:** Okay, with regard to the fares on annual basis we negotiate the fair increase with the passengers. In Kopano we do have the passenger forums.

The committees whom we are sitting with in terms of negotiating first. We are just not imposing the fare increases to passengers, but now as we are running parallel with Great North on some of the routes, but unfortunately we do not come, even on the sub-contract, we are running independently – though it is a sub-contract but we are running our administration affairs independently from those of Great North Transport. So, but on annual basis we are negotiating the first increase with the passenger forum and above that we have been the Department of Transport we are given the limitation in terms of to what percentage can we increase fares. So it is not anything more than 8% so if we have to negotiate – we know that we benchmark our increase rate to not more than 8%.

**MS NONTOMBANA:** Are there any other routes ...[indistinct] or how do you affairs compare to for example the taxis in the areas that you operate, because what we have been told in most of the submissions is that the busses because they subsidised their fares would normally be lower than the taxis. Just below the taxis and in you experience with Kopano or just generally in the areas that you operate. How are the fares, in comparison?

**MS MAPONYA:** Okay honestly speaking we cannot expect passengers to pay bus operations which are subsidised more fares than that of the taxi operators, because part of the passenger's fares are taken care by the subsidy. Remember like as I have said that the main objective of the subsidy is not to benefit the operator but it is to benefit the poorest of the poor. So, it will be unjust to the poorest communities to still pay more fares whereas there a subsidies which are payable to the operators. So, we are trying to make the services affordable to the

poor or the poorest by having the reasonable and affordable fares to our passengers.

**MR MANDIRIZA**: Thank you Chair. I just have a couple of questions I want to know how Kopano was formed, because what we have heard so far, in other provinces, I think it is issues to do with, you know the small bus operators not very organised for them to actually form some kind of a vehicle, you know for the them to collectively – you know at least tender for work. I just want to get your experience and how, because you said in your submissions you said you started as 10 also individual bus operators and you had to come together to form Kopano. I just want to know how you have done it and what are the lessons that you learned. It seems as if you might be one of the success stories, if I can put it that way, from what we have heard in all the other provinces. If you just you maybe want to take us through the process and what are some of the challenges that you had to incur.

**MS MAPONYA** Okay, like you say I stated earlier on that Kopano Bus Service was officially registered in 2001 but prior to that there were individual operators, about 10 of them wherein one had 2 busses, and then one had one bus, one had 3 busses and so forth and so on and then they came together and say: You know guys as individuals unfortunately we are not going anywhere, but we can come together – form one company. With the individual experiences and the individual capacity that we are having the, you know skills putting them together then we can build up something that can be successful. That is how the formation of Kopano Bus Service came and then it was agreed then that: let us form one entity which was then registered in 2001 as a CC, having about 10 members in it. So,

everything all the resources, you know skills were put together for the success of the CC.

**MR MANDIRIZA**: How did you deal with, you know maybe someone would have a newer bus and someone have an older bus, in terms of the coming  
5 together. I think maybe you might have different kind of show what I just want to get to the detail of some of the ideas that you guys had to go through?

**MS MAPONYA**: Okay the shareholding is equal it is 10% each and then now when we started – I have indicated that, you know individual members had to bring their own busses to operation – so that operation can – services can be  
10 rendered to communities, but what we were doing, the revenue which was collected it was put into common coffers and then at the end of the day when operators are paid for their busses then we will operators based on the number of busses that they have brought in so that will be distributed according to the number that was brought in and then as time goes by we had to buy, because we  
15 were also building some muscles, financial muscles, then a time goes by we had to buy our fleet. Now it is one fleet a Kopano fleet, no more individual fleet and then we had to do away with the individual fleet back to the individual owners and then we were left with – now a fleet of Kopano owned by 10 shareholders.

**MR MANDIRIZA**: So, at the moment – so from 2001 up to now. Do you still  
20 have the same shareholders that started in 2001?

**MS MAPONYA** Yes we are still having the same shareholding, because CC, you know we are admitted to 10 shareholders – we cannot have more. *Ja*, that is still the possession now.

**MR MANDIRIZA:** Okay. No, why I am asking I think it is more around, because we did not have a lot of good experiences asof in terms of how you can formulise more bus operators for them to be able to get to the capacity what you have gotten to and be able to actually execute some of the tendered contracts. Just for  
5 information. How many employees are employed at Kopano?

**MS MAPONYA:** Currently is 112 staff establishment starting from management staff up to the last employee of the company.

**MR MANDIRIZA:** Okay. Do you think Kopano would have had, you know the successes that you have despite the challenges that you have highlighted.  
10 ...[indistinct] been for the tendered – you know for the contract that you have either the interim contract that you have.

**MS MAPONYA:** Can you rephrase that question.

**MR MANDIRIZA:** I am saying: Do you think Kopano would have had this successes that you have had now despite all the challenges that you highlighted  
15 to us – had it not been for the Government contract.

**MS MAPONYA:** Okay honestly speaking it would not have been easier, because operating without subsidies is difficult. Given, you know the challenges that we have raise in terms of the running costs. So would not have easier if it was not for the subsidies contracts that we are running. We would not have been where  
20 we are today.

**MR MANDIRIZA:** So, in other words you agree that maybe the only feasible way that you empowers small bus operators, most likely is going to be through Government, you know some of this tendered contracts.

**MS MAPONYA:** That is very true and not only with the Department of Transport – like as I have indicated that the scholar transport is sitting with Department of Education. So, but you know things there are not, you know, happening the way they should because of the lack of capacity and skill of the Department of  
5 Education personnel. So, hence we once made a submission to the Department of Transport, but it will be of the benefit of the province to remove the scholar transport from the Department of Education to Department of Transport, given the expertise that the Department of Transport has to run the project.

**MR MANDIRIZA:** My last question I think relates to, I think it is the certificate of  
10 fitness. I think you mentioned that you pay upfront an annual fee then you have bi-annual - Can you just give us an indication of the fees for this certificate of fitness for the busses – the annual and the bi-annual rates.

**MS MAPONYA:** Okay the annual rate – it ranges from, based on the capacity of  
15 te vehicle for a 65 seater we are paying around R14 000,00 per annum and then bi-annual is around R7 000,00 and then for a 80 seater we are paying, subject to correction, we are paying between 18 and R24 000,00 per annum.

**MR MANDIRIZA:** Ja, just two last questions from my side. The operations of  
20 Kopano seems to focused on servicing Lebowakgomo, because you said that you have 10 busses on the sub-contract, between Polokwane and Lebowakgomo and you have 41 busses on the intentional contract. Are there any barriers or challenges to Kopano’s expansion to other roads? If so what are those challenges or barriers to your expansion?

**MS MAPONYA:** Okay here is the barriers. Firstly I would like to indicate that for  
us to expand, you know I also addressed it in my presentation that one of the

challenges that the Department of Transport is not taking into account the socio economic factors. Wherein – when the villages are growing then their services will grow in line with the growth of the villages to appoint that there are services now that we are running, unsubsidised in terms of kilometers of course. Wherein  
5 a bus used to start from point A but now because the extension of the villages the bus have to start from 3 or 4 kilometers from the previous starting point. So, but now ...[indistinct] you know, to buy a buss when you are not guaranteed with a contract, is difficult. Because if you buy a bus today then you will be sitting with thre overheads cost. Unfortunately if there is no income generated by that bus  
10 then you will unable to afford that particular bus and then secondly is that I have indicated, again in my presentation that there is moratorium of the Department of Transport wherein we cannot extend our services because they will always tell us that there is no budget no budget to cater for you services. So that is why we are unable to put more fleet on, you know on the ground, because we will not be  
15 able to cater for the running and overheads cost of those vehicles.

