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

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JOHANNESBURG, DAY 1.

04 JUNE 2018

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PLACE:

(CONSTITUTION HILL THE ATRIUM)

SESSION 1

CHAIRPERSON: Morning everybody. Today is the 4th of June 2018. This is a public passenger transport market inquiry hearings conducted by the Competition Commission. I would like to formally welcome all of you to this

5 inquiry. My name is Bukhosibakhe Majenge. I am an Attorney by profession currently based in the Competition Commission as the chief legal counsel and I will be the Chairperson of the panel. I am joined by two panel members. On my right hand side we have Ms Nompucuko Nontombana who is the Divisional Manager for the market conduct division at the Competition Commission, and

10 on my left I am joined by Mr Thulani Mandiriza from the Competition Commission in his capacity as the head of the inquiry's technical team. Ms lthumeleng Lesufe who is seated on my far right, together with Mr Jabulani Ngobeni also from the Competition Commission will be assisting us a evidence leaders. They together with a team of lawyers and economists will be assisting

15 the panel in soliciting evidence for purposes of the inquiry. The profiles of the panel members as well as evidence leaders will be available on the commission's website under the public transport market inquiry web page. We thought that we should briefly describe the issues that are going to be ventilated at this market inquiry. The inquiry as stipulated in Section 43A of the

20 Competition Act is a formal inquiry into the general state of competition into a market. A market inquiry is not a specific investigation for specific conduct by a firm as will be the case for instance in other investigations conducted by the Competition Commission. In addition an inquiry is initiated to pursue the purpose of the Competition Act, whose aim is to promote and maintain

25 competition in the republic. In the light of this, in the light of this the public

passenger transport market inquiry was initiated, because the Competition Commission has reason to believe that there exists features or a combination of features in this market which may prevent, distort or restrict competition. The inquiry officially commenced on 7 June 2017 following the publication of the terms of reference in the government gazette in May 2017. The terms of reference set out seeks broad themes that the inquiry will be focussing on in its assessment of the state of competition in the land base public passenger transport inquiry, and these are the following. The first one is the price setting mechanisms as well as their impact on competition. The second one is the impact of non-price regulation on competition such as route allocation, licensing and entry requirements. The third one is the impact of operational subsidies granted to other modes of transport on competition, both on an intra model as well as inter model competition. The fourth one is the impact of government transport plans on competition and the last one is an assessment of transformation issues, including ownership patterns in the industry. In addition to the themes outlined in the terms of reference, the inquiry has also identified as set out in the statement of issues, published by the commission a number of issues which it will assess as part of its inquiry into competition in the public passenger transport industry. This include among others the following. Firstly the implementation of BRT and its effect on the renewal of taxi operating licences. Secondly access to finance and the cost of finance on the sustainability of the minibus taxi businesses. Thirdly the impact of limited or lack of access to infrastructure and terminal facilities. Fourthly an assessment of long term contracting between government and bus operators and its impact on competition and finally the inquiry has found it imperative to seek out and

consider the views and experiences of commuters on whose lives the recommendation of this inquiry will have a direct bearing. The terms of reference together with the statement of issues set out a narrow analytical framework in order to assist participants to focus on issues that have arisen

5 from the inquiry. I wish to emphasise that the points raised in these two documents are not intended to be topics or themes, are simply intended to be topics or themes rather for further engagement and do not represent any settled views or finding of the inquiry. Just to give a quick update on where we are with the inquiry. Currently the inquiry is at information gathering phase. The

10 information gathered in this phase included among others the market dynamics in the sector and to also understand the impact of the regulatory framework on competition. During this evidence gathering phase the inquiry was able to gather information through inter alia the following evidence gathering methods,

15 participants, field investigations and stakeholder engagements across all provinces. These public hearings will provide an opportunity for stakeholders to submit additional evidence and to also respond in the issues raised in the statement of issues, as well as the terms of reference. The public hearings will be held over the next three months in all the provinces including Gauteng. The

20 schedule with information on dates and venues is available on our website. In terms of the rules of procedure for this hearing, these sittings will be open to members of the public at all times, except when the Chairperson rules that the part of the proceedings will be closed on the grounds related to confidentiality or any other reasons which we will deem justifiable if necessary. Then all

25 sessions will be recorded and streamed live online, save for those sessions or

part of those sessions which are closed. In order to allow for proper ventilation of information the Chairperson and the panel members as well as the evidence leaders may post questions to the persons making oral submissions or to any witnesses. The Chairperson will not permit any person, neither personally nor
5 through a Legal Representative to question any witnesses or any other person making oral submissions during the public hearings, because these are not adversarial court proceedings. In the event that any stakeholder has an objection or comment or a question in respect of a submission made during these proceedings, that stakeholders may submit an objection or comment to
10 the inquiry in writing at the email that we will provide as well as the commission's address and we will then attend to that enquiry at an appropriate time. Due to time constrains, only one Representative of a group or entity either personally or through a Legal Representative will be permitted to make oral submissions. Other than the witnesses the parties may wish to call in support
15 of their submissions. Where the parties anticipate that different Representatives will be needed to address different topics, appropriate arrangements will be made with us for such in advance. The panel may conduct joint hearings in terms of which any number of persons may be combined as participants in the same proceedings if their respective
20 submissions or responses to the panel seems to involve substantially the same facts. In terms of how we will conduct this inquiry, the following rules will apply. Where necessary stakeholders may claim confidentiality in terms of the processes available in the Competition Act to claim confidentiality in terms of Section 44 of the Competition Act. Stakeholders should also note that in
25 accordance with Section 72 of the Competition Act failure to answer fully or

truthfully is recognised as an offence in terms of the Competition Act. In terms of Section 73 of the Competition Act, it is an offence to fail to comply with the Act. Lastly stakeholders should also note that they may be summonsed should the commission believe that the person is able to furnish information on the subject of the investigation or to have possession or control of any book or document or object that has a bearing on that option. In terms of today's schedule of presentations, we will commence with a submission from SANTACO and that will then be followed by an industry expert Mr Paul Browning and then immediately after he is done we will then receive a submission from the Soweto Commute Organisation and that will then be followed by a submission from SATAWU and after SATAWU we will have the Gauteng Metre Taxi Alliance and lastly we will have the Brakpan Busses. In conclusion, I wish to welcome everyone once again to this inquiry and I hope that over the next few days and months we will have a meaningful and robust engagements about the issues in the land based public passenger transport industry. The industry is indeed the back bone of our economy, providing mobility to over 70 percent of the South African population. A well functioning, reliable and efficient public transport system is therefore not only necessary, but it is vital to achieving a growing and inclusive economy. With those words let us welcome a Representative from SANTACO. If you could please place your full names on record.

MR PHILIP TAAIBOSH: Good morning everybody, Chair. My name is Phillip Taaibosh. I am the President of SANTACO, South African National Taxi Council, the government body of the taxi industry.

CHAIRPERSON: Welcome Mr Taaibosh. There is a piece of paper in front of you. If you could indicate whether you will be taking the oath or the affirmation. Depending on your preference.

MR PHILIP TAAIBOSH: I will be taking the oath.

5 **CHAIRPERSON:** Thank you. If you could please read the oath.

MR PHILIP TAAIBOSH: I, Phillip Taaibosh, the President of SANTACO 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. We have received a written submission from
10 SANTACO. Please feel free Mr Taaibosh to then take us through the key issues in your submission that you would like to ventilate in this inquiry.

MR PHILIP TAAIBOSH: Chairperson, I have got two gentlemen here with me and a lady. The lady is our legal advisor, Nonnie Joubert, sitting there and on my right here is a SANTACO Manager, Thabisho Molelekwa, who is also the
15 spokesperson for the presidency. On my left hand here it is Thulani Qwabe who is the General Manager at Taxi Choice which is the business wing or the business arm of SANTACO. I nearly made a constitutional blunder Chairperson, and I would lose my job if I am not going to introduce this gentleman. The gentleman sitting there, Mr Lentswani can you just raise your
20 hand? That is the Secretary General of SANTACO, Robert Lentswani. I will, I think just before I hand over to Thulani Tabiso to present on behalf of SANTACO, I just want to indicate for the benefit of the commission and the stakeholders who are here this morning that SANTACO was born from an intensive democratisation process, which was spearheaded by the South

African government under the manisterialship of may his soul rest in peace, the late Dala Omar and in 2001 the 16th of September, SANTACO had its first conference which was held in Durban and hence some of the documents that I have been presenting to you Chairperson in the beginning, reflects that the

5 South African government and the taxi industry in South Africa recognises SANTACO as the soul representative body of the taxi industry in South Africa. Not taking away the right presented by the constitution to every citizen of South Africa when it comes to the right of association, but this was a body which was established by the taxi industry in the whole country. So this body was

10 established precisely to govern the taxi industry and to represent the needs and aspirations of the taxi industry. So about on the 19th of April we went to our fourth, fifth national conference where I was re-elected for the second term as the President of this organisation. So I just want to put an emphasis on the fact that SANTACO is a democratic organisation which complies with its constitution

15 of having elections every four years. So there is election taking place even on the structures, all the structures of the taxi industry in South Africa. So Chairperson, let me then on that note hand over to Thulani Qwabe to take us through and indicate that we are pleased as SANTACO to have been granted this opportunity of being able to put our views forward, because South Africa

20 does not know us or South Africa does not know the intensity within the taxi industry. What the taxi industry is sitting with as a transportation that provides transport to the poorest of the poor and I want to emphasise to the poorest of the poor. Those people who cannot afford are being actually serviced by the taxi industry and on that note, let me then hand over to Thulani.

CHAIRPERSON: Mr Qwabe, just before you proceed we will also request you to either take the oath or the affirmation.

MR QWABE: You beat me to it. I was going to start with that exactly Chair. Thank you very much. Good morning to you. Good morning to all the attendees. President Taaibosh, SG of SANTACO. My name is Thulani Qwabe. I am General Manager at Taxi Choice which is the business with of SANTACO. Let me start off by saying the oath. I, Thulani Qwabe, swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth. So help me God. Perhaps Chair, I feel that it is in order for me to firstly just position Taxi Choice and also give a bit of context around the taxi industry. Taxi Choice is the business arm of SANTACO which was formed in 2003 and it is registered as SANTACO Trading Pty Ltd. Taxi Choice is the trading name. we were formed according to the constitution of SANTACO to represent the business interests of SANTACO. That is where we are. So we have been in business for over 15 years doing our best to represent the taxi industry, with a number of challenges which I will touch on today. So how is the taxi industry structured? This is moving away a little bit from Taxi Choice and moving to try and explain SANTACO's construct. So we yes indeed transport over 70 percent of the commuters which is over 15 million commuters around the peek seasons of the festive, on a daily basis 15 million on a daily basis. That is correct President. Around the peek seasons which is Easter and the Christmas period it touches around 19, 20 million people that we transport. That we do with a fleet, a collective fleet of minibus taxis which is over 250000 which is owned by collective individual taxi operators of 123000 taxi operators, over 123000 minibus taxi operators. So each taxi operator owns a vehicle. Owns

one taxi vehicle or two or three or five or ten. Some much more than that. All those taxi operators, all of them by law they have to go, they have to belong to a minibus local taxi association. An association has to have a minimum of 30 members and we have 956 minibus local taxi associations in the country. We

5 also have, so in each local taxi association the leadership is democratically elected every four years, and that leadership then participates at a regional level to represent the regional structure. We currently have 61 taxi councils in the country and those regional taxi councils have to vote in the leadership of the provincial taxi councils. We obviously have nine provincial taxi councils in the

10 country and they come together to vote in the leadership of the national office of SANTACO which the President have mentioned those national elections took place on the 19th or between the 17th and 19th of April 2018. So that is how the taxi industry is made up. Now let us also touch on the value chain of the minibus taxi industry. We will be talking a bit later on about the value chain in

15 more detail, but it is important to give a bit of background as well and context. So we purchase 1000, an average of 1400 minibus taxis every month, which the value of which is around 7.2 billion rands per annum. We get finance from various financial institutions and banks to the tune of about 6.4 billion rand per annum. We spend about 39 billion rands on fuel per annum. We spend about

20 2.5 million rands on insurance. We spend many other billions on parts, on lubricants and tyres. The list goes on and on. So Chair, I felt that it is important for the panel as well as all the attendees just to get a bit of background in terms of how the taxi industry is structured as well as the size of the value chain. So when you talk about competition, to us competition is two fold. It could relate to

25 competition on around the value chain. It could relate to competition around

how the minibus taxis operate. So some of the questions are around how the minibus taxis operate and the competition and that they face amongst each other as well as with the busses and trains etcetera and I suppose aeroplanes and then there is the issue of competition around the various suppliers in our value chain. So we are happy to talk about both those aspects of competition. My colleague Babu Tabisho Malekwa will be contributing on some of the items, but let me just kick off with the issues around licencing, route allocation and entry regulations. The one question was around the proposed amendment bill of the NLTA, the National Learning Transport Act, and how it is likely to address the impact on competition and efficiency within and that is important, within the minibus taxi or rather within the taxi industry and if not proposed mechanisms that would address the issues identified. So here is our submission in that regard Chairperson, panel members. Firstly to give a direct answer on whether it addresses the issue of competition and efficiency, we do not believe it will achieve that. So what do we believe is needed? Firstly we feel that proper and extensive consultation is very important. Consultation with the stakeholders of the minibus taxi industry which we believe has not necessarily been done, and that is evidenced by the second point which is that local taxi associations and I have positioned them earlier as to where they stand in the structure of the taxi industry, but local taxi associations in the act are still not recognised. We are not happy about that and of course SANTACO also is not recognised. We are also unhappy about that.

CHAIRPERSON: Mr Qwabe, if you could just clarify when you say that local taxi associations are not recognised as well as SANTACO, if you could just elaborate on that aspect.

MR QWABE: Ja, sure. Happy to do so. The President will respond to that.

MR PHILIP TAAIBOSH: I think I must give a bit of history around this. As South Africans we would remember that around the 90's, the 80's 90's there was violence in the country and in 1994 came in the new government and the new government engaged with us as a taxi industry in South Africa and the advice came that for government to be able to interact with the industry and also for government to do business with the industry it would be very difficult with the manner in which the industry was formulated. During those years it was an issue of whether you want to be long to an association or not. The problem was Chairperson whether you would adhere to the principles in which the taxi industry was formulated when the eldest of the taxi industry formulated this industry around 1913. You must remember with the enactment of the [inaudible] during those years, that black people in South Africa did not have transport and there were no, no means were made actually for black people to move around in South Africa, and so because of that particular gap which the then government of apartheid did not fill, it was filled by individuals who volunteered to transport people and that is where the taxi industry in fact comes from. So we were lose and with the approach of government we then grabbed that opportunity to say that in 1996 there was a process Chairperson which was started by actually the then Deputy President of South Africa, Mr Mbeki, but under the leadership of the then Minister of Transport, the first Minister of Transport in the country Mac Maharaj at that time, and that process was called the National Taxi Task Team. That was a task team which was trying to find solutions and trying to find means and ways of governing the taxi industry. Out of that we agreed with government that we will give recognitions to

associations. Now we then agreed that the only associations which will be given the recognition will be those associations which will have been born before October 1994. We then agreed and we came together. So why am I going a little bit back to that history? It is because we agreed in a document

5 Chairperson which I will hand over to you, I know I did before hand over some of this document to yourselves, but I will again do it today. That document was actually the recommendations, the final recommendation of the South African government. The cabinet of South Africa recommended that associations be recognised. That very same cabinet recognised that a national structure for the

10 taxi industry should be formulated and hence it becomes a very scary thing for us when we look into the 1999 Learn Transport Act. When we looked at the 1999 Learn Transport Act, you would find that the 1999 Learn Transport Act was giving recognition to the taxi associations. Well, I want to believe that because SANTACO was born in 2001. It would not have, there was no name

15 for a national structure because there was no national structure at that time in the taxi industry, but with the birth of the, with the birth of SANTACO in 2001 and I want to believe in one of the documents I will hand over to you, you will see that in page 3 section 6 of that page, gives government of South Africa gives full recognition to the birth of SANTACO and SANTACO as the only

20 representative body of the taxi industry which will be recognised by government, and hence our concern that number one, the taxi associations are not recognised as entities which are operative in the country and which are transporting people in this country. Number two is that SANTACO, SANTACO's role as being the sole representative body of the taxi industry and I have

25 indicated not and in line with the constitution of South Africa but not excluding

the individual rights of people to associate themselves, but SANTACO as the sole recognised body of which government agreed that this is the body and you will see Chairperson, the documents I will hand over to you are not SANTACO's documents, are government's document and hence it becomes very worrying if

5 you do not see SANTACO reflecting in the National Learn Transport Act and when you have seen that the associations which have been, and I have indicated SANTACO maybe because it was born in 2001, but associations which has been there even during the interim Learn Transport Act, and were the 1999 Learn Transport Act the association has been featuring and has been part

10 and parcel of the act, have been removed with no consultation with the taxi industry because if consultation was made, we would have strongly objected to that. So I am just trying to say that that is what Thulani is saying, how the associations are excluded from the present, the 2005 Learn Transport Act.

CHAIRPERSON: So in other words Mr Taaibosh what you are saying is that

15 the governance framework of the taxi industry as it currently is does not find legal recognition in the Land Transport Act?

MR PHILIP TAAIBOSH: Absolutely Chairman. That is what I am saying. Thank you.

CHAIRPERSON: Okay. Mr Qwabe, you can continue.

20 **MR QWABE:** Thank you very much Chair, thank you President Taaibosh for elaborating on that point. So in short the question is you know, what mechanisms can be used to address the issue of competition and we are saying by having proper and extensive consultation those issues can be addressed and I would like to hold it right there in terms of this point, because

we can go into other issues of operating licences, of the metre cabs, of [inaudible] services, which can also be addressed through proper consultation. So I think that point sums up what we feel is the solution in that regard, and then under the heading of licence and route allocation and entry regulations, 5 there were four more questions which we have responded to in writing, but I would like to add the following. I think you will notice that across those five questions we come out strongly against or rather we raise a concern around the PRE's. How the PRE's operate, because there is a question of how do you deal with routes overlapping. Two associations they may have routes which 10 overlap. There is a question of how do we deal with new developments and new routes and across the board we touch on our concern around how PRE's go about issuing routes to local taxi associations. So we have a concern around that and again in that regard we believe that those issues can be addressed if the PRE's consult with the taxi industry. We have seen that before 15 that has not been done and the recent case is the route to and from various areas to rather to the Mall of Africa. We may have seen that around 2016 there were issues around routes to and from the Mall of Africa and that is because there was no proper consultation. One of the issues or one of the questions was what are the requirements to become a member of a taxi association.

20 **MR NGOBENI:** Sorry Mr Qwabe, before you proceed. I think let us just, let me just take you back to the question on licencing and the role that the PRE's play. I think there I just wanted to you know through your or through Mr President maybe just to take the panel through you know, just to clarify this. I mean I understand that the activities of the PRE are not only governed by the NLTA, 25 but they are also governed by you know, there are regulations and if you go to

other provinces as well, if you go to the Western Cape. You know they issue manuals, they issue procedures and all of those. The question that I want to ask is and this goes into the question where you are saying that there are no consultations between the PRE and the association. The question that I wanted

5 you to elaborate on is what has been your experiences as an association you know, when these manuals are you know are drafted. What has been the experience of SANTACO? If you take the Western Cape for an example, has SANTACO been consulted by you know the provincial government as and when they are drafting you know these manuals because that will be very important,

10 because if you look at the, your submission in terms of the question of overlapping of you know routes, then you then indicate that if consultations were to take place those consultations should be taken into account and you will then integrate whatever submissions you would have made you know, they can then be taken into account as and when the PRE's make determination on

15 whether or not to allocate a licence to you know any of your members. So the question there is just clarify you know what has been your experience in terms of how your engagements with various PRE's has been you know, in terms of this specific question.

CHAIRPERSON: Just for the benefit of those who are not in the industry. If

20 you could just explain what the PRE means. Mr Qwabe or Mr Taaibosh, in your response to the question.

