

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

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**MONDAY 31<sup>st</sup> AUGUST 2018**

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VENUE:

15

**(Bloemfontein)**

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## Session 1

**CHAIRPERSON:** Morning everyone, today is the 31<sup>st</sup> of August 2018. Welcome to the Competition Commission Public Passenger Transport Market Inquiry hearings. My name is Bukhosibhake Majenge. I'm the Chief Legal Counsel at the Competition Commission and I'm also acting as the Chair of the panel. I'm  
5 joined by two panel members. On my right I'm joined by Ms Nompucuko Nontombana, who is the Divisional Manager of the Market Conduct division at the Competition Commission. On my left I'm joined by Mr Thulani Mandiriza who is also from the Competition Commission, who is part of the panel as the  
10 head of the Inquiry's Technical Team. Both Ms Nontombana and Mr Mandiriza are economists based at the Commission. And on my extreme left I'm joined by Mr Itumeleng Lesofe and Mr Jabulani Ngobeni, who are both lawyers based at the Competition Commission. They will be acting as evidence leaders in today's session.

15 They together, with a team of the Commission's lawyers and economists are assisting the panel in soliciting evidence for the inquiry. Before we begin today's proceedings I will just like to recap the rules that will be applicable to this sitting. The first is that the formal sitting of the inquiry is open to the public at all times, except when the Chairperson rules that part of the proceedings will be closed  
20 on grounds related to confidentiality or for any other reason deemed justifiable in terms of the Competition Act. Secondly, all sessions of the enquiry will be recorded and will be streamed live on YouTube, except those sessions or parts thereof that may be closed. In order to allow for the proper ventilation of issues,

the Chairperson, panel members as well as evidence leaders may pose questions to any person making oral submissions.

The Chairperson will not permit any person, neither personally nor true legal representatives to question any witnesses or any person making oral submissions during these public hearings. In the event that any stakeholder has an objection, comment or question in respect of any submission made during these proceedings, that stakeholder must submit such an object comment or question to the inquiry in writing and the inquiry will attend to such an objection, comment or question at an appropriate time, as soon as possible. We also have interpreters who are on standby to provide interpretation services should any person making a submission to the inquiry wish to make use of our interpretation services. We will now receive the first presentation or submission from the Free State National Taxi Alliance. Gentlemen, morning and welcome to the inquiry and thank you very much for coming. There is a document on the table. You may take the oath or the affirmation, starting from my left. And please switch on the mic as you do so.

**MR MABASO:** I am Sindo Dexter Mabaso from National Taxi Alliance.

**CHAIRPERSON:** You may go ahead Mr Mabaso with the oath or the affirmation.

**MR MABASO:** What I'm going to say today is true of what I'm going to talk about today as we have a problem in the Free State.

**CHAIRPERSON:** Okay, we can then have your colleague also taking the oath or affirmation.

**MR MALINDI:** Mangaliso Malindi, Provincial Chairperson for National Tax Alliance.

**CHAIRPERSON:** You may also Mr Malindi take the oath or affirmation as indicated on the document.

5 **MR MALINDI:** The submissions are going to be true and nothing else but the truth.

**CHAIRPERSON:** Thank you.

**MR MOKOBOKWA:** My name is Thys [sp?] Mokobokwa, National Tax Alliance.

10 **CHAIRPERSON:** Ja, Mr Mokobokwa, you can also take the oath or the affirmation.

**MR MOKOBOKWA:** What I will talk today is the only truth and nothing else.

**CHAIRPERSON:** Thank you. You can take us through your submission but before you do that, if you could very briefly indicate what your current position or  
15 role is within the National Free State National Tax Alliance, and how long have you held your current position within the Free State National Tax Alliance starting with Mr Mabaso.

**MR MABASO:** Our Chairperson is going to present it for us.

**CHAIRPERSON:** Oh, Mr Malindi?

20 **MR MABASO:** Mr Malindi.

**CHAIRPERSON:** You can proceed Mr Malindi with your submission.

**MRMALINDI:** Thank you Chair. The submission by the Free State National Taxi Alliance in terms of the requirement by Competition Commission on the issues of the Road Transportation. Our submission is - what we would request is not to start with the questionnaire but to start with the grievances. I don't know  
5 whether the panel will allow that, but if not then we will follow the sequence as per the document.

**CHAIRPERSON:** You can raise the issues that you wish to raise even if they don't follow the sequence of the questions that we have sent out to - stakeholders.

10 **MRMALINDI:** Thank you Chairperson. The Free State National Taxi Alliance is an alliance composed of associations, hence the name Alliance. Was established way back to the 90's representing the Association throughout the country. We are represented in all 9 provinces as the industry. Our request as we've already said is just to give a brief of what is happening in the province.  
15 Our province has got many challenges with regard to the operation by the National Taxi Alliance affiliates throughout the province.

The problem started in 1998 just after the requirement by the legislations that the Association should be registered in 1995, and by the stipulation of the Interim Transport Act in the Free State Act 16 of 1995. Associations then were  
20 requested to apply for the registration through the application forms that had to be filled in. It was not long where our province came up with an approach to say, through the MEC, Nthatho Sifiso Mahayi – no, it started with Nthatho Sekhophi Malebo, the then MEC for Transport during that time were the National Taxi Alliance was having a body that represents all the Associations in the

country called SANTACO – South African Taxi Council – where, by then, SANTACO was represented throughout the provinces. We also had the reps in the province, the Chairperson of the SATABO then was Ntathe Ranchu who was staying in Thaba Nchu, who is late by now and the Secretary was Ntathe Phillip Taaibosch. And as we were continuing in 1996, the recapitalization program started and then we were then requested as an industry to recapitalize the vehicles to the new vehicles. On that time the agenda in the industry was how the industry would recapitalize. But what happened on a surprise in 2005 on April 14, then the MEC was Nthatasi Msohayi [sp?].

10 On his budget vote, he mentioned on page 6 of his Budget Vote speech that the associations should - there's a principle that the government has on to minimize the Associations one town, one Association approach. By then, as an industry, we wouldn't understand it until on the 18<sup>th</sup> of April on Radio Lesedi, because there was a confusion during the weekend where the taxi rank was blocked and

15 a meeting was called then on Sunday to where the Department wanted to address the problem to understand exactly what is happening. On the meeting there was a team established because the blockage was caused by the drivers, and the Department wanted to reprimand the drivers. And they were called then at Lesedi FM, on the program [Inaudible] because Ntathe Thuso Motaung was

20 present in the meeting. He was requested to allow that drivers to go and make an apology live on the radio to apologize for the people who were not fed on during the time of the strike. And what happened then, the three leaders of the executive then proposed to accompany the drivers but to our surprise after they made apologies through the radio we had been listening, then they started a

song that was led by Nthathe Thuso Motaung, One Town One Association. And that caught as an industry by surprise.

But as the time was going on we understood that what was explained by the MEC on his Budget Vote as I alluded to on page 6, the One Town One Association approach, and that caused a huge problem until where now when the Department campaigned the problem throughout the province for that amalgamation of Association. Then ten of our Associations based in Matjhabeng municipality currently decided to take the matter to court, and the court was then, the case was taken on. The case number was 4042 at 2005. That is the case number. The matter was decided on 26 of January 2006, it took the whole year on the Bloemfontein High Court where the decision was taken.

The ruling was against the Department and the Department was advised not to amalgamate Associations that are not willing to amalgamate and Associations and members should not be deregistered because it is against the feeling in terms of the Constitution of South Africa in Chapter 2, and the Department also made an undertaking that they would not do that. In fact, they explained that the merger is a willing process if one is willing to amalgamate then he is free to do so. Those who are not willing to amalgamate, they also have the right not to amalgamate. But then the court wanted to know which legislation the Department had followed. They pointed out on the Constitution that says the application for the registration of association, but it goes further to say ‘Associations who does not comply with the requirements, the Registrar must assist those Associations to get registered’. That is a requirement of the document. By then, 77 Associations were registered throughout the province.

Then the Department get into the drive of the amalgamation, as I have said Associations took the matter to court. But in the same document, five applications that were put against the Department not to amalgamate only once succeeded. According to the court documents, the explanation why the other 4  
5 applications did not succeed, the submissions were accepted late, and the court then said they can continue with their own independent case to peruse, or continue, their willing for not to amalgamate through the process of the court. And then the ruling was such that the Department must pay the cost because they lost the case. Now here's a critical point that I want to get to.

10 What happened after that, the Department continued to amalgamate Associations and there's a form that I was given to in my Association by a person who was saying he is a champion of the recapitalization program, and then on the form there was a number that was written, and this was my Association number written with a pen. H14 was a number also written with a  
15 pen. And that gentleman, when asked who wrote my association name there and what the number stands for, he could not explain. But he said no, fill in the form, I'll come and collect it one day. And what I have done because he had failed to explain to me in full what the form was all about, then I gave it back after a week when he come to the office. I gave it as blank as this

20 Surprisingly, when I visited the court, I found that only paper in all the documents that are contained in two boxes. No other form from any other associations in the province who applied to amalgamate, neither nor application form by any association to decline to amalgamate. The only form that was belonging to my association was the only form in my document. The reason for  
25 that form was that there was a feeling by the Department or by government, I

don't know how to put it correct, but be the department, be the government, , it is one thing. They were saying, if my association, the Association I belong to does not come to a merger, the merger then won't carry on.

That was the feeling of the Department. So, that's why only one form of the Association I belong to on the whole document of two full boxes. But it continues to say, now that the ruling has been put to court to say do not amalgamate this associations because the constitution of the country 108 of 1996, makes provision for a person to have a right for association. And the understanding was that since the ruling was made through the court, then those associations would be allowed to exercise their right with regards to the Constitution. Now when I close that part, I would request if I had the right to the Competition Commission. The Department, when they were at court, they made an undertaking that they won't force associations to amalgamate. It's a free will to associate or not to associate. In a document it also says to justify to the court that there's no force to match, associations who will be affiliated to NTA and associations that will be affiliated to SANTACO, when the benefits come through the door of SANTACO, NTA Associations will also benefit, but that benefit has never come.

Now the critical point is, it is our feeling that the court ruling was not respected and the presiding judge over the case was a Judge President P. R. Malherbe. Now, we feel that this issue should be followed. That is a contempt of court on a High Court of this country through the person who is the President Judge. The Department failed to honor the decision of the court and now that Associations are suffering because the Department is not willing to give services to affiliates of the National Taxi Alliance we are having a problem. The doors of the

Department of Free State, especially the Free State Operating licensing Board, the doors are shut down. Many of our members' permits have expired and cannot be renewed. Many of the association members who have to apply to convert their permits, the doors are shut down. And the critical point is the other  
5 thing, if you are lucky you are given an ad hoc permission to operate. At times it takes five years. You will come time and again to renew, but they will charge you the amount of money.

Other members are saying they pay up to R200, but on the document itself when you are issued with, the R200 is when you – I will change anything on  
10 your document or your license. But the ad hoc authorization if you have applied for the replacement or the renewal of your permit, as it expires, the waiting period of three years or three months, you continuously pay R50. You pay R50 every time to get a new ad hoc authorization document. But the pain of it is that it takes time until Jesus come back. Other members have finished paying the  
15 vehicles for the period of five years operating with the ad hoc document, but they have legitimate operating licenses which the Department does not willing to issue. Thank you very much.

**CHAIRPERSON:** Thank you, Mr Malindi. In Addition to the issue that you have raised in relation to the One Town One Association approach of policy - Are  
20 there any other issues you would like to bring to the Commission relating to the Commission pertaining to the industry?

**MR MALINDI:** Chairperson, if my memory serves me well, there is a clause in the Act that says when you pay for an ad hoc authorization, once, twice, three times, you need not to go ane pay for another one, a fourth one. So the ad hoc

authorization if I remember well, it takes 14 days in the next [Inaudible]. So three months is far away for the ad hoc to accommodate you for three months. Now, if - then the Act I remember well says when the third ad hoc authorization expires, it is not your problem, it is the problem of the Department'. You should  
5 operate with the document until the three-month period is over when the Gazette has been circulated and the board has taken a decision on your application then you'll be issued the application that has been approved what you applied for. Thank you Baba.

**CHAIRPERSON:** Thank you Mr. Malindi. Mr. Mabaso and Mr. Mokobokwo, is  
10 there anything you wish to add or any points of emphasis?

**MR MABASO:** Nothing to add.

**MR MOKOBOKWO:** Nothing to add.

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

**MR NGOBENI:** Thank you and good morning. I think let's just start with Mr  
15 Malindi. I just want to try and understand the question of the services you're receiving from the Department. And one of the complaints you've raised is the question on renewals of operating licenses, conversions, and the complaint there is that when your members approach the Department for all of these services that you have mentioned, the doors are shut, to use your words. And  
20 you know, that you are not getting any services from the Department. If you can just clarify to the panel what the reasons are, which were advanced by the Department, for not offering you those services.