**MR MANDIRIZA:** I just want to understand the example that you made relating to the under servicing of Lebowakgomo. Whether that under servicing related to Lebowakgomo internally or to the route between Lebowakgomo and Polokwane. The under servicing by the Great North Transport that you referred to.

20 **MS MAPONYA:** Okay the under servicing is referred to the villages in between Lebowakgomo and Polokwane, not necessarily in Lebowakgomo. Like as I have indicated that the subcontract that we are running with Great North Transport is between Lebowakgomo and other villages to Polokwane. So, but in between there are villages which are serviced by Great North Transport that is where we  
25 are having challenges with regard to the high volume of passengers still wanting

to use our services – prefer to use our service than one of Great North Transport, because passengers are looking at the reliability of service. If a passenger is guaranteed that by 7 O'clock I am expecting a bus and the bus will come. Then that is what you call reliability, but if a passenger waits at the bus stop and the  
5 bus is not coming and the passenger supposed to be at work by so and so time and unfortunately some of them are unable to reach their workplace on time, because of the delays that are caused by passengers then we are not talking of reliable service. So, hence I am saying the challenge that those passengers sitting with is that they have service within their village but they still prefer to go  
10 to R37 to access services rendered by Kopano Bus Service, because they do not have confidence on the services that they have with Great North Transport and again with the issue of the capacity of busses, because initially – according to the information which was shared with the Ga Maja Community they were allocated about 8 busses but currently the 8 busses is no more. I am not sure as  
15 of now how many busses are running there Ga Maja Community.

**CHAIRPERSON:** Alright. Thank you. Thank you very much Ms Maponya for your time and for a very helpful presentation. You are excused. We will now take the lunch adjournment. Ja, we will take the lunch adjournment and lunch will be served in the hotel restaurant. We will adjourn for an hour and we will be back at  
20 2 O'Clock to take the next presentation from SANTACO.

**HEARING ADJOURNS**

[End of recording]

### Session 3

**CHAIRPERSON:** We will now receive a presentation from SANTACO Limpopo. Welcome, gentlemen, thank you very much for coming. There is a piece of paper in front of you. You may take the oath or the affirmation.

5 **MR LESIBA SIMON MATHEBULA:** I, Lesiba Simon Mathebula, 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. Mathebula.

**MR N.R. MTHOMBENI:** I am N.R. Mthombeni. (Vernac).

10 **CHAIRPERSON:** Thank you, Mr. Mthombeni. May that be translated for purposes of the record?

**INTERPRETER:** (Inaudible).

**CHAIRPERSON:** You will need a mic.

**INTERPRETER:** (Inaudible).

15 **CHAIRPERSON:** If we could start by, perhaps an indication as to what your current role is, Mr. Mathebula and Mr. Mthombeni, within SANTACO and how long have you held your current positions within SANTACO.

**MR LESIBA SIMON MATHEBULA:** I am the Provincial Secretary of SANTACO. I am now doing my fifth year as the provincial secretary of the organisation in the  
20 province.

**CHAIRPERSON:** Mr. Mthombeni.

**MR N.R. MTHOMBENI:** I am PRO, Provincial Taxi Council. I am taking third year at the Provincial Taxi Council.

**CHAIRPERSON:** Ja, you may take us through your submission or presentation. That will then be followed by questions from our evidence leaders and the panel.

5 **MR LESIBA SIMON MATHEBULA:** Thank you. We will first start off by defining SANTACO and its roles. SANTACO stands for South African National Taxi Council. And this organisation and this board is a body of taxi operators established precisely as a framework for government engagement with the taxi industry. It is a political institution and of course a unitary organisation, we are  
10 not a federal organisation. Our mission is to advance the interest of the taxi industry and operators. We are a formal legal recognised body that governs the industry. And our organogram starts with the operator to the association, district taxi council, the provincial taxi council and of course ultimately a national taxi body. But we must mention that we are not a regulatory body. In terms of our  
15 mandates, we are a mouthpiece of the taxi industry, mandated to promote and facilitate the restructuring of the taxi industry and to create a unified environment free from violence. And to lead the taxi industry development and to represent and advance the interests of the taxi industry in the Republic. The model character of the taxi industry, by definition a taxi, in our definition, is considered  
20 to be a licensed vehicle that provides unscheduled public transport services. As a result, meter taxis are then included due to the nature of their services in that they provide unscheduled and demand driven services. And for that reason, they are our constituency. There are also the so-called four plus one taxis, which are meant for ease of access. They are of course our constituency and they provide  
25 services where high capacity vehicles are limited, for example the route is not

profitable for a bigger vehicle, then the four plus one can best service that particular route. As for the app based, the so-called app-based taxis, we have a problem with the definition. We wonder how can a cell phone be defined and classified as a taxi, for our understanding is that the app is in the phone which is being operated by the driver. The car does not primarily have an app which is self-operational and as such, the car is not licensed, but of course maybe the phone would have the app. Therefore, the issue of licensing will be a problem for the so-called app mode based, in that you can't license a cell phone to provide public transport services. By the app based, we are talking about your Ubers and the Taxify, and similar technological driven service providers. And also, the issue of route description is also a limiting factor for this technologically driven entities. Our geographic footprint would obviously cover villages, suburbs, townships or any other place. I think there is no place, we normally say in our meetings no place is a (inaudible) when it comes to the taxi industry. And the next slide it talks about the issues of unfair competition. We need to indicate that while we are dealing with land based public passenger transport sector, in the province public transport is primarily provided by the taxis and the busses, as we do not have a train that provides this particular daily service. So, busses carry both operating licenses, as well as organised parties. In other words, busses have an operating license to ferry people from one point to the other on a daily basis, but they also have an operating license attached to the same operating license that gives it the right to service people during funerals, to transport our soccer teams when they go to matches or any other organised party events, including political party events. And that is an issue that is of unfair competition. The taxis of course are denied the privilege, the organised parties and contracted services are more

prioritised than taxis. And in one way or the other, the services as rendered by the department to the taxi industry, it is quite often found to be unfair. For an example, you would find that departmental officials do not actually understand the legislation that governs the taxi industry and of course the legal and established framework for engagement with the taxi industry. The issue of accessibility (inaudible) services is quite often problematic and regarding association membership is as prescribed in each respective association. This was responded to a question of how does one become a member, and we are saying associations are entities which are voluntary organisations by themselves.