MR PHILIP TAAIBOSH: Ja, the PRE is an abbreviation for Public Regulatory Entities. That is the PRE. Sorry, Provincial Regulatory Entities. They are called the PRE's. they emanate actually from the former transportation,

25 provincial transportation boards. That is where it went to. But Chairperson, let

me indicate that and sometimes I am becoming an enemy of straight talk, but that is who I am. It is on the question you raised sir, it actually shows that the manner in which the former government has been operating with the taxi industry is still continuing even today. I will give you a practical example of the

5 province you mentioned of the Western Cape and of the other nine provinces, but let me say seven provinces. No, ja seven provinces. The other seven provinces in the country are working more or less the same and I am not sure what regulations or what act are they using. That is the Eastern Cape, Freestate, Kwazulu Natal, Limpopo, the Northern Cape, Freestate and the

10 North West and Mpumalanga. When you come to the Western Cape and Gauteng you are dealing with provinces who are operating as if they are a country on their own and you will begin to find problematic areas. For instance let me give you the first problematic area. It is on the life span of the operating licences. In Gauteng the life span of an operating licence is five years. In the

15 Western Cape the life span of the operating licence is five years. In the rest of the other provinces the operating life span is seven years. Now the question is are you really living in an equal South Africa? No, you are not living in equal South Africa. You are living actually in a very confused or a South Africa which is confusing people Chairperson. So as the taxi industry and Chairperson you

20 will also understand that even with what is happening presently in the country with violence and I will put it very clear that government is the root cause of this violence and I will illustrate to this commission today here, that if you take from around 1996 to 2001 violence was very rife in the country. 2001 after the birth of SANTACO violence subsided up until around 2013. In 2013 where violence

25 became an order of the day was in the Western Cape. I do not want to claim,

but SANTACO camped in the Western Cape Chairperson for six months and since 2013 up until 2017 around November, violence erupted again in the Western Cape. So we are on the licencing matter. Now when we agreed with government around that National Taxi Task Team, I think Paul Browning will remember, we agreed that sorry. We also agreed that we, government will assist the taxi industry to formulate an interim constitution. So as to govern the associations. At that time the associations was 1050, all the associations in South Africa. You will understand as we move forward why associations have shrunk. It is because in one of the provinces we then started with an issue which is, was to govern the associations. We brought in associations together and we formulated one association per town, one association per city and that is what actually brought the level of violence down, but what we agreed upon is that for a person to become a member of a taxi association Chairperson, you have to have an operating licence or a permit at that time registered in your name and you have to have a route which you are operating which has been recognised by an association in point B of your operation. Which means we are talking here about point A and point B. Let me make an example. My point A could be Johannesburg, because I am a resident of Johannesburg. That is how we put it, that your permit should actually start from where you are resident and then you interact with people in Pretoria, that is your point B. But the point B before an operating licence is issued, the point B should be recognised and also be approached to say point B, do you know this particular operator or this particular association and on that basis have we actually brought violence down, because you did not have duplication of routes, because you have got these two associations. One from Johannesburg, one in Pretoria. They are

sharing the routes these two association. So if there are any need for an increase it should go that very same route, to say that association A should approach association B and they should talk around the increasing of vehicles in the route. So that is how it has been operating all these years. Now what you find and I think the question is very important because we must indicate this. That the taxi industry has been denied an opportunity or a right or a privilege Chairperson, maybe to sit on for instance like you have invited us today. I heard what you said today. You gave everybody an opportunity to say that whoever has an objection, whoever has something to say must do it, but you gave orders. We have never been given the privilege of sitting when the PRE deals with the operating licences so that we can either advise or object and you would find that your bus operators, your bus operators are communicated with on the particular issue of the sittings of the board. I have never had one association in this country or even myself as the President of SANTACO saying that the board of so and so province is sitting on this particular day, so we are going there to listen to the Applicants, because now what you have, for instance the Mall of Africa Chairperson, even if government wants to deny that, the Mall of Africa, that was caused, the violence there was caused by government. Issuing of operating licences on existing routes where associations have been operating without any problem. There have been associations for ages between the residential areas around there, with the associations which have been operating there, with no violence. When the Mall of Africa came, there was duplication of the routes. So that is where your violence emanated from and I believe that if the operating associations in that particular route have been actually consulted, and a need has been identified I

believe that we could have had a better situation at the Mall of Africa, the launch of the Mall of Africa than what we had which was shown all over the world. So the PRE, what the PRE does, the PRE has decided to ignore the associations and maybe sometimes I should not blame them. I should say it is because the

5 act is [inaudible] on the association and when you talk to the PRE Chairperson, let me tell you. They will tell you that we are not answerable to the taxi industry and we are dealing with individual operators. Now when we have agreed with government that let us have the taxi industry organised, the very same government through its PRE's says that no, we are not dealing with organised

10 industry. We are dealing with individuals. Why should you not have violence in South Africa? Why should you not have violence where people are fighting for routes, because people are not given an opportunity to say that on this route this is what is happening. Let me indicate Chairperson, that when we saw that there is a busting of routes in the country, and I remember I was the Secretary

15 General of SANTACO during that time. I went through the country and I spoke to the industry and I said guys, you are causing problems by continuously accepting new membership in your associations. Remember, business is not growing and as business is not growing you are growing. You are exceeding business so you will have problems. So the taxi industry through the

20 conference of 2014 took a resolution that associations must go back and consult with their members on the issue of broadening the membership in associations and I want to indicate that with the response I got from the fifth conference of SANTACO, I believe that all provinces have put a barricade to say no new members in the associations, but that does not close the doors for

25 expansion. What that does, it says that let us look first whether the market can

take a huge number of taxi's and if there is space, let us allocate then that space either to the existing or to the new members if the existing cannot afford to buy additional taxi's. So in actual fact sir, the issuance of the operating licences has been damaged by government itself, and the PRE's what they

5 have done, they have become now a law unto themselves and they issue licences as they wish, and hence one of the things which I need you to go and look into the NTTT document and I am happy that the other day the President of the country said government officials who are doing business while working for government should be apprehended. In the NTTT we agreed with government

10 and I said the NTTT, the final recommendation Chairperson comes from the cabinet that no civil servant will be allowed to operate a taxi. No civil servant will be issues with an operating licence. Today what you see is the influx of civil servants. Not those who are on pension, those who are still working for government. That is why you would find that particularly in Gauteng and

15 Kwazulu Natal, you will find that at particular times there are traffic cops who will stop taxi's but particular taxi's and there will be those other taxi's which will be operating. So in a nutshell what I want to say is that the provincial regulatory entities are a law unto themselves and the taxi industry is completely not represented, and so you can understand that the decision they take, it is not

20 decision in the best interest of the taxi operators. We do not know what the intention is, but there is definitely an intention if you do not involve the taxi industry and hence I was referring to the act. That the previous act was saying that the taxi associations must be there. So I think if I have responded to your question, that that is where we have a problem with the present PRE's when it

25 comes to consultation and taking unilateral decisions. Thank you.

CHAIRPERSON: Mr Qwabe.

MR QWABE: So in closing in terms of the first heading, one of the questions was how do you become a taxi operator. So notwithstanding what the President, the response that the President has given. I just want to say that if

5 Mr Ngobeni for example wants to become a taxi operator he will have to write a letter to the local taxi association. Obviously he will identify the route that he is interested in, and then he will have to write a letter to that local taxi association and that local taxi association will then assess his application based on their needs. Should he be very fortunate enough to be approved, he will then be

10 registered on the registration administration system which is managed by the national department or rather managed by the Department of Transport as well as the PRE's. Once he is registered on the RAS then he can apply for an operating licence and only once he has been approved you know to be granted an operating licence can he then go and purchase a new minibus taxi. So that

15 is the process that is followed.

CHAIRPERSON: Mr Qwabe, if you could just assist. What are the requirements of the local taxi association in assessing these applications or requests?

MR QWABE: So they will look at your letter. They will look at your motivation.

20 They need your identity documents. Now that is the local taxi association. The PRE needs more than that. So the PRE they need your ID documents, they need a letter from the association supporting your application for a new operating licence, your taxes need to be in order, so you need to produce a

SARS tax clearance certificate and then obviously the application forms that you submit. That is when you now apply for an operating licence.

CHAIRPERSON: And how long, just on average, how long does the entire application process take up to?

5 **MR QWABE:** Chairperson, that one is a joke. So for us that one is an absolute joke. So the law will tell you that it must take 60 days, but to us it is a joke, because that never happens. I can tell you now and we can produce the evidence in this regard, that there are people who have submitted applications at the various PRE's and they have been waiting since 2009. That is why
10 colleagues we have a serious issue with the PRE's and the fact that we are being ignored and our input is somewhat being ignored, because we have a serious challenge around this issue Chairperson. A serious challenge. A serious challenge I want to repeat. We go to the PRE's. We apply for various things. Be it replacement, transfer, new operating licence, licences conversions
15 even from permit to operating licence. The situation is very bad. In fact that for me if the Competition Commission could assist us with something. One of the most meaningful contributions that you could make is to assist us around this issue of the time period for us to get documents that we apply for. So it is a very good question Chairperson, and like I say I do not mean it in a
20 disrespectful way but I am trying to represent the 123000 operators, their frustration. When I say it is a serious joke, and that is why I appreciate the question because it gives us the opportunity to then share our pain with you.

MR NGOBENI: Just a quick one Mr Qwabe. I think, you know I do appreciate that the President has said that you know after the conference I mean he is now

being given a fresh mandate you know, and he has just indicated that there is a resolution you know, that no new members are going to be allowed in associations and all of those things. What I wanted to find out is when someone approaches the association and the association now has to determine
5 the need of whether or not you know additional members should be accepted, what is it that an association takes into account to determine the need of whether or not additional members should be allowed?

MR PHILIP TAAIBOSH: I think firstly what the association looks at, it looks at the volume of the route itself. They look at the volume of the route and
10 secondly what they do is that they engage as I have indicated with the next association they are sharing the route with, because sometimes you would find that when you increase from your association, the other association would want to increase itself. So those are some of the things that we look at, but also we are looking at your for instance we have got taxi drivers, let me put it this way.
15 You have got a taxi driver who has been a taxi driver for more than 15 years and that particular taxi driver has found a way of buying himself a vehicle. We are looking at those things, and we when it is a taxi driver who comes in because he has find himself, the associations are looking at those things and then the association will then take this matter and let me put it this way, it is not
20 the Chairman who decides. It is the members who decides. The Chairman will then place this particular application on the agenda of his next meeting and the members at that meeting will then decide whether, well the recommendation will come from the executive but the members may accept or even dismiss the proposal of the executive and vice versa. The members may come to the
25 executive and say that listen we have got additional routes and the executive

may say that on a particular study done, we do not think there is more routes needed. So those are the criteria which is being used and one of the most important one is to ascertain whether you are a resident of that particular area where you stay. That is very important because you cannot stay in Pretoria and
5 have an operating licence in Gauteng. For instance I have got an operating licence in Welkom. I do not have it in Bloemfontein. I do not have it even the near 40 kilometres from my town which is Virginia. I do not have an operating, I cannot have an operating licence because there are operators in those areas.

EVIDENCE LEADER: Thank you Mr President.

10 **MR QWABE:** Thank you President. So in terms of the next heading of price setting mechanisms, I will hand over to my colleague, Molelekwa to take us through.

CHAIRPERSON: Ja. Mr Maluleka if you could also take the oath or the affirmation.

15 **MR MOLELEKWA:** Good morning Chairperson, members of the panel of the Competition Commission. My name is ThabishoThabisho Molelekwa. I am the Manager in the President's office. I ThabishoThabisho Molelekwa 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.

MR MOLELEKWA: Chairperson, and the whole audience, I think it is very important to state as a matter of fact that the process of the Competition Commission is one of the avenues that provides SANTACO with an opportunity to express its frustrations of more than a decade. I can tell you today that the

taxi industry has since the democratic South Africa engaged government in various forms. Be it strikes, be it through the relevant departments, and so many years later the challenges still remain. I must also record that you, we can sit here and talk so many things, but in the life of a taxi operator there are

5 only two things that are fundamental. That is the permit and his or her taxi and regrettably these are the two issues at the heart of the problems of the taxi industry faces in the country. The President and my colleague Mr Qwabe has indicated how these become recipe for violence in the country. Sighting the

10 Mall of Africa. I am sitting here alone thinking one report that I studied some time, it was even released in the media on I think the 28th of April, envisages the development of five mega cities and in there you around Gauteng I must say. In there you have development of a proper transport infrastructure. I am asking myself as this unfold the taxi industry not being consulted or not having been consulted or not being involved at all, will we in one way or the other see

15 another repeated episode of the Mall of Africa. It is quite ironic that when you read the Welgemoed commission report, pre democratic South Africa, you would realise that it was the intention of the then government to ensure this violence happens, and one fundamental way of ensuring that was to issue licences willy nilly. I am saying ironic because in the democratic South Africa

20 these licences are issued but with different interests and this you can attribute to government. So it is very important to mention that for the longest time it has been the interest of the state to ensure a divided taxi industry and despite the initiatives of the taxi industry itself, to facilitate processes of unity, governments have been able to somehow achieve such unity. I must mention that also these

25 two elements that I have mentioned earlier, they are very central even in the

NTTT document. In fact and I am sure we would talk about this later. When you look at how BRT as a process was rolled out, you would realise that government has converted the permits into just a paper without value. They have completely moved from what the National Taxi Task Team or the NTTT

5 document has set as a bench mark to create value out of the taxi permit, and this is why in one or the other you find that in these BRT's taxi operators are perceived to have [inaudible] from the commitment to engage and participate in those processes. We will definitely engage on that later. Back to the pricing setting mechanisms. We have provided quite a comprehensive response to the

10 questions that have been raised by the commission, including our very own taxi fare index. When you look at the nature of the taxi industry you would realise that we are the only transport sector which does not charge what you would call your market related prices. In fact, we choose to call it a compassionate fare, because when you look at the increases or the pattern of increases on the taxi

15 industry, you will realise that one association would increase fares every year. Another would increase fares after seven years. Another, even to date you will realise they have not really made a move and that is for two reasons. Firstly, it is primarily because the taxi industry services the poorest of the poor, most of whom are not working and secondly for the fact that the taxi industry,

20 understanding where it comes from and the community within which it operates cannot increase these fares without necessarily engaging with their communities, and as such when communities make such pleas for the industry not to effect increases, we hit that call. But that compounds the problem of the sustainability of the business. Because you have got your own operational

25 costs. We have got a negative impact or a strain on the business and we have

listed those where we answer about the taxi fare increases, I mean where about the taxi fare index and this is why it becomes even confusing for the media when there is a petrol price increase and I am sure you would note that the consistent increase of the petrol recently is quite worrisome. You look at the

5 vehicle finance payment, you look at the insurance, you look at the payment of the driver, you look at the repairs and the services thereof and you look at the fees that the operator must pay to the association, the rank marshal and so on. But we are saying unless we have got an equitable operational atmosphere in the public passenger transport, we will continue to encounter these problems as

10 a taxi industry, because since the birth of SANTACO government has requested the industry to comply with the legislation and we have done so much to ensure that we comply in return of which we have expected government to also deliver on its promise, fundamental to which has been the issue of subsidy and when you look at 1996 when the National Taxi Task Team made its final

15 recommendations and you look at the number of legislative processes government has undertaken to regulate the taxi industry, you would realise that government has not really kept its part. The taxi recapitalisation program has been able, was introduced by then Minister Jeff Radebe as part and parcel of dealing with the price setting, but when you look at how the ultimate product

20 came out you would know that from a man who was paying a brand new taxi at 180, with the introduction of the taxi recapitalisation program they had to pay about four hundred thousand. Now this is the same man that you expect him to submit his vehicle for scrapping at a fee that is not even worthy of being defined as a deposit for a brand new vehicle. The same man who must charge the

25 same price where he operates or she operates and who must continue to do

that without any form of subsidy to date. So we are saying unless government sees the issue of subsidy as a urgent need to deal with disparities within the transport sector, these problems will continue to resound in the industry and by extension in the transport sector as a whole. I want to believe so much has been said and so much has overlapped in some of the issues that we have addressed in response to this, but in conclusion I would want to say it remains our strongest view that unless government sees the industry as a strong collaboration, strong and strategic collaboration partner in changing public passenger transport, these challenges will continue to linger. This is why even if we had these many problems with our government we did not sit idle and cry fowl as SANTACO. We took the initiative to formulate our own proposed solutions to government which are found in our own 2020 vision. Where we say we want to be solution driven. We want to offer government proposed solutions to their problems and through that we also understand that as an industry we also need to engage in a form of transformation that should reposition ourselves to play, to be an active player in the main stream economy of the country. Thank you very much Chairperson.

CHAIRPERSON: Thank you Mr Molelekwa. I think we will take a very short tea adjournment and we will be back at quarter to twelve. Our evidence leaders may wish after that to just clarify certain aspects of your presentation. Thank you, we will be back at quarter to twelve.

END OF RECORDING

SESSION 2

CHAIRPERSON: We are resuming the hearing. Mr Taaibosch, I think you have concluded on the price setting mechanism. At this stage I will give an opportunity to our evidence leaders to clarify certain issues emitting from your presentation. Over to you Jim.

MR NGOBENI: Thank you Chair. Mr Taaibosch, I think you have mentioned in your submissions that one of the things that you take into account is the fact that you are serving a very poor community and I think at some stage SANTACO introduced what is referred to as the Taxi Fare Index in 2013. The question that I have is – how are the fares determined at the moment and what is it that you take into account?

MR PHILIP TAAIBOSCH: You know it is actually what one would say - it's an unfairness from the National Office. We would actually look at a particular route and we would say to that person – after calculating what the price of fuel would be and what the price of commodities would be and we would give a figure according to the area in which people are staying – it will never be the same. We will give according to the areas in which people are staying – looking at the level of poorness in those communities and hence, it makes it very difficult Chairperson. Really – to indicate to you that for instance the petrol price is increasing on Wednesday with 80 cents. Now, on a day the taxi uses like 65 liters of petrol – now, if you times 65 by 80 or you add 80 by the existing price of petrol, you will see how huge is that and again you are thinking of the people that you are servicing.

I once met somebody who told me that we are actually more of a social society,

not a business and I agreed with him, because if we were a business and I will tell you why Chairperson. If we were a business and we were trading on equal footing with all other businesses in this country, I think that we would have looked into those other issues, but the method that we can see we are put
5 against each other and I think Thabisho indicated Thulani earlier on that the taxi industry transports more than 70% of the people.

There was a – I think it was a symposium – it was in Pretoria at CSIR – I remember that the Deputy Director in the treasury's office was indicating Chairperson that she can't understand (it's a woman) why in the first place
10 Gautrain was established and why Gautrain is funded, because Gautrain is transporting business people of South Africa – the richest people of South Africa – Gautrain is transporting those people and Gautrain is subsidised. Your Gau-busses – you go back to your Putco busses – you will look at the history of those busses – even during Apartheid days – they were subsidised and they
15 are still subsidised today.

So, I want you to understand that it becomes a very unfair competition to the taxi industry, when you have to compete with the haves of South Africa. You can't come out – I listen sometimes to the AA's of this world when there are some critics to the taxi industry – that the taxi industry, you know they increase
20 prices willingly and they don't even pay taxes and I am very happy to learn that you make mention of that – not a single operator in this country Chairperson, will be able to get an operating licence if he is not cleared by SARS. I think that statement I want to emphasise it – not a single taxi operator in this country will be issued with an operating licence if he is not cleared by SARS.

25 I am trying to deal with the myth that taxi operators are not tax compliant. So,

my issue is very simple in that – how do I compete with somebody who has deep pockets and I don't even have? Part of this unfairness Chairperson is that the very same subsidised transport modes in the country are even claiming their VAT back from SARS. If you take a taxi operator – the type of VAT he is paying

5 when he is buying a vehicle – just put 14% on R485 000.00, which the vehicle is today and you will see how much money a taxi operator is paying and that is not coming back to the taxi operator. He cannot claim it, because he is not a VAT vendor.

So, I am saying that the situation in South Africa is of such a nature that the taxi

10 industry as a business cannot compete with other transport modes and what a shame Chairperson when the responsibility of the transportation lies with Government of the day. Transport is an essential service and that is the responsibility of Government – 70% and Government says it is not me and me I am saying I am transporting close to 85%, but I go with the statistics of South

15 Africa – the Statistics General, who says 70%, I am going with the 70% and I am saying it is a shame that the Government continues to subsidise the haves and it is not looking at the poor people of South Africa.