**CHAIRPERSON:** Just before you answer the question Mr. Malindi, let's welcome your colleague. If we can also have him place his name on the record as well. Welcome, Sir. If you could just please place your name on the record and switch on the mic.

5 **MR NGEZI:** Joseph Matusi Ngezi, of the Express Taxi Association.

**CHAIRPERSON:** Are you part of the Free State National Taxi Alliance?

**MR NGEZI:** Yes.

**CHAIRPERSON:** You may also take the oath or the affirmation. There is a document next to Mr Mabaso. You can take the oath or affirmation.

10 **MR NGEZI:** (Translation 33:50 – 33:57)

**CHAIRPERSON:** Can the translators please place that on record.

**INTERPRETER:** I think I'm going to tell the truth, the truth, and nothing else but the truth.

**CHAIRPERSON:** Thank you. Mr Malindi, or any of your colleagues, you can  
15 then respond to the question.

**MR MALINDI:** I will set an example that is a living example. During 2005, before the Association I belonged to forced to merge, even the court papers it says the association submitted a letter to the Registrar, informing that they are not willing to merge. The court documents proves again that even if this Association  
20 submitted this document not to amalgamate, the Department wrote another letter through the office of the Registrar to this association to merge whether they want or not. And then it says then when it summarize, the department

forced that association to merge. Now, to come to the question Baba, I wanted to clarify that one because I wanted to say while I was still there in the Association, I applied a transfer permit from someone to myself and the permit was approved. and the process is that you are getting a document that requires  
5 you to submit the necessary documents so that then the Board will issue you with an operating license.

I was denied the right to have that license from 2005 until today when the reason was that I should go to the Association and get a recommendation letter. Now, when they say I must get a recommendation letter, I refuse to get a  
10 recommendation letter because in the application form, towards the end of the application letter, there is a form that qualifies what I was asked to submit, the recommendation by the Chairperson of the Association. Then I refused, I wrote a letter to the MEC, then Nthathe Manyoni, and he said the information that he got from the office of the Registrar was that I should submit a recommendation  
15 letter. I took the matter again with the Public Protector, the same answer came saying submit a recommendation letter and then you'll get a operating license. But then up until now I still refuse, because in the application form there is already a document that has submitted, so I cannot the submit another document.

20 The reason is, the trick is when you come with the recommendation letter of the Association that is not forced to merge, in Bloemfontein here that's where I stay, it is only one Association that being forced to amalgamate and if you come with a document that does not belong to this Association, then that recommendation paper does not work. Through the documents of the court, it says there is a  
25 relationship between the Department of Transport and SANTACO. Now, one

wants to understand what kind of a relationship is it because it does not expand to say exactly what is it. Now, we did not want to go to that Association. The reason for me personally, I was forced to merger under that Association because I was then elected as a training officer of the particular Association that  
5 we were forced to merge to.

And the reason for me to decide to relinquish my position and also not to belong to that Association anymore is because in 2007 during the time when the taxis were very scarce then the association took a trip to Johannesburg look for a company that would provide their members with vehicles. I was part of it. We  
10 were 8 people in the vehicle going to the company to find out what do they have and can we make business with It. But the Treasurer then was the person who was leading the team. When two members applied for the vehicles, they were requested a deposit and their deposit money went down the drain. They never get their vehicles from 2007 up until today. The money is gone. Now, I become -  
15 The Association blames me to say I was the cause for those people to lose their money. And the Association , the Chairperson was saying to me over the phone to not defend the case. When I opened the office door, there was a document underneath the door. But should you want to defend, don't defend alone, because this is the issue of the Association. But surprisingly, the court case  
20 continued without me even making any sign of defense or maybe to say no I am guilty. I was then charged guilty as guilty, found guilty as charged because I did not attend the court. The reason is I was not finished with a court document, a subpoena to come and attend the court. But the association also failed me because they attended the case timeously until the end without inviting me to  
25 say where are you, the case is in the court, as Accused Number 1, you are not

attending the court. The Deputy Secretary was saying to me, he is going to call me to the office to compile the defense and then we collectively because the Association was Accused Number 2, I was Accused Number 1. So, we both defend the case in court, but they defended alone, leaving me behind. How should I feel? That is the reason why I left the Greater Bloemfontein Association because they treated me cruelly. Now, the department does not want me to exercise my right to go out of Greater Bloemfontein Taxi Association that belongs to SANTACO. The reason is maybe what is reflecting on the document of the court, there the department and SANTACO have a relationship, and it further says; The Free State government only recognizes SANTACO, not NTA. Now, even if the court demanded explanations with the people who were defending the case against 10 associations, but why, what is the reason for you to come up with a – this Association called SANTACO. They said no, it represents the taxi industry throughout the country. But the paper on the document of the court says, the 2<sup>nd</sup> question was that there is NTA, there is SANTACO, why don't you use either of the two instead of coming up with SANTACO. Then that question was also not answered. So, to answer you Baba, it is because everytime when our members are targetted by the Department of Transport, when you go to make your submission of your paper documents for apply for anything, you are requested to submit your recommendation. Remember I said it is in the form that you apply with. But in this instance because I am no more the member of Greater Bloemfontein, I am supposed when I bring the document, I should bring a document or a recommendation signed by the Greater Bloemfontein Taxi Association. Nothing else. So it is the cruelty of the Department

that's where they catch us. And they are hunting the Associations. Even the 10 Associations that had won the merge, they are hunting them. They want to nullify them. They have put the people who are called the managers of the regions. What they do these managers, they only supervise or assess  
5 Associations only belonging to, affiliated to NTA, but Associations that are affiliated to SSANTACO even the managers there, they are doing nothing. We are having a problem now at Matjhabengwhere time and again they receive a letter saying the Department is visiting, is wanting to check. Now what they check in that area they are checking the routes, which routes is in the system  
10 of their own place. Now, why do they come to confirm whether this route you are operating on. The system says that, so why do you want to confirm.

Because some of the Associations now, some of their routes are being deleted. They are no more, they are struggling now. They cannot operate as they used to. Fortunately, some of them, before they lose those routes, they made copies.  
15 But even if you have that copy, the licensing Board does not allow you to – they don't want to return that they have deleted on your operation. As we speak there is a big confusion between Welkom and Odendaalsrus through the new operation that has come into place without - when the Associations took the operations to court, the court since asked the Department to submit the  
20 document of a circulation of a Government Gazette, the application process of how those applications were applied. They can't come with the proof. But, they are just putting in the operation, there is a new version of operation of people, the operators in Welkom to Odendaalsrus., which the route is not in existence. There is a fight. Thank you Baba. I don't know whether I took long to answer  
25 your question. My apologies.

**CHAIRPERSON:** It was a comprehensive response. Maybe before you proceed to the next question, Mr Ngobeni, Mr Malindi, let's just welcome your colleagues who have just joined us, and then if you could just please put your names on record, and if you are going to speak please also take the oath or affirmation,  
5 and please switch on your mic as you do so. Please switch on the mic.

**MR MTWAZI:** My name is Langa Mtwazi. I'm the member of National Taxi Alliance. PRO in the province, Chairman nationally.

**CHAIRPERSON:** You may take the oath or affirmation if you are making submission.

10 **MR MTWAZI:** Yes, I will take it.

**CHAIRPERSON:** All right, you can go ahead.

MR MTWAZI: Okay. Good people, I'm happy this morning to meet this office, this office which I think is a neutral one. In reality, this province we are treated as slaves when it comes to transport.

15 **CHAIRPERSON:** Mr Mtwazi, if you can either take the oath or the affirmation. You can say '*I Mtwazi hereby swear that the evidence that I shall give shall be the truth, nothing but the truth, so help me God*'.

**MR MTWAZI:** The evidence that I am going to make here is true and I agree to that.

20 **CHAIRPERSON:** Thank you. Maybe before you proceed with your submission. Let's also get your colleague on record. If we could also have your name on the

record, as well. You may also take the oath or affirmation, and please switch on the mic as you do so.

**MR PITSO:** Thank you very much. My name is Steven n my surname is Pitso. I swear that the evidence that I shall give shall be the truth, the whole truth, and  
5 nothing but the truth. So help me God.

**CHAIRPERSON:** Thank you Mr Pitso. Mr Mtwazi you may proceed. You wanted to address us on a certain aspect.

**MR MTWAZI:** From 2001, being members of the National Taxi Alliance, we are side-lined in this province. We don't get any fair treatment in the Department on  
10 Transport. Struggling to get our permits, struggling to get our transfers, but the other side they are giving them everything. My car was cancelled in 2010. I bought a car, when I got to the permit Board to get a permit, I was told that this car is not working in this province, I don't need it. I went up to the Minister, it was Jeff Radebe by then, I asked him, *Jeff, what is going on with these cars?*  
15 No, it was not Jeff Radebe. Siphon Ndebele by that time. I asked him, *Minister, what is going on with these cars because these are the cars they said we should buy them.* He said, *where did you get this letter?* I said I got it from Bloemfontein. They told me that this car of 2007, they don't need it.

I came back, they asked *who said that.* It was the lady called Nomsa. Now, the  
20 Minister called that lady and asked her *why do you say that these cars are not working?* She said, *I didn't say that.* she asked me, *who said that in Bloemfontein.* I give her the name of the person. I came back to Bloemfontein, I said to that person, *man could you please give me a note where you said this car is not accepted in this province so that I could go back to the bank and*

*everything my car back.* He wrote this letter, he gave me this letter. After a year it was 2011, I received this letter on 28<sup>th</sup> June 2011 that this car, the Department has reversed the previous letter. It's coming with a new letter. this car is accepted. Now, even the letters that we are bringing in the Department  
5 showing them that we are from Pretoria, from the Department of Transport. Here is the state of our permits. They said that we are writing these things on our own. There is nothing of this sort. There is an OP permit. The OP permit is still working to the other people, but on our side it doesn't work. And here is the note talking about the OP permits. They don't accept anything that comes from  
10 us. I went to buy a car in Johannesburg. I got a car, it was registered in my name. A new Nissan 350.

Mr Stevens said that he cannot accept that car because I don't have a permit, if I have got a 3-hook. I said, *man, here is the note saying that this permit is still working.* He said, *no, you won't get it.* I had to take it back to the garage,  
15 registered in my name and everything. I had to take it back to the garage. I said, *oh Jesus I didn't know that the ANC government is so cruel. One day they take the bread of my children on the table and causing divorce in my house.* You can imagine being the father of the kids, coming with a new car, and it goes back, and your wife doesn't understand what is going on in that. But that gentleman  
20 did that. So, in short, I don't know what my Chairman has said, but in reality, we are not happy in this province as far as the Department of Transport is concerned.

When the MEC Mr Mashinini came in this position, we went to him as the executive of the province, telling him, Nthathe Mashinini we are the National  
25 Taxi Alliance. We are working in the taxi industry, and we are willing to work

with you. That was the only day that I saw him and that was the last day. He never came, he said I will call you and I will call SANTACO and I will put you down and then we will talk what are your problems so that we solve all your problems. So, there is no help to the National Taxi – they went to an extent to  
5 lie and tell the people that there is no NTA, but if you go to Carlton Centre, 20<sup>th</sup> floor, you get to the National Taxi Alliance. We are talking to the Ministers there, we are talking to the MECs, but in this province they say there is no NTA. I thank you, Sir.

**CHAIRPERSON:** Thank you, before we come to questions, Mr Ngobeni, Mr  
10 Pitso is there anything you wish to place on record?

**MR PITSO:** Honorable Chair, let me pause for a moment, I don't want to duplicate and say things that my colleagues have already said I'll come in where necessary. Thank you very much.

**CHAIRPERSON:** Thank you Mr. Pitso. Mr Ngobeni you can proceed.

15 **MR NGOBENI:** Thank you, Chair. Mr Malindi I just wanted to close the issue of these recommendation letters. Other than the example that you've given which is your specific example, are there any of you members who are NTA members, who submitted an NTA letter, recommendation letter to the PRE, to the province and the PRE has refused to grant an operating license to that particular  
20 operator because that particular operator belongs to the NTA? Are there any of your members that have been subjected to that kind of treatment.

**MR MALINDI:** Baba, there are many, but maybe I shall have to say to you, maybe to the house to understand. We are coming from the Free State the

National Taxi Alliance NTA as an umbrella body for the province under the body affiliated to National Taxi Alliance in a national level. Now, the Association dependently, they operate as the registered Associations. That's why Baba, to prove that we are having this problem, we don't enjoy the freedom of our people  
5 has fought for as National Taxi Alliance. It is also said in the document to the court, when you amalgamate, you have to sign a standard constitution. When you make an undertaking to sign that standard constitution, you automatically belong to SANTACO. Now, coming to your question Baba, that's why we are every now and then at the court. The Associations in Odendaalsrus are having  
10 a case as we speak, against the Association that has been given an operating right from Welkom to Odendaal on a separate route. It's given by the Department, and that causes confusion.