10 And if anyone want to associate himself/herself with that entity, will have to approach the respective association. The new routes application should be informed by ETPs, where such are not available. Demands would actually drive the applications. The issue of the moratoria, it is a thorny issue and as the taxi industry we feel we cannot afford to be emotional with it. What we know is that,

15 there was once a MEC in the province, an MEC for transport, Mr. Lehlogonolo Masogo, who promised that he would have dealt with the moratorium and he promised operators licenses. And we understand that... the problem legislation. With regard to busses, we are aware that they are allowed to amend the terms of their contract without rally bidding for it. And we are also aware that busses, in a way, in terms of unfair competition, they sometimes or quite often do not adhere

20 to their scheduled contracts. They would say they provide a service at 8:30, but come at 9:00. And sometimes (vernac), so that is one issue. The next slide talks about price regulation. Fair determination in the taxi industry is cost responsive. For example, quite often when you have increases in fuel, you would actually

25 hear us pronouncing on the response regarding the fares, there is actually no

national benchmark. Each individual association determines its fares on the bases of environmental factors. The impact is that taxis are forced to keep marginal price difference, as they service the same routes as subsidised busses, when themselves are not subsidised. Obviously, the absence of a fair  
5 determination framework suggest inefficiencies. And the lower capacity vehicle, for example, taxis would charge less than the subsidised busses, that is what we mean when we talk about high capacity vehicles. And of course, you will be defeated by the economies of scale. And we are saying these things in a specific context. The issue of how do we increase the prices, we normally issue notices  
10 and put them within the vehicles. This is because, if we are not a contracted service, we would not actually be able to predetermine who our customer is. We therefore make information to the person who is going to board a taxi and that model and approach has never worked otherwise, because we have never had any entity organisation formation or an individual who approached our  
15 constituencies to raise objection to the issue of fare increases. The next slide talks about price setting mechanisms. The criteria for price setting, is sometimes flat or differentiated and the differentiated ones would include things like the zonal fares or the distance-based fare or the sectional fare. For example, you will say the whole section will pay one fare, but if someone board a taxi from Ladana to  
20 town, there would be a different approach. And the taxi industry does not have a time-based fare in the province. We do not know or have anyone that is time-based. And the next slide talks about the issue of subsidy. We must put it on record that taxi industry is not subsidised, though we transport the majority of commuters in terms of the first ever national household travel survey for 2003,  
25 two years after the finding of SANTACO. We were told then that we are

transporting more than 68% of our commuters. Public transport users should be subsidised, instead of subsidising modes or routes or including entities. It is a national recommendation, it is a recommendation that comes from our province to say the structure of the subsidy should aim at subsidising the user, instead of

5 a mode or companies or even particular routes. There is a need to review as to whether a business can be a voluntary organisation. Maybe there is a need to review the status and legality and the standing of associations. Factors hindering growth in the taxi industry are things like organisational culture, which remains a permanent barrier for development in any organisation, lack of skills, ineffective

10 regulations, poor enforcement of operational standards, inefficient management practices, low level of technology base, etcetera, etcetera. Meaningful participation can be achieved by challenging the statuesque, e.g. do away with voluntary membership and then give municipalities a bigger role to play in some of the issues. That would maybe even include issues of licensing. Because you

15 can't have a municipality having an ITP, when that ITP is going to assist the provincial regulatory entity to make a decision that affect an operation at a local level – that is misalignment. The next slide talks about inputs. Our inputs include vehicles, capital in the form of finance, fuel, the cost of maintenance, labour, the system capacity or infrastructure, information operations and management,

20 though they are critical, they are low rated in the taxi industry. Regarding transformation, it is normally informed from a negative perspective. The approach is, those who should lead it, approach it like there is nothing good that can come out of the taxi industry. And on this point, we normally use this example that when there is an accident that involves a taxi and a private car, even if a

25 private car is wrong, a report that you'll hear is that a taxi was involved in an

accident and so many people have lost their lives. It is actually not transformation, but the aim is something beyond that. Growth is hindered by conflict and instability, the chaotic nature of the industry also contributes, the low levels of professionalism affects the value chain beneficiation. For example, if you look at the TRP, the Taxi Recapitalisation Program, and you do the value chain analysis, you will then say why is it that taxi industry is not playing a role beyond the scraping of a vehicle. One conclusion is that the low levels of professionalism affects our beneficiation even beyond the scrapping of our own vehicles. Another barrier to growth is the systematic and structural deficiencies that are of course internal. The impact of the BRT – In our province BRT is implemented in Polokwane City. It is still an infant for now. But the approach is actually, you want to marry a child and then you negotiate with the child in the absence of the parent. In other words, I am saying, legislation supports a situation where it has a clause that talks about affected operators that in itself does not recognise the established framework of engagement. The intention is not noble, as they insist on affected parties. Ordinarily, the prospect for success is limited by numbers and unemployment. If you have an economy like South African economy, which is shrinking, you have a town like Polokwane, there is no key drive of employment, you want to come with a mass transit mode between Seshego, for example, and Polokwane. The issue would be, if you do not have a high number of people who are employed, who actually are going to afford the rates of that particular mode, despite its massive investment, its success will rely heavily on subsidy more than anything – that is how we see it. We only see it as a program that will mutate over time. That subsidy will be for few associations that are affected. Obviously, it will be urban based that are next to cities and

would not cover entire industry as our provinces (inaudible). The ultimate objective will reduce the operators to being employees of a company in the name of directorship. It will obviously benefit a lot of other stakeholders, but not the taxi operators, and that is our analysis. The issue of finance, how we access finance, 5 taxi operators assess finance as individuals and not as corporate bodies. And this has to do with the legacy of apartheid, because after the majority rule in 1994, we had a situation where the ANC and the government developed an RDP document and out of that RDP document, Section 2.9 emphasised the need to provide all-inclusive integrated transport. That resulted in the (inaudible) paper 10 that spoke to a safe and reliable mode. And you have a situation in South Africa that actually if you have to achieve the objective and the visionary statement of safety, there are a number of issues that you have to look at. But, we are actually subjected with same finance criteria like when you buy your private car. Finance is about qualifying and not purchasing an employment creating machinery. In a 15 dwindling economy where you've got the highest unemployment rate, one would think the taxi industry should come onboard and actually be able to identify the number and the employment rates that are found within the industry. We are not purchasing just equipment or a car, but we are buying a taxi. It is considered a risky business despite its contribution to GDP. Financial institutions regard the 20 industry too risky and chaotic. And those with the courage, do so at exorbitant rates. It is not a secret that last year the taxi industry marched to contest these issues, with little sympathy from community and civil society, where we were saying in our industrial action that we are paying rates of up to 28% and not even one civil society organisation supported the call to actually reduce the rates. The 25 next slide talks about access to infrastructure and terminals. Infrastructure we

talk to roads and taxi ranks. Customers are normally subjected to unsafe environment in the form of ranks or taxi ranks. Normally these taxi ranks do not even have a security guard, ablution facilities are not working, government no longer erect these facilities and the provincial department really passes the bark to municipalities to say it is the competency of municipalities to erect these particular facilities. And of course, we would have a situation of low maintenance on routes. We have routes that we can refer to but we feel that maintenance is too low. The issue of contracting operations, we are not contracted to anyone. We are rejected even by the scholar transport. In fact, it is a taboo for us to be awarded some major contract. It is a closed opportunity for the few, that is how we see it. Due to the self-regulation of the taxi industry, regarding commuter experiences, we have noticed that complaints level is very low and then we are also witnessing low level of accidents where the taxi industry or taxis played a role. And this is backed by the information from the RTMC which normally releases information on these issues. The truth about this can be told by the commuters themselves that we serve. The competition between busses, trains and taxis is unfair. We compete for the same customer with the same motive of profit, but the playing field is not level. And based on subsidies, ownership, not pro-poor, a perpetuation of poverty, and the subsidy seems to be an agenda to maintain the statuesque. The model choice quite often is determined by fare and fare structure. Within associations competition is manifest by a number of vehicles and their condition – that is how we understood the question. Because if operators are found within the same association they are competing, it would be, how many cars do you have, if you've got ten, I have got seven and then how clean are they, how road worthy and all those things. And between association