In 2014, we had one of the former Ministers – I will just quote one of the former Ministers – we had 7 Ministers and all of them had promised the taxi industry –

20 7 Ministers had seen the birth of democracy of South Africa and all of them has promised that subsidy is coming – subsidy is a must – I was in parliament 2 weeks ago when the newly appointed Minister of Transport was saying subsidy was imminent within the taxi industry, but he has not picked a date on what this imminent means. Imminent can mean anything.

25 So, I am just trying to say that all of them has promised subsidy to the taxi

industry and to say it is unfair for the Government to subsidise the other modes of transport, which are not transporting even 15% of the commuting public of this country. So, I am trying to say Chairperson that I think even the competition's commission's question – maybe I don't understand it from which
5 angle does it come from, but I remember when I heard that you are coming to see us, I began to make statements on radio.

I remember I met you for the first time Chairperson, you said you don't understand us. I said you must go first and investigate all these companies which are subsidised in South Africa, before you come and ask the taxi industry
10 about its pricing methods, because the taxi industry as it was formulated think from the box and it think for the user.

Hence, I am saying it is going to be difficult and I'm going to tell you that I am not going to chase a single of my customers – the commuters – I am not going to do that for the sake of wanting to be at the same level with people who are
15 being empowered financially by Government by the tax payers of this country. I will not do that – I will rather continue to – and people must ask this question – how does the taxi industry survive? We survive in the same fashion in which we survived during Apartheid. So, that is why we cannot charge what you call the market related price. I think that is where it comes from Chairperson.

20 **MR NGOBENI:** Just on the subsidies Mr President – I just have one follow-up question in terms of SANTACO – what would be an ideal subsidy model and linked to that – how will it work, particularly?

MR PHILIP TAAIBOSCH: Chairperson, what we have been proposing – we have been proposing and that is our written proposal to Government that – as

the taxi industry, we don't need the subsidy. As the taxi industry, we don't need the subsidy, but as a commuter in the taxi – that commuter should be given the same privileges as any other commuters in any other transport mode in the country. Which means the passenger in the taxi must be subsidised – that's
5 what we are calling for and I think I want to do away with that myth that the taxi industry is looking to pocket themselves. No, we are looking for Government to come out in support of the taxi commuter.

I have used this analogy at a particular time Chairperson that I am getting out and I am sure some of us are doing it who are sitting here who are using taxis –
10 we go out of the same house and we get into the different modes of transport – the other one is subsidised and the other one is not subsidised and the one which is not subsidised it is taking you out from your home to your place of work.

I was saying to the Portfolio Committee in Parliament Chairperson that we are
15 space feelers as the taxi industry – I am sure you are seeing now with the land grabs what people are doing in the country – taking land. Go and look at those squatter camps there – they put a shed today, tomorrow there is a taxi. So, we are giving a service to people and we are giving a service to the very same poor people in this country and we are not treated the same.

20 We say – our appeal to Government – don't subsidise me, Taaibosch, subsidise the passengers in the vehicle. That is what we want and I hope I have responded to your question.

MR NGOBENI: Thank you Mr President, you have and maybe just to try and understand from your side – I saw somewhere in the media that in the

second half of last year there was a tender issued by the Department of Transport and the tender sought to request for services of a service provider to develop to what they referred to as a transport subsidy policy. I just want to find out from SANTACO's point of view if you have heard of any of these and I am
5 going to pose the same question to Government to when they come on Thursday you know, but I just wanted to find out from SANTACO if you have had any engagements with Government in terms of this or if you have heard anything in the industry about this and I just ask, because I heard you've said about you have been in Parliament and you have heard that the Minister was
10 saying subsidies was coming and I ask this because I think the advert was in the second half of 2017 and they were looking for someone to try and assist them to come up with a policy on subsidies.

So, that is the first question that I wanted to find out from you if whether or not you have heard anything in the industry and secondly whether or not you have
15 had any engagements with whoever the service provider is in terms of seeking subsidy submissions from SANTACO?

MR PHILIP TAAIBOSCH: We have seen the tender – we have also heard the Minister before this Minister – you are right, last year – I think it was in the third quarter of last year, the Minister was Minister Mosangane when he gave his
20 budget vote that and I used the word imminent and that subsidy is imminent in the taxi industry.

We have not heard whether a service provider has been appointed and we have not even had an opportunity to look into what tools are needed from such a service provider and what would be the inputs of the industry when it comes
25 to that – if any inputs would be needed from the industry. So, in natural, we

have not been consulted or even informed about the details of a tender which went out.

MR NGOBENI: Thank you, we will ask the Department when we see them on Thursday. Just to take you back in arguing against price setting mechanism,

5 I think SANTACO as such in the industry is not formalised yet and what I wanted to understand there is that – there are two questions that I wanted to find out and the first one is that you have mentioned and you have spoken about the entropy document quite a bit this morning and what I wanted you to clarify for the panel is firstly your understanding of what formalisation is, 10 because if one looks at the entropy document you'll then see that it talks about formalisation for the end entropy document meant the registration of operators, but then if you go to the white paper of 1996 formalisation means associations becoming legal entities.

So, the first question is – what is your understanding of formalisation – you 15 know I might be reading the two documents differently, given my reading of the entropy document final recommendations and secondly my reading of the 1996 white paper – that is the first part of my question.

Now, the second part of the question is that if one look at the 1996 white paper it advocated for what is referred to as regulated competition and then again it 20 goes when you talk about regulated competition, it refers to formalisation and it also refers to measures that needs to be introduced to enhance the economy of the industry. The question there is – and this was in 1996 – the question there is – if you look at what has transpired from 1996 up until today – don't you think that if the industry and Government had adopted some of the recommendations 25 or some of the things that you see on the white paper of 1996 – some of the

problems that we currently see in the industry – they may have been elevated and I am also not saying it has been completely resolved, but what I am saying is that some of the issues and some of the things that we are currently seeing in the industry would have been in some way been dealt with.

5 So, what I am saying is that if you look at the 1996 white paper and all its visions and all of the unregulated competition and formalisation of enhancing the industry – what I see is that none of those has been done and I am not blaming anyone, but what I am saying is that if the industry had been encouraged to adopt some of those things, we would not be seeing some of the
10 things that we are currently seeing in the industry. That is just the second part of the question.

So, the first part is the entity and how it explains the formalisation as opposed to what it in the 1996 white paper is?

MR PHILIP TAAIBOSCH: Okay. You know Chairperson, I think this question
15 pushes me to actually giving you this document now – if you will allow me, I am going to hand over this document to you again, so that you can look into that and I just want to say that if Government implemented and that is to answer your question – if Government implemented what we've called an understanding between Government and the industry we would not be sitting
20 where we are sitting today.

So, I am saying that 1996's white paper emanated from this document – am I right Paul? Mr Paul Browning was part of the task team. What I am saying – if Government has implemented this, we would not be crying foul. If you look into this document Chairperson, you are looking at where Government and the

industry agreed. That is when industry brought also to the recapitalisation programme of the Government, because the recapitalisation programme of the Government was just an enhancement to the implementation of the sustainability programme of the taxi industry.

- 5 Not a single part of what stands in this document is actually implemented by Government and I believe we would have been very far by today if Government complied with this recommendation. This is the cabinet of South Africa's final recommendation in 1996 and they should have been implemented. Hence, we are saying and I've been given a mandate at a conference where I come from.
- 10 I have already started consulting, because we don't believe in strikes, we don't believe in stoppages. We don't want to inconvenience the people that we are serving, which are the commuters and hence, I am consulting – I want to take this matter to the courts and eventually to the constitutional court to go and get the right understanding or interpretation and understanding this document from
- 15 the people who knows the constitution, where Government has not transgressed against the taxi industry and should the taxi industry not take action against Government for neglecting its own agreements, because this is an agreement.

- Chairperson, I think I will also give you this document – I am sure for everybody
- 20 to see – this document has the coat of arms of the South African Government. Chairperson, everything in this document tells you about the transgression – serious transgression against the taxi industry, which has been done by this Government and I am not sure whether when Government sits it down with us a the taxi industry – whether they were sitting with people of South Africa or
- 25 whether they were sitting with black people that day.

When I put my interpretation right is that the way a black person was interpreted during the Apartheid days – I think that is how the Government of the day has interpreted the taxi industry to be sought of. So, I think that answers your question sir.

5 **MR NGOBENI:** Thank you very much.

CHAIRPERSON: Thank you for those documents – we will definitely go through the documents and I think – speaking from our side, once we've gone through the document – kindly bear with us, because we are definitely going to come back to you to try and clarify some of the things that are in the document
10 as well and some of the issues are also going to be raised with Government as well, to try and understand their position as well.

MR PHILIP TAAIBOSCH: Also Chairperson, there is a reason we took an oath, because we don't want to come and tell you a story.

CHAIRPERSON: Thank you Mr President. Yah, I think the first document that
15 is titled Final Recommendations, dated the 6th of August 1996, we will mark as Exhibit 1 and the second document, which is titled The National Department of Transport – Final Democratisation Report, there is a date of 14 to 16 December 2001, we will mark that as Exhibit 2. You may continue with your questions.

MR ITUMELENG LESOFE: Thank you Chair. Mr Taaibosch, just one
20 issue that is also in your submissions – the issues around the introduction of the BRT's. I think we just want to understand from SANTACO's point of view, because you know I see I think page 5 of the submission where you deal with issues around growth and competition and you indicate what hinders the growth and competition in the industry.

One of the things that you mention there is the issue around operating licences, but then you there – SANTACO then goes further and indicates that when the BRT was implemented and when operators were asked to give up their written licences, the compensation that was given to the operators was not usually market related. Please just take the panel through firstly in terms of the current implementation – you take for example Tshwane and Rea Vaya in Johannesburg – just briefly explain to the panel how the processes evolved from the discussions with the industry up to the implementation, but just briefly and please kindly touch on the compensation mechanism which should then be criticised through your submission.

MR NCWABE: Thank you very much. The reason why I asked to come in Chair is, so that we can respond to the issues and questions asked around transformation and then specifically around BRT. When it comes to BRT the President will then elaborate on that one. So, in terms of transformation – the first question was around the critical inputs for the minibus taxis, including the suppliers – so, we supplied the following:-

We said – firstly, it is the finance of taxis, it is the fuel and by the way finance goes hand in hand with the actual vehicle. So, we buy vehicles from the OEM's – Original Equipment Manufacturers – the likes of Toyota, Nissan, Mercedes Benz, VW and others.

So, it is the vehicles and it's the finance and then it is the fuel as mentioned before – we spend about 39 billion rands on fuel per annum. It's insurance, it's tyres, it's parts. Now, who are the suppliers in terms of OEM's – I have mentioned them – Toyota is the biggest, they've got 69% market share. Mercedes Benz supplies 22-seater vehicles – the midi busses, together with

VW and then we have the Nissan and then we have Nissan and a number of Chinese brands, called Journey, June Bay and others. Those are the vehicles.

Suppliers – the finance suppliers are the banks and finance institutions, so Wesbank finances taxis, Absa, MFC which is a division of Nedbank, Standard
5 Bank, SA Taxi Finance, Bridge Taxi Finance and there are other smaller ones.

In terms of fuel – it is the Big 5 – your Engen, Shell, BP, Total and Caltex.

Insurance is provided predominantly by 3 companies in the taxi industry – one is called CTU – Clarendon Taxi Underwriters, they are backed by Hollard – there is a company called VUM, which is backed by Santam and the third one is

10 Xocela(?), which is backed by the very same SA Taxi Finance which finances taxis.

In terms of market shares CTU is the biggest followed by Xocela and number three is VUM. There are a couple of smaller players – Risk Slip, mobility and other guys.

15 Tyres – the brands and those we source through the normal providers of those brands – Tiger Wheels and Tyres and others. In terms of parts – we source parts from the OEM's – so there are Toyota and the likes – there are also parts suppliers like Midas, AutoZone and other providers of auto parts.

Now, the question also said – what challenges do we face in terms of
20 procurement of these. The one big challenge is the costs – so, costs are a big challenge and these costs are such a significant challenge for us, that they triggered the mass protest challenge that you may have seen last year on the 31st of May. The biggest concern was around the cost of the vehicles and the vehicle prices in the past four years in the taxi industry have gone up over 30%

and we are struggling – that's the one issue. We are also struggling in terms of the cost of finance – the average taxi operator is financed at 19%, which is 8.75% above the prime lending rate, but some go as high as 26.5% interest rate that the taxi operators are charged. It is a big concern for us.

5 Now, when we tried to get involved in the value chain – so that we can absorb these costs – we also face a number of challenges in terms of entering those markets – so, if we as taxi choice says we want to start financing taxis ourselves, it's a problem, because of a number of issues, which are mentioned when I answered the second point.

10 Then thirdly, we also have issues around proper explanations being given to taxi operators. Some of our taxi operators do not fully understand the meaning of 10% interest rate compared to 18% interest rate. So the English, that is what was on these contracts that we have to sign and is sometimes problematic, Then, as mentioned earlier the relationship with Government Officials – you
15 know the BRT and how it affects us and what challenges we face in that regard, The President is going to touch on that.

Now, the second question was what are the main factors that hinder growth and competition in the taxi industry across various levels of the value chain and one is that we are not getting operating licences – that's a big problem. The other
20 one is the issue of the VAT, which we touched on. Then the other issue is that the policies that are used to access us as the taxi operators – they don't seem to consider our past and they don't seem to consider the psyche of the taxi operators and the culture and the way we have been operating our businesses. When you apply for finance, the banks look at you in the same way that they will
25 look at a person like Mr Mkobene (sorry for picking on you) okay, my namesake

Thulane (let me pick on him) – that is unfair, because this taxi operator does not have a payslip – his bank statement may look very different, in fact it will look very different to your bank statement.

What we've been trying to educate the banks and we've also been to the
5 National Credit Regulator as to say – we need to look at taxi finance applications as a business – so, the question is – will this business be able to operate and make enough money to pay you back. So, when I say the policies that are used by some of these corporates are not in line with the construct and the culture of the taxi industry. That's what we mean – as an example.

10 Then, there is also a lack of political will – we believe to assist the taxi industry and to participate in the value chain and to grow and we also have a serious challenge around capital. It is almost impossible for us to get access to capital and the funny thing is that some of the finances and I will not mention their name, but they are one of the biggest in the continent – so that should give you
15 an idea – they have the biggest fund in the continent (almost two trillion).

They said to us, no, but you guys must start your own insurance company, you can do your own financing – they sing the same song that we've always been hearing – you taxi industry is so big you can have your own finance here, your own insurer, etcetera, but then when you submit a proposal they then say to
20 you, but ayh your balance sheet does not look good – of course our balance sheet does not look good, because we have not been given the same opportunities as other companies – nor are we able to tap into those capital markets like some of the listed companies. So, that then doesn't help us at all, because we are then kept in the same position as before and we can't
25 participate.

So, those are some of the factors that hinder growth and competition in the taxi industry across the value chain – we are now talking specifically around the value chain.

Then, lastly, how best can meaningful participation of historically disadvantaged
5 individuals be achieved in the industry – we believe that partnerships are critical and they are key – we believe in partnerships. Secondly, we believe in Government support and the political will and I think it is worth emphasising this point of political will. The President had already mentioned that the past 7
10 Ministers had agreed that the taxi industry needs subsidy. Now, when you say past 7 Ministers, we are talking from around 1994 and all of them have agreed that we need subsidy or some form of subsidy and the President has clarified that subsidy for the commuter, but it has not been implemented – 24 years later. We are still being told that we believe that the industry should be subsidised, but it has not happened and that talks to the political will and that's why it is
15 questionable to us.

Then, lastly, there needs to be some form of nimbleness of flexibility around the traditional policies that have been used before to determine whether you can park now with that person. These policies should be suitable for the taxi industry and also considerate of our past. So, we want to do business the right way, but
20 we need to be assisted and that's why we believe we need partnerships to assist us to be positioned in such a way that they assist the taxi operators and therefore also assist the commuters in terms of not always passing on the lost burden to them.

Now, in closing I want to say and again it is an emphasis of a point. If you look
25 at the entropy document – so, I've been working at Taxi Choice for the past 8

years and it is funny, because when I got to Taxi Choice I got there criticising the current leadership at that time – I said, these people are useless. They are not helping our taxi industry and what the Managing Director said to me that time was – okay, if you think they are useless, come in, come and start working
5 here and let's see what you can do – maybe you can help us achieve some of our objectives.

Now, when I designed this fancy proposal – it is only much later on that I've realised that everything that I have written down around how the taxi industry must have its own taxi, own finance company, own insurance – all these things
10 are written in that entropy document, nothing is new. When the taxi industry complains about its vehicles being too expensive, interest rates being too high – last year we even went on mass protest action and the President said to me, but Thulane do you realise that everything you complain about is on the entropy document – you know, it is 22 years later and we still have the same problems.

15 That is why papa Ngobene Chairperson and Chairperson – when we still have to keep talking – when we are called and when we start talking and we keep talking, we are sceptical about what impact talking will have. We believe it is now time for doing, because talking we've done – we've even written our thoughts down – they are on the entropy, but I am just hasten to clarify that as I
20 have mentioned to papa Ngobene we appreciate this process by the Petition Commission and we appreciate being given an opportunity to make comments. So, my comment around being tired of talking is not meant to disregard this process, please understand that. We are just saying for us we now strongly believe that it is time for action. Thank you.

25 **MR PHILIP TAAIBOSCH**: Chairperson, you know before the BRT I don't know

whether you remember that just before the BRT concept came in, there was a transportation mode that was supposed to be launched, which was called the mono-rail. Do you remember? The mono-rail was to be signed one morning and I won't mention the politician's name, was to be signed one morning and the
5 mono-rail was intended to empower the taxi industry. Without the taxi industry, even understanding what is mono-rail and we were criticised of not wanting to change from our old style of doing business.

Then Government came with the issue of BRT and what happened is that we were taken and I say we, because I was also part of the people who were taken
10 from the different provinces to Columbia in Bogota and we were shown these busses. What people don't understand is that we were also talking to our counter parts in those countries and we were warned by the Columbians at that time – they started as taxi operators and because of buying into an idea which was started by their Premier the Mayor of Bogota – if you go and look into the
15 BRT model, it was started by the Mayor of Bogota in Columbia. We were taken to that country, but what we were not told was that the people of Columbia in buying into – they are transport mode that side – they were not part of the value chain.

It is like the – what is this programme just before the BEE and triple BEE with
20 the 26% share – what was it called? Where black people have to have a share in a company – what is the right word I am looking for? It was an empowerment that gives you shares in that company – that you will get a 26% shares in that company and we have seen so many of our black brothers perishing out of that 26% and what was the 26% at the end of the day – it was 26% of something
25 you don't know – you were buying shares from a company you don't know how

it operates.

That is what we were saying to Government when they came in with this issue of the BRT Chairperson – that we as leadership of the taxi industry – we were not taken into – or, let me put it this way – there is no national framework on
5 BRT in South Africa. Chairman, I am on record – Government doesn't have a national framework on BRT and if you go to these BRT's and you go and you want to find a document which is how to operate as a BRT – it doesn't belong to Government, it belongs to a private companies, supported by Government.

Now, what we were saying as a taxi industry at that time – we even wanted to
10 boycott the 2009 elections because of this very same issue of BRT. How we bought into the BRT as the taxi industry cause ours want to say that I don't want to be a shareholder of a share. I want to be a participant in the business I'm running, so then if I remember very well it was on the 20th of May 2009 at Galaga when the minister of transport at that time was Minister Jeff Radebe,
15 when he was saying that the taxi industry are the nuclear of the BRT.

Now that is why I employed this young man so that they can interpreter English to me because sometimes it becomes difficult to understand these words. I wanted them to explain what does nuclear mean because I don't understand what nuclear mean. And they told that it means you are the whole part of
20 everything where it starts and where it is going. Only to realise that I had to part ways with my license, taxi operators in Gauteng that is where the party started, they have parted ways with their operating licensees they forfeited their rights to be taxi operators. But I'm sure some of my colleagues from Gauteng in particular Johannesburg they will tell you that some of the headaches in the
25 industry it is because people have taken money from the BRT. But this money

was equal or even less than the money they used to make in a year with their own taxis.