Now, have to force the Department to assist us, we should go through the door of the court, and very soon this year again, the Free State National Taxi Alliance  
15 is taking all the Associations fighting for their own freedom to court again. In this province, how many times should we go to court to force the government to give us the right to operate. As we speak, I'm not operating since 1994, since my car had been involved in an accident. I went to buy a car, but I know the Department is not going to allow me when I bring a form under an Association  
20 affiliated to NTA, they will tell me that Association is not existing. The Department of Transport through the operating license Board. But if I just get to the next door to Association affiliated to SANTACO, they will give me a license now. This is the kind of treatment we are having.

**MR NGOBENI:** Thank you, and one last question, Chair. I'm just trying to  
25 understand the current status is. So if there are no renewals of those who are

affiliated to the NTA. If there are no conversions for those who are affiliated to the NTA, and if the Department is not helping NTA members and according to Mr [Inaudible] if their cancellations, as well, what it actually means, and I'm just assuming, what it actually means is that to an extent you do have members in this province and they're operating, what it actually means those are operating 5 illegally in the province. Is that the correct assumption?

**MR MALINDI:** Yes, that is correct because they are forced to operate illegally. Here is Nthathe who is working there, he even said when he visited our provincial office in Odendaalsrus, this year, he said he was shocked when he was in 10 Pretoria on the table where the Minister was seated, on the left hand side or right hand side, the two Presidents of the National Taxi Alliance, and the President of SANTACO were sitting with the Minister. Then he was saying he prays for that moment that freedom should come also and prevail in the Province. He even said to us he requested a document specifically that was 15 saying for the 30<sup>th</sup> of November 2017, through the High Court of Pretoria, when the expiry licenses, the OP permits was put on hold because there is a bill on the process. There is a document through the Pretoria High Court. He said he requested from the Department of Transport, nationally, to furnish him with that document, and also he said he is going to talk to the MECs and his superiors to 20 find out exactly. But what is the reason for the NTA not to be allowed to operate freely like other Associations. He has never come back to tell us the reason.

**MR NGOBENI:** Thank you, Chair. Just one last clarification. So if NTA is not recognized and I am trying to confirm this. If it is not recognized and if none of your members are recognized, am I also correct to assume that with the current 25 plans that government has to introduce the BRT, obviously you are also not

going to be consulted because you are not affected, because the only way which you become consulted is through recognition, you know, by the department itself. I'm just trying to understand if there have been any other arrangements with you with respects to the integrated public transport  
5 networks..

**MR MALINDI:** Nthathe, thank you for that question. Myself and Nthathe Ngezi, we were in a meeting in a *glaspaleis*, In Bloemfontein, In the meeting where that item was discussed, there's another gentleman here, I think he is in the provincial office of the NTA. When we were chased out of that meeting,  
10 because they said if we are allowed to be part of the meeting, they are going to stage a walk-out, or else we walk out. Then we had to agree with Nthathe Ngezi that we walk out. There is already a document that is a contract or an agreement signed between the Mayor, already, in Bloemfontein. It is written in block letters in the newspapers that there is an agreement that the roll-out of the  
15 BRT is coming soon.

The region of SANTACO, the Associations of Mangaung Metropolitan area, have signed the undertaking with the Mayor. The National Taxi Alliance doesn't have that privilege. It's happening also in Matjhabeng. There is another Association that is on Virginia, Virginia Express Associations, is an affiliate of  
20 the NTA. In a meeting, same exercise has prevailed. No, we cannot sit with these people because they belong to our Association, but these people have relinquished their membership in that association. Now, even in a project that was initiated in the mines, people who belong to SANTACO made big havoc not to allow NTA to participate, but now, here is a trick. In Matjhabeng, Associations  
25 are operating, though they are operating under a pressure, because the threat

is on their neck to say we are going to deregister your Associations. That means it has already been kicked in.

The manager that they talk about is preaching the gospel to say this and that Association – why don't they amalgamate. I said, when I answered them, *the*  
5 *association that you are talking about* *cannot be merged because these*  
*Associations the you are talking about have won a case against a merger in*  
*court, so it cannot amalgamate them because the standing order of the court is*  
*independent. Who has the right to merge them?* Thank-you Baba.

**CHAIRPERSON:** Thank you Mr Ngobeni. Mr Malindi, we are trying to piece  
10 together various pieces of information that we are receiving. We have received  
a submission that in 2002, the Free State Department of Roads and  
Transportation in 2002 imposed a moratorium on issuing of new operating  
licenses, for mini bus taxi operating licenses, and that moratorium we have  
been told continued from 2002, and was lifted in 2011, meaning that between  
15 that period 2002 up to 2011 there was no new issuing of operating licenses for  
mini bus taxi. We've also been told that from 2011, up until to date, the Free  
State Department of Roads and Transport has been engaged in a process of  
establishing a provincial regulatory entity, but it appears according to the  
submission that we've received, that the process is costly. So, the submission  
20 that we have received indicates that the sum total of all this is that, since 2002  
up until now because of the moratorium and because of various reasons related  
to the process of establishing by the PRE is experiencing funding challenges,  
no new operating licenses have been issued for mini bus taxi operating  
licenses. Could this be the reason why you are experiencing the challenges that  
25 you say you are experiencing?

**MR MALINDI:** In [Inaudible] document, there is a principle that says the right to information. Now, if the legal document gives me that power to say, I have the right to information, how many times did we go to the Department asking a proof. I even said if it is a small piece of paper that can show me that there is a moratorium, this Department had failed up until today. I'm surprised, maybe you come from Pretoria, maybe that's why you have been finished with a document of that kind, but people in the Free State here there is no person who has got that document as proof. That's why, even in Pretoria, that Nthathe Mantada Makhonyana [sp?] wrote a letter to all the provinces that says there is no moratorium that he knows or National Department knows about. I am shocked to pick it up from you, Nthathe coming from Pretoria just to tell me - I'm staying here in Bloemfontein to say there was a moratorium that took place. But we've been asking and praying for it as proof. It is not given.

**CHAIRPERSON:** In fairness to you, we are also in possession of a submission from the Free State Department of Roads and Transport which indicates that, in fact, the moratorium on new licenses was a directive from the National Department of Transport, and the aim of the moratorium was not deter a new entry into the taxi industry, but was a process geared at allowing the Department to identify active permits over inactive permits – dormant - as well as to allow a process of rationalization of existing services by converting a radius-based permits to route-based operating licenses.

**MR MALINDI:** Baba, I have a document that says, unfortunately, I have got few pages. The document that I have has no page 1. It starts from 2. It is written *that the Free State Department has indicated that they are almost finished appointing the PRE.* There is a figure of an amount that reflects there. Now, if it

is expensive exercise, why do they make that undertaking to say, written in their own document, with their own emblem, to say we are just almost finishing appointing the PRE, because we have this amount of money. They never said the money is not enough or they never said it is an expensive exercise. We're  
5 lucky we happen to know the truth now, today, because you are here, and thank God for that.

**CHAIRPERSON:** Mr. Lesofe, Ms. Nontombana. I think we have come to the end of our questions, Mr Malindi and your colleagues, but we will give you an opportunity to make some closing remarks. It looks like Mr Pitso also wants to  
10 say something.

**MR PITSO:** Thank you very much, Chair. You know, Chair, let me quote this. *knowledge without wisdom is like water in the sand.* We are surprised, I'm shocked to hear that there was a moratorium somewhere else. We went to Pretoria where we asked the Minister, what do you know about this situation.  
15 He said, there is no moratorium, there has never be one. Maybe we stay in Zimbabwe, we are not South Africans. Secondly, Chair, how do you expect members of NTA to be given recognition when they are not recognized, when they are not there. Thirdly Chair, how do we get information when we write letters to the MEC, when we correspond with the office of the FFSOLB, when  
20 we get invitation that we must attend 1 2 3 4 5 6. You don't know me when you write letters today. Chair, the other point, let me start with the point of the monies that are paid to the other side of the structure. Should I elaborate on that Chair?

**CHAIRPERSON:** Yes, you may go ahead with your submission.

**MR. PITSO:** We as a national structure, also as National Taxi Alliance, there are monies that are given to our counterpart. An amount every year. We feel that, that amount, National Taxi Alliance deserves that amount. Number 2, that's 5 million, Chair. Number 2, our members also scrapped because the  
5 Department said you are ferrying our people with cars that are not roadworthy, take your cars to scrapping. What happens to that amount where our people took their cars for scrapping? There is an amount that is being taken to the other part. NTA demands that fee also, that amount. Those 100s, we demand them, Chair. Thirdly, Chair, there is a Board that deals with the issuind of the  
10 permits, approvals and disapprovals. It's now time, Chair, that, that those board members of NTA are represented. Let me make a scenario, if the Board member is the Chairperson, he belongs to SANTACO, the board Chairperson, the Deputy should be NTA, FSNTA member, and when it comes to the Secretary, the Secretary must take the high position, the General Secretary  
15 must be a member of FSNTA, the deputy must be the member of SANTACO. That should be the fairness because now, for all these years, the Board is being run by one structure. Is it fair, Chair? Is it fair? That is our demands. We are not asking; we are demanding all those privileges also. The other thing  
Chair, we demand to be given full information every time there are things  
20 happening in the Free State. We have a lot of members. Some of the members because of starving, you know when you are hungry Chair, you will eat something that you are not supposed to eat. But if I give you a pie, [Inaudible] Nthathe Pitso for even eating a pie, I have been eating from the dustbin. Now, if this guy says come and lean on me, definitely I will go and lean on you. We  
25 have a lot of members that are leaning on the other side. Those are our

members. We have a lot of membership in the Free State. Chair, the verbally, we have proof of membership cards for members in the Free State. So, we are begging through you Chair. Thank you very much that you came down. I rest my case.

5 **CHAIRPERSON:** Thank-you Mr Pitso. Mr Malindi, closing remarks?

**MR MALINDI:** Thank you, Chairperson. In closing, I am going to make a request to Competition Commission to make research for us. If it is something that they can do, SANTACO offices, the provincial office, the national office is housed in the Minister's building. Whose building is it? Is it for the Department, 10 or the Department is renting? And if they are renting, who pays the money? I know it is through PMFA, the treasurer of the national, but to the requirements of PFMA. Now, who is paying for the offices of the President of SANTACO in that building? Are they paying for themselves or the Department is paying for them. And is the building is rented, and the Department is paying for them, that 15 is illegal and they must be charged for them.

The National Office is receiving 50 million per annum and the Associations are suffering. Where does the money go to? When our national office was called in Cape Town to the portfolio committee of transport, the question was asked *SANTACO is receiving money, do you as NTA also receive money?* The 20 answer was, *no, we don't receive it.* And the portfolio committee went on to say that SANTACO received money from 2002. Where is the money, went to? Do we have to agree that the Guptas arrived in 2002 or prior to 2002. In the province here, the department has housed in one building where the operating licensing board is, the office of the point of view office. The region of the office

of SANTACO, Mateo office, I don't know the others, it is housed in Thaba Nchu, the old magistrate building. That is government building. Now, help me God. The money has to be paid back if it was illegally paid. And we also may understand that SANTACO officials at the provincial level also get salaries every month. They don't have the [Inaudible], how do they receive the money monthly from the Department of Transport without a [Inaudible]. That must be investigated. Thirdly, maybe the last one now, permits Baba that you asked about, because our member permits are staying too long in the Department of Transport, many people have lost their permits without even knowing. Permits are flying through the windows. But for your surprise, on the budget speech of Nthathe [Inaudible] then the MEC for Transport was saying, *he discovered that there is a process of illegal associations. But on registration of associations, they didn't register.* But on this side he wants to nullify or scrap the NTA associations. Now, as an MEC, what did he do when he discovered that? Did he allow the fraud to continue? He further said, *because of the fraudulent activities of the missing permits in the board, he established an investigating company to investigate.* The 1<sup>st</sup> time, there were people who were taken to court and they were found guilty, but the department did not fire them. Instead they shifted them on the other door of the office. The Premier was asking one day when we were with him, asking the HOD, *what did you do with those people? No, we took them to another office.* And then the Premier said, *is that legal, is it not fraud, why did you shift them and not arresting them or firing them?* Now, he is paying the tax money, the MEC is paying the tax money to pay the staff, he pays the money to this company who is doing the investigations on malpractices in the Department of Transport, and missing

permits. Permits are getting missed without the owner even knowing. You only discover that your license is operating in Port Elizabeth, but it is here. But when you want to transfer your residence to that area, you are not allowed to take your license in a bag with you as your business. They say no, it has been  
5 allocated here. But the critical issue, the widows of the late husbands are suffering, they cannot bring up their children because that was only means of keeping the fire burning or taking the kids to school to further their education. Marriages have broken down; families are separated because here is a unit that is getting paid for investigation. Where is the report? Go and get us that report  
10 of that company that is making that business. We want to know what is happening? Why are they sitting on top of information? Because when they stand up and then it will show now that they were sitting on something. Now, it is only through the Competition Commission these things can be surfaced and many more others. I don't know whether Chairperson after these deliberations  
15 is it going to be the end of it? Or what will be the next step because it is interesting, there is a lot more we did not say. That's why I requested not to follow the questions as per the questionnaire. But say something else if the time allows, then I will get to the questionnaire and give the answers for it. Thank-you for allowing us to do that.