competition it is service, quality or standards, and of course the distance that you cover. And out of ignorance, the so-called app-based modes come with rigorous media campaign and the strategy for the app based, it is normally ambushed strategy, they ambush you. And the taxi industry is always a victim of negative reporting. And we must say about the app-based, we would agree that among the four factors of economic growth, we agree that recent scholars have spoken to innovation, we appreciate and welcome innovation, but we would have a problem with innovation that would say to a 15 million strong ZCC church, you come with innovation, in order to fit them you have to provide them with pick (?), we would have a problem with that type of innovation. In conclusion, we want to appreciate this opportunity given by the competition commission. We hope this information provided will assist in providing accurate and very urgent intervention. I thank you, Chairperson.

**CHAIRPERSON:** Thank you very much, Mr. Mathebula. Mr. Mthombeni, is there anything that you would like to add or any points of emphasis from your side?

**MR N.R. MTHOMBENI:** No, I agree with my colleagues.

**CHAIRPERSON:** Thank you. Mr. Ngobeni.

**MR JABULANI NGOBENI:** Thank you, Chair. And good afternoon, Mr. Mathebula and Mr. Mthombeni. I think let's start with... Mr. Mathebula, I think let's start with slide three. And there let's start with the issue of road allocation. As an association the question is, how are you currently dealing within your route, when they emerge, I do see there you do indicate that they are informed by, you know, the integrated transport plans, you know, which are developed by the municipalities. But before we go to the municipalities, you know, if you can just

paint a picture to the panel on how, as an association, as SANTACO how those are dealt with, when they emerge in your routes.

**MR LESIBA SIMON MATHEBULA:** Thank you. Reference to ITP was meant to indicate that the ITP actually guide the demand for public transport. But  
5 regarding the routes allocation. In our province, what we have learned and noticed is that, every area is covered. What only changes on the ground is development, which actually then drives the demand to a particular area. For an example, if you have a very big township and there is a new (inaudible) settlement that is established, our understanding as the taxi industry is that, that particular  
10 area will fall in the ambit of the (inaudible) association that operates at that particular point. So, our approach is that association should actually amend their operating licenses to service those particular areas in terms of development, and that is how we normally handle it in the taxi industry.

**MR JABULANI NGOBENI:** And how is the City dealing with... I mean what has  
15 been the City's approach in similar circumstances?

**MR LESIBA SIMON MATHEBULA:** The City is not a transport authority. The authority bestowed on the operating license is as given by the provincial regulatory entity, where the PRE would then, based on the elements of the decision-making process and the (inaudible) process, they would then apply their  
20 mind on the basis of that application. Our job as the taxi council is to recommend or to advice as to which association should be given the authority to operate that particular development or settlement.

**MR JABULANI NGOBENI:** And in your experience, let's just take an example where there have been, you know, an emergent of new routes, what has been

your relationship with the provincial regulatory entity? Have you been consulted?  
Have you made submissions in respect to the determination of these new routes?

**MR LESIBA SIMON MATHEBULA:** In principle, in the province our undertaking and understanding with the Department of Transport is that no new associations  
5 are being registered. That will actually mean that the role players are the same, hence we said then the role players have to extend and amend with the authority of the operating license.

**MR JABULANI NGOBENI:** And when you say, maybe just to get the second  
bullet point, the last second bullet point on your slide, slide 3, let's have a look at  
10 where you spoke about new routes application should be informed by ITPs. What is the current way of doing things? Because it seems to suggest that that is not what is being done, and you will indicate to me if I am not reading it properly.

**MR LESIBA SIMON MATHEBULA:** Come again.

**MR JABULANI NGOBENI:** Where you've mentioned that new routes application  
15 should be informed by ITPs, this is on slide number three.

**MR LESIBA SIMON MATHEBULA:** Right.

**MR JABULANI NGOBENI:** And the question is, what is the current situation, if that is meant to suggest that that is not what is currently being done by the province, by the PRA.

20 **MR LESIBA SIMON MATHEBULA:** The slide says new route application should be informed by ITPs, but the intention is to say as per legislation.

**MR JABULANI NGOBENI:** Okay.

**MR LESIBA SIMON MATHEBULA:** But, ordinarily, not all municipalities in our province have got ITPs, hence it is therefore, the ITPs cannot be the tool for determination, because not all municipalities are actually covered by that particular proclamation. However, in terms of the legislation, those routes  
5 application were supposed to be informed by the ITPs.

**MR JABULANI NGOBENI:** Okay. And just on the question of the moratorium, and that is the last bullet point, and you say it is a very thorny issue... Maybe, just for the purposes of the record, when was this introduced?

**MR LESIBA SIMON MATHEBULA:** Well, in 1999 we had the final  
10 recommendations of (inaudible) which brought about the establishment of SANTACO. And then SANTACO then came with the idea for formalisation. Now, in order for government to arrive at absolute conversion of operating licenses, you could not have two systems running parallel. You had to say let us close the gap for the new applications for permits and convert the current permit up until  
15 conversion has been closed. And we started with the conversion in 2006 in October. It has been running up until now, it was supposed to be concluded now, I think, in September, but rumours are saying it is still continuing. So, since then, since 2006/2007 or long before that, the issue of applying for new permits, has never been an issue in the province, because the focus has always been  
20 converting the permits that are there into operating licenses.

**MR JABULANI NGOBENI:** And maybe just to be clear, so you are saying from – if I get you correctly – from 2006 there has never been, to the best of your knowledge, new operating licenses, you know, that have been allocated to any

operators in the province, because of this conversion process that you are talking about.

**MR LESIBA SIMON MATHEBULA:** Yes.

**MR JABULANI NGOBENI:** And is that what you referred to as the moratorium  
5 that you say is a thorny issue?

**MR LESIBA SIMON MATHEBULA:** Ja. In a way, the understanding would be you could not have two parallel systems. You could not convert this one, when in the process of producing a new document and that was the determination.

**MR JABULANI NGOBENI:** And what has been your experience at SANTACO,  
10 what have you seen in the market? I mean, have you seen, you know, as a result of operating licenses not being issued to anyone, what have you seen? Have you seen an increase in illegal operations or what has been, you know, the situation in the province?

**MR LESIBA SIMON MATHEBULA:** One of the objectives of the TRP was to  
15 come with a mindset shift where we would shift into bigger capacity vehicles. For that reason, what we now can see is that there is an increase of 22 seaters in the taxi industry particularly in our province, especially because we service a lot of interprovincial customers. Now, there has been demand, hence we say in our slide that demand was long identified. I think in 2010 when we met with the MEC  
20 Masoga that is how we came to the resolution that the moratorium should be collapsed and a new operating license should be issued. Why? Because we have identified the presence of the moratorium suggest that the industry is not growing, is stagnant and has got no future. And therefore, that is why we came to that. And we know that there is that position, we are waiting for government to

implement what was agreed in 2010, in the presence of all taxi operators within the boundaries of our province.