So now you ask yourself what kind of an empowerment is this and where on the vent chain the so called partners, the so called shareholders are no owning the vent chain. How on the very same day where Minister Jeff Radebe indicated to us that the taxis owners still have a new case of the BRT. The then president or he was the deputy president at that time of the ANC he was the president of the ANC and the deputy president of the country. Mr [inaudible 53:50] Jacob Zuma he said to the Minister " I'm appointing a national joined working group between the department of transport and the taxi industry, in fact with some time".

The national joined working group was established and it died a quite death because we were put in the parameters of how we want discussions to go on. The next thing was for the department to say that we will come back again and we never met. So I'm trying to indicate that the BRT you see in Johannesburg and that is where I've indicated earlier on that the [inaudible 55:16] I want to say the squid implementation of E quality it continues to change when it comes to the taxi industry. Chairperson and let me indicate that the taxi operators in Gauteng and I'm speaking under corrections I think they received a permit to seas this permit something like 250 or 275 thousand rand.

I don't know in Tshwane how much do a taxi operator get the process is [inaudible 56:07] I believe in Tshwane. But you go to Cape Town that is why I was saying since as we are in South Africa we are staying in one country but there are independent countries within South Africa. I've said the operator in South Africa has received between 250 and 275 thousand rand, you got to Cape Town chairperson when you get to Cape Town you'll find that this

happens mostly in colour populated routs. And I'm not saying it is because of that, I'm saying I'm just giving you the scenario. In Cape Town the taxi operators received between 1.5 million rand for the cessation of the operating licence and three million rand's.

5 Now if that is not some sort of creating divisions within the industry or discriminating among the taxi operators themselves so that they can continue fighting over this piece of bread on the table. I'm not sure what is that in George a fast [inaudible 58:00] than Gauteng the taxi operators in George received about 700 thousand rand for the cessation of their operating licenses, so in
10 principal as a taxi industry we support the provision of transport in [inaudible] 58:35] and we want to be part of transport – because our business transport. Our business as taxi operators it is transport and we say that if you want to have a small flow of transport we made this proposal to PRASA that you need to get a taxi industry as a partner who'll make sure that as the committers move
15 from their houses to the train station they are moved smoothly. Because a taxi can pass in that very same street, a passenger can stand next to his gate taken to a train station drop there.

So we said lets talk about that partnership because it cannot be the taxi industry
20 it becomes a feeder but it is not part of a business. So in the BRT chairperson we said the same we said you cannot out rightly support BRT as it is until such time that we have spoken around the value chain. Now how would the division come [inaudible 59:54] chairperson? And I'm not underestimating our people but the sufferings of the passage make us not to understand the value. In 1996
25 in the NTTT document that you have there chairperson, in 1996 the proposed

value of an operating licence was R35 000 you'll have it inside of that document, the proposed value not less than R35 000. Actually that is how its put in that document now you find yes after 1996 the person is still on the business he is still getting 250 000 rand what are you doing to that person? You
5 are not building that person, you are actually making that person a kind of a responsibility to the government because that person would be unemployed.

And that is how many of our taxi operators have become unemployed. So I'm saying that we are supporting the principal but we want to be part of an engagement into the ingredients into the principal which we support.

10 So I think I've responded on your question on BRT, but let me add I'll give Thabisho to come in. But let me add chairperson when you go to the TRP which involves [inaudible 01:02:00] of transport the original document and I'm sure chairperson this is what you need to look at and I Think " Donny have you looked at the original document of the TRP?" You know the original document
15 of the TRP government for us is [inaudible] to buy into the TRP it was on the basis of empowerment. That all the manufacturers of these vehicles in South Africa it was during when we negotiated shareholder that the taxi industry will own not less than 26%.

In that document chairperson you ask yourself since 1996 the government
20 wants to empower taxi people, the government wants to empower black people. There is 36 retail installation licences which means petrol wholesalers licences. Which was supposed to be given to the taxi industry in 1996 till today not a single one. Now you ask yourself what a empowerment was the government talking about, how is the government expecting the taxi industry to be in a level
25 with other competitors in the industry. When they could give this big amounts of

money, presently chairperson it is not [inaudible 01:04:15] in the bus and in the trains which are subsidise it is the [inaudible] of transport.

It is the mote of transport which is subsidised and I'm sure you'll remember that Sapu said we don't want the mote to be subsidised, we want the community the
5 passenger to be subsidies. So I've mentioned all of these things because they are part of the ingredients BRT is part of the ingredients because we said as an taxi industry we want to grow we want to participate, we want to insure that we are making transport affordable we are making transport accessible, we are making transport cheaper to the end user. Thabisho?

10 **MR PHILIP TAAIBOSCH:** Thank you president. I just want to before I get into the BRT issue I want to quickly add on the TRP. And I want to do this precisely because what could be missing here is the fact that the taxi industry story is a very emotional one. For one simple reason the very operator is the very operator who studied this business from his or her pocket trying to create
15 ease of transportation or fellow brothers and sisters. Grew the business with his or hers money without any form of help from the government and this is why the industry story will always be emotional.

What the government introduced here in the TRP in principal we agree that TRP is not a perfect model but we equally agreed that in areas where there are
20 differences of opinion we will reengage to find a collective solution that will take the process forward. And one of the major differences that we had with the government was that the government encouraged taxi operators who submitted their vehicles for scraping to exit the industry. And our view was that you cant do that because this person has done for his or her entire life has been this
25 business, you take him or her out where else can she or he make income.

Well the government pressed ahead and when it hit the wall the government reconvened with us again to say we have got a problem with the people who are taking their money and exiting the industry. People take the money go on holiday or whatever they do with the money, and I believe this person haven't
5 used the money to sustain his or her family. So this adds to the social economical problem in pressure of the government, what do we do? And this is how the government social planning was hedged, but the biggest problem is we seem to lose focus on the saying that says " the solution would be without diagnosis". In this case [inaudible 01:08:15] is male practise and this is where
10 the industry has been subjected throughout. I want to know move into the issue of BRT when you read the public transport strategy that was adopted in Soweto you would realise that government had supposedly put the taxi industry at the heart of the BRT hens the word nuclear.

But little did we know that also the other – for the lack of a better word [inaudible
15 01:09:08] motives when you go to municipalities and you engage to be active. Because in most instances many municipalities encourage the BRT's and apposes thereof to be un submitted from a national agenda. They found the establishment that was then known as a national joined working group to be an [inaudible] to get their objectives. But it is also important to indicate to the
20 competition commission here that when you looked at how Gauteng was rolled out or Johannesburg it started with a lot of intimidation I must say, operators was intimidated. When operators was willing to take the risks and not participate in BRT they where forcefully removed to routes that was operated by BRT.

There where taxis with passengers which was stopped and removed
25 passengers and then [inaudible] into BRT busses. In fact to the point where the

government broke its own legislation that BRT when it started in Joburg operated without licenses. Now all of these disparities they most focus on one fundamental issue which is what the industry was arguing when they opposed certain issue to the BRT to say here is Tsbesong Molaleko operated the route
5 for 15 years. In fact started the route, made it lucrative, sustained it only to come and hand it over to the BRT at no cost. Because this is what this translates into and when you look at these and you look at how the municipalities have shaped the negotiations with the BRT firstly there is no formulary and secondly there are conditions on the routes of engagement. You
10 can only participate or engage on beneficiaries on certain elements on BRT in exclusion of others. But your very same law as government says to me this initiative at the same time of it, so in conclusion chairperson with this you then ask will this [inaudible 1:12:23] that you've been faced with as an industry. You then under question of where will you be in 2013 when the national
15 development plan is untimely implemented.

Where does it position the taxi industry and for those that read it you will be aware that there is so much greater emphasis in the existing beneficiaries busses and trains. But what remains usually absent is the taxi industry, how I'm going to benefit, what is the sustainability movement, in fact does it answer the
20 long hand view on the industry that the government has got a systematic intention to reduce and ultimately collapse the taxi business. Thank you.

CHAIRPERSON: Thank you I think before we excuse SANTACO, will just like to give an opportunity to my fellow panel members just to pose one or two questions, starting with Mr Mandiriza and Ms Nontombana.

25 **MR MANDIRIZA:** Thank you chairperson. Just one clarity question I

think you indicated in your submissions that one of the factors that is hindering growth and competition is the fact that taxis do not qualify for reserve permits as opposed to buses; I just want to understand what is a reserve permit and how do they work and how does it impact competition.

5 **CHAIRPERSON:** You can respond to both questions at the same time.

MS NONTOMBANA: I have a related question and that is in relation to the initial [inaudible 01:14:32] in the relation of transport because it seems that there has been a relation [inaudible 01:14:40]. But then in terms of how the system the [inaudible] system operates it is written that if any [inaudible] 10 01:14:53] and so the question I had is that in the presentation specifically mentioned [inaudible] without necessarily revering a lot for example in term of the trains or the ... transport in relations to subsidise. We are aware that there is differences that even [inaudible 01:05:15] but I was wondering whether there is more that they want to elaborate on in terms of [inaudible 01:15:17] of transport 15 not only in terms of the passenger. Just so that you can understand what it is that we are concerned about in terms of transport.

MR TAAIBOSCH: On the issue of reserved permits the bus companies during the festive season will always go for extra permits and they will get those permits. We call them reserve they will get them even over the counter, which 20 means they will be helped there when a taxi operator will need to wait well I'm talking about other provinces – taxi operator will need to wait for between 6 months and a year to get assistance on that. So again that shows in E quality when it comes to the services of the servicing within the transport industry. I think that is what we are revering to chairperson I think the question which was 25 asked by my lady there it is very important because it is actually helping us to

remember that we concentrated too much on the busses, train and the taxis. We have not gone to other models so SANTACO is representing all of the taxi models in the county.

I think that you will see even in that document that SANTACO was established
5 by old taxi operators. And the supreme law of this county when it comes to passenger transportation very clear that you cannot transport people when you are not legalised to transport people. Which means that you should be a license holder and maybe we become to be suspicious as a taxi industry and maybe the taxi commissions will help us to go and look into what are we are suspicious
10 of.

And I must indicate that the taxi industry has never been afraid of competition, we have been open to competition. Chairperson we have competed with the railways of this county and the brutal apartheid days. We competed we outnumbered the trains we outnumbered the busses the railway busses at the
15 time. And using long roads to go to the destination to our passengers but we competed with them toe to toe until they saw no need to provide that kind of service at that particular time.

With their brutality the taxi industry took their boot at the time. Chairperson we have got this particular transportation which is called Uber in the country. Now I
20 must indicate and Taxify we are not against them we are not against them as platforms which they are using. But chairperson we have got our metered taxis in this country who are subjected to the law of this country. Now it is [inaudible] we are not worried about that, we say that is a platform that you can use it, you can sue it to your benefit as a company and profit out of it. But what we are not
25 happy with it is trying to compete with an unlicensed transporters who has been

proven beyond the ... that this transporters is actually in transgression.

Chairperson I think more than or I made Tabiso to go and look for me. But I think with reading the newspaper I think we can stand – well I think we are standing then more than 19 countries in the world which has indicated one thing
5 n the courts of this world, the highest court in London declare Uber as not a transport, not qualifying to transport people. In Malaysia the same happened and very recently in America, again Uber was declared as a none transport service and on the basis that they are doing processes the necessary document to transport people. In France it happened also now I'm quoting all of these
10 countries and I'm sure if you can go through this you'll see chairperson and we ask ourselves if you metered taxis in South Africa had to meet certain qualifications and has to provide a particular transport for them to give service to their clients and the others are coming in just like that without having a operating license. Now again I'm going to say this chairperson and I want it on
15 record that I want to be on record – again I'm saying it is through the negligence of our government that people died in the meter taxis and on Uber because they allowed competition to take place between a registered taxi operator and a none registers taxi operator and illegal taxi.

Now what is that creation that is a creation which you s ay here I'm putting a
20 recipe for violence and that is why you find the situation which we are having today. Chairperson and let me tell you again I'm going to country versus country see we have got two countries in South Africa, We have got Gauteng in particular Johannesburg as a country and we have got the Western Cape. 86 Uber taxis have been impounded in Cape Town in the Western Cape not for
25 [inaudible 01:23:26] but for providing transport services while they don't have

the necessary documentation fro providing transport service.

In Gauteng Uber is protected by the government in Gauteng. Now Chairperson if somebody would tell me that the operators of Uber suddenly overnight have licenses, it was on the 12th of December 2014 when we went to court. And I'm
5 saying if the so called 500 operators which have heard about Uber suddenly have licenses maybe we should ask you, because we are talking here about a competition unfair or fare competition, we should ask you to go to the details of the issuing of those operating license if they are existing in Uber. Because on
10 the 12th of December 2014 when SANTACO took the Gauteng department of transport to court at that time 31 000 taxi operators where waiting for their operating licenses for more than 10 years.

And in that very same December we buried one operator in Pretoria who died without having his operating license in hand only for the wife to receive it after the husband has passed on. So I'm just giving you this indication I'm not sure
15 whether we want to claim ground which is not there as a taxi industry or we are crying babies. But I'm asking how do you expect the meter taxi operators to compete fairly with an unlicensed operator which doesn't have routs who moves all over where he wants when the metered taxi has particular routes and they are controlled by their association to operate particular routes so that there is no
20 infringements on the other routes. So how do we really want those operators of metered taxi to sit down and look on how these things are happening, I want to be on record to say that the taxi operator who involve themselves in the act of violence the law must deal with that particular operator to an extend where that particular operator is found guilty by the court, his operating license should be
25 taken away from him. But also I'm saying chairperson is it fair to put together

somebody who is actually required by law to produce this particular vehicle, with particular descriptions against a person who doesn't even need or who is not even vatted for tax. The metered taxi operators are like the taxi any taxi operator in South Africa they are vatted for tax citizenship. So that is the other
5 transport quote and I've included that one taxify I believe it is also a platform. I've learned from this Brafford guy in America, that he is investing more than two billion rand in Taxify now I'm asking myself is it where we are going to find ourselves as law abiding South Africans, competing with money. Or are we going to rather insure that we have law abiding citizens and these people who
10 are coming with money are also abiding by the law. Let them apply I don't think the taxi industry have said don't give them operating licenses.

But we say let them apply with the same process in which taxi operators are applying and I want to believe that again there a unfair competition has been created. Because today I'm sure if I had to ask
15 operators most of you will tell me that you have use the service of Uber and how better it is from the taxi. Yes it will be better, it will be better because it is not living in a oppressive environment where the poor taxi operator must produce particular type of a vehicle not a vehicle but a particular let me say a particular vehicle which qualifies to operator as a metered taxi in South Africa.
20 And where everybody now comes in with their golf, their BMW any car which they can put there and whether these people has been vatted to the South African because in most cases and [inaudible]. I'm apologising to, my apology to all woman chairperson, my apology to all woman and please understand me in the context in which I'm putting this.

25 In the ... where Uber has been banished it is because woman has been raped

and the rapist has never been found. It has happened in South Africa, two woman has already been raped by Uber drivers. They have not been found and I want to really comment the government of the Western Cape, when they decided hat enough is enough we cannot allow lowliness to take place 80 Uber taxi has or Uber vehicles has been impounded in the Western Cape. Thank you chairperson.

CHAIRPERSON: Any questions from the evidence leaders? Any questions from [inaudible 01:31:41] ? Ja I think what is becoming very much clear is that there will be a need I think for a follow up engagement SANTACO I think your submission has been quit comprehensive and has covered a lot of issues but what is very much clear is that there has also been a couple of issues that we would also need to cover with SANTACO. Especially after we received further submissions from instance the government and the press and the like, so who would like to again take up those issues with yourselves.

15 For the benefit of members of the public who arrived late we will make the transcript of today's proceedings available on the commission's website. So at this point we will just take a short lunch adjournment and we will be back at two o'clock with our next – to receive our next presentation from an industry expert Paul Browning we are running a little bit – we are a little nit time constrained but we will try to manage the time

20 But thank you very much gentleman I think the presentation has been quite helpful and Mr Taaibosch, Mr Kwabe and Mr Malelego I think you have been quit helpful throughout this process we will of course as I indicated have a follow up engagement with yourself,. So at this point let's take the lunch break and we will be back at two o'clock.

SESSION 3

MR PAUL BROWNING: However, something that is not so regularly referred to, is what we used to call the NT3, I will call it that, the NT3 final
5 recommendations, what they actually had to say about subsidy for the taxi. It says we the National Taxi Task Team, considered the argument for subsidy in 3 ways in terms of a moral argument, a comparability, argument and a practicality argument. I am going to give you the short version. It says, “the NTT has concluded that it has no realistic prospective of the minibus taxi industry
10 receiving funds from the existing DOT subsidy system”. In a nutshell, that is money being given to the commuter bus operators like PUTCO and so on.

The future system in terms of the green paper on national transport policy, the white paper, was only published a month after this particular report, the future system will be based on the tender and contract system. User site subsidies
15 may also be considered and then it said the minibus taxi industry is at present, in no position to participate in either. What is needed is to begin now in August 1996, or as soon as possible after that, with the development programme which will, in a shorter time as possible, enable minibus taxi operators to participate in the new forms of subsidy scheme. That was some 22 years ago and I will say,
20 that my knowledge of the industry, no development programme of the kind that was envisaged by the NT3, has in fact been implemented. There have been occasional training schemes and there have been attempts for example to set cooperatives and they have not succeeded and there have been attempts to provide training for drivers, not very thorough attempts when we consider the

200 000 taxi drivers in the country, then that has not really been all that successful.

However, that is a separate related point which I will come to and so, the question can be asked, if in 1996, the taxi industry was in no position to
5 participate in subsidy, what is different today, or how has it developed or advanced in order to be able to participate in subsidy schemes and if I can then perhaps go to my other point and speak a little bit about the- no, it is not the licensing system, I am still on operating subsidy.

I would like to go back to the 1996 white paper. That introduced a concept of
10 regulated competition. Up to then, the system had been one of regulation, but it wasn't regulated competitionally. The idea was that if you had a permit, you were entitled to that, but it wasn't seen as a competitive system. It was a regulated system and perhaps I could just quote and Chair I do understand the pressures on your time. If at any stage you think I am rambling and so on,
15 please do tell me and bring me back to the point.

The 1996 white paper says the public passenger transport system in South Africa, will be based on regulated competition and it goes on to define regulated competition. Where public transport services will require government funding support for whatever reason, competition will take the form of tendered
20 contracts, competition on routes or networks will then be precluded. So there were going to be someone somewhere, it turned out in the end to be what the legislation called a planning authority. The planning authority would decide what services were needed and would offer it as a competitive tender and once that tender had been awarded, no competing services would be allowed.

I think we can take it that at this stage, they weren't really thinking about minibus taxis being the competitive tenderers, well at least not the successful ones and then it says where public transport can be rendered as profitable commercial services, on the road competition will be encouraged, with
5 completion being regulated through the issuing of, let's call it permissions based on capacity management in terms of the supply policies of the provincial or local passenger transport plans.

So that is what came out of the white paper in 1996. You could compete for subsidised contracts or you could have competition on the road. Now, the
10 legislation that we have had since then and I will mention it very, very briefly, it is worth noting, because just a few weeks ago, there was published, a draft revised white paper on national transport policy and it's public passenger transport section, pretty well repeated what the 1996 white paper said. It says that the strategic objectives for public transport, include to promote and
15 implement a system of competition for the market based on operating licences, concessions and negotiated and tendered contracts, with all public transport operators registered as formalised commercial entities, all public transport operators, therefore including the taxi industry, registered as formalised commercial entities bound by the regulations pertaining to the operating
20 licences.

So it is not a case that we haven't moved forward. The review has come to the conclusion that what we set out to do in 1996 is still essentially valid. The review does consider the weaknesses of the systems if you like and perhaps that is what I should perhaps speak about now. It mentions some ways in
25 which these weaknesses can be addressed.