20 **CHAIRPERSON:** Thank you very Mr Malindi as well as your colleagues. At the present moment we are at the evidence-gathering stage. So we will certainly have follow-on engagements with stakeholders who have requested to have follow-on engagements, so to the extent that you would like to engage on some of the issues that we couldn't go to because of time allocation, we will certainly  
25 make and necessary arrangements so that those engagements can happen.

Once we have finalized the evidence gathering stage, we will then be preparing our report which in due course will be published and once that process has occurred, the report will then be submitted by the Minister of Economic Development through the National Assembly. In terms of the Competition Act, 5 there are various interventions, or steps, that the Commission is allowed to embark on, based on the nature of findings made in the final report that will be published in due course

So we will certainly have a follow-on engagement to the extent that you have indicated that there are other issues, that you wish to canvas but you couldn't 10 because of the time allocation. But thank you very much, we appreciate your time, and your submission. Thank you very much. We will now receive a submission from the Free State Department of Police Roads and Transport.

Welcome, ladies and gentlemen, thank-you very much for coming and for your time. We will start with the formalities. There is a piece of paper in front of you. 15 You may take the oath of affirmation. Please switch on the mic.

**MS MATJOA-DICHABE:** I, Joy Matjoa-Dichabe 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:** Just for purposes of the record, if you could just spell your 20 name for the record.

**MS MATJOA-DICHABE:** MATJOA-DICHABE.

**CHAIRPERSON:** Thank you.

**MR XABA:** Good morning, my name is Mangaliso Alexander Xaba, I solemnly affirm that the evidence that I shall give shall be the truth, the whole truth, and nothing but the truth. Thank you.

**CHAIRPERSON:** Thank you.**MS THABETHE:** Good morning, I am Gugu  
5 Thabethe, and I solemnly affirm that the evidence I shall give shall be the truth, the whole truth, and nothing but the truth.

**MR MOSIA:** Good morning. My name is Steve Mosia, I solemnly affirm that the evidence that I shall give shall be the truth, the whole truth, and nothing but the truth.

10 **CHAIRPERSON:** Thank you very much. Before we get into your submission could you please indicate what your current roles or positions are within the Department and how long you held those positions, starting of course on my right.

**MS MATJOA-DICHABE:** Good morning. I'm the Senior Manager responsible  
15 for transport planning, freight logistics, rail and aviation oversight. I've been in the post since 3<sup>rd</sup> of April. I have taken a two-year break and transferred to the department of the Premier as head of – what is it? Infrastructure projects, the PICC infrastructure projects, but beforehand I held the position for five years.

**CHAIRPERSON:** Thank you.

20 **MR XABA:** I'm holding the position of the Registrar and also heading the Transport Law Enforcement called Transport Inspectorate, which deals with checking of the permits that were issued, they go and enforce the law and

educate also. I've been in this post of Registrar from November 2017, but as for law enforcement I've been there since 1994. Thank you.

**CHAIRPERSON:** Thank you Mr Xaba, Ms. Thabete.

**MS THABETHE:** I am the Acting Director for Public Transport and Systems since 1<sup>st</sup> of August, but I've been working as a Contract Manager since 2012 working with the bus contracts.

**CHAIRPERSON:** And Mr Mosia.

**MR MOSIA:** I am the Deputy-Director Operator License and Permits I am responsible for administrative support to the operating licensing Board. I've been in this position since August 2012. But before that I was in the same position since 2003, until 2007, and I left, I was with the taxi scrapping for a period of 6 years, and came back to the position in 2012.

**CHAIRPERSON:** Thank you. You may proceed to take us through your presentation, that will then be followed by questions from the evidence leaders as well as panel leaders.

**MS MATJOA-DICHABE:** Good morning, ladies and gentlemen, I'm going to be going through the presentation on behalf of my colleagues, however, during question time, I request that you allow us to answer the questions as per our areas of expertise. Page 1, page 2 of our presentation refers to section b, which speaks about the buses. We have structured our presentation in response to the questions that we received submitted by yourselves. Now, B.1 speaks about the key challenges with regards to RPTNs. Our response says mini bus taxis remain marginally unsubsidized by the government, although the tai industry

transports the majority of commuters, that is 70% as compared to rail which is 10 and buses is 20%. Lack of support and buy-in of SANTACO in relation to the amendment of the transport mix, the spatial planning dynamics of Post-Apartheid South Africa continue to perpetuate fragmentation of space, the geographically and sprawled city and housing developments away from economic nodes. This emphatically complicates transport infrastructure and inter-modal planning. I think at this point one would like to clarify a situation that we have in Bloemfontein which is very similar to your situation in Pretoria regarding kwaNdebele and Pretoria City where we have Bothabelo [sp?] and Thaba Nchu which are 55 kilometers away from Bloemfontein, and yet you have Bloemfontein as the economic node. So, we have been left with the apartheid legacy of having to transport about 20 000 commuters a day with the subsidized bus system to some into Bloemfontein for work opportunities.

The final challenge in the public transport industry within the province in the country is that of diverse disciplines which are involved in the design, planning, implementation, operation and maintenance of public transport systems, working in silos rather than working in an integrated manner. This is basically trying to talk about the manner in which the spatial planning has been done in the past. I think this is the historical spatial planning methods are a national phenomena where you find that the poorest of the poor are the farthest away from economic activity, and hence public transport becomes expensive, And us, having to re-plan the manner in which public transport begins to move makes it difficult for us and we have to find ourselves trying to re-engineer the entire public transport planning. And what makes this difficult is the legislation which insists on the devolution of certain planning powers to municipal authorities as

well as the planning responsibilities being in other departments. So, here we are just trying to indicate that we are trying to synergize the responsibility of transport planning to make sure that it goes hand in hand with spatial planning going into the future. In the context of the Free State, the Metro is responsible  
5 for the implementation of IRPTN which is the integrated rapid public transport network and yet, other responsibilities, have not yet been devolved due to lack of HR personnel and relevant capacity. I think, just to explain this, the Mangaung Metro now has appointed spatial planners to take the responsibility of developing the IRPTN, as well as appointing external consultants.

10 However, the Metro, at present, does not have the necessary capacity to be able to run public transport or any other transport responsibilities because they do not have the requisite capacity. Whatever capacity that they do have is capacity that they have to outsource on a consultancy basis. In response to B2, question being what measures can be put in place to ensure that the capacity is  
15 developed for the successful implementation of the IRPTNs and the development of ITPs. The 1<sup>st</sup> issue is human resources. I think the Competition Commission can understand the stringent situation that Departments find themselves in terms of capacitating departments with the necessary skilled HR to ensure that these Human Resources can then be able to develop the  
20 necessary ITPs and IRPTNs. HR is a big issue both from recruitment as well as upward mobility perspective. Planning capacity to ensure state resources are utilized effectively through stringent planning processes, to set clear and achievable goals for the implementation of the developed transport plans, to ensure that sufficient financial resources are made available to assist with  
25 project implementation and if necessary, to seek investment were possible. The

other problem that has bedeviled the provincial department of lack of capacity where we find that IPTNs and IRPTNs have to be developed by externally sourced consultants which becomes a very expensive process of which the department is beginning to increasingly internalize a lot of the planning to make  
5 sure that it becomes more affordable and also bringing municipalities onboard.

B3, objecting in reasons raised by operators during objection process. Reasons raised by operators would relate to existing service they are providing and lack of need for additional operators.

B4, how widespread is the practice of objecting to new applications by large  
10 operators? It is common for large operators to object to new applications, but it should also be raised that the taxi industry despite encouragement to subscribe with the government gazette so that they can see what is happening in their areas of operation are still failing to comment to applications that affect them. I think this, largely would begin to speak to the issue of the moratorium, due to  
15 the fact that the moratorium has been implemented due to the fact that the IPTNs and the IPTS are not yet in place. And I think the Commission can understand that with the spatial planning that has happened as a legacy of apartheid political era is that we have a situation where we have certain routes or radius-based permits that are basically saturated because of the fact that  
20 there is an over-supply of taxi resources. So, what we are doing as a department to be able to fix this problem re-look at the routes that have been allocated and do a study of the number of transport resources such as taxis and buses that have been assigned to those routes and be able to superimpose that to the passenger numbers to enable us to allocate new routes and new permits  
25 in accordance to the passenger numbers that are moving on the said routes.

The reason of the moratorium is exclusively due to the fact that the province is trying to prevent a situation where our taxi operators are fighting for routes due to the fact that they are not – the supply exceeds the demand.

5 B5. In cases of objections, did the [Inaudible] grant operating licences and how long did it take? In one case of a charter operator in Kroostaad, [Inaudible] granted the operating licence and it was after 150 days, which is 5 months. And in 4 cases of school transport, the will be granted the licenses because of existing operations or they did grant the licences and it was after 6 months. And maybe to indicate, I heard the gentleman just opposite me speak about the  
10 PRE, unfortunately, the department is in the final stages of establish the PRE. Hence, you will hear the constant reference to the operating licence board.

B6 is the OLB dealing with the objections, it is detailed in regulation 17 of the NLTA how objections should be handled and as such all the received objections are scheduled and affected parties invited. In the case of Kroonstaad, the  
15 argument advanced by OLB was with particular reference to fair competition. As the Competition Commission can understand that as government we are expected to be the avatars to the suppliers of transport, i.e. the taxi operators and it is the wish of government that this happens in a seamless way as possible.

20 B7, ways that can be identifies to balance legal provision of NLTA for objecting to potential abuse by large operators. Big operators will continue to object to applications as a way of ensuring market dominance. It becomes important that applicants must thoroughly consult and build strong cases to support their applications. And also to indicate that as a department it is our responsibility to

make sure that we are service the small operators and make sure that the mix in terms of the supply and the economic disbursement of opportunities in the transport industry is as equitable as possible.

5 B8, what are the impediments to the competitive bidding process by government? Lack of capacity in terms of the specifications of the tender. Now we are at C1, sorry. I think I have missed a page. No, I have not. Yes, we are now at C1 which is the mini bus taxis. Does the PRE in terms of new routes act more reactive in such a way they will be obliged to approve operating licences because mini bus taxis are operating already. Section 54 of the National Land  
10 Transport Act of 2009, a person wishing to apply for an inter-provincial service will apply with the NPTR and those inter-provincial service will apply with the municipality within which area the service will be rendered. Section 36 (6) of the NLTA of 2009, planning authorities after making integrated transport plans will make recommendations to the PREs on applications relevant to them for new  
15 operating licences.

C2, What would be the optimal process that needs to be followed by taxi operators to get new routes allocated to them? It should be noted that the province in 2005 embarked on a process of One Town One Association which its objective was to align operations and routes in a single time which were  
20 found to be common routes operated by many associations to be under one taxi association and to do away with many associations operating in one town. The program was a huge success because of the many associations agreed to merge and of 89 associations, we are now left with 48 taxi associations. Since routes are organized in terms of registered taxi association, and no one outside  
25 of the membership of the association can access those routes, associations

would identify routes and integrate them into the existing routes to cover areas which were previously not covered. I think I referred earlier to the spatial planning methods which were flawed in the past which the department is still trying to correct.

5 C3, underlying reasons or justification for the PRE to issue an moratorium and the effectiveness of the moratorium in deterring entry into the taxi industry. The moratorium on new licences were the directive by the National Department of Transport which its aim was not to deter entry into the taxi industry, but a process of allowing the department to identify active permits over inactive or  
10 dormant permits, and to allow for rationalization of existing services by converting radius-based public permits to route-based operating licences. The National Transport Act of 2009 makes empowering provisions for the issuing of new licences on provision that planning authorities make necessary recommendations for services in their area of operation.

15 C4, what mechanisms did the PREs in the municipality put in place to enforce this moratorium? The provisions of the law in terms of Section 54 of the NLTA which requires the planning authorities to make relevant comments in itself serves as a measure that ensures that applications are carefully considered to such time the necessary provisions have been met.