**MR JABULANI NGOBENI:** So, you are saying there has been some engagement with government and the decision or the agreement that has been reached is that the moratorium should be lifted, but nothing has been done so far. Is that what you are saying?

**MR LESIBA SIMON MATHEBULA:** It is not an agreement, it is a decision.

**MR JABULANI NGOBENI:** A decision.

**MR LESIBA SIMON MATHEBULA:** A decision that the former MEC made. And we will always knock on the doors of the department, to make sure that that particular decision is implemented.

**MR JABULANI NGOBENI:** Okay. And what have been the reasons that have been provided by the department as to, because it appears to me that that has not been lifted ever since. What sort of reasons have been advanced to, you know, SANTACO and other associations on why this has not yet been done?

**MR LESIBA SIMON MATHEBULA:** No, in the province we have only one taxi body, it is called SANTACO, and we are the only mouthpiece. Now, the response of the department on this issue, has always been, they chose a technical path – in other words, they would tell you that before they release the operating licenses, they need to be guided by demand and the source document for such a demand would be things like ITP and not all municipalities in the province have got ITPs and all those things. But we have a view that says it is a decision, we are not discussing with the aim of arriving at a decision, we are discussing beyond the decision and we are not finding each other there. But we hope that maybe one

day the department will come on board and actually ensure that this particular decision is actioned.

**MR JABULANI NGOBENI:** Could it be that they are questioning... I understand the decision has been made. I am just trying to understand that maybe the reason  
5 could be on disagreements, on whether or not there is demands. Because you would have, you know, ordinarily approached them with this on the bases that there is demand. And on the other side, you know, all of a sudden, they might be saying, well, there is no demand, there is no need for the upliftment. I am just trying to understand if that could be the reason.

10 **MR LESIBA SIMON MATHEBULA:** Such an approach would be self-defeating, because we are not only arguing the issue on the bases of a demand, but we are also saying we have a higher number of unlicensed vehicles on the road and those vehicles need to be licensed. And for that reason, the best way to license them would be through the collapse of a moratorium.

15 **MR JABULANI NGOBENI:** And what has been the situation with regards to renewals?

**MR LESIBA SIMON MATHEBULA:** The renewals of operating licenses in the provinces, over the counter transactions, and we are not having hiccups.

**MR JABULANI NGOBENI:** Okay. Because we heard, you were sitting here,  
20 you heard from your colleagues in the, your competitors in the bus sector, they are experiencing a technical issue with regard to the system. So, are you saying that it is an issue that is only being faced by bus operators and not an issue that is being faced by the minibus taxi operators?

**MR LESIBA SIMON MATHEBULA:** Those are our competitors and our (inaudible). But the truth of the matter is, remember, we are talking about people who already have three operating licenses in one car. If you can see the operating license it is a book, ours it is a page. So, obviously there will be  
5 technical glitches, because they do not renew one document, they might be renewing the whole bible which they call an operating license, but ours is one page.

**MR JABULANI NGOBENI:** Okay. I think Mr. Lesofe knows more about those type of licenses better than me. I think, if you can just go to price regulation. You  
10 mentioned that each association determines its own fares. I think, I am not sure if you were here this morning, you know, when I posed a similar question to SANCU. There seem to be a suggestion that they will be interested in being consulted when these fares are determined. What is your view on that?

**MR LESIBA SIMON MATHEBULA:** Our... well, I have indicated in the  
15 introductory slides that we are a unitary organisation and our price, normally the approach that we use when we want to increase our fares is to put notices on the windows of the vehicles. We are not that much technically inclined, so that is why. But, you know, there is nothing wrong from where I stand with what could be raised by maybe SANCU. I would only have an issue when we have followed  
20 this particular practice and we have never been taken to task by any formation, for example, to challenge us head on. Just recently in July when we increased our fares, I was on three to four radio stations, I spoke on Bogana Lonene (spelling). I spoke on a lot of radio stations. I was interviewed sometimes in the studio whenever (inaudible) taken to task with the (inaudible) approach that we  
25 use. But, our doors are open, we would want to find any platform where we can

engage with SANCU to see how we can work around fares. I think it will be very important also to assist our argument for subsidies, they are a very critical stakeholder and we would appreciate an engagement with them.

**MR JABULANI NGOBENI:** Thank you. And just on operational subsidies, when  
5 you dealt with the slide of operational subsidies, I think it is slide... you would forgive me, I think on my thing it is slide five, I am not sure if it is slide five. That slide where you've dealt with operational subsidies. Just to get your view on this one... On the last bullet point you've mentioned the importance of giving municipalities a bigger role to play on, you know, in some issues. What issues  
10 do you have in mind there?

**MR LESIBA SIMON MATHEBULA:** The gap that exist is that the scientific application of knowledge in the taxi industry is lacking and we do not have that capacity. We would surely need to be assisted. But you would see the people who are the closest next to the point of transgression, are the ones who should  
15 be able to assist our taxi operators, who are those, the municipalities, and that is the approach that we have. That if there can be a way where they can be given a bigger role to play, you might find that the municipalities can then argue around the interest of its own (inaudible) to the extent that the issue of subsidies would be important. Remember the taxi industry transport, the so-called poorest of the  
20 poor is not a political statement. And if we do not have an approach that want to alleviate the high cost of transport from this particular group of people, I do not see us winning. And if our provinces (inaudible) it means the best point of departure should be at a municipal level to assist our commuters.

**MR JABULANI NGOBENI:** And just in respect of, we've heard in other provinces, you know, in instances where some operators have been complaining about the dual role that they play, you know, in terms of issuing of operating licenses and also adjudicating... Some provinces are advancing that, you know, powers be assigned as envisaged by the NLTA, you know, to municipalities. Given your interaction with the municipalities, what is your view? Do you think that, you know, they are capacitated or do they have capacity to assume the role that is assigned to them in terms of the NLTA?

**MR LESIBA SIMON MATHEBULA:** We had a privilege to make a representation to the legislature and we argued against this point, precisely because municipal establishments, quite often, though they have got administrative bodies, but you have a situation where the tail seems to be wagging the dog. And for that reason, we think, the authority of the operating license should remain with the provincial department. But we know municipalities can actually assist the taxi industry a lot on a number of issues – that would be access roads, etcetera, etcetera, and the others that we have already covered. So, from where we are as a council, our position as represented and as we made representation to the legislature, is that we would appreciate a situation where the authorities stays with the Department of Transport.

**MR JABULANI NGOBENI:** Okay, thank you. And on the question of the BRT. You indicate that it is still early days, but the question is, if one looks at the current phase, are any of your members affected by, you know, the current plans that, you know, the province has?