The weaknesses Chair are inherent in two parts of the system. One is that with the best will in the world, it has to be acknowledged that very few of our metropolitan or district municipalities who are the organisations who are required to produce integrated plans, very few of them are capable of- they
5 don't, we use the word capacity sometimes, it is really capability. There seem to be plenty of people in the offices, but they just do not seem to be able to produce- that is not quite true – they can produce plans, but implementing them is another story altogether.

It is also true to say that the information that they get from the ground about
10 what is actually happening, is not fed into those plans in the view of many sufficiently quickly to be able to respond to changes in demand. If I may just digress, one of the great advantages of the minibus taxi owner, well since the early 1970's when it started, was its ability to respond to changes in demand. It is what has made the success that it is. I have heard it said that if an informal
15 settlement arises one day with 3 shacks on a piece of land somewhere and the next day there are 10 shacks, the next day there will be 2 taxis scouting for business outside. Now if you try and get that into a 5 year integrated transport plan, you are going to fall flat on your face.

So one of the questions is, is our planning too rigid and then there is the
20 question of legislation. Our legislators, I know that I am speaking to some lawyers here, so let me say that I have great respect for our legislators and yet, just a few days ago, a couple of weeks ago, there was approved by the National Assembly, after it had been adopted by the Parliamentary Portfolio Committee on Transport, a national land transport act amendment bill. The national land

transport act was passed in 2009 and the amendment bill as a draft bill, was first published in 2013.

In April thereabouts 2018, it was eventually passed, adopted by the Portfolio Committee and passed by the National Assembly. Even then, it has to go to the
5 National Council of Provinces quite rightly and it is not clear whether they will want public hearings in the provinces or whether they will handle it as a committee, but there is the hope that this amendment bill, may be passed before the end of this year. In which case, the amendment bill would have taken some 5 years from its first appearance to its passing into legislation.

10 Now so many people have given evidence, the members of the Portfolio Committee have thought long and hard. They have had to deal during this process, with a number of things like [e-hailing] and that has now been incorporated into the amendment bill and so let me say then, that that is a process that has to go on. If you try to [inaudible] it, you are bad to end up with
15 bad legislation.

Implementation and enforcement is sadly lacking. In this particular case, national land transport act, provides as was mentioned this morning, that nobody can offer a public transport service for reward unless the provider of the service, has been issued with an operating licence.

20 Now that really is a requirement that is- we do know that there are many, many people, many operators of taxi services, who do not have either an operating licence at all, or operating within the terms of that operating licence and our enforcement efforts, appear to be totally incapable of handling this and because it has not been nipped in the bud, it has led to the violence that we see as

competition on the road as it was mentioned in the 1996 white paper, takes the form of very serious competition and I won't go any further than that.

If we cannot, this is a general statement that applies to many aspects of our day to day lives, but in this particular one, let's, say, if, we cannot enforce the
5 legislation, then we might as well not have it. If we cannot properly enforce a system of regulated competition, then is it not possible that the free market foundation has the right sort of answers, let's have deregulation and see what comes out of it. Now I don't for one moment, think in our circumstances, that that is the right thing to do, although in the United Kingdom for example, public
10 transport is deregulated with the exception of the London area. If you want to operate a public transport service, you have to register it, but you can get on the roads and see who wants to buy your service. Now, that is a somewhat more stable situation than we find ourselves in South Africa, so we have some excellent legislation, carefully thought through. If it cannot be enforced, it is
15 simply literally, not worth the paper that it is written on.

I hope the Commission may well say well that is rather outside our terms of reference and that would be understandable. I do hope however, that the Commission will at least give some thought to this particular aspect. Now I want to bring it back to the minibus taxi.

20 **MR NGOBENI:** Just Mr Browning, before you move on, just 2 issues to clarify. Firstly on the operational subsidies, if you could just shed more light as to how those subsidies are currently structured and how they are administered and secondly, if you could just explain, what are the impediments if any, to the rolling out of the subsidy scheme to minibus taxis if you can?

MR PAUL BROWNING: The operational subsidy system, let me just say that the commuter rail services and indeed long distance rail services, are subsidised by national government in the form of a mixture of capital grants and operating grants to PRASA, the Passenger Rail Agency of South Africa. It is significant because the Metro Rail, the commuter rail operation of PRASA, competes with both bus and taxi and so on, but if I may, I will leave that aside because it's a little more complicated.

Until about 1970, there was no such thing as a bus subsidy. This was before the taxi arrived on the scene in its present form and yet, the bus companies and I will mention the names, there is no reason why not – companies like PUTCO and City Tramways in Cape Town, PE Tramways and so on, they were essential to the maintenance of the system of apartheid. They were given permits and monopolies in order to provide those services. The general idea was given this captive market, there would be no need for subsidy, it wasn't even questioned, it was just you have always made money out of your services and now we are giving you a lovely new market and you will be able to make money.

However, things didn't quite work out that way, partly because of the passenger resistance and the first subsidy came into being in 1970 with the passing of the night, the name which escapes me now, of the employee levy act I think it was, sorry I don't have the precise name and that began a process which continues to display believe it or not in which those commuter bus operators were given a subsidy from national government. Today, it still comes from National Treasury, but it is administered by the provinces. PUTCO's operations in Soweto for example, are operated under contract with the Gauteng provincial government.

The bus operators of course complain bitterly, that the increases are nothing like their increases in cost and I suppose they might say their loss of passengers to the minibus taxi, but that still applies, but when the white paper and the legislation that followed it, when that began to take effect, the idea was

5 that we can't change this all overnight, we can't issue competitive contracts left right and centre within a matter of months and so on and so, the existing system continued until such time as contracts could be offered and Chair, to this day, the situation still has not changed to any significant degree. Someone will always be able to point to oh there is an exception here or there is an exception

10 there. It is one of the things that the bus companies are very, very unhappy about.

They are actually in some places, now just on a month by month rollover contracts and so on, which means that they have absolutely no basis on which to plan capital investment, renewal of fleets and so on. If you ever get stuck

15 behind one of their buses going up a hill somewhere, you can put it down to the fact that they believe that they can't replace their buses sufficiently quickly.

So that is the system and the contracts, the negotiated, or tendered contract for those kinds of services, just has not come into being. By the way, I haven't forgotten about the minibus taxi, but I will just mention a major factor and that

20 was the introduction of integrated public transport networks mandated by the public transport strategy of March 2007. It said that planning authorities, these are metros and district municipalities at that level, they will have to – they already have the duty to deduce integrated public transport plans, but they will now have to introduce integrated public transport networks and the services

would be handed out by competitive tender, or in some cases, by negotiated contracts.

What also happened and almost exactly the same time as this strategy was being developed, was that the Bus Rapid Transit BRT suddenly became flavour
5 of the month. I must be the only person involved in public transport generally in South Africa, who hadn't been to Bogota, but everybody and his uncle whizzed over to Bogota and one or two people in the Department of Transport, bless them, I know they were doing what they feel was the right thing to do and the NMC for Transport in the City of JHB who had just been appointed in the 2006
10 elections, during 2006, it became the flavour of the month and so, by the time this happened, BRT was going to be the- we don't need to worry about these other matters like subsidy for taxis or subsidy for PUTCO's and so on and so forth, because it will all be taken over by these integrated public transport networks based on BRT.

15 I can find quotes for you that say that minibus taxies will be able to form registered commercial entities and they will be able to bid for these and so on, but at that stage by the way, it wasn't a question of they will stay in business, the taxi will stay in business and operate feeders, even under contract, the BRT line was a big line with smaller bus feeders. That was what was said and it was
20 all going to be- well in the case of JHB, it was going to be largely in being, a core network by the 2009 Confed Cup and certainly by the 2010 FIFA World Cup and all around the country, the essence of the system was going to be in place by 2014 and it would all be completed by 2020. Well here we are mid-way through 2018 and if you go outside, you may be lucky and see a BRT bus
25 and if you go to Cape Town, especially Table View and if they are not on strike

at the moment, you might be able to see one of theirs, but just, just in Tshwane, we have a little and just, just in Nelson Mandela Bay.

That has just not worked, so we are in a real betwixt and between, that the policy, the strategy which was legislated for in the national land transport act of
5 2009, remains in place, but in fact, it is not happening and that is what makes the draft revised white paper, published just a few weeks ago, somewhat disappointing in that it doesn't – it says what we were trying to do, was really the right thing, we just needed to do a bit of tinkering at the edges and so on. I think you have to be something of an optimist to believe that.

10 Now the subsidy for the taxis-

MR NGOBENI: Sorry Mr Browning I think before you proceed, just a quick one from me, I think the public transport strategy that you have in front of you, the 2007 one, it rested on two main pillars. One of them was model upgrading and then the second one was the IPT that is the BRT that you mentioned. Now the
15 question that I have, is that when I look at the strategy that you have in front of you, much emphasis is on what you referred to as the IPT, your BRT and it has sort of like completely and you will advise, it has sort of like completely forgotten about model upgrading which from where I am sitting, may have caused some of the issues that we currently have, because you now have a situation where in
20 your introduction, you mentioned the role that the NTT played and what the NTT said way back and one of them was that unless the industry is formalised and there is formality, then subsidies are unlikely and if you look at that aspect alone, it relates to – in my view, it relates to what we are referring to as model upgrading and that part has been completely ignored.

What you are currently seeing, what government is actually doing at the moment, it is placing much more emphasis on the second pillar of the strategy that you have in front of you. What is your comment on that?

MR NGOBENI: Maybe let us approach it this way Mr Browning. I would like
5 you to finish your thoughts on the subsidies first and then deal with the issue that Mr Ngobeni is raising, relating to the model upgrade.

MR PAUL BROWNING: Thank you Chair, I will do that and I accept the point
made by Mr Ngobeni. It is impossible my submission dwells on this, it is
impossible to conceive government giving public funding to an informal sector
10 public transport operation which has no accounting system. This is how it is at the moment and as it stands at the moment, there is no accounting system. I
have to say in my view, almost no operational management is not fully legally
compliant, for example, the Department of Labour has issued in 2005, a taxi
industry sectoral determination which laid down minimum standards of pay, but
15 also conditions of service for taxi drivers and other employees and for example,
you may be surprised to find that a taxi driver is entitled to 3 weeks' paid leave,
sick leave, paternity or maternity leave and other things like that.

Now, I don't think it's a question that these things are ignored, I just don't think
they are known about, but in a more formal environment, like PUTCO for
20 example, a formal sector business, just could not afford to ignore these kinds of
things, but because they are legally compliant in that way, the government is
able to justify giving them a subsidy and so, my view is that there has to be a
degree of formalisation into corporate entities of the minibus taxi. Now I've
gone slightly out of kilter with my papers, but just while I am looking at it, the

City of Cape Town, in October 2015, the council adopted what was called a game changing policy called the transformation of the minibus taxi industry, the new model aims to breathe new life into the industry by etcetera, etcetera, etcetera and what it boils down to, is that taxi operators will be given assistance to form – I beg your pardon, taxi associations and their members, will be given assistance to form an operating company, so if there are 200 members in the X Y Z association, those 200 operators will hand in their licences or hand it over to the newly formed company and they will hand their vehicles to the newly formed company which will operate and they will be compensated by way of shareholdings. So that is one of them, that is the game changing policy that the City of Cape Town council passed and agreed to in October 2015.

That is getting on for 3 years ago now and I haven't heard of any huge surge of enthusiasm from taxi associations saying oh yes please, we want to be part of this new setup because it has changed, it's a threat, so it is a well-meaning good idea, that would meet a lot of the needs and requirements of government, but actually doesn't take into account, the reality of the taxi industry and my suggestion and I have had it on the stocks for a long time, which is in my submission, is that there should be a halfway house in that, operators should be given the opportunity to join an entity of this kind by ceding lessee if you look, the vehicles and drivers, but retaining ownership and retaining the operating licences, so that if it doesn't work, you Mr Operator, will have the option of pulling out.

You see the big fear amongst taxi operators and I know there must be many in the room, so forgive me if I appear to be speaking for them, but I have been in and around the taxi industry for a long time, we have heard all these promises

before and somehow, up there, somebody gets rich, takes their cut whatever it is and down on the ground, we are left with absolutely nothing. In fact, we lose out on, so simply to say hand over your vehicles and your operating licences to this company and every year, or monthly if it can be arranged, you will get your
5 dividend. At the very least, we want to say (a) what will be guarantee that I won't lose money and (b) how, will that guarantee, be guaranteed. It is why I have seen ticketing systems come and go in the taxi industry.

Quite recently one in Tshwane where MEC Vhadi came down to give it his blessing and so on, an electronic, a smart card ticketing system and so on and
10 it lasted I think about 6 months and we don't need to go into the reasons. So, we have a problem that the taxi industry is in the informal sector, it can't be assisted by government funding and its standards of operation, its standard of legal compliance, are not what we would like to see. If we had a moment, we could walk out into Joubert Street or close to there and we would be able to see
15 taxis breaking the law at lib and so on and so, we do need to make a change, but the change cannot be from (a) to (c) in one jump. There has to be an intermediate jump and I motivated that more fully in my submission.

MR NGOBENI: So you see the lack of formalisation or the absence of formalisation of the minibus taxi industry, as a key factor that serves as some
20 kind of a barrier to rolling out subsidies in the sector?

MR PAUL BROWNING: In a nutshell, yes.

MR NGOBENI: One of the proposals that have been made by SANTACO, as a form of support, is exemption for the taxi industry on VAT. That is one proposal that SANTACO has made. What would be your reaction to that?

MR PAUL BROWNING: Well to be exempted from VAT, VAT is not a subject in which I am an expert, but if you were going to be exempted, I think it's a case where you would have to have some kind of an accounting system in order to be able to show the exemption. At the moment, the weaknesses the taxi industry plays, it pays all its direct taxes and that includes VAT, but because it doesn't have an individual operator, it has very little in the way of an accounting system, they can't re-claim VAT in the way that you and I would do if we were running a PTY company, so it is not something I am an expert in, but it would be one of the ways of reducing the input costs of operational.

10 **CHAIRPERSON:** If you could then go to Mr Ngobeni's question on the model upgrading aspect.

MR PAUL BROWNING: Yes I wonder if I might just ask Mr Ngobeni just to very briefly remind me of the essence of his question?

MR NGOBENI: Thank you Mr Browning. I think the question was premised on
15 – I saw you were referring to the 2007 public transport strategy. Now the strategy itself, what I was saying, is that it rests on two pillars. One of them is model upgrading and the second one is the BRT and what I was saying, is that from the look of it, if one looks at that strategy and how it has been implemented by government, you are going to see that there has been much more emphasis
20 by government on the second pillar and the first pillar has been completely ignored. So I just wanted to get your views around that aspect?

MR PAUL BROWNING: Well Chair I think Mr Ngobeni has summed it up in a nutshell. The first pillar model upgrading, was almost like a sob – we can't get BRT until about 2009/2010, it is now 2007, what can we do to show that we are

doing something in the interim and model upgrading, we can look at it, there were 6 or 7 areas, the meter taxi, other things like that. As far as the minibus taxi is concerned, it was just- all that was advocated, was well we had better get on more quickly with recapitalisation, that will help to upgrade the taxi, but the
5 weakness, I know with what good intent this was developed and I was at a very large gathering in Soweto at the Vista Campus a few months before this was eventually published. It was referred to by Mr Taaibosch this morning, when it was all- a lot of effort went into it, but there is no doubt that the planners tend to think that we can't really bother ourselves with today's problems, because if we
10 can only get this grand idea in, if we can only get that in, then all these today's problems will go away and so, it is a question of well we will get safety and security or something like that to look after any kind of problems we have there and so on and so forth, but what we have to do, is plough on as quickly as possible with the grand design.

15 The grand design regrettably, often takes much longer than expected and in the end, sometimes as with BRT I have to say, proves to be impractical, so yes, model upgrading, was a sob, it was something that was in there in order to make the thing look complete.

MR NGOBENI: I think in the interest of time, I would like us to go to the issues
20 of route allocation and licencing, as well as entry regulations, but before we do that, because you have talked to the regulatory framework, we would just like to get your reaction to the submission made by SANTACO that there seems to be a disjuncture between the government regulatory framework as well as the self-regulatory framework that is crafted by the industry, it is crafted and
25 implemented by the industry itself, that there seems to be some kind of lack of

integration between the industry self-regulatory mechanism as well as the government regulatory mechanism leading to all these issues that SANTACO have raised in relation to when operating licences are issued by the regulatory authorities and there is no consideration of the local taxi associations and the like, if we can just briefly reflect on those issues.

MR PAUL BROWNING: Yes, Chair I think that they have a very valid point. After the NTTT, the NTTT, had a large section devoted to the formalisation of associations including its higher levels and so on, but the general idea was that an association would have the right to the route which it traditionally operated. There seems to be little doubt about that and that was cast into legislation in the national land transport transition act of 2000. It provided for a registrar, so the association of members would be registered together with the routes which they operated and so and so forth and quite separately, there was an operating licencing board to replace the former local passenger transportation boards, which would issue operating licences and the two would gel and the registrar would have the responsibility to ensure that the associations and their members adhered to a minimum code of conduct and so and so forth.

It was all agreed and it looked really very good. It was very good, but unfortunately times change and the system began to break up almost as soon as SANTACO was formed with the breakaway of what became the National Taxi Alliance, but it has continued at more local level. Let me put it simply, if you are an association and this is your route and you have 200 taxis and 35 of them decide to breakaway because they just don't like the chair or for whatever reason, they breakaway and then, they would have to apply for registration and they might not be allowed registration.

So their operating licences would fall away and become illegal and it all becomes very, very messy. The President of SANTACO this morning, referred to the Mall of Africa. There is an example of how something that was established in the year 2000 and it just isn't appropriate for – let me say, what is
5 a new route? It was great at the time. All the routes could be clearly identified, critically identified anyway and allocated to a particular association.

That is no longer the case. All sorts of things happened. In Cape Town, at the moment, there is a dispute which may become violent which has to do with a breakaway. In fact, it happens all the time, so that is my response to the
10 registration and so on, is that I don't have an answer to that, though I think the semi-formalisation that I described, would take away the need for an association to have quite the authority that it tries to have now. It desperately tries to retain its authority for a whole host of reasons, not least the fact that the membership fees are something that they tend to rely on.

15 Then the other side of that is the operating licencing system, which one can only say appears to be in almost total disarray. It is sad to say that, but we hear constantly, we heard it this morning and even allowing for some exaggeration, it is true. A person applies for an operating licence with all the recommendations of his association and so on and so forth and nothing happens. It is not a
20 question of we've got your cell phone number, we will send you an SMS every now and then, or here is a number you can phone. You put an application in and in our own good time, we will or possibly will not respond to your application.

This is complicated again by the lack of capability in the planning authorities, because whereas in days gone by, the permit issuing authority had to take into account according to the legislation, the need for the service that is being applied for. They do not now have to do so. That is put to the planning
5 authority and the operating PRE must take into account, whatever it is that the planning authority says, but the planning authority itself, is rushing around left right and centre trying to do the next 5 year integrated transport plan and if they will last, here is an application for a service from Delft to somewhere, what is your view. Where were the last figures we had from Delft? Oh no, we didn't get
10 those did we?

What is the basis on which they are going to offer an opinion, so the whole system is really dysfunctional, there is no doubt about it and the complaints of the applicants are fully understood. My own view by the way is that that does not justify illegal operation. If that is the law, then it is the law, but I do
15 understand why the temptation should be there.

I am sorry, I think I was answering Mr Ngobeni's question, that it's a huge subject. Have I covered most of what you wanted?

MR NGOBENI: Yes I think indeed, if you could just go to the Mall of Africa example because that example enables us to just to do a depart dive on this
20 intersection between public transport as well as planning. We are aware that in terms of the development plans for this new commercial development, as part of the planning framework, there must be some kind of a traffic plan for instance, so would those traffic plans for a new development, also include plans

on public transportation, because that seems to be one of the key issues in the case of the Mall of Africa example?

MR PAUL BROWNING: It's slightly out of my area of expertise, but let me try to say the words land use and transportation planning has been a fixture for 50
5 or 60 years. You cannot say oh we are going to develop this area without considering the transportation needs. However, it has tended to will the road pattern be adequate and I think from the engineer planner's point of view, it is still largely that.