20 C5, what mechanisms are underlying causes for backlogs at PRE, and how can they be remedied? Capacitation of municipalities and fogering [sp?] of relationships between municipalities and province. Maybe just to indicate to the Commission that it is an immense task to succeed in the attempt to capacitate municipalities in the area of transport. It is such an immense task to the extent

that municipalities tend to actually devolve the responsibility of transport planning and transport management to traffic officers. And we all understand and know that these are 2 separate responsibilities. So, it is a continuing fight by the department to be able to try and bring municipalities on board and try to

5 see them and to make them understand that their responsibility is not just to intervene when there is taxi violence, but what they need to start with the planning from Day 1. And what the department has done is it has appointed what we call the Provincial Transport Forum which includes all the municipalities as well as all the transport related SOEs. I order to ensure that

10 we start bringing municipalities onboard so that when the responsibility of the devolution of the responsibilities regarding transport planning has to arrive at their door, they understand what are their capacitation requirements and what exactly will be their responsibilities. And it is going to be easier due to the fact that they are local, they will have a clear understanding of the dynamics within

15 the area of control and their span of control and with the requisite HR capacity, they will be closer to be able to handle the challenges that we receive in the public transport arena. D1, do proposed amendments to the NLTA address the issues of area restrictions between traditional meter taxi operations and e-hailing services, and if not propose mechanisms that will address the issues

20 identified. Amendments to the NLTA will make provision for e-hailing until such time we are not considering applications for e-hailing. Suffice to say, there is no e-hailing service in the Free State. Thank-you very much.

**CHAIRPERSON:** Thank you very much Ms Matjoa-Dichabe. Any additions or points of emphasis from Mr Xaba, Ms Thabethe and Mr Mosia? We will now go

25 into questions. I am not sure who will start gentlemen between the 2 of you.

**MR LESOFE:** I will go 1<sup>st</sup> Chair.

**CHAIRPERSON:** Alright.

**MR LESOFE:** Good morning and thank you for the presentation. My questions are largely in relation to the subsidy contract system, and I suspect Ms  
5 Thabethe might be the relevant person to assist. So, if we could start with the budget. What is the total budget that the Department receives from national government for purposes of to funding subsidy contracts. In particular, the commuter-bus subsidy contracts?

**MS THABETHE:** We are receiving R263 million from National, and the budget  
10 is split amongst two bus companies in the province

**MR LESOFE:** And does this budget cover the contracts entirely, or you supplement it with your own budget?

**MS THABETHE:** The budget that we receive, it is not enough to cover for the services in Mangaung, but enough to cover services in Thabo Mofutsenyana. At  
15 the moment the Department is not augmenting due to financial constraints.

**MR LESOFE:** you mentioned that the budget is split between two operators. If you could mention the names of the operators, and give an indication of the split. It can be in percentages or in actual figures.

**MS THABETE:** \_\_\_ We have two bus operators. Namely, IBL, Itumeleng Bus  
20 Line trading as inter-state, and the 2<sup>nd</sup> one is Maluti Bus Services trading as [Inaudible] 21. The split is in proportion to the number of buses that they own. We are subsidizing 214 buses for Itumeleng Bus Lines and they are receiving

83% of the budget. Maluti, they have 43 buses which we are subsidizing and they are receiving 17%.

**MR LESOFE:** Now, one of the issues that has been raised and this is raised in the context of the provision of subsidy bus services in rural areas, in  
5 comparison to the provision of similar services in urban areas. So, one of the issues that have been raised is the fact that the cost for – operational cost in particular for providing services to rural areas are higher as opposed to operational costs for providing the services to urban communities. Are you aware of those dynamics?

10 **MS. THABETHE:** We are using a standard way to subsidize.

**MR LESOFE:** Just before you get to the rate, do you appreciate the difference that I'm highlighting in terms of costs? So the costs of providing the service to rural communities are higher. It is more expensive to provide a service to rural areas than to provide same service to urban areas?

15 **MS THABETHE:** It's true.

**MR LESOFE:** We cannot get to the allocation of the subsidy... does the allocation take this into account?

**MS THABETHE:** Yes, hence we are subsidizing people who are placed 60km or more from the urban areas. The subsidy is not related to companies, or  
20 commuters that are traveling 20km or less to their workplace.

**MR LESOFE:** So, in terms of some of the operators, as I understand, provide services, largely to rural areas – is that understanding correct?

**MS THABETHE:** There might be other operators, who are providing that services, but as 2 contracted services – we are only using the 2 operators.

**MR LESOFE:** Yes, the 2 operators – I am sure some of them service rural areas as well?

5 **MS THABETHE:** I am not aware of those.

**MR LESOFE:** So, are you saying both operators – none of them provide services to secluded rural areas?

**MS THABETHE:** They might be, but since we are only managing the subsidized contract.

10 **MR LESOFE:** I am referring specifically to subsidized routes – are you saying to me that you are not aware of any subsidized routes that go to rural areas or cover rural areas?

**MS MATJOA-DICHABE:** Chair, can I come in if I may?

**CHAIRPERSON:** Yes, you may.

15 **MS MATJOA-DICHABE:** Yes, we are subsidizing rural areas in Thaba Nchu, because Thaba Nchu has got very deep rural areas – it is 60 kilometers away from Bloemfontein, but there are some areas that are extremely rural, in the manner in which they are structured, QwaQwa as well, where our commuters are originating, moving to Harrismith is a very, very rural area, with a limited  
20 CBD content, in terms of percentage. So, yes – we are subsidizing rural routes.

**MR LESOFE:** Thank you. If you could then go back to my question in relation to whether the allocation of subsidies takes this into account? In other words,

for instance, I assume the operator will be servicing QwaQwa would be Maluti. In those rural areas Maluti's costs would be higher, as opposed to the urban areas that it services as well. So, I am asking that if your allocation – the allocation of subsidies, does that take into account the fact that it is more  
5 expensive to service rural areas and therefore, the subsidy for rural areas essentially should be higher?

**MS MATJOA-DICHABE:** The indices that we are using to subsidize them, it is the same for both of them. It is based on the truck, the fuel and labor, which constitutes 85% of the grant and the other 15% the operator must collect from  
10 ticket sales.

**MR LESOFE:** Okay, thanks. Now, one of the criticisms that has been leveled against the current contracts is that they are outdated, they are old and outdated and as such, they don't fully respond to the needs of commuters – in other words, the traveling needs of commuters, for instance townships expand  
15 rural areas – there are new developments – would you comment on that?

**MS MATJOA-DICHABE:** It is true sir. The contracts are 20 years old and 1 of the conditions to have the contracts to expand, is that there must be IPTNs in place and the IPTNs is the responsibility of the local government. At the moment the province has developed those IPTNs on behalf of the local  
20 government, but it is still their responsibility to take those IPTNs and implement them in their in their own IDPs. Without them playing a role, we cannot expand further and the subsidy reaching cannot be expanded without local municipality as the contracting authority.

**MR LESOFE:** But is it also not the issue of funding and not necessarily the issue around the implementations of IPTNs?

**MS MATJOA-DICHABE:** We rely solely on funding from national, which is a grant and since the province has indicated that they are financial constraint we cannot augment. It is also 1 of the shortcomings why we cannot expand it further.

**MR LESOFE:** And, is there any flexibility in terms of the schedules and for instance, in other provinces, where routes are not viable, there is some level of flexibility whereby the relevant operator would enter into discussions with the department, so as, for instance, to play around with their operations, so as, for instance, to move the contract the same distance to a route that is more viable. Is there this level of flexibility in the province?

**MS MATJOA-DICHABE:** Yes, there is that flexibility there. The budget is not ring-fenced for a certain contract – I'll make an example – IBL has six contracts in it – we call it 282 and 283 up to 286, but we give them 83% for all of the contracts. If, for example, contract 282 is no longer viable, they are allowed to make that move from contract 282 and move that service to 283 and the budget will be moved as well.

**MR LESOFE:** That also applies to Maluti, that flexibility, does it also apply to Maluti?

**MS MATJOA-DICHABE:** Yes, it does.

**MR LESOFE:** Okay, and just perhaps to get your response on record on this – so, the subsidy system has also been criticized for – it is said that it puts busses

at a competitive advantage, whilst disadvantaging minibus taxis. Could you just comment on that as well? And, this is evident from – if you look at, if you do a price comparison between busses and taxis – busses almost always are cheaper.

5 **MS MATJOA-DICHABE:** Yes, we are working with the taxi industry – let me start with MBS, where the taxi industry is part of the contract of the contracted services. They are shareholders in the company and they are owning 85%.

**MR LESOFE:** By taxi industry – who are you referring to? As I understand, in the province there is SANTACO and NTA – are you referring to both?

10 **MS MATJOA-DICHABE:** The taxi industry that are in Thabo Mofutsanyane, . Maybe the registrar will indicate whether they are SANTACO or NTA, because I am not familiar in that one.

**MR XABA:** Thanks Chair. By the taxi industry, we refer to those taxis, where the buses are travelling on that route and we are referring to taxi associations –  
15 we are not referring to a mother body, we are referring to taxi associations.

**MR LESOFE:** Thank you, but taxi associations are aligned to specific mother bodies, isn't it?

**MR XABA:** Well, I hear what you are saying sir, however, the reality is that when they got into that agreement, the agreement was between the buses and  
20 bus companies and the taxi associations – not with the mother bodies.

**MR LESOFE:** I don't want us to debate the issue of the...

**MR XABA:** Sorry?

**MR LESOFE:** I don't want us to get into the debate around the agreements between mother bodies and all – perhaps my brother will touch on that.

**MR XABA:** Okay.

**MR LESOFE:** I just wanted clarity on – when we talk about the taxi industry, in  
5 the context of API – who are we talking about? And I think your response is that the associations – taxi associations. Am I right?

**MR XABA:** Yes.

**MR LESOFE:** Alright, thanks.

**MR XABA:** Thank you.

10 **MR LESOFE:** Is the department happy with the performance of both IBL and Maluti?

**MS MATJOA-DICHABE:** Yes, we do take that and we have given them KPIs – that is kilometers that they must meet on a monthly basis and for IBL, they must operate 1000000 kilometers and for MBS it is about 60000 or so.

15 **MR LESOFE:** So, are you happy with their performance – both operators?

**MS MATJOA-DICHABE:** They are exceeding their performance, because there are other services that they are rendering and we are not subsidizing – so, they are doubling the KPIs that we have given them.

**MR LESOFE:** In terms of the quality of service – are you happy with that?

**MS MATJOA-DICHABE:** I am happy with the quality of services, because their busses we are giving them conditions on the type of the busses and the age of the busses of the fleet. So, they are complying to those contract conditions.

**MR LESOFE:** How do you monitor adherence with the terms of contract? For  
5 instance, how do you monitor that they adhere to their schedules?

**MS MATJOA-DICHABE:** We have monitors, physical monitors, on the ground – who monitor them physically and we also have the satellite monitoring and once a month we have a contract meeting, whereby we are going to sit with the operators and we discuss the month and the operations. If there are any issues  
10 where we are not happy with them, their department impose penalties.

**MR LESOFE:** Okay. As we understand, some of the contracts that were awarded to the operators required them to be part of some sub-contracting arrangement with small operators – is that understanding correct?

**MS MATJOA-DICHABE:** The conditions says 1% of their profit, it must be  
15 awarded to sub-contracting.

**MR LESOFE:** Is this condition being complied with?

**MS MATJOA-DICHABE:** Come again?

**MR LESOFE:** Is the condition adhered to – is there compliance with this condition?

20 **MS MATJOA-DICHABE:** Yes.

**MR LESOFE:** Could you just expand on that?

**MS MATJOA-DICHABE:** There is sub-contracting in IBL of 1%, but the criteria it does not rest with the department to choose who should be sub-contracting – they have their own criteria – we only monitor them, if they meet the 1% based on the profit made.

5 **MR LESOFE:** Do they meet and does this apply to both operators?

**MS MATJOA-DICHABE:** It applies to both operators, but because they are shareholding of the 2 companies is different. So, with MBS it would not be necessarily to sub-contracting, because the company belongs to employees in the taxi associations.

10 **MR LESOFE:** And with Maluti?

**MS MATJOA-DICHABE:** That is Maluti.

**MR LESOFE:** Okay and with the other entity IBL?

**MS MATJOA-DICHABE:** The other entities they are shareholders of which I think IBL will touch on that.

15 **MR LESOFE:** I suspect we are probably talking about 2 different things here. So, you are talking about shareholding in the entity and what I am talking about here – maybe you will clarify me – it is sub-contracting – my understanding was that, when a contract is awarded, an operator is required to enter into a sub-contracting agreement or arrangement. So, the current contracts – the subsidy  
20 contracts, those contracts are not [inaudible 02:14:01] definite situation, in other words, they are not [inaudible 02:14:04] contracts. and when the contracting system was adopted, the idea was not to create [inaudible 02:14:18], but because of how the system has been running, you have a situation where now

the same operators has been given these contracts for many years now – some for over 20 years. So, in a way you now have de facto monopolies and this now then creates a barrier to entry. It makes it difficult for other operators – especially small operators to participate in the market and compete effectively.