**MR LESIBA SIMON MATHEBULA:** Yes, (inaudible) is affected, Seshego is affected, Flora Park is affected, Moletji as well as Mankweng

**MR JABULANI NGOBENI:** And you then say, well, affectedness should not be the criteria to determine... maybe if you can just indicate to the panel what your  
5 views are on the question of affectedness. It appeared to me in your initial submission you were criticising, you know, how affectedness is being dealt with. Maybe if you can just pain to the panel what you meant. And to an extent that affectedness should not be the criteria, what is the alternative that you have in  
mind?

10 **MR LESIBA SIMON MATHEBULA:** The role of the provincial taxi council is to deal with strategic issues. Now, if you have the program of the BRT, from where we are it is a strategic issue. But for any approach that says, though it is a strategic issue, if you want to make it happen, you must engage people who are operational and expect them to engage on two things, that would be on policy  
15 and on operation. It is quite unfair. Because as a provincial taxi council, we would want to give our policy position on how the BRT should be implemented. And the idea of a person being affected, the issue is, are you affected because you are operating that route or are you affected because you are a taxi operator. We are saying we are affected as taxi operators and not because we are  
20 operating that particular route, as being interpreted by those who implemented the project.

**MR JABULANI NGOBENI:** So, in other words you are saying you disagreeing in terms of what, in terms of the definition of affectedness, the one that is being

proposed by the provinces, it is completely different from the way you see how affectedness should be defined.

**MR LESIBA SIMON MATHEBULA:** In our province the BRT is implemented by the municipality called Polokwane Municipality and the provincial taxi council is  
5 not party to the discussions. And our view is that BRT is a policy issue. You have to first (inaudible) the policy before you go to operations.

**MR JABULANI NGOBENI:** Okay. And lastly, on the question of access to finance, you've mentioned various challenges on the finance aspect. Is there any relationship that, you know, you have with SA Taxi Finance?

10 **MR LESIBA SIMON MATHEBULA:** Not really. That is why last year June we marched to them to demand a reduction of interest. If there has been any arrangement or relationship, one would not know about it. But we have also challenged them on the CSR, the Corporate Social Responsibility, and also that they should plough back. But from where I am, I would not think that when we  
15 challenged those issues that creates a relationship. But we must acknowledge that they are the biggest financer of the taxi industry and this has been (inaudible – very soft), a situation where when we implemented the (inaudible), the narrative or a situation was created where, instead of incentivising the taxi operators, the focus was (inaudible) and that has been the problem. Because one would think  
20 the government should have said we give you money, but we further argue for the interest rates or we say you must get 30%. In any way, a financial incentive should have been part of the package. So, we don't have a relationship with Taxi Finance.

**MR JABULANI NGOBENI:** And are there any challenges that some of your members are facing as a result of, you know, the finance that has been advanced through the same organisation. Are there any challenges that have been brought to the attention of SANTACO that some of your members are facing, other than  
5 those ones that you've referred to when your members embarked on a strike or a national strike last year.

**MR LESIBA SIMON MATHEBULA:** There are many. To be honest, the determination was made, I think, in 1996 where it was said the taxi industry operates on the breadline. It is not a profitable business. And it is naïve to think  
10 that when you are operating with an old car you can scrap it and the instalment is not regarded as a cost to business, I think it is a naïve argument. We have very serious challenges financially. The industry is not growing, the operators are not growing and we call it a perpetuation of poverty, the way we see it.

**MR JABULANI NGOBENI:** And lastly, Chair, we have heard that government is  
15 working on a subsidy policy at a national level. What I am more interested in finding out is whether as a province, you know, if you engaged the process and if you have made any submissions to the national government on the nature of subsidies and how it should be implemented or if these are issues that are being handled by SANTACO nationally.

**MR LESIBA SIMON MATHEBULA:** Ja, SANTACO is a unitary body. I am not  
20 alone. I am having an NEC member here, Mr. (Inaudible), and fellow colleagues. The policy position is that a commuter should be the one that is subsidised or the user of public transport, but we might not be able to comment further on that issue.

**MR JABULANI NGOBENI:** Thank you, Chair, I have no further questions.

**CHAIRPERSON:** Thank you. Mr. Lesofe, we have 10 minutes to the next presentation.

**MR LESOFE:** Thank you, Chair, I have no questions.

5 **CHAIRPERSON:** Thank you. Ms. Nontombana? Mr. Mandiriza?

**MR THULANI MANDIRIZA:** Thank you, Chair. Thank you for your presentation, Mr. Mathebula. I just want to understand the moratorium. I think I might have missed it a bit. Who issued the moratorium? Is it the province or was it the municipality? I didn't really get. Because I hear you talking a lot about the MEC,  
10 I just want to understand, who issued the moratorium?

**MR LESIBA SIMON MATHEBULA:** The moratorium was a national competency, because the simplest version of the moratorium was that it was a barrier to application of new permits. So, it was a national declaration. And in our province in 2010 we engaged the then MEC, Mr. Masoga, to actually say we  
15 have to do away with the moratorium and he agreed to new licenses.

**MR THULANI MANDIRIZA:** Why I am asking, I think it seems to be... you are in a unique situation. Because I think in all the other provinces, we have not had the national government issuing this kind of a moratorium, but I think it is fine. In terms of the district, do you have district offices where you can lodge applications  
20 or everyone else has to come to Polokwane?

**MR LESIBA SIMON MATHEBULA:** Yes, we have. The department has got district offices. Because they are the ones who are handling those applications.

**MR THULANI MANDIRIZA:** And from your members, is there a particular district that have backlogs or the other ones seem to be working okay?

**MR LESIBA SIMON MATHEBULA:** No, there is actually no backlog and thanks to SANTACO.

5 **MR THULANI MANDIRIZA:** No further questions, Chair.

**CHAIRPERSON:** Mr. Mathebula, if you could just give us an indication of... just very roughly, the number of vehicles that your operators have within the province, very-very rough numbers.

**MR LESIBA SIMON MATHEBULA:** The annual performance report of...  
10 (blank)... about 11 863. But we have a political number that says it is more than 28 000.

**CHAIRPERSON:** And the political number, I assume, also includes vehicles that do not have operating licenses at the moment.

**MR LESIBA SIMON MATHEBULA:** It would encompass everything that we  
15 covered in our model character slide.

**CHAIRPERSON:** Alright. We understood from the previous presentation from the Great North Transport, as well as from SANSBOC (?), that the minibus taxi industry is also servicing routes that are serviced by subsidised commuter busses within the province. Now, what we would like to understand is, what is it that is  
20 attracting commuters to minibus taxis and notwithstanding the fact that those are serviced by subsidised commuter bus operators?

**MR LESIBA SIMON MATHEBULA:** It is the predatory nature of the transport business, one. But, number two, I think people generally love taxis and we have

got statistics to prove that. Why, because one, we provide ease of access, we are flexible, we offered unscheduled services and all those things. You know, in some cases, (vernac) they can say (vernac), but it is not the same with the taxis. So, our people love taxis for a number of reasons. We are actually, to be honest

5 we are actually good as we permeate the labour (inaudible) areas of our province. But they must know, the bus people, they provide scheduled services, that means they have to be at a particular point in time and depart. Once they are not there and people need transport, we will serve those people, especially if the operating license agrees and allows us to provide that particular service. And I am happy

10 that they are not raising issues of operating license, they are only saying we are attracted. The truth is, customers are attracted to the taxi industry.