There is now a policy of spatial development, so that areas will be seen to be –
10 sorry what I am trying to say is, public transport is supposed to be taken into account now. Until recently and perhaps even now, yes but that is what our BRT system is for. For example, the City of Johannesburg has, I think it still has, even though there was a change in administration, its policy of corridors of freedom and Louis Botha Avenue is one of those. It is intended that this will be
15 one of a number of linkages that link various parts of the city, but within that, there will be areas of combined work, employment, schools, residential high and low level, so a particular area will be self-contained.

Now that is the broad principle and as usual, it is taking a little bit longer than we would expect to get going and so in the case of the Mall of Africa, I don't
20 think the planners got anywhere near to the level of detail that would have said we know the taxis we want to service, how will we choose which one and so on. A recent example of the new route, just 30 seconds more, one operator already running along Kyalami Road to Kyalami passing the Mall of Africa, but it can be said that this huge new trip-o-tractor arising just happens to stand along the line

of route that was previously fairly open fields and so on, but does that give you the automatic right to be the provider's services there and that is what the conflict is about.

MR NGOBENI: Yes, I think just on the operating licences, because there
5 seems to be a dual system in place. There is the press, the PRE's which issue operating licences, but there are also the local taxi associations which also receive applications to be a member of a local taxi association. So that seems from SANTACO's submission, is giving rise to tension, because these operating licences are issued without consideration of the local taxi associations. If you
10 could, just reflect on this dual entry system?

MR PAUL BROWNING: I will do that and perhaps I can just set the scene by saying that the national land transport transitional act of 2000 which I referred to just now, set up this whole system and recognised associations and awarded them routes and so on and it was a registrar. In the national land transport act
15 of 2009, those conditions were abolished. There is no mention in that act of associations at all in the act. An individual is entitled to and he would be expected to under the act, apply directly to the PRE. Now in practice, the system that was set up in the 2000 act, has been going on in way or another, formally, informally, ad-hoc etcetera, etcetera and so the PRE will still tend to
20 expect that an application will be accompanied by a letter of recommendation from the association.

It is not necessarily the case and I think it most often boils down to the breakaway body. If a breakaway body decides to breakaway, then the association sees itself as this is my route and they get very, very upset if

applications are made and licences issued to a group which it is not a part of. It is too rigid. The associations from SANTACO downwards, would like to feel fairly good reasons – you and I would feel the same, we are in charge, SANTACO is in charge nationally, the provincial and regional, but down on the
5 ground, the local association would like to feel we control this route. It was given to us in the year 2000 formally and we control this route and the fact that in 2009, it was decided that this has given too much power to associations to say yes, you can come in, no you can't, or you can come in, no you can't, or you can come in and give me lots of money.

10 That is why the situation changed, but as far as the associations on the long established associations on the ground are concerned, they say this is our territory, we build it up, we are in charge and don't anybody try and come onto our patch and when they do, things can get violent.

MR NGOBENI: I know it's not in your submission, the issue of pricing.

15 **MR PAUL BROWNING:** Pricing?

MR NGOBENI: If you could just reflect on your thoughts on the self-regulative framework that is currently in place for minibus taxis in relation to pricing regulation because SANTACO's submission is as I understand it, it is that what this self-regulatory pricing framework has been able to do, it has been able to
20 contain pricing because the sector is obviously servicing low income commuters and in fact, SANTACO put the point quite strongly. They say that their first structure is in fact a compassionate first structure, so what would be your thoughts on this pricing self-regulatory mechanism that is currently in place in the industry?

MR PAUL BROWNING: If the question is essentially, should there be greater regulation, I cannot see much of an argument for it. I can see an argument for subsidy in finding a way of assisting people in that way and possibly by means of a user subsidy though. That is ever so easy to say and very difficult to put
5 together, but when it comes to the provision of a service, then the operators can adjust to increases in prices. If the fuel price goes up, they have to think should we put the price up and the chances are that they won't but the next one and after three, they probably going to say what do you think, we had better put up our prices. It is not very sophisticated, but it doesn't seem to me to be
10 something that in itself, exploits a captive market. I may be very naïve here, but that is my impression.

I would just go back to about 1987 when I first became involved with the taxi industry, the then President of SABTA, James [inaudible], the late James [inaudible] was asked by a newspaper how do they determine the level of fares
15 and he said well, when we started back in the late 1960's and so on, we looked at what the bus companies were charging and we decided we would have to charge just a little bit below them and so on, but we didn't know that the bus companies were subsidised.

20 I thought that was very honest and so on. And so, essentially there isn't really... I am not sure if there the SANTACO submission – I said I wouldn't ask about it, but some time ago SANTACO was trying to develop a taxi, I think they called it a taxifare index, in my view it was more of a taxi cost model, what are our real costs and so on. And they came to the conclusion that depending on
25 where you were in the country, coastal or inland and so on, the fares were

probably 30% lower than they would have needed to do a full professional service with management and depreciation and all those kind of things. But the prices are determined very much by guess and by God... what do you think... what do you think... what will they... okay we will put it up by... And by the way, 5 it has to be at least a Rand figure. If it is R11 now, it's got to go to R12 or R13. There is no point in saying R10.75, that really won't work either. So, it is a bit bluff and ready, but it is not one of the things, that I think, worries me. Although in the bus strike recently, this is just vox pop in the newspapers, any number of stories that people were saying I am having to get a taxi now and it is costing 10 me almost twice as much, where it used to cost me R200 on Metro Rail or on PUTCO or whatever it is, and to get a taxi costs me R400 a month. That seems like a huge difference and there may have been some talking to the fact. And I suppose there may have been an element of, you can get a season to get on Metro Rail or PUTCO, you can get a weekly ticket and so on and that may be 15 part of the difference. But it seems to me that for the kind of service that the taxi provides, they do seem to have some thing of a price differential and the charges are marginally or perhaps slightly greater than the opposition, but people still use them in very large numbers. I don't think they are exploiting their monopoly in a way that they might perhaps be attempted to.

20 **CHAIRPERSON:** Evidence leaders, any questions?

MR LESOFE: Sorry, Mr Browning, just one question on my side. I just want to try and understand, the proposal that you have in mind for the industry, how different is it from the current BRT system, is it just the question... because I thought I heard you mentioning something like, I think in the model that you are

proposing, you are suggesting that at least the operators they should keep their operating licenses instead of, you know, those being taken away from them.

MR PAUL BROWNING: Yes.

MR LESOFE: So the question is, how different is the model that you are
5 proposing from the current BRT system?

MR PAUL BROWNING: The difference is that if you want to opt into this system, which would be masterminded by the Association, then you would have to make your vehicle – and therefore the operating license – but also your driver, who is your employee, make them available to this new unit which will
10 operate the 200 or so taxis in your association and we'll manage the 200 or so drivers and so on. And so you will not be responsible as the individual operator for all these things that you should be doing, but which you have no chance of doing as an individual meeting labour legislation, for example. When you get your operating license according to the Act, you have to sign an undertaking to
15 abide by labour legislation. You also are responsible for, unless you can show that you have taken appropriate action, you as the owner are responsible for the actions of your driver. So, if your driver goes through a red robot, then not only should the driver be fined or sanctioned, but it should go back to you, it should go back to the operating licensing authority to say, this person, this prima facie
20 evidence here that he is not exercising the right sort of control over his driver, over his operation. Now, when you... if you liaise up with an individual operator they will say to you, as they say to me regularly, how can I possibly keep an eye on my driver when he is out of my sight. Well, PUTCO does, it may not be brilliant, but they do. There is a whole management structure. It doesn't mean

that somebody has to be sitting in the bus with the driver all the time. There is mentoring, there is recruitment and so on. But an individual taxi operator can't do that when there is one, two or three taxis, he doesn't want to, he just doesn't see the need to. I send the guy out in the morning, he operates under the
5 auspices of my association, he comes back at the end of the day with the taxi and the money that we have agreed. Now, what can be simpler than that? Well, what can be simpler than that is the number of people who get killed in taxi crashes and the amount of road rage that it has created and so on and so forth. So, yes, I would like... but... so I would like them all to handover
10 permanently their vehicles and operating licenses to a company and then sit back and enjoy waiting for the half yearly dividend to be deposited into the bank account. But I know that is too greater step. There is too much fear and uncertainty. I know, my little business, I know it... can you please get off my back, just leave it alone and so on. But there are deficiencies there and I would
15 like to see an intermediate step, which might have a chance of saying come in, take the first step, if you don't like it, you can pull out again, but if you pull out, you are on your own and the traffic officers will be on to you and etcetera, etcetera, etcetera. And if you do that, then in the course of time we may be sufficiently confident to say yes, let us turn it into a joined stock company.

20 **EVIDENCE LEADER:** Okay and then just one last question on my side, I mean the current NLTA, it envisages a dual role for the municipalities, I mean the role of the municipalities being licensing authorities and at the same time, you know, being planning authorities, you know, that will be their second role. Now, what we've seen is that there are those municipalities who have come forward and
25 requested, you know, from the national government for their assignment of

certain powers for them to be able to perform the dual role that is envisaged in terms of the NLTA. The question that I have, and maybe you can just share your thoughts with us is, what do you think has been the reason why government has been reluctant or there has been a slow process in terms of the
5 assigning of those powers to these municipalities who are saying, well, we are able to do this and we want the powers and please assign the powers to us.

MR PAUL BROWNING: I do not know. One possibility – and I am sorry I have to say this – is that the municipality or metro, which has been most forward in saying please give us these powers, has been that of the City of Cape Town.
10 And it could be there is some kind of resistance at national government level within the department, to allowing Cape Town to be the fore runner and show that this model works. It is at least a possibility. I haven't heard of too many other, you may be far more aware of this than me, I haven't heard of too many other metros or district municipalities applying to be a municipal regulating
15 entity. And so perhaps the reason is as much as anything, that there hasn't been a huge... At the moment it is being dealt with by the provincial regulator, the entity, we've got enough problems, let's leave it at that. The only further comment that I would make is that the National Transport Amendment Bill, which is just adopted, makes provision for there to be a provincial – not a
20 provincial regulatory entity – I beg your pardon, a provincial transport authority and that is especially to cater for Gauteng, where it makes a great deal of sense... well a very good argument can be made, it is a global city region, I think we will all agree there. And it makes sense for these kind of things to be dealt with at a provincial level, because effectively like a super metro – that is
25 perhaps an irrelevant comment there. I don't see vast enthusiasm all around for

metro regulatory entities. Perhaps I can just say that to the best of my recollection, the amendment bill, returns to the question of transport authorities. They were mandated in the 2000 act, they were taken out in the 2009 act, but now there is a renewed, sort of enthusiasm for them, and those transport
5 authorities would of course be also the licensing authority.

EVIDENCE LEADER: Thank you, Mr Chairperson.

CHAIRPERSON: Mr Browning, the one thing you mentioned in regard to the formalisation of the taxi industry is that, obviously there would have to be structures that are set up for them to be formalised. But it is not clear in the
10 submission how these would be funded, making the industry formal, how that would be made possible. And I am asking, because, if you are looking at the submission regarding the possibility of having subsidies that rest on there being these formal structures, and so it is like you can't do the one without the other, but it is difficult to do the other without this formalisation. So how do you deal
15 with that?

MR PAUL BROWNING: I hope that in my submission somewhere, there is a hint that this will open the way to subsidy. But, I haven't started that angle. The first thing that I would say is, this corporate entity would, should be able to introduce a ticketing system, that would not only perhaps be more convenient
20 for customers, but should ensure that all the money that is paid in fares, goes to the operator, in this case the operating company. And that in itself would make a contribution towards the additional costs. But, no, it is essential that the issue cannot be ducked... the matter... the scandal, if you'd like, of operating subsidy, the small numbers of well-established operators get all the subsidy and the taxi

industry gets none – that cannot be, we can't hide behind screens forever. It is wrong and it has to be addressed. My way of addressing would be, I have used, I think the term, a stickened carrot, that the carrot would be that we will help you to get to this position and it will help you to get subsidy. I haven't said
5 that to national treasury but...

MR NGOBENI: Thanks, Mr Browning, for your presentation. I think in your submissions, I think you chronicled quite very well the promises made by the various ministers, I think since 1994, up to the most recent by the new minister, in terms of the promises of subsidies. But from your understanding, what
10 seems to be the key stumbling block to ensure that maybe government goes a step forward? Because I think from your submission there is no indication that government is talking about affordability. It seems as if it is a promise that doesn't have an affordability perspective. So, from your perspective, what can be the reasons for not moving forward with the subsidy?

MR PAUL BROWNING: I may sound cynical here, but the most natural thing to think of is that, if over the 20 years at regular intervals, the taxi industry has banged on the minister's door and said this is disgraceful and the minister says yes, etcetera, etcetera... And indeed Mr Taalbosch mentioned it today, let's set up a committee, let's set up a working group and so on. And these, eventually,
20 teetered out and the minister changes and the DG changes and so on and so forth. There is no... why should the Department of Transport... if you look at it as the staff members concerned, why should we, if we are not pressed, why should we enter into this very complex area? And I would say therefore that the principle reason is that the taxi industry has not itself come up with a model that
25 says, rather than us waiting for you, the Department, to come up with

something, here is a model to which we want you to respond, tell us why it won't work and let's work on how it will work and so on. Let's have a real... And unfortunately, let me just say, that hasn't happened. So ministers come and go, the Sir Humphrey stay there saying yes minister, no minister, etcetera, etcetera, and luckily not... And if they can hold it off for a long time... Amongst other things they then don't have to go to the Minister of Finance and say, you are currently giving out something like R30 billion a year in various transport subsidies, we would like you to consider doubling or possibly tripling that... that is not exactly the kind of thing that the typical public servant would want to do.

10 **CHAIRPERSON:** Ja, thanks a lot, Mr Browning. I think your insights into the industry have been quite helpful and quite illuminating and we also thank you for the trouble that you took in coming here, making your presentation and the trouble that you took in preparing what is a very comprehensive submission. We will of course in the course of the inquiry engage with you further on the various aspects that you have raised, but thanks a lot, you are excused.

15 **MR PAUL BROWNING:** Thank you, Chair.

CHAIRPERSON: We will now receive a submission from the Soweto Commuter Organisation. If you are here, you can quickly move to the front. Ja, thank you. if you can state your full names for the record and take the oath or the affirmation, as you wish.

20 **MR. WALLET KHUMALO:** Good afternoon. My name is Wallet Khumalo from Greater Soweto Commuter's Forum. I will take an oath. I, Wallet Khumalo, 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 Khumalo. Is your colleague also going to be testifying?

MR. WALLET KHUMALO: Yes, she will assist me.

CHAIRPERSON: Okay. If you could also, Ma'am, also state your full names
5 for the record and take the oath or the affirmation.

ME RACHEL DEKANE: My name is Rachel Dekane. I will take an oath.

CHAIRPERSON: You can go ahead.

ME RACHEL DEKANE: I, Rachel Dekane, swear that the evidence that I shall
give, shall be the truth, the whole truth and nothing but the truth, so help me
10 God.

CHAIRPERSON: Thank you. Over to you, Mr Lesufu.

MR LESOFE: Thank you, Chair. Mr Khumalo, thank you very much for
availing yourself. The inquiry has received a written submission from the
Greater Soweto Commuter Forum.

15 **MR. WALLET KHUMALO:** Yes.

MR LESOFE: Do you have the submission in front of you?

MR. WALLET KHUMALO: Yes, sir.

MR LESOFE: I see the submission bears a name and surname. Did you
participate in the preparation of the submission?

20 **MR. WALLET KHUMALO:** The entire forum members, like the executive
members, participated in this presentation.

MR LESOFE: Okay. And you will therefore be familiar with the contents of the submission, right?

MR. WALLET KHUMALO: 100%.

MR LESOFE: Sure. Before we discuss the contents of the submission, if you
5 could provide some background information about the Greater Soweto
Commuter Forum. Who is the Greater Soweto Commuter Forum and who does
this Forum represent?

MR. WALLET KHUMALO: Let me start, the Greater Soweto Commuter
Forum, it is the forum that represents the commuters in greater Soweto – that’s
10 like, you know that Soweto has got like all this location around it. Basically who
uses the public transport, more especially those who use the subsidised
busses. So, ja, because we are like the main user of those transport, including
the taxis. Because the way things are right now, there is no way that you can
use those busses without using a taxi.

15 **MR LESOFE:** My next question would have been, which modes of public
transport do the commuters that you represent, have access to. You’ve already
mentioned subsidised busses and taxis. Are there any other modes of
transport, public transport that they use?

MR. WALLET KHUMALO: Yes, it is also the commuters who are utilising the
20 railway, but not most of them, like very few of them, as I am saying that we are
basically most of the time on the subsidised busses.

MR LESOFE: Okay, just for completeness sake.

MR. WALLET KHUMALO: Yes.

MR LESOFE: When you talk about subsidised busses, which types of busses are you referring to?

MR. WALLET KHUMALO: Let me just be frank with you and just mention the name of the company that we are using in Soweto, we are using PUTCO
5 busses.

MR LESOFE: And what about BRT busses?

MR. WALLET KHUMALO: We do with BRT busses, but you know the problem with BRT, there are not much complaints and problems compared to PUTCO.

MR LESOFE: Okay. Now, you've touched on this slightly... of all these
10 different modes of public transport, which specific mode is the most convenient and the most preferred and therefore the most used by commuters?

MR. WALLET KHUMALO: Most commuters use taxis unlike busses, even though, people using busses... there are those, like for instance like us, who travels from Soweto to the northern suburbs preferring, like maybe where you
15 take a direct bus. You know with taxis you have to get to town first and get another taxi. So it has been convenient for commuters due to time strain. But the taxis are the most transport that is being used by the majority. Reason being like they even access to the places where there is absolutely no other mode of transport except taxis.

20 **MR LESOFE:** Okay. And in terms of pricing, if you were to compare the three different modes of public transport, that is rail, busses and taxis, which mode is cheaper?

MR. WALLET KHUMALO: Well it depends. Let me make an example, with the local, if you are within Soweto, the taxi is the cheapest compared to the busses. Because with the bus, like for instance with the BRT, if you have to use... let me just... the cash system... it is about R15 a ticket irrespective
5 where you are going to. And then PUTCO it is R16 for local, as long as you are just around Soweto. With a taxi it is a maximum of about maybe R10, that is the maximum, R10 within Soweto, unless if you did change from one taxi to another. But if you are on a direct taxi, the maximum is R10 or less.

MR LESOFE: Okay. So despite busses being subsidised, from your evidence I
10 gather there are instances where busses would actually be... the subsidised busses would be more expensive than taxis.

MR. WALLET KHUMALO: That is absolutely true. you know, it is very much amazing where you find that they say the busses are subsidised, but they are expensive, more than the mode of transport that is not subsidised. They are
15 more expensive, inconvenient, unreliable, they are causing a lot of stress for the commuters, while they are subsidised.

MR LESOFE: Okay, I think we will get to that in a moment. Could you also comment about rail, as far as pricing is concerned?

MR. WALLET KHUMALO: With rail, I do sometimes use rail. Rail is so
20 affordable, unfortunately it is not reliable also, but it is very much affordable. More especially the further you travel the cheaper it goes.

MR LESOFE: Okay and would you like to expand or elaborate why you express a view that it is not reliable?

MR. WALLET KHUMALO: You know, actually with the current system, with the trains... the train actually you can go to the station and there won't be any communication telling you if there is a problem or not. You'll wait there not knowing either it is coming or not. And the other thing you have to check, you
5 are in a place where it is not even safe. Most of the time people who utilise train, the majority, it is in early hours of the morning or at night and it is very dark in the station, there is no security, it is like you are not safe.

MR LESOFE: Okay. And in your submission, there is a section that speaks to commuter experiences and you have divided this section into three.

10 **MR. WALLET KHUMALO:** Yes.

MR LESOFE: So you discuss commuter experiences in relation to rail, taxis and subsidy busses, right. now, I would like us to move to that section and I would like you to share your experiences as commuters as they are reflected in this section. Perhaps we could start with subsidy busses. And as part of that,
15 as you reflect on these, where possible, could you use practical examples to illustrate the points that you are making in the submissions? Let's start with the first bullet point, that is the lack of customer service in terms of subsidised busses.