5 Essentially they cannot be in competition, because there hasn't been any competitive bidding process. So the question then is – how do we accommodate small operators? The sense that I am getting as we talk to operators, especially the holders of the contracts – they seem to think that these contracts belong to them and I don't think that is the position – in fact, the

10 department is empowered to cancel these contracts and invite dealers or structure the system whichever way it wishes. So, my question is – how do we accommodate small operators? because the situation cannot continue as is – indefinitely – in other words, we cannot have the same situation continue for another 20 years – something needs to be done, otherwise we will be

15 perpetuating anti-competitive practices.

**MR XABA:** The national department together with [inaudible 02:16:22] they are looking into changing the model, in order for the model to accommodate all these other areas that have been accommodated and subsequent to that – the policies are also looking into this issue of your 30% to the small companies and

20 all that. So the departments are also looking into that issue. In order for us to accommodate the previous disadvantaged small companies and all that. We are looking into that and the second [inaudible 02:17:01] from the national department is busy changing and we will look into the issue of those municipalities that are able to assist. Thank you.

**MR LESOFE:** Just to get it from your perspective – what do you think would (taking into account dynamics in your province) which model do you think would work best?

**MS THABETHE:** Sir, maybe just to enlighten you – these new bus contracts are  
5 basically determined by national department of transport. The terms of reference and the rules and regulations on how these contracts must be managed – I directly received from the national department of transport as well was the ring-fenced subsidy and when we [inaudible 02:17:56] the province to amend a model in which bus contracts are issued, is there, but we are in the  
10 process of trying to design a model which can assist all the sectors within the economy, but 1 of the critical aspects of the department being in a position to be able to alter this model is this financial independence. Because the department will be expected of the augment the grant that they are receive from the national department with a provincial equity that is emerged with the grant to create an  
15 affordable situation and thus far that has been the impediment to giving the province the level of independence to be able to realign the allotment of these bus contracts in a manner that will be representative of the Free State transport scenario. So, at this moment in time we are sitting with a situation where we are trying to see how we can obtain funding, to be able to have the muscle to  
20 realign, but please take cognizance of the fact that every step that the department takes with regards to these bus contracts – it is directly determined by the national department of transport.

**MR LESOFE:** Thank you Chair.

**CHAIRPERSON:** Mr Ngobeni.

**MR NGOBENI:** Thank you Chair and good morning. Let us just start with the questions on the minibus taxis and I just want to take you to page 8 of your submission – the submission that you gave this morning and let us just start with the answer that you gave on C1 and what I am more interested in getting  
5 from the department is that – you will see there that the question was talking about the new routes and then you were requested to confirm there, but the question is : are there instances where (you will tell us if that is the case) where associations – you will find that associations have already started operating on a route or on a new development that has just started or where there is a  
10 service and that service has not yet been approved by the department. Are there instances where you've seen that there are associations which are already operating on routes where you have not yet allocated an operating license and I think that is what we are trying to test. So, the question is: where there are new routes – where there is a new development, where is a new mall –  
15 where there is a service, and the department has not yet authorized anyone to operate on that particular route – how are you dealing with those situations in order to try and avoid conflicts between various associations? That is what we are trying to test with that C1.

**MR XABA:** I will respond and then my colleague, Mr Mosia will also add if there  
20 is something that I have missed. What is happening currently is that in areas where we do not have operating licenses allowing operators to be there. Operators or associations will come and approach the department and would then extend the ad hoc permits to them – temporary permits in order to allow them to apply to plough their trade in there and in the event they don't come to  
25 the department, what we normally do is we always request them to go to the

municipalities and check to the municipalities prior to those establishments are there, for them to know there is going to be this kind of an extension and they must forthwith apply for that, but that is not what is happening in most of the cases. You will appreciate the fact that our Act doesn't allow some of these things to take place. So, we then said in this province we are using 2 Acts – we are using the National Transport Act 5 of 2009 and we are also using the Free State Public Transport Act 4 of 2005, which is still active despite that people are saying it is not active, but legal services has been advising us that that is still active – it has not been [inaudible 02:23:18]. So, what we do is that we assist them with those temporary permits and then to avoid a number of in-fightings and all of that. The latest scenario was where you have the Makro on the south of Bloemfontein and people who were using that route were claiming that is their route and we have chip into their space in order for us to normalize the situation, because we don't wait until there is chaos and all that. Mr Mosia.

**MR MOSIA:** Thank you. Just to add on that Mr Xaba alluded to, but additional to that Bloemfontein fortunately it's a town that is densely populated – you will find that the developments are not far away from the current developments. Now, ordinarily you would find that there was an existing operation to a point and adjacent to that there will be development. Now, in such instances that is where you would find that the associations would approach us for operators who are applying their trade to a particular point to extend their operation to cover the alternative area, but with regard to what Mr Xaba was referring to – you will find that there are new developments that are far away from existing operations. It is only in those circumstances where we would consider issuing without authorization until such time that we have consulted with the

municipalities to ensure that we can consider new routes that will be covering those areas. Thank you.

**MR NGOBENI:** Yesterday we had, through submissions from the Greater Bloemfontein Taxi Association that they in an area in Sasolburg – I am not  
5 familiar with the province – so, I am just trying to understand if Mr Xaba if that is also how you dealt with the situation there, because it appears to us through the submission, which was given to us by the association that at the moment commuters might be facing challenges, because no operator (to the best of my knowledge and I even ask the questions whether or not there are busses there)  
10 you know, there is a new route there and apparently no one is currently servicing the route. If you can just share with the panel what is actually happening there in Sasolburg?

**MR XANA:** I did not catch your question correctly – if you can just repeat please.

15 **MR NGOBENI:** Yesterday in the morning we received a submission from the Bloemfontein Taxi Association and I think it may have been repeated by SANTACO, but I can't recall and in terms of the submission a similar question which we posed to the department today – a similar question on how associations themselves deal with new developments was posed to the  
20 association itself and we are trying to understand how they deal with the issue where they see there is a new service that is required or there is a new mall or there is a new development and what was brought to our attention was that there is an area in Sasolburg and apparently that area it is a new route there is a new development or there is a new route (I am not sure), but then the issue

that was raised with us was that that route is not currently being serviced, despite the fact that there may be associations which are able to service the route and apparently the department may be able to shed some light there. So, what I am asking is to an extent to what the association said was correct –  
5 please kindly clarify to the panel what is happening in that area?

**CHAIRPERSON:** To put it differently – are you aware of a new township development in Sasolburg? The issue is connected with the servicing of that route by the taxi association.

**MS MATJOA-DICHABE:** Chairperson, we had a strut session last week, about  
10 2 weeks ago in the department and the regional manager responsible for that area did report to us that there is an informal settlement that is in the process of developing within the Sasolburg area, going towards the Oranjeville area and the reason that they – and also to indicate that Sasolburg is not unique – we have informal areas sprouting everywhere and we have municipalities planning  
15 new developments every month. So, like I've said when I began to say that we are in the process of trying to streamline the ITPs in line with the spatial development processes of municipalities. The situation that we are facing as a department is a little bit difficult – we find ourselves in a difficult situation, because municipalities have the IDPs, they have their spatial development  
20 plans – in the past we have not been coming into that space, but we have begun now coming into that space and beginning to make sure that the synergy between the spatial development plans as well as the plans of the municipality as well as the plans of the department. Hence, my colleague, Ms Thabethe spoke about the IPTNs that have been developed. The IPTNs have been  
25 developed for the municipalities, but we are trying to bring the municipalities on

board and this is proving not an easy task. However, we will have a session – we are in a process of having taxi indabas as we speak in the different regions and we will be having our provincial indaba in the month of October, where we will begin to give a light and a direction on how taxis can deal with this in the  
5 light of the moratorium not having been lifted. So, we are aware.

**MR NGOBENI:** Thank you. Just to follow up on that – you have indicated that you are currently developing the ITPS for the municipality and what we want to find out from the department is – what resources do you think that Mangaung municipalities would require if powers are signed to them in terms of the NLTA?  
10 So, they have indicated to us through their submissions that there are no limiting factors for the assignment of those powers to them and that the municipalities are in the process of applying for the transfer of those functions to them.

They do indicate somewhere in their submissions that human resource and  
15 skills training is 1 of the areas where they would need assistance, but I am more trying to find out from you that – what additional areas do you think you know they do need assistance? Given the fact that you are still doing ITPNs as we speak and also considering the fact that they have now considering applying for the assignment of the function for the issuing of operating licenses to be  
20 devolved to them in terms of the NLTA.

**MS MATJOA-DICHABE:** Thank you Chair, I will ask my colleagues to chip in if I miss anything out, but from a departmental point of view I think the department first of all possesses organizational memory as well as historical data on how

permits have been allocated in the past, as well as the management of taxi associations.

The first thing that we would request from Mangaung municipality will be that – before they embark on applying for the responsibilities to be transferred to them, they work hand in hand with the department, so that there is a smooth handover and so that the department can be able to advise them on some of the pitfalls that the department has had to go through before implementing certain things, but the critical issue that I think my colleagues and I have identified is an extreme lack of capacity and not just the lack of capacity – a lack of requisite knowledge and experience in the management of public transport and as I speak to you right now the team that we have been working with as a department is full of spatial planners and I do understand that spatial planners tend to sometimes imagine themselves to be transport planners, but it is not always the case and I think even though the team is comprised of spatial planners I think the experience and the skill that my colleagues sitting on the table have in terms of the number of years that they've been working in the transport sector will be urgently needed by Mangaung before they can feel confident that they can be able to take charge of that particular responsibility.

**MR NGOBENI:** Just on the question of the moratorium – if you go to your slide 12 C3, the answers that you provide on C3, you indicate the rationale for the moratorium – but before we get to the rationale, I just want to try and understand when you say (and maybe this would be an answer to 1 of the issues which was raised by the NTA this morning) when you say there was a directive from the national department – what are you actually referring to? Because (and please clarify, because I may not necessarily be familiar with the

Act) I understand that in terms of Section 18 of the NLTA municipalities can issue a moratorium, but in addition to that I think Section 39 also gives the municipality, together with the province, they are also authorized to issue a moratorium. Now, when you say the national department has given a directive –  
5 is there a legislative basis for the department to do so? And maybe that will be the reason why when the NTA says they went to the national department and they were then told that there is no such moratorium, because they could also not find any documentation – even in the province and also in the municipality as well.

10 So, I am just trying to understand what would be the legislative basis for the directive if such is not authorized in terms of Section 18, which authorizes municipalities and again Section 39, which authorizes both the municipality and the province.

**CHAIRPERSON:** Yeah, perhaps you could put the question in much  
15 moresimpler terms. Who exactly issued the moratorium and on what basis?

**MR NGOBENI:** Thank you Chair.

**CHAIRPERSON:** And perhaps when – when was it imposed?

**MR MOSIA:** Thank you Chairperson. Maybe just to correct some of the  
20 comments that were advanced earlier. The issue of the moratorium on insurance of new taxi licenses of permit. It is something that happened in 1999, during the times of the late Minister of Transport, Minister Dullah Omar – it was at a time when the taxi industry was undergoing formalization and as they were approaching a stage of being recognized as operators in this space. There were

NTTT - National Taxi Task Team recommendations which laid a foundation for the writing or the formulation of legislation that governed this space. Now it was at the time that a moratorium was put, just to cap the continuance of issuance of new permits to the taxi industry, particularly with – there used to be extreme  
5 violence that was caused by over-supply of permits that government was issuing into the taxi space – now, this is when this moratorium came about.

Now, from that time we had the National Transport Transitional Act – NLTTA – now, this was the first legislation that was now beginning to pave a way for us to come to a stage where we are now with the National Land Transport Act, with  
10 the current provisions that now started to make provisions or empowering provisions in the law to capacitate municipalities in terms of integrated transport planning to assist provisional operating licensing board to can be in a position to can issue new licenses.

Now, this moratorium – as I have indicated – it is something that came about  
15 during those times and the current provisions of the law where we are with the National Land Transport Act, which makes provision for operating licensing boards to can consider new licenses, but those provisions or such licenses will only be issued once the provisions dictated to for municipalities to have capacities to can make necessary recommendations to the board to can  
20 consider such licenses. So, this is how this issue of the moratorium started.

Now, that's the moratorium that you are referring to. As to the moratorium that is said in terms of the municipalities and provinces coming together, we don't have that moratorium in the province.

**MR NGOBENI:** Just to clarify before you come in Mr Xaba, so there is no moratorium issued by the province and there is no moratorium issued by the municipality – just to clarify?

**MR MOSIA:** That's correct.

5 **MR NGOBENI:** And all that we have is, you know you have painted a history, starting from the NTTTT, the Transition Act and then you are saying on the basis of all of those – given the history and what government was trying to regulate then – then we now have what is in front of us as a moratorium – is that what you are saying? So, there is no legislative basis in the province for the issuance  
10 – for the moratorium, which I understand was uplifted in 2011 – there was no legislative basis and none was issued by province and none was issued by the municipality?