**CHAIRPERSON:** On that note, let's end it there. We would like to thank you very much, both yourself and Mr. Mthombeni for your time and for your presentation. You are excused.

15 **MR LESIBA SIMON MATHEBULA:** Thank you.

**CHAIRPERSON:** We will now receive the next presentation from (Inaudible) Bus Service... oh Bahwaduba... they must spell it right. Afternoon and thank you very much for coming. You may take the oath or the affirmation and please switch on the mic as you do so.

20 **MR JAKOB JOHANNES BOSHOFF:** I, Jakob Johannes Boshoff, 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. Boshoff. If you could start by indicating what your position is within BBS and how long have you held your current position.

**MR JAKOB JOHANNES BOSHOFF:** My position is admin manager and I am  
5 there now for the past 15 years.

**CHAIRPERSON:** Ja, you may take us through your submission, that will be followed by questions from the evidence leaders, as well as panel members.

**MR ITUMELENG LESOFE:** Sorry, Chair, I will be leading Mr. Boshoff.

**CHAIRPERSON:** You may proceed, Mr. Lesofe.

10 **MR ITUMELENG LESOFE:** Thank you very much, Mr. Boshoff. If maybe as a starting point, you could just give us some background information in relation to the company itself, when was it formed.

**MR JAKOB JOHANNES BOSHOFF:** Bahwaduba Bus Services was established in 1976. In 1973 they bought four busses with permits, which they started to  
15 operate in certain areas in the (inaudible) area. And then in 1976 the company was established.

**MR ITUMELENG LESOFE:** And, if you could also take us through the company's ownership structure.

**MR JAKOB JOHANNES BOSHOFF:** The owner is Bishop Lekganyane from the  
20 ZCC Church, he is the only owner, the only stockholder.

**MR ITUMELENG LESOFE:** Right. And then in terms of the nature of services provided by the company, could you take us through those services.

**MR JAKOB JOHANNES BOSHOFF:** Bahwaduba Bus Services operated in two areas, one in the Matoks area on the N1 North towards Louis Trichardt and the next one is in the (inaudible) area.

**MR ITUMELENG LESOFE:** And in those areas, what kind of services do you provide? Do you provide subsidies inter bus services?

**MR JAKOB JOHANNES BOSHOFF:** Subsidised services.

**MR ITUMELENG LESOFE:** And any scholar bus services?

**MR JAKOB JOHANNES BOSHOFF:** Not scholar in particular, but we do transport some scholars.

10 **MR ITUMELENG LESOFE:** What is the arrangement there?

**MR JAKOB JOHANNES BOSHOFF:** Pardon?

**MR ITUMELENG LESOFE:** What is the arrangement there?

**MR JAKOB JOHANNES BOSHOFF:** No, there is no arrangement. We don't transport especially for a school. But if there is scholars on the route, we will transport them at a reduced rate.

**MR ITUMELENG LESOFE:** Alright, thank you. And any unsubsidised scheduled inter bus services?

**MR JAKOB JOHANNES BOSHOFF:** Not really. Now and again we will make use of an unsubsidised bus to help out, but it is not profitable to run an unsubsidised bus.

**MR ITUMELENG LESOFE:** And then what is the average age of your fleet?

**MR JAKOB JOHANNES BOSHOFF:** It is between 20 years and 5 years.

**MR ITUMELENG LESOFE:** And how many busses do you currently operate?

**MR JAKOB JOHANNES BOSHOFF:** 41 busses.

**MR ITUMELENG LESOFE:** And do you have any depots that you own?

**MR JAKOB JOHANNES BOSHOFF:** Yes, we have one depot in Polokwane.

5 **MR ITUMELENG LESOFE:** Okay. Now, if you could tell us a bit about the subsidy contract or contracts that you currently hold... You said you service two different areas, right. What... if you could just tell us about eh nature of the contracts that you ...intervened.

**MR JAKOB JOHANNES BOSHOFF:** No. It is one interim contract with the  
10 Department of Transport.

**MR ITUMELENG LESOFE:** And for how long have you held the contract?

**MR JAKOB JOHANNES BOSHOFF:** The contracts were established in... I can't remember exactly the date, 1980 somewhere there along and up to now.

**CHAIRPERSON:** So, your written submission indicates that you entered into an  
15 interim contract with the department in 1997.

**MR JAKOB JOHANNES BOSHOFF:** Ja, 1997.

**CHAIRPERSON:** That has been renewed up to the 31<sup>st</sup> of March 2021.

**MR JAKOB JOHANNES BOSHOFF:** That's correct, ja.

**MR ITUMELENG LESOFE:** And this is the only contract that you've had with the  
20 department since then.

**MR JAKOB JOHANNES BOSHOFF:** That's correct.

**MR ITUMELENG LESOFE:** There hasn't been any, you know, expansions... the department has never given you a contract with additional routes.

**MR JAKOB JOHANNES BOSHOFF:** No, sir.

**MR ITUMELENG LESOFE:** Okay. And we understand from the previous  
5 presentations that there is a difference between interim and negotiated contracts. And it appears that negotiated contracts has some level of flexibility as opposed to interim contracts. Are you able to comment on that?

**MR JAKOB JOHANNES BOSHOFF:** In an interim contract you work on a kilometre-based subsidy. You are... but you've got a certain amount of  
10 kilometres that you can travel a month. With a negotiated contract you work on a... what is the word... where your subsidy can vary from months to months, it all depends on the fuel price.

**MR ITUMELENG LESOFE:** Okay. And one of the criticism that has been levelled against interim contracts or generally about the subsidy contract system,  
15 is the fact that the system is structured in such a way that it does not adequately respond to the changing needs of commuters.

**MR JAKOB JOHANNES BOSHOFF:** No sir, that's true. Since 2007 when they went over to the Dora System, we were allocated a certain amount of kilometres and that stays put. There is no scope for expansion. Even if a village... I mean  
20 if a village, was a small village... I mean you used to go into the village, now the village has expanded, it is 4/5 kilometres. I mean you can't claim extra kilometres if you must take the people to the far end of the village. Your contract stops here at a certain point.

**MR ITUMELENG LESOFE:** And what has been the impact of this lack of flexibility to your business?

**MR JAKOB JOHANNES BOSHOFF:** There is not really scope for growth. Even if there is a demand for it, there is no scope for growth. All they say is sorry, that  
5 is your kilometres per month you can travel, not 1 km more.

**MR ITUMELENG LESOFE:** So, that has been the department's attitude towards this.

**MR JAKOB JOHANNES BOSHOFF:** That is correct, ja.

**MR ITUMELENG LESOFE:** And obviously this, to some extent, disadvantages  
10 commuters.

**MR JAKOB JOHANNES BOSHOFF:** Yes, sir, I would agree with you there. Because even if there is a new village opening up, if you haven't got a route in that area, in that two or pass that village, you can't apply for a new route to that new village.

15 **MR ITUMELENG LESOFE:** And are there any other major challenges with the current contracting system that you want to bring to the attention of the inquiry?

**MR JAKOB JOHANNES BOSHOFF:** No, not really. No, sir.

**MR ITUMELENG LESOFE:** Okay. And then, I just want to get your views in relation to your experiences in terms of servicing rural areas, in comparison to  
20 servicing urban areas.