MR. WALLET KHUMALO: Yes, lack of customer service. Number 1, they
20 don't regard customers, the commuters as customers. It is like they are doing you a favour by transporting you. There is lack of communication, actually none, there is no communication. Let me just make an example, the recent one, the busses were on strike. When they come back, instead of calling maybe the stakeholders to sit down with them and say, guys, you've bought a

ticket in advance before we go on strike, what are we going to do, because your ticket has already expired. No, they just issue the notice telling commuters that as from now, those who had monthly's, you are going to use these monthly's up to this date and from there you are going to buy a weekly ticket, or else we are

5 not going to use the system anymore. And by the look of things, you can easily see that that is daylight robbery, but we don't have a say, that was left like that. We reported to the Department of Road and Transport and they will tell you, there is nothing we can do with PUTCO. Maybe they are scared of PUTCO or whatever, because I have made them aware even before the strike come to an

10 end that we are going to have such a problem, please speak to PUTCO in advance and they ensured me that that matter has been sorted out. But immediately when it comes, and I have emailed it to them and I have showed them, and up to today they said well we have spoken to PUTCO but now it is doing visa versa to what we agreed on. So, when it comes to customers, they

15 don't care about their customers, they only care about their money. Because the other thing based on the very same issue of the strike, the companies were very much aware that they are going on strike on the 18th, a month before, but they have sold a monthly ticket, inconveniencing the poor commuters. And in return, when they come back, they have made it a point that they rob them their

20 money, we don't have a say. Then how can you treat your customer, your daily bread, like that? There is none. Now, definitely sure, instead right now they don't communicate nothing to commuters. Let me make another example of last week, last week there was a problem. Immediately when they come back from strike, last week, three times where the bus didn't have diesel. No

25 communication, we have to hear from drivers, no I don't have a bus because

my bus, there is no diesel in the depot, but there was no decency of maybe going to the local radio station and say, our dear commuters, we apologise due to this and that and that... nothing. They don't see, because we have already paid upfront, and when that ticket expires, I am the loser, they are gaining, end
5 of the story.

MR LESOFE: So in instances where, for instance the last example you gave where commuters were informed that there is no diesel, what then happened with commuters who had planned to use the subsidised busses?

MR. WALLET KHUMALO: Well unfortunately it is like in a strike, they have to
10 pop up more money to the taxis. Because, believe you me, if the taxis they say they don't take somebody who is using a bus, a lot of people don't go to work. Because you have to make sure that if you've got a PUTCO ticket, you must have a taxifare, that is guaranteed.

MR LESOFE: Okay. I see also you have a bullet point on constant
15 breakdowns. And perhaps you may want to, as you discuss that, to link it with another bullet point, you call it dirty busses.

MR. WALLET KHUMALO: Okay. Constant breakdown – on my way coming here this morning along the T3 Corridor Route, five PUTCO busses breakdowns, this morning. And it is like, it is not something like maybe they are
20 feeling ashamed that we inconvenience our commuters. To them it is just like another day. To them a breakdown is just like another day, they don't worry about it. And then what happened to that commuter again, he must get off the bus... either if there is no other bus coming, you must go to the taxi – bearing in mind that the bus is subsidised. When it comes to dirty busses, you know it is

very sad, you know whenever they talk about the fare increase and all that, they complain about water that they are cleaning their busses and all that and all that. That one I can challenge you to go to any PUTCO bus right now and see how dirty it is. Never ever... and on the presentation to the Gauteng Provincial
5 Legislature, they have said they are spending over a million to clean their busses – I don't know which busses they are talking about. It is known, those busses are so filthy dirty. When it comes again to unroadworthy of busses, I would say I am not a specialist to see that bus is not roadworthy, but really inside that bus, you follow it, there is a cloud of smoke behind it. In that very
10 same presentation I was so disappointed last time when the portfolio committee in Gauteng Road and Transport, they requested the City of Tshwane, the transport officers, the big boss, the chief, City of Tshwane and City of Johannesburg and find out why are you not... because we complained that these busses are not being stopped. If there is a roadblock, they are only
15 stopping taxis. With the bus, the very same bus, you can see this bus won't even reach your destination, but they don't. and they admitted, they are not stopping busses and they don't even impound busses. They only impound busses only if there is a major accident then it is for media sake then they take the busses to testing station and all of them, majority of them, more than 80% of
20 busses that are tested, they fail. But they don't do that gradually, because they don't have a pound for busses. So they impound busses inside your depot. So the very same bus is impounded in your depot this morning, afternoon the very same bus goes and load people and it causes major accident, then it is like no that bus didn't pass here, it passed there and all that.

MR LESOFE: Thank you very much. If we could move to another bullet point where you say subsidised busses do not adhere to the Consumer Protection Act regarding the expiry date of the prepaid coupons. You may have touched on this lightly, but do you want to give more context?

5 **MR. WALLET KHUMALO:** Ja, we are very much disadvantaged, we are not that good in reading, but we can see where it says on that piece of paper at section 6 [inaudible] where it says prepaid voucher or coupon, it should at least expire after three years, not earlier than three years, but that is not happening in the subsidised busses, they are living in their own world – and who suffers, the
10 poor commuter, all the time.

MR LESOFE: And I guess the recent strike incident...

MR. WALLET KHUMALO: Yes.

MR LESOFE: Would serve as evidence in that regard.

MR. WALLET KHUMALO: Exactly. Because if they were adhering to this act,
15 we wouldn't have a problem. Those tickets we would have just continued like the [inaudible] guys, whatever, they didn't have a problem because their smartcard, they are still like continuing with their trips.

MR LESOFE: Okay.

CHAIRPERSON: Just before you move on, Mr Lesufu, just on this issue... Has
20 this matter been taken up with the National Consumer Commission? And if so, what has been their response? That is the matter relating to the expiry of prepaid bus coupons.

MR. WALLET KHUMALO: Chair, let me be fair to you, unfortunately not yet. Even though we took it to the Department and the Department is aware of it being a contractual authority that your company that you have contracted, those companies are not adhering to this. We also took it to Gauteng Provincial
5 Legislator Road and Transport Portfolio, but also nothing came out from it. So maybe it is up to us now to take it direct to Consumer Protection.

MR LESOFE: Okay, Mr Khumalo, you've also raised concerns about abnormal fare increases. And you make this point with reference to what you refer to as extreme poor services to commuters. Could you kindly speak to your
10 submission in this regard?

MR. WALLET KHUMALO: Yes, exorbitant fees that we pay and the high fare increase, it is true. Right now, after all this that I have just told you about, last week we just received a notice that on the 1st of July 8% hike. What justifies that? Is our suffering justifying 8%? And the [inaudible] they will come and say
15 after the consultation with the stakeholders, who are those stakeholders? They cannot answer. I mean just on that one again of fare increase or whatever, I still remember there is one... they have already put it up on Pretoria area in Soshanguve. Again we took the very same thing... they even have a notice to commuters telling them that after consultation with your forum – and we have
20 never had any consultation with them. We took it to the Department of Road and Transport and said, people, this thing never happened. But what have they done, nothing, they just bow their head and that is it.

MR LESOFE: I take it then from what you've just said, your evidence is that stakeholders are generally not consulted ...intervened.

MR PAUL BROWNING: Not at all.

MR LESOFE: When fare increases are contemplated.

MR PAUL BROWNING: They don't, not at all. What is happening is, they impose... Because whenever you check on the so-called consultation that they do, they will come and say okay you, you are on our side, you and that and that
5 and that, you come along and then we form a quorum then we sit with you and then we talk this and that. As long as you disagree with them, then they don't want you next to that... you are not supposed to be next on their meetings and all that. You should be somebody who agrees with them and that is it. And the
10 very same thing, it is even promoted by the Department of Road and Transport themselves. Because even if you take that matter to them, they don't bother to investigate such things. As a result, I still remember the other year when it was like all the joined forums from Tshwane, Mpumalanga, Mamelodi, they were all still using PUTCO by then, complaining about the very same increase. We
15 were in PUTCO head office while they were still in [inaudible], there was an official from Department of Road and Transport who said, actually you shouldn't be complaining about the increase to the operator. The operator has got a problem of subsidy. You should be accompanying the operator to the minister to demand subsidy. I didn't understand if that thing was from the official from
20 the department telling us to do that as commuters. So that is where sometimes it is something that you really... something fishy between some officials from the Department of Road and Transport. Because they are pro-operator than commuters.

MR LESOFE: Okay. You seem to have a number of concerns and not so good feedback about subsidised, the services that you are offered by subsidies bus operators. You've partly touched on this, but if you could tell the inquiry if there are any other steps or actions that you've taken regarding these issues... what
5 else have you done? Who else have you brought these issues to or who else have you discussed these issues with? And has there been any positive outcome?

MR. WALLET KHUMALO: We have engaged with Department Road and Transport Gauteng many times. The last time it was this year March, we were
10 with the DDG, who, I will say, he told us the truth that actually the current contract that they are having with the existing operators, they don't have an authority over it. It doesn't favour them, it doesn't favour a commuter. Even if they see something is wrong, they cannot help on that one. So it is up to... like the operators, they [inaudible] to themselves. That is why right now, if you
15 complain to them, we are battling, there is no transport, they can't help you because they can't confront the operators. Maybe, because you know last time when they were presenting, the one PUTCO was presenting to the legislature... he said the Department is owing him a lot of money. But now the promised one, as a commuter I don't owe PUTCO. Every month, every week, every day I
20 pay fully... so where do I fit in there? Because you can see now, it is a fight of two bulls and now the person who suffers is an innocent commuter who have paid in advance. Because they are fighting and this one is owing that one and that one is owing that one. Whatever those million, whatever, they make the agreement, because with the submission, it is very sad when you find that even
25 the very same department, when they negotiate, they negotiate sacrificing us,

that okay, let us pay you so much, but we are going to give you so much contract. Continue with the bad service, as long as you are going to give us a discount, that is all what it is saying. We have got it in black and white when they were submitting to... But unfortunately that thing didn't happen, now there
5 is a retaliation, we are going to ill-treat the commuters, as it is happening right now.

MR LESOFE: You would have heard earlier from the other people who made submissions that contracts, subsidy contracts, have been in existence in perpetuating, in other words you have had the same operators holding the
10 contracts for many years. Now, in a comparative market, I am just going to talk about competition briefly... The reason why you would for instance use a tender system and allocate a contract to a particular service provider for a certain number of years, is to incentivise service providers to be efficient, to do the best that they can to satisfy commuters. Now, from your evidence it appears that
15 there are inefficiencies in the manner in which bus operators run their operations. Would you say they are taking advantage of the fact that their contracts are almost guaranteed, because they are always renewed and extended in perpetuity?

MR. WALLET KHUMALO: That is 100%. Like for instance right now I think we
20 are sitting with another three month extension that was supposed to end by April, now we've got another six months and we don't know what is coming after the six months... maybe another month or so or so. There is a 100% guarantee that they will be the one. Because that is just some of the issues that we engaged the DDG about it and he was very much clear about it. Actually where
25 they are sitting right now, it is either they go for the negotiated contract... and

who will they be negotiating with, the very same operators. They are going on tender... Right now if they can say maybe after the six months then they are going on open tender, who will be able to have 500 busses or over 600 busses to cater for Soweto only, the new operator at the time, no one. So then once
5 again who is going to get the tender? And on the other side, they know if they can say okay extension of contract, still they are the ones – so they are guaranteed. And on the other side, there is this thing again, I will have to go through here, I have seen also on this, the head of agreement that they had with the National Department of Transport, the trade unions and the Association
10 of Bus Owners... the right of refusal. I mean they are the ones who should be getting it first hand. If they say okay fine, I refuse, I don't want to continue... if they say, no, the fact, I am still going to continue, then it doesn't give any transformation for the small bus operators to get into that field. So it remains then, they know it is guaranteed, they are there, that's it. So even if they ill-treat
15 you, they just charge us as much as they want, high fare increase or whatever, we've got nowhere to go.

MR LESOFE: Thank you.

CHAIRPERSON: Just before you move on, Mr Lesufu, if you could just explain, Mr Khumalo, then as far as you understand these requirements for servicing
20 Soweto, you say the requirement is that you must have a fleet of... if you can clarify... I am not sure whether I heard you correctly when you said 500?

MR. WALLET KHUMALO: Actually it was 510.

CHAIRPERSON: 510 busses?

MR. WALLET KHUMALO: Yes.

CHAIRPERSON: So that is the requirement.

MR. WALLET KHUMALO: That was the requirement.

CHAIRPERSON: And you say this requirement is queued in favour of the incumbent bus operator.

5 **MR. WALLET KHUMALO:** Yes.

CHAIRPERSON: And does not give ...intervened.

MR. WALLET KHUMALO: The new comer.

CHAIRPERSON: The opportunity for new smaller entrants. And if you could just elaborate on this right of first refusal in as far as you understand it, what
10 exactly does... how exactly does it operate and what does it mean?

MR. WALLET KHUMALO: When I enquired from the Department of Road and Transport, they told me that actually, if they go out on tender, they are the ones that they need to engage first and if they said no, they are not going to continue, then that is where they have to look somewhere else, to consider others, but
15 they are the ones who should refuse first. If they don't refuse then automatically they continue.

MR LESOFE: Thank you, Chair. If we could now move to taxis. You have also flagged certain concerns regarding the services that commuters receive from taxi operators. The first bullet point relates to lack of customer service. Would
20 you be kind to expand on this?

MR. WALLET KHUMALO: Yes. By saying lack of customer service, taxi drivers and owners are our brothers and sisters, our relatives. But you know I have just experienced during the time of the strike, I thought this is the time for

them to attract me not to go to the bus, to make sure that you know the way I was treated in the taxi, I don't think I will ever go back to the bus. But there are those few who spoiled the rot... [vernac]... why should I be called, I am somebody from the bus, I am just a commuter, I am here to pay similar like the
5 other one. I know it is not the whole lot of them and I know the boss they are not there to check that, but you find those marshals in a taxi rank... I don't know the place, I am not used to, I have to ask which taxi is going to take me to such an area and then to such an area, then it is like you are just a problem. So, I think maybe... I think that was just another... to me, the way I see as a
10 commuter, that was another platform to advertise their business, how efficient they are, they can be there, you are guaranteed that you are going to reach the place, even if there is a breakdown another taxi will assist immediately. Unlike with a bus, if there is a breakdown then you have to go to the taxi.

CHAIRPERSON: Perhaps, Mr Lesufu, in the interest of time, let us take all of
15 them and maybe get a further elaboration if necessary.

MR LESOFE: Thank you, Chair. So, if you could just summarise the concerns that you have in relation to taxis, and perhaps once you are oden with that, you will do the same with regards to rail.

MR. WALLET KHUMALO: Okay. With the... I know the taxi industry is not
20 subsidised, I know they are trying by all means to buy new cars and all that, but unfortunately there are those cars, more especially those who are doing local and all that, that are very old. And you can see if there is roadblock and all that, then they have to go via and all that... very much inconveniencing because they can't go straight, so it is very much inconveniencing. I understand their problem

because unlike the busses are subsidies, but also it is a serious problem. Reckless driving, I don't know maybe it is that I want to reach a target and I reach a target plus also my money... you see my sidekick money. So they end up being like... more especially if there is no one, like the taxi rank managers

5 and all that who is monitoring them, there is no squad cars on the road. If they are all by themselves they tend to drive so recklessly. That is where I am pleading with them that, you know what, convince us that you can do it. I know they can do it. Again the violence, unfortunately, if there is any squabble or anything in the industry, it directly affects me as the commuter. Reason being,

10 if there is any shootings and all that, I don't know what is happening, those stray bullets, I get hit, unfortunately... and I am the one that they are fighting over. So, I think if maybe the thing, they have got differences, not in a taxi rank where we are. Because in a taxi rank that is where we are and we are in majority more than them there as commuters. And then coming to the rail... The rail

15 system I think has been left for a very long time to delipidate. It is in a state of, you don't know, I mean like no windows, some no lights and all that, so it is just a security risk to use a train, it is just people they don't have any other means of transport due to maybe financial constrain. You will find it is the most cheapest and affordable for somebody who is earning the lowest, poor of the poorest.

20 Again, when it comes to communication, trains just stop in the middle of nowhere... middle of nowhere, no explanation, no nothing. You will find people on a railway line walking and it is very dangerous if the others come and it can cause a lot of problems, but it is happening on a daily basis. And overload, you don't know if that train is coming or not coming and the one that is going to

25 come, no one want to be left, because you don't know, maybe it is the last train.

That overloading, it is very-very risky. And again to women and children it is very bad for them, because a lot of them they get mugged, they get abused sexually and all that inside the train, because there is no security inside the trains, more especially during peak hours [vernac], you just want to finish. You

5 know, the very sad thing about it, whenever you engage with PRASA, they will be telling you that it will take 20 years for them, for the old system to be modernised. Now in that 20 years, I don't know maybe they are waiting for all the current passengers, commuters, to die first and then they can come up with much better mode of... I saw the new one in Pretoria area in Mamelodi

10 Corridor, it is quite good, fine, but again it is operating in those old-fashioned stations, where even anybody can get into a train. It has become a culture not to pay in a train. I don't know, it is a norm, I know it is wrong but you know, there is no one who is going to ask you where is you're a ticket. And if somebody asks you your ticket, then you are going to fight that person. That

15 has been like... you know and when I try and address those people, it is wrong... but also you know it is wrong against wrong there. The operator is not operating, the people are not paying, so I don't know what is going to... it needs a very serious interaction with that system.

MR LESOFE: Okay, thank you very much, Mr Khumalo. If I can move to...

20 there is a section of your submission on page 1. I will just quote from the submission and I will ask you to perhaps explain to us what you mean by this. It is the last paragraph on this page and it reads: "Both routes and contracts of the subsidised busses in Gauteng are outdated and not responding to the changing needs of commuters." Would you be so kind to explain what you mean by this?

MR. WALLET KHUMALO: Yes. I think even the previous presentation they have already said these contracts, I think, are from 1996 or 1997. There has been a lot of developments around. Let me make an example with Soweto. I think 1996 [inaudible] was still like that, little [inaudible] one and two, up to extension four. Now you've got up to extension 29 and all those people they have to rely on a taxi. The current contract, they don't cater for those places. You can go and approach the operator and he will be telling you, I am not going to move a meter or so if I am not getting paid. And when we go to the Department and we say we don't have money, only pay as per the contract.

10 This contract is as it is and it is not going to change now, until we waiting for the new contract that is going to come. I don't know when it is going to come, because it has been like... I don't know how many times they have been telling me that the contract is coming, the new contract, they are waiting for CSIR to do evaluation and all that... but nothing. Instead they keep on extending the

15 contract, extending the contract, and those poor people, they suffer.

MR LESOFE: So essentially in some of the new developments, commuters do not really have, what we will refer to as consumer choice.

MR. WALLET KHUMALO: Yes.

MR LESOFE: Essentially, they are forced to use the only available mode of

20 public transport.

MR. WALLET KHUMALO: Yes.

MR LESOFE: And that mode of transport would be taxis.

MR. WALLET KHUMALO: Yes.

CHAIRPERSON: This concern about the routes and contracts for busses not being aligned with the transportation needs of commuters, does that concern also apply to taxis, even though taxis have no contracts, in the sense that the routes that taxis are servicing are not aligned with commuter needs?

5 **MR. WALLET KHUMALO:** You know with taxis, let me be fair to you, whenever there is a development, the first people to know about the development is the taxis, they are always there. But you know, I have once engaged the STS about one route, actually there is no route there. I have made an example and said somebody who is, if you know Soweto, somebody from
10 Chris Hani Road, they used to call it old Potchefstroom Road, to feed up to Shawela Train Station it's more than a kilometre walk. If somebody from Shawela (sp) train station wants to catch a bus to Sandton, to Midrand because they are only using that Chris Hani Road. Then there is no feeder system of taxis within that point. And up to today that thing hasn't been attended to, of
15 which I am still pleading with them. I still think that thing can work out because a lot of people don't want to use a train going down there. More especially during winter time it is dark, it is very difficult.

CHAIRPERSON: Okay, any further questions.