**MR MOSIA:** Before I confirm that comment – maybe I must indicate that the current moratorium that we are faced with – instead of being more of a technical  
15 moratorium – it is more of an academic moratorium, because there are certain things or prescription of the law that we are unable to meet for us to can get into the space of issuing new licenses, we are being held back because of those conditions. Hence Ms Matjoa indicated earlier that the department is engaging in processes of ensuring that municipalities get the necessary capacity to  
20 ensure that we get to a stage where we are able to meet these requirements of the law, so that operating licensing board can be in a comfortable position to can consider new licenses.

**MR NGOBENI:** And when you respond Mr Xaba, I think also indicate why, because we understood yesterday from the submissions again from 1 of the taxi

associations that it was uplifted in 2011. So, as part of your answer, indicate the reason why it was uplifted and if you were able to – because the reason for the moratorium is indicated as to identify active permits over inactive permits – whether or not you have been unable to do what you wanted to do with the  
5 imposition of these so-called ‘moratorium’.

**CHAIRPERSON:** I think I am very much confused now – I must confess. My colleagues are telling me I am not the only one and that’s why I want to make things very simple for myself. As I follow Mr Mosia’s response – if I am following it correctly – and you will correct me if I am wrong – there has been no stage  
10 when the Mangaung Local Municipality has issued a moratorium and there has been no stage when the department of transport has issued a moratorium. For now, let’s just end it there, before we go to the national issues that you have raised.

**MR MOSIA:** Thank you Chair. Chair, it is important to note that Mangaung  
15 Metro Municipality is not the only municipality in the province. Mangaung Metro Municipality, it is a municipality that is responsible for the previous known as [inaudible 02:42:13] region, which covers the towns of Bloemfontein, Botshabelo and Thaba Nchu and Ladybrand. Now, yes it is true that there is no moratorium that has been entered into by province and any municipality in the  
20 province, not necessarily Mangaung – all the municipalities that are in the province.

**CHAIRPERSON:** So, we now know that none of the municipalities within the Free State and the provincial government have ever imposed a moratorium on the issuing of operating licenses for minibus taxis.

**MR MOSIA:** Correct Chairperson.

**CHAIRPERSON:** Yeah. Now, if you can gently refine the national moratorium that you say was issued – if, again, I follow your response correctly – you say it was issued in 1999 – can you clarify exactly the nature of that moratorium and  
5 then how it has impacted on the issuing of operating licenses for minibus taxis in the province?

**MR MOSIA:** Thank you Chair. Chair, the impact of this moratorium – particularly on the province – has had a very adverse negative implication, because obviously from 1999 to 2018 towns and cities have grown immensely and  
10 populations as well have grown and a need for new licenses is evident. Chair, we must appreciate that at a national scale most if not all municipalities are not co-operative or do not have the necessary capacity to assist with regard to comments for consideration of new licenses. That's why you'll find that even  
15 provinces that are continuing to or considering new licenses – I think under Section 35, which states that (under correction if I am not quoting the Section correctly) it says that where municipalities are not committing provinces or operating PREs can continue to issue licenses.

Now, in my view, it is a very dangerous condition, because if thorough studies or market assessment have not been made, you wonder what informs the  
20 issuance of new licenses. What is the risk of over saturating routes and the likes – that's why we have played a cautious role as the province and that's why we have taken a position now to begin to capacitate municipalities to ensure that when we get into that space, we are going to be considering or issuing licenses

where we have thoroughly consulted where we are happy that licenses that are going to be issued will not result in violence or route conflicts.

**CHAIRPERSON:** Yeah, again just to clarify – if I follow your submission again correctly – you say that in 1999 the National Department of Transport issued a moratorium on the issuing of operating licenses for minibus taxis. If I am following you correctly – since then – 1999 up to this stage in compliance with the moratorium, the Free State department of transport has not issued any operating licenses, since 1999 up to this stage – in compliance with the moratorium?

10 **MR MOSIA:** That is correct Chairperson – we have not issued new licenses – taxi, minibus taxi licenses, we have not issued them.

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

**MR NGOBENI:** Thank you and how are you dealing with renewals?

**MR MOSIA:** In consultation with the taxi industry, we've identified towns where there is a need for consideration of new licenses and under the provisions of Section 11 of the National Land Transport Act which says that *if the function of transport has not yet been allocated or has been devolved to the local municipalities, then province has been doing that function – such provinces must continue with such a function* and we have made a submission to the MEC responsible for police, roads and transport to give permission to the operating licensing board to can consider those licenses. Such licenses – all received applications have been through the Gazette process and they have been

Gazetted for public comments and very soon we will be tabling them before the operating licensing board for consideration.

**MR NGOBENI:** Thank you. You were here this morning and I don't want to take you through each and every complaint that was raised by the NTA, but I'm  
5 happy that you were here and you listened to each and every complaint that they have raised. They are raising – central to their complaint is that the department is not giving the services that you are authorized to give in terms of the NLTA to affiliates of the NTA. So, they are not saying the mother body – they are saying affiliates to the NTA and that the doors are shut – there are no  
10 renewals that you are doing to the affiliates – you are not doing their conversion of permits and they extend the complaint and then they indicate that 1 of the requirements that you have introduced is the requirement that you are asking for applicants for operating licenses, to bring letters of support from associations, but in this case you also specify the association that you are  
15 dealing with, which is SANTACO and not the NTA.

So, you have listened to all of those complaints – so the floor is yours, please kindly respond to all the complaints that they have raised today and with specific reference to the 1 where they are saying that you are discriminating between the 2 affiliates of SANTACO and the NTA.

20 **MR MOSIA:** Thank you.

**CHAIRPERSON:** Maybe before you respond, I just want to add a further issue perhaps that you may also need to respond to, and this is connected with the moratorium question – Mr Malindi also indicated in his submission that they have had as the NTA engagements with the national department of transport

and the national department of transport has indicated to them that they are not aware of the existence of this moratorium that has been discussed – if you could also in your response to Mr Ngobeni also respond to that specific issue, which has been raised.

5 **MR MOSIA:** Maybe there's a level that we first need to clarify. Taxi associations in the province are organized in terms of hierarchy. We have taxi associations that are operating on a local level, which are in respective towns and in each and every town they culminate to a regional structure and then all the regions in that particular province will culminate to provincial structure.

10 Now, at my level of operation as the deputy director responsible for administrative support to the operating licensing office – we are responsible mainly for receiving of applications and preparing them for the operating licensing board to can consider those applications. Now, we deal or we receive applications from taxi associations – different taxi associations from different  
15 towns. We must appreciate that in the presentation that we indicated that we are currently having 48 taxi associations in the province. Now the 48 taxi associations that are in the province are inclusive of all associations that are in the province – whether they are NTA aligned or they are SANTACO aligned.

Now, at my level of operation, I don't operate with SANTACO affiliated  
20 associations or NTA affiliated associations – I operate with registered local taxi associations. Now, I think there are 10 NTA aligned taxi associations – we form part of the 48 and all those 48 taxi associations in the province are being serviced – there is at no stage where we deny service to operators who are in this registered associations, but what we must also note – I would site

Bloemfontein for example – prior to 2005, we had 11 taxi associations in Bloemfontein – whom at the time of the merger, engagements we had with all these associations and there was a voluntary merger of amalgamation of all these associations in Bloemfontein who are currently now known as Greater  
5 Bloemfontein Taxi Association.

Now, as the years progressed, individuals would sprout from the amalgamation and begin to call themselves under the umbrella of the deregistered associations, which have now merged into Greater Bloemfontein – it is only in such instances where we are having challenges, because now for the fact that  
10 these associations have been deregistered – these people or these operators are approaching us under no registered associations, so we are unable to render service to these people, but very surprisingly when you check their records – Nthathe Malindi is a registered member of Greater Bloemfontein Taxi Association and they would approach us referring to themselves as members  
15 of Express Taxi Association, which has been deregistered – which has been merged into Greater Bloemfontein.

Now, all the other members of that association are current active members of the new formation, which is GBTA. So, it is under those circumstances where you'll find that we are unable to render services to people who refer to  
20 themselves to associations that are no longer there, but you have your Nthathe Montso, who is the chairperson of [inaudible 02:56:26] taxi association, which is a NTA aligned association and which is recognized in its right, because it's a registered association and we are rendering services to them.

**MR XABA:** Just add on that – you had to ask me earlier and having listened to what the presenters alluded to. One person said that he voluntarily left an association or he relinquished his position, but what he does not say is that there were elections and out of the elections he did not make it and when he did  
5 not make it through those elections, he then started what he is has been doing. Now, all the associations that are SANTACO affiliated and that are NTA affiliated – if they don't follow processes, the office of the secretary, which is Nthathe Mosia, will look into those things and then into those applications and respond to how should they be handled and if they are not satisfied, both  
10 umbrella bodies they do come to my office and lodge complaints and I'll go and check what is happening and what I did not hear coming out clearly is that part of other problems that they were not assisted. I've managed with my colleagues to assist those associations.

What I want to push up is that – at no stage of those associations that the court  
15 said that they should not merger – they should not merge. Out of all those associations I am challenging their members to bring to the competition commission to bring the proof that they have not been assisted. Those that have merged and I am not referring to those that have been merged after they have not been favored and not been nominated as committee members and  
20 then went out of the committee and they then come back and say *no, I am at Express Association* – we do not have Express Associations, but all those associations have been deregistered. They were there prior to the merger.

As to whether it was a forced merger or not – the court said only 10 associations will not merge. The other issue was raised was with regard to  
25 Bethlehem, which is Mphatlalatsane – I met with Mphatlalatsane Taxi

Association on the 27<sup>th</sup> of November 2017 – I said to them *get me the documents that you said you were party to of the merge that the court gave you that you cannot merge.*

I met with the NTA in January, and I said to them Mphatlalatsane says they  
5 were part of your court documents, so I am waiting for them to bring back those documents so that I can assist them. To date, they haven't brought those things, those documents. Now, like I have said earlier on, I am dealing with 2 heads, with the law enforcement and also the registry. Now, when we went out and enforced the law in Bethlehem, we were told that we were targeting the  
10 NTA members. But those cars that we took, they did not have permits. Now, how do you become a member of that association when you are not an operator you see. So, if there are those NTA affiliated operators that have not been assisted, let them bring those documents to the Commission and the Commission will then recommend to the parliament or whatever for us to ensure  
15 that they are assisted. But, from where I am seated, all those to date, they have been assisted. Yes, I will not come and sit here and say there has not been glitches and all of that. Where there were, they will attest, I went down to the 1<sup>st</sup> floor and I said – let me set an example. There was an issue that the Bronte and Hooter (sp) Hooter is your Welkom United Taxi Association and Bronte is a  
20 Bronte Taxi Association, that people would move from Bronte to Hooter or move from Hooter to Bronte. And these people will come prior to my time being at Registrar, will come to the department and they will be assisted in terms of changing their status. But if there are members of Bronte wanting to do the same, they are not being assisted. I then said to Ntathe Msiya, it cannot be  
25 correct. If we are saying members of Bronte Taxi Association need a

recommendation from Bronte Taxi Association, so does it apply to Hooter. I then issued, they were there, [Inaudible] Ntate, Munsu were there. I said, no noise, you assist those people and if there is outcry there, let them take us to wherever because I am doing, what is happening on the left hand-side, I am  
5 doing on the right-hand side. I am correcting that merger. And that has been going on. So, if there are areas that they have not been assisted which are policy measures which are issues that have to be dealt with by the MEC and by the National Minister, it is not a space we can come in and say we have not been assisting them on those issues. But in as far as the issuance of the  
10 permits and renewal of the permits and in as far as them being given the documents for – one of the problems is that they were saying no, this term that they were using in the taxi industry of the rush, you know the rush is your – and I notice your festive season where everybody is going back home in other provinces, then we issue out special permits. They were saying they have not  
15 been given those special permits in other years. I then wanted to find out why. But when I check on those things, they were assisted and those that were not assisted it is because of – they did not have the necessary documents that were to be assisted with. Now, lastly on responses that I did not – I don't recall at any stage where in the province we refused to assist members of the National Taxi  
20 Alliance on the basis that they are members of the National Taxi Alliance. And the issue that was raised in terms of the court that the court must be assisted and all of that, even the Public Protector, we went to the Public Protector, I think it was around March, May, April, we went to the office of the Public Protector. And when we explained exactly what has happened there and when they look  
25 into our submissions compared to their submissions, the Public Protector then

said they will give out responses into that effect. But as for us not assisting them, I refuse that they were not – to agree they were not assisted. They are assisted and they will continue to be assisted under my watch they will continue to be assisted. But remember Chairperson, of they do not have those documents that were agreed upon in terms of recommendations, you cannot bring a recommendation of Majakathata when you are a member of Kgatelopele. You must bring a recommendation of Kgatelopele to recommend a member of Kgatelopele. You can't recommend a member of Majakathata vice versa. Thanks Chair.