**MR JAKOB JOHANNES BOSHOFF:** Look, we don't operate in urban areas. We only operate in rural areas.

**MR ITUMELENG LESOFE:** And what would you say are the major challenges that you encounter when servicing those areas?

**MR JAKOB JOHANNES BOSHOFF:** Some of the routes outside that is not being maintained by the provincial government. The long distances you must travel. I mean, when they are on the bus, some of those routes are... it takes  
5 more than an hour to arrive in town.

**MR ITUMELENG LESOFE:** And we have heard in other, even today earlier, but in other provinces as well that it is actually more difficult to service rural areas than to service urban areas. And as a result, an operator who services rural  
10 areas, actually faces higher operational costs. Because for instance busses are always affected by bad, you know, roads. And therefore, it means from time to time they must be serviced. Are you able to comment on that?

**MR JAKOB JOHANNES BOSHOFF:** Yes, look, where you have a long route you must service your busses, I mean it is due for service more regularly than  
15 sort distance busses like in urban area. So, that increases your costs. I mean the further you travel, your diesel cost increases.

**MR ITUMELENG LESOFE:** And would you have capacity to, if for instance the government were to consider allocating you more routes, would you have capacity for that?

20 **MR JAKOB JOHANNES BOSHOFF:** When they... come again, please sir.

**MR ITUMELENG LESOFE:** So, I am just asking, if government were to say, consider allocating you more routes.

**MR JAKOB JOHANNES BOSHOFF:** More routes?

**MR ITUMELENG LESOFE:** Yes. Would you have capacity to service those routes?

**MR JAKOB JOHANNES BOSHOFF:** Yes sir. Look I haven't got the capacity at the moment, but that can be overcome by buying more busses, if they will grant  
5 the operating licenses.

**MR ITUMELENG LESOFE:** Yes, and I think... okay before I even get to the issue of sustainability... currently is your organisation profitable?

**MR JAKOB JOHANNES BOSHOFF:** Barely.

**MR ITUMELENG LESOFE:** What affects your profitability?

10 **MR JAKOB JOHANNES BOSHOFF:** Mostly it is the increase in cost due to the fuel price fluctuations. Because when the fuel price goes up, everything else goes up. And, I mean, you don't get more money, you get the same amount of money every month more or less.

**MR ITUMELENG LESOFE:** Okay. And I think you've partly responded to this  
15 that it appears that it is a bit difficult to run scheduled commuter bus services without a subsidy.

**MR JAKOB JOHANNES BOSHOFF:** Yes, without subsidy it is going to be very hard, because then... without subsidy the normal commuter won't be able to afford the fares. He won't be... I mean the fares will be too high for him.

20 **MR ITUMELENG LESOFE:** So, if government were to withdraw its current subsidy or let's say in 2021 government says it doesn't renew the contract, what would... how would you respond to that or what would happen?

**MR JAKOB JOHANNES BSHOFF:** If they withdraw the contract, the company will close down.

**MR ITUMELENG LESOFE:** Thank you very much. I have no further questions, Chair.

5 **CHAIRPERSON:** Thank you, Mr. Lesofe. Mr. Ngobeni.

**MR JABULANI NGOBENI:** I have no further questions, Chair.

**CHAIRPERSON:** Ms. Nontombana.

**MS NOMPUCUKO NONTOMBANA:** I just have a few questions, Mr. Boshoff. The first one is, on the submission I understand that at some point BBS had about  
10 60 busses.

**MR JAKOB JOHANNES BSHOFF:** That is correct ja.

**MS NOMPUCUKO NONTOMBANA:** And you are saying that currently it is about 41 busses.

**MR JAKOB JOHANNES BSHOFF:** 41 busses.

15 **MS NOMPUCUKO NONTOMBANA:** So, the question is whether the decrease in the number of busses is as a result of you exiting some routes or what is the reason for the busses going down?

**MR JAKOB JOHANNES BSHOFF:** Round about 1997, I think, in conjunction with the Department of Transport, we made some routes available to small  
20 operators to operate.

**MS NOMPUCUKO NONTOMBANA:** So, what happened to the busses?

**MR JAKOB JOHANNES BSHOFF:** To what busses?

**MS NOMPUCUKO NONTOMBANA:** When you made the routes available to the smaller operators, did they then get some of your busses? What is the explanation for the decrease in the numbers or are these busses that have been written off over time, what is the reason for the numbers?

5 **MR JAKOB JOHANNES BOSHOFF:** Some of the busses at that stage were very old, we took them off the road.

**MS NOMPUCUKO NONTOMBANA:** Okay. And then the other question is, you also refer to a process where you worked with the department to have some of your routes subcontracted in the submission. And yet you say that the tender  
10 which was supposed to be issued, was not awarded.

**MR JAKOB JOHANNES BOSHOFF:** No.

**MS NOMPUCUKO NONTOMBANA:** So, are there any bus operators that are currently subcontracted or did this process stop when it was not awarded?

**MR JAKOB JOHANNES BOSHOFF:** No. Eventually those subcontractors they  
15 went on their own on our old routes. They got the routes and they are operating there now.

**MS NOMPUCUKO NONTOMBANA:** It is not through subcontracting from you.

**MR JAKOB JOHANNES BOSHOFF:** No, no more. They are a company on their own.

20 **MS NOMPUCUKO NONTOMBANA:** And then if you had to help us get a sense of the size of BBS, would you say it is a small bus compared to the others, is it a big operator? And I am looking at it in terms of the fleet, for example. We heard

from GNT, they operate about 500 and something busses and then Kopano said they have, I think, about 51 busses and you have 41.

**MR JAKOB JOHANNES BSHOFF:** Ja.

**MS NOMPUCUKO NONTOMBANA:** So, would you be, in terms of the size of your operations, are you comparable to Kopano or are you a bigger operator, how would you characterise yourself?

**MR JAKOB JOHANNES BSHOFF:** No, smaller.

**MS NOMPUCUKO NONTOMBANA:** You are one of the smaller operators.

**MR JAKOB JOHANNES BSHOFF:** Mm.

**MS NOMPUCUKO NONTOMBANA:** Okay.

**CHAIRPERSON:** Just one last question from me. What is the level of ridership in the subsidised busses, especially during peak times? Because we received submissions in relation to other provinces that the subsidised busses tend to be overloaded at peak times, which may suggest the need for additional capacity to service the peak time demand.

**MR JAKOB JOHANNES BSHOFF:** There I fully agree. But as I said, it is very unprofitable to operate a bus without a subsidy, because you can't only live on the ticket price from the passengers, from the commuters. You need that subsidy too. But they will not grant us more kilometres per month.

**CHAIRPERSON:** So, you confirm the observation that these subsidised busses tend to be overloaded at peak times?

**MR JAKOB JOHANNES BSHOFF:** Yes, sir.

**CHAIRPERSON:** Thank you. Thank you very much, Mr. Boshoff for your time and for answering our questions. You are excused. Ja, this will bring us to the end of today's session. We will commence tomorrow's session at 9:00 in the morning. The first presentation will be from the Limpopo Department of  
5 Transport. There is, I am told that there is tea outside. You are welcome to join us for tea. We will then resume tomorrow at 9:00. We are done for today.

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