MR LESOFE: Yes. If, I have just 2 questions left Chair. I would also like to
20 quote again on page 2 of your submission and here you say taxis pricing mechanism is inefficient as different taxi associations charge different from the other even if the distance travelled is the same or less. I think this is self-explanatory. Are you in apposition to give examples or just one example to illustrate the point that you are making here?

MR. WALLET KHUMALO: Yes, let me just make you just give you two example. One right in Soweto, the other one I was travelling to Mpumalanga. I have experienced the very same problem. In Soweto from town to Pimville, just next to that by UJ it is about R13. And look from town again to crossroad in
5 Mfulu, it is 12.50. And you check UJ, it is just around the corner. It is different association, let me check STS, it is Nandu and STS, you check the distance. That one I was expecting maybe to be 11.50 because it is just immediately after Bara and that is it. The other one I was travelling to Mpumalanga. Was it Qwaqwa or uMhlanga? When I go there I was paying R35, when I come back it
10 was R30 the very same day. You go there it was R35, when you come back it is R30. I have asked the driver why now it has gone down. He says, it is 2 different taxi associations. So, why are you not charging the same? This is how we operate. I left it there.

MR LESOFE: All right. In your submission, you also say that deals with the
15 allocation of operational subsidies, could you summarize for the Inquiry your submission in this regard?

MR. WALLET KHUMALO: Let me be clear that the government is subsidizing other modes of transport that constitute the minority, unlike the majority being the taxi industry. The taxi industry, it is the one that is the one that is used by
20 the majority right up to the steel developers of today, you will find a taxi there. The same person who is there, you know the newly developed areas, you will find that it is either bond houses, those people are over-indebted, you will find that it is the poor of the poorest who are in informal settlements. Those people have to rely on a taxi. But now, it is not allocated fairly because it doesn't benefit
25 the majority.

MR LESOFE: So, does the greater Soweto commuters' forum advocate for subsidies to be extended to taxis?

MR. WALLET KHUMALO: Actually, we advocate the subsidy to be allocated to the commuter, not to the operator because we have seen the operator – what
5 the operators are doing with the current system on subsidized buses. Because there is no justification on what they are doing with that money. Unlike right now, again when I was coming here I saw a bus to Sunninghill, 3 passengers inside. 3 to Sunninghill and that bus is subsidized. And then you will find a taxi
10 15 passengers to Sunninghill not subsidized. How many seater? 65-seater with only 3 passengers to Sunninghill because believe you me tis unreliable of this bus. A lot of people are no more using those buses anymore. As a result, again it goes back with the thing that the subsidy is utilized wrongly. Instead of being given to the people who are transporting the working class being the backbone of the economy – no, they are not. They are giving it to those, the so called big
15 companies from previously who are still benefitting up to now.

CHAIRPERSON: Okay, thank you very much Mr. Khumalo. Ms. Dikgang, would you like to add to what Mr. Khumalo has said?

MS. DIKGANG: Good afternoon all. Yes, I would like to add a few things. On the fair increase or the pricing of the buses, we have this issue with the buses
20 whereby they charge us and they use the word DORA (sp) whereby they charge us as per kilometre not as a subsidized route kilometre. We find to very difficult because then to make an example on that, a person travelling from Dobsonville extension 3 to Wadeville for an example, and a person travelling from Mfulu to Wadeville, they are paying same money. Looking at the distance

from Dobsonville to Mfulu, that person has travelled more or less +/-5km for him to pay the same amount as me. That, we found it very difficult and not being fairly treated because then if I can go to Dobsonville tonight and say maybe I sleep over in Dobsonville, tomorrow morning I cannot use that tag irrespective
5 we have been charged the same price. So, I will have to pay R16 from Dobsonville up to BARA, then I can use my tag. So, we find it being very expensive to us in a sense that also it is being subsidized be so much expensive and we cannot cope to operate.

MR. WALLET KHUMALO: Maybe just to add there, actually when you check
10 as per DORA (sp) they say that they are subsidizing the bus as per kilometre travelled. But they are charging us zonal. They are putting everything into one zone irrespective of the distance. Now you find that, but there is something about that you are in the same zone. For instance, in Soweto you will find out maybe there is 3 prices, there is somewhere that you are paying the same
15 amount of money, but you cannot use the same ticket from that place, but it is the same amount of money. As she has just made an example, Wadeville to Mfulu, let us say for instance it is R900 monthly. And again, from Wadeville to Protea Glen it is still R900. But if it happens that you use the bus from Protea Glen, the machine will not take it. But it is of the same value. She will be forced
20 to pay a local of R16 up to where the machine take that ticket. And that is a daylight robbery because according that fare I have already with that area, I have already been covered with, I have paid that amount. But my machine will not allow me to do with that?

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

CHAIRPERSON: Thank you Mr. Lesofe, any questions from the panel

MR. NGOBENI: Yes, Chair, the one thing that you raised is the possibility of having some complementarities in the different modes of transport using like a synchronized timetable. And I would like you to just elaborate on that on how
5 that would work.

MR. WALLET KHUMALO: Thank you. I think it goes back to the thing that we have requested to MEC Vadi the last time we had with that how about if we can have something like a one ticketing system that will feed on all modes of transport. All the transport will be complimenting one another. If maybe I am
10 from the taxi because like I have made an example, maybe I want to go and use the train, then I can get into a taxi and feeder me into a train and from a train feeder me in to a BRT from BRT feeder me into a subsidized bus, because whenever you get there you know when I reach into that place 10:00 there is a bus. When I get there at such a time there is a bus. When I get into this bus,
15 when I get into there, I think that will make life much more simple for commuters in a country in that way

CHAIRPERSON: Thank you very much for your submission. I think it has been quite – it has been helpful as well as very illuminating indeed. And thank you very much for the trouble that you also took in preparing the written
20 submission as well as for coming here. We will definitely further engage with yourself as part of this process because this is a continuing journey until we reach the end of this process. But thank you very much, you are excused.

I think the next submission for the day will be from the Gauteng Meter Taxi Alliance if they are still here. If you could please place your full names for the record.

THOMAS THAGA: My name is Thomas Thaga and I am representing the
5 Meter Taxi Alliance. I could see your programme saying Metre Taxi Council, but we will clarify as we move on.

CHAIRPERSON: Can you please spell your name for the record?

THOMAS THAGA: THOMAS THAGA, it doesn't have K like it is written on your programme.

10 **CHAIRPERSON:** And will you be taking the oath or the affirmation?

THOMAS THAGA: The affirmation.

CHAIRPERSON: You can go ahead.

THOMAS THAGA: I solemnly affirm that the evidence that I give shall be the truth, the whole truth and nothing but the truth.

15 **CHAIRPERSON:** Thank you, and will your colleague also be speaking to your submission and if so, you can also please also take the oath? Firstly, state your full name and surname for the record and then take the oath or the affirmation.

PATRICK MAHLAMBI: Good afternoon. My name is Patrick Mahlambi. Not Mahlangu, Mahlambi.

20 **CHAIRPERSON:** Ja, you can go ahead with the oath or the affirmation.

PATRICK MAHLAMBI: The affirmation. I solemnly affirm that the evidence that I will give shall be the truth, the whole truth and nothing but the truth.

CHAIRPERSON: Thank you very much. If you can then just clarify the capacities in which you are appearing.

THOMAS THAGA: As I have said, I am the Regional Chairperson of SANCO in Johannesburg. And I understand the issues or the national issues. The
5 reason why this confusion of the representation is that in my other life I am an operator of meter taxi. That is the reason I was approached and that is why I said I will clarify the 2 issues.

CHAIRPERSON: And Mr. Mahlambi, if you could clarify the capacity in which you are appearing?

10 **PATRICK MAHLAMBI:** Unfortunately or fortunately, basically the same.

CHAIRPERSON: All right, so essentially this is a submission from SANCO that we will be receiving and not a submission from the Gauteng Meter Taxi Alliance.

THOMAS THAGA: Definitely.

15 **CHAIRPERSON:** All right. I think you can go ahead in terms of the issues that you wish to talk to.

THOMAS THAGA: Let me place in record that the national leadership or the provincial leadership of SANCO will be with us tomorrow. The event is happening in our region and we are close to where the event is. Hence, we had
20 to make sure that the organization is fully represented. Now, the issues that we want to put forward are issues that in the main were tabled by Ntate Taaibosch as the resident of SANTACO because at national level we have an alliance with SANTACO. At our region, we were approached but the metre taxi associations

– and office. The national office sent them to provincial office and they sent them to our regional office. Were fortunately, like he put, we are also operators. They came to us giving us their grievances. But on our side of SANCO we are very much disturbed by the fact that today especially after the inception of Uber

5 there are so many killings. We knew taxi industry to be a peaceful industry up until the inception of Uber, we see people killing each other every day and burning each other's cars. And we had to call the leadership that was operating as the meter taxi and not us; the leadership to want to find out and we also sent the responsible person from our region who is the HOD of transport to

10 communicate with the relevant parties. Which in this case was the provincial transport HOD Ishmael Vali. But we couldn't directly talk to him but the office. Up until today we are still waiting that they will be calling us to stakeholders' meeting. But there is nothing that is called with our presence so that we are able to articulate and bring these issues forth. We understand as SANCO after

15 making our own analysis that Uber is not properly registered. Uber is not applying as they are supposed to be applying because remember the regulation, the city council is supposed to give you a space as to where you are going to park your car for a binding spot. You get that letter from the Metro. Uber doesn't have that letter. We felt that we need to add on what Ntate

20 Taaibosch left based on issues that were given to our office because we have got document in that regard.

Since Uber doesn't have a place they part anywhere and that is risk as well for hijack. It is risk for whatever crime that happens because they are exposed and they work overtime and they get – they fall asleep. While the person fall asleep,

25 he is at risk in terms of crime. The other issue that we need to put in front is the

issue of competition as you are a completion committee. I want to give you a scenario from Braamfontein to Park Station. When you pick up a client from Braamfontein to Park Station Uber charges R20, when you get to Park Station, at the boom gate you must pay R15, remember it is the same fare of R20. You use your petrol, the life span of your car in terms of kilometres. When you get there out of the R20 you are left with R5 and Uber is taking off 25% of R20. So, well the question is, is Uber benefitting the same people who are using Uber as the drivers or not. That is why you will see even the meter not being able to join Uber and resort to violence. That is why we felt to ask for government to intervene or competition committee to take that into consideration and investigate properly based on issues that Ntate Taaibosch has said earlier. Thanks.

CHAIRPERSON: If you could Mr. Thaga can just elaborate on the price determination in the meter taxi industry as you understand it

15 **THOMAS THAGA:** The cultural way of regulating meter taxi, you go to a government testing station. In this case Laanglagte where you take your meter where they seal it with a certain price. You take it to a technician, there is a way of dealing with it. Finally, you take it to Laanglagte where they put a seal on it so the it is properly regulated.

20 **CHAIRPERSON:** And how do metre taxi operators determine to commuters or their customers?

THOMAS THAGA: Based on that regulation, it is charging on a kilometre rate. But because you cannot charge on a kilometre a local fair, there is a standard minimum fair which is R70 local. It is called a flat rate.

CHAIRPERSON: And who determines this standard flat rate?

THOMAS THAGA: Meter Taxis do have associations. So, it would be the local meter taxi association.

CHAIRPERSON: And as far as you understand the Uber pricing, what is the
5 difference between the meter taxi pricing and the Uber pricing as far as you know?

THOMAS THAGA: There is a huge difference. From 70, fortunately I was in the industry for many years since from 1996. That fare R20 was charged those years. So, today Uber is coming in with those fare of those years. And Uber in
10 this case the difference will be R50. And there is time where Uber will say it is price searching. Because it is not regulated, price searching will depend on the demand of the client, their prices goes up 3 times compared to the meter taxi. I remember an incident of a student who was charged because they were using the credit card. I think his credit card was debited 3 times what he was
15 expecting it to be debited. So, that is very much unfair. That is why we said the competition between Uber and the metre taxi needs to be really taken into consideration. Those who are on the field, they will definitely tell you that it is very much unfair. Thanks.

CHAIRPERSON: And what is then the impact of the fact that meter taxi
20 operators are required for instance to have operating licences and Uber is not? What is the impact of the on the 2 modes of transportation?

THOMAS THAGA: Please repeat.

CHAIRPERSON: What is the impact of the fact that permits and Uber is not operating in terms of those permits?

THOMAS THAGA: Remember, in terms of the loss of the country, the meter taxi is registered as a meter taxi and Uber is not registered as a meter taxi, but it is operating in the same space. Uber is a e-hauling type of business; it is not a meter taxi. So, now the meter taxi is required to follow all the processes of acquiring a permit and your permit will expire every 3 years. All these years it was expiring every year, you had to renew. And when you are registering as a meter taxi, your car will go for testing every year to check the fitness of the car. Which is not the case unless I can be corrected, which is not the case with Uber in this instance. So, a car that is supposed to qualify to get a permit. it must follow that process of going 1st To the municipality to request for a permit for a particular corner to stand. From there you will get a permit that is renewable every 3 years currently. So, Uber doesn't comply with all that, it becomes a serious problem.

CHAIRPERSON: Any questions from the panel.

15 **EVIDENCE LEADER:** Just one question from my side. So, in your view, what needs to happen for you to compete effectively with Uber?

THOMAS THAGA: Let Uber follow all the process of acquiring a permit because it is a government document. You cannot just operate if you do not have proper regulations. Actually, I was trying to add on what Ntate Taaibosch was saying without taking much of your time because he alluded to many issues that relates to this industry in terms of your vetting because in Uber, the drivers that are working with Uber, we work with them on a daily basis. You can't even speak their language. We don't know how you vet them. The 2nd issue, it is the issue of SARS because for a person in South Africa to run a

business, that person must be regulated by SARS. So, in Uber that is not the case.

EVIDENCE LEADER: Just a follow-up, I think I am taking you into a hypothetical situation so that we can contextualize your point right. Assuming
5 that complies with all the operating licences, all the requirements and everything else; but it doesn't change their business model in terms of pricing, would you still have concerns or an issue with regards to that because they might say okay, with this amendment bill we can do 1, 2, 3 things and be able to comply with all the regulations. But the underlying principle in their business does not
10 change. They keep on doing the same pricing policy. What will be your position as the meter taxis?

THOMAS THAGA: I think in every business a fair competition is allowed. When Uber complies, they will also be forced to take their prices to the level of everyone. You know why? Because the demands that are there for a meter
15 taxis will be real for them also to be at the same level.

MR MANDIRIZA : Sorry to – I just need clarity on the cost implications of some of the activities the you have highlighted that increases the costs for meter taxis as opposed to your e-hailing. I just want to get an operating licence, how much will that cost so that we will be able to contextualize your point to say
20 really it does have significant cost implications for them to comply.

THOMAS THAGA: The permit is R250. I am not sure now because I renewed 2 years back.

CHAIRPERSON: And do you have similar entry requirements as the mini bus in terms of because you have heard from SANTACU submission that the mini

bus taxi industry, one of the requirements for entry is that you must 1st approach the local taxi association and there is a dual process. There is the local taxi association and then there is an application process to the regulating authority.

What is the situation in respect of the meter taxi?

- 5 **THOMAS THAGA:** With the meter taxis it differs from company to company. But the company that I know which is Rose taxis, their entry fee is 8000, that is their entry fee.

CHAIRPERSON: This entry fee is payable to the association?

- THOMAS THAGA:** It is payable to the association and the weekly payment, 10 there is a weekly payment which is 616 every week to 2.4 something a month and it is every month.

- EVIDENCE LEADER:** Mr. Thaga, I think just a couple of questions. I think there was recently a process in parliament, the process was launched in 2013 and it has just concluded now in April. The national assembly was looking into 15 the proposed amendments into the NLTA, the National Land Transport Act. The question that I have for SANCO is whether you have any role to play in terms of trying to influence the parliamentarians. I mean, in some of the things that you have been saying today on how best you know e-hauling services could be regulated. So, the question is, was SANCO at any stage from 2013 up until now 20 involved and you know in making submissions and you know trying to shape the current amendments that have now been sent to the national council of provinces.

THOMAS THAGA: The very much unfortunate point on your answer is that will be then done by the national leadership which we never had a

communication or commission to deal with it to get the report as to how whether it was done at parliament. At this stage, I am very much disadvantaged to give answer to that.

MR NGOBENI : Okay, now in terms of the complaint that Uber has not been
5 you know e-hailing services have not been properly regulated in the past. I just want to get your view, what would your comment be if that Uber and these other e-hailing services have had an arrangement in other cities where they had arrangements in terms of where they could approach the PREs in those provinces to apply for meter taxi licences for those you know Uber drivers to be
10 able to operate in the market. What would be your response?

THOMAS THAGA: Like I responded earlier, I said in every industry there is a fair practice or fair competition is allowed. There is no way because in the meter taxi industry, there are so many different associations. Once Uber or any other
15 e-hailing company complies with the legislations, with the law then, I don't think we can have a problem with that. The problem today is that you will be in a corner where you used to be for the whole day. you will drive from your house with your petrol and you will use the same petrol or maybe you might go to your friend and ask for petrol to go back home because there is no fair competition.

20 **MR NGOBENI** : But then in terms of regulation, I mean that require [unclear sound 0:] to have an operating licence. If you were to be told you know that these e-hailing services had an arrangement with government because this is some of the things that we have been told as part of our initial engagements with the various stakeholders. If you were to be told that in the Western Cape

for example that there was an arrangement in terms of which they could approach the PRE and operate and apply for a meter taxi operating licences for them to be able to operate in the Western Cape. Would that be – what would be your view?

- 5 **THOMAS THAGA:** It is welcome because they will be subjected to all the regulations in their routes. There won't be any difference because a meter taxi is a meter taxi. The challenge is the e-hauling and its systems. Thanks.

MR NGOBENI: Thank you Chair.

- CHAIRPERSON:** Any questions from the panel? All right, I think anything to
10 add Mr. Mahlambi?

- PATRICK MAHLAMBI:** Thank you, I think mine are two issues that I wish to raise here. It is the issue of comprehensive consultation by both buses as well as the taxis. I am of the view that for a smooth operation in our communities, if we could establish a platform where there will be that continuous consultative
15 platform, I think that would eliminate unnecessary challenges. My 2nd point will then cover issues such as the conduct of the drivers including the cleanliness of the drivers themselves. Think of a situation where there is a clean individual next to a driver that is wearing stinking takkies, not having a nice odour and you are sitting next to him. You are supposed to stomach that all the way from
20 Johannesburg to Orange Farm. I think that is really unfair, that poor person is paying for a raw deal. So, I think on that, there was an element in the past that there was supposed to be a training for the taxi drivers. I think an emphasis has to be put on that so that their conduct should improve. You know, one of the speakers when he was talking previously, was saying you are confronted with a

situation where you feel as if you have been done a favour while you are actually paying for the service that you are rendered to. So, basically those are the 2 issues that I wanted to raise here. But Chair if you could allow me and say the questioning that I have been listening here and my colleague has tried to answer and I am not sure as to when he says once Uber could align itself with the country's regulations, then there will be no problem. Now, it looks like as if we are omitting this issue of pricing because remember, the pricing and meter taxi describe not come from anywhere, it is regulated. It is regulated that you take to any testing station where the meter is inspected. And after being inspected the it is sealed because it confirms that it is in line with the regulations. Should they find you on the road with a meter that has been tempered with, you are being penalized for that. So, in essence what it means that once they meet that compliance standard, then there is no challenge. And importantly, for us to save lives etcetera, obviously what it means is that this commission if it has powers, let it push for a uniform pricing that will assist in alleviating these unnecessary conflicts. Thank you, sir.

CHAIRPERSON: Thank you very much Mr. Thaga as well as Mr. Mahlambi. Ja, thank you very much, I think for the time and the trouble that you have taken to come here and make your submission. We really appreciate your effort. I think at this point we will adjourn for the day and excuse you. For the benefit of the members of the public, we are continuing tomorrow, we will be receiving further submissions and tomorrow we will be scheduled to start much earlier. We will starting at, ja we will be starting much earlier tomorrow at 09:00 to receive the 1st submission. Thank you very much to everybody who has attended today's session. We will resume tomorrow.