10 **MR. NGOBENI:** Thank you, Chair. Chair, I think there was an additional question that you asked on the National issue that was raised by NTA and I think in response to that, I just want to find out maybe just to clarify for the panel, Ntate Msiya or Mr. Xaba, the process of identifying permits and the rationalization and the converting of the various permits in terms of how far the process is – I am not going to put it under the moratorium because I think when you started you mentioned that it was because of the moratorium that you were doing all of those things. But I am more interested in where are we in the process and is it completed or where are we?

**MR XABA:** No, no, I want to put it on record, as the Free State government, we do not have a moratorium. The moratorium was a moratorium for the National department, and municipality, we refer to all the municipalities in all 5 regions, not only in one region, we have municipalities in all 5 regions. And none of those municipalities have capacity. Unlike other provinces, your Gauteng, your KZN and your Eastern Cape, Free State is the only province that deals with public transport issues outside the municipalities, precisely because

the municipalities do not have capacity. The new head of department which was appointed in the 1<sup>st</sup> of April 2018 has approached the municipalities in writing to say municipalities should respond in writing to say they do and have the capacity in order for us to be able to continue freely in doing all the processes

5 that have to be followed. Now, the submission that Ntathe Msiya has alluded to, there is a submission that we have submitted to the Head of Department which subsequently came back to my office in order for me to rectify some of the matters. But we want to deal with the submission and get the approval. Once, we get an approval, we will go to all the associations, all 48 associations in the

10 province and say to them, here is the submission that has been approved, therefore, tell us where do you want to get new permits and where do you want us to extend permits. And added to that, I have said to the meeting last week with the regional managers, we can't sit with old regulations or legislations that are an impediment to our people. Ranks and all of that, the permits are talking

15 about the ranks and those ranks are no longer viable in terms of people going to access taxis. We are going to look into that issue in that submission to say to the MEC, allow us to change those permits in order for people to be able not to struggle, because if the permit say you load from Bloemfontein Taxi Rank and then you are supposed to go to Welkom, and people are not going to the taxi

20 rank, they are going to Raymond Mhlaba, that's where people are standing there for hikes and all that as a hot hiking spot. Those hot hiking spots, we are going to turn them into our permits so that people will be able to access them easier. But also, it warrants for taxi industry to come up with their marketing strategies in to see how best can they change these things because sitting and

25 folding arms and saying that we are not allowing Uber to take place, if the law

says Uber has to take place, it will take place. So, it is for them to ensure that they abreast their strategies and they will get people that will assist them with that tool, the issues of marketing strategies.

**MR XABA:** In addition to that, on the issue of conversion of public permits to  
5 operating licences, Section 47 of the National Land Transport Act is the Section  
which makes provision for the conversion of public permits to operating  
licences. And there are clear requirements the needs to be everything s to who  
qualifies to convert a public permit to an operating licence. What was alluded to  
by the presentation by the NTA is that there are operators who were denied the  
10 opportunity to convert their OP permits for whatever reason. OP permits, the  
last time that OP permits were in active operation, it was latest 19996. Now, we  
are in 2018. It's almost 20 some odd years after that period. Now, Section 47  
says, a public permit that can be converted to an operating licence is one, a  
public permit that was either valid or had an indefinite period before the  
15 commencement of the National Land Transport Act of 2009. Two, it's a public  
permit that was inactive in operation 180 days prior to the date of application of  
such, now 180 days will be referring to a period of 6 months. Now, OP permits  
that were last in operation some 20 odd years back definitely do not meet the  
requirement for conversion. So, when you refer to those OP permits, these are  
20 OP permits that fell off because they were failing to meet the requirements. So,  
it was not necessarily that it was a targeted move that was denying members of  
NTA who had OP permits not for them to convert such public permits. Now,  
additional to that, there was a cut-off date that was set for the 8<sup>th</sup> of December  
2016 which was the cut-off period for a conversion of all those public permits  
25 that were qualifying or meeting the requirement. But subsequently to that, the

Department of National Transport went to court and relief was sort from the courts which granted extension for that cut-off until such time that the National Minister of Transport pronounces a new cut-off date. So, conversion is still open, but it is open to those who meet the requirement. It is just not an open  
5 check for everyone to apply for the conversion, but those who meet the requirements.

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

**CHAIRPERSON:** Thank you, Mr. Ngobeni. Ms. Nontombana.

**MS. NONTOMBANA:** I just have a few questions with regards to the issuing of  
10 operating licences. So, just bear with me. The 1<sup>st</sup> thing that I just want to clarify is, whether there are any renewals of operating licences the have not been granted and the reasons or the basis, renewals. I understand for the new applications that there will be a moratorium. So, the question is really on renewals specifically.

15 **MR XABA:** Thank you, ma'am. Yes, applications for renewal of operating licences are considered and are granted we are continuing to encourage operators to apply for renewal before their licences expire. And licences that are still valid, operators are – the doors are still open for them to apply for renewals. And as for licences that have already expired, we are continuing to receive  
20 those applications and such applications are tabled before the operating licencing board for consideration. And where the operating licencing board is happy that the requirements are being met such licences are renewed.

**MS. NONTOMBANA:** Okay, but the clarity I want is on those that have not been renewed. You mentioned now that the possibility is that it could have expired. Those licences could have expired and if the board does not approve them they might not be granted. But is there any other basis for not renewing?

5 **MR XABA:** No, there is no other basis.

**MS. NONTOMBANA:** It is only when they expire?

**MR XABA:** Yes.

**MS. NONTOMBANA:** Okay, and then the other question I have just to take you back on how – what considerations are taken into account in the assessment of these licences. You mentioned that there would be consultations and I heard you say that there would be a gazette that is issued in terms of legislation. There is also the consultation with associations. And yesterday, I think one of the taxi associations, they mentioned that there are also service that will be conducted. And I just wanted a clarity on what exactly would be done, is it those  
10  
15 3 things that would be done to inform whether the licences are issued or not?

**MR XABA:** We also consider the, I don't know whether I should refer to it as the status of the operator. The law is clear in terms of criminal record of operators. Those are the things that are put into consideration. The conditions of vehicles, an operator will qualify for a licence if they have a valid vehicle with  
20 valid documents that is registered in their names with a valid certificate of road worthiness. So, those are the other issues that are taken into consideration when we are considering these applications.

**MS. NONTOMBANA:** And then on the operating licences again just one issue, you mentioned that the department is developing transport plans on behalf of

the municipalities because there is no capacity there. And I just wanted to get a sense of where this process is because I would understand that this will also inform the issuing of the operating licences, whether the transport plans that have been developed or are in the process of being developed are also taken  
5 into account here.

**MS MATJOA-DICHABE:** Yes, Chair. there has been plans that have been developed for various municipalities. And the process is in place to cascade the information down to the municipalities, so it is in progress.

**MS. NONTOMBANA:** My question is whether those transport plans in their  
10 current form are being used to inform the issuing of operating licences or they are just considered as being work in progress and therefore are not taken into account.

**MS MATJOA-DICHABE:** Chair, they cannot be taken into account as yet because like I explain before, they have to be synergized with the IDPs of the  
15 municipalities. And for that we have to do route planning as well as the assessment of the present routes, and after we have done a comprehensive report then we can then begin to utilize the IPTN for the issuances of licences. However, also to indicate what Nthathe Mosia has said to say that a interim measure is being utilized. Because of the presence of the IPTNs has enabled  
20 this interim measure they are putting into place to happen, which is the submission that is going to the MEC to allow for the associations, to identify which routes are urgently in need for taxi.

**MS. NONTOMBANA:** Okay, then I have a follow-up on that because I would understand that the service that would be done and the research that would be

done would be part of the process that would inform the transport plans. So, in this case, the service that have been done, where do they fit in into the transport plans versus the issuing of the operating licences? Maybe that is where my confusion is.

5 **MR XABA:** Particularly when we refer to the renewal of operating licences, we would remember that these are existing licences that have expired. And because these that Ma'am is alluding to, is still work in progress. The plans have been developed, but there are still consultations with municipalities to ensure that these reports are integrated into their plans. Now, as I indicated  
10 earlier, Section 35 under correction, Sub-Section 6 thereof, which says that where municipalities are not coming on board operating licencing boards will continue to consider such applications. So, for the fact that this where existing licences. So, they are considered on those bases to say that we are maintaining the status- quo so that we don't bring down the level of licences. In other words,  
15 licences that have expired are considered and where the board is happy, they are considered in favour of the application for renewal.

**MS. NONTOMBANA:** I don't want to [Inaudible] the point, but I think I still want clarity because as much as there would be existing licences, there would be new developments for example which also have to be taken into account in  
20 terms of the renewal of these existing licences. And this is where I would have thought that then the service would then inform whether there really is a need and that is the clarity that I was asking for. So, I don't know if you want to respond to that. But I think that is where I wanted specific clarity in respect of renewals.

**MS MATJOA-DICHABE :** Chair, I think it is going to be very difficult for us to respond succinctly to your question due to the fact that the IPTNs have been developed. The interaction with municipalities is not concluded. The ITPs have not yet been developed and therefore, we are busy trying to have an interim  
5 measure to make sure that services are rendered. So, it is not going to be possible to give a clear response at this point.

**MS. NONTOMBANA:** Okay, that's fine. So, the next question then I want to move on is with regards to operating licences for buses. So, in the presentations yesterday from SANSBOC (sp) members, they said that for  
10 whatever reason, they are the being granted operating licences for offering commuting bus services. And we also understood from IBM and Maluti (sp) bus services in terms of their coverage of the province, it is not 100%. So, there may be scope for other operators to also offer commuting bus services. And I just wanted to get a sense from you whether that is your view as well, and if that is  
15 your view, why it is that these smaller bus operators are not being granted licences because we understand that they have tried to offer commuting bus services. And I just wanted to get a sense from you whether that is your view as well. And if it that is your view why it is that these smaller bus operators are being granted licences because we understand that they have tried to offer  
20 commuting bus services.

**MR MOSIA:** No, that statement is not correct. In the area of Bloemfontein where you find that there is a subsidized contract, the law dictates that where such contracts there cannot be competition. Therefore, particularly in Bloemfontein because the subsidized contract covers the area of Bloemfontein,  
25 there can't be applications for new licences within Bloemfontein. Now, as to

applications that have been lodged by members of SANSBOC that have been denied or we are not aware of that. So, hence I am saying that, that statement cannot be correct.

**MR XABA:** I have said I have met with SANSBOC in my previous [Inaudible]  
5 when I was an acting chief director in this department. And you see, the issue of us not assisting them with operating licences, I did not here it coming up sharply. But all I could hear from them was the issue of the memorandum of understanding with us for them to be recognized and the issue of the subsidies in terms of the small bus and all that. Those are the issues. And then I said to  
10 them, please bring those applications that you said they were denied in order for me to assist you on them. I am yet to receive those applications that they said they were not assisted. And then on your earlier question just to respond further, we are aware and mindful of the fact that spatial plannings and all of those things are things that the law requires. But we are not going to  
15 disadvantage taxi industry because of government not coming into party. What we are doing and that's why we can meet with the initiative. We sat the MEC down, we said to the MEC, the Act allows you to issue extra permission and all that. So, whether that happens or not, once that submission has been approved, we then take into consideration with all the taxi industry associations  
20 to assist in terms of giving new permits. But we will do that in consideration with all the associations. Thank you very much.

**MS. NONTOMBANA:** Okay, I have to go back to my question about the buses because I think I understand that where there are subsidized buses on specific routes, you won't encourage another operator in competition and cannibalize  
25 the existing service. But my question was, we understood from submissions

yesterday the it is not the whole province that is covered by the subsidized bus contracts. And so the question is; on those routes which are not covered by the existing operators, why is it that the independent operators cannot be considered for those routes? Is there a specific reason that they are not getting  
5 into those routes? Are there such routes which they can get into to offer commuting bus services?

**MR XABA:** Chairperson, we don't have any problem of assisting members if they apply and they apply where there are no those. And in terms of the buses, we issue out permits in terms of the scheduled times and all that. We don't have  
10 a problem, like I said earlier, I said to those gentlemen and the one lady I suppose, they should bring those applications that they said they were denied an access and I am still despite the fact I said that I was the acting chief director, I am now the Registrar, I still have those powers. Learner transport them bring those documents so that I look into those things and assist the  
15 colleagues if they were denied unfairly. Because it is not in our making to disadvantage others where there is nothing that is happening. Thanks.

**MS. NONTOMBANA:** The last question is with regards to the services that are offered by IBL and Maluti currently. And the question is whether you are able to tell us whether they are mostly covering rural commuters or not. And this is  
20 something I think that came up earlier. But I just didn't get a sense of whether they are mostly servicing those rural commuters and this is because my understanding is that the province is largely rural. And so then I would want to get a sense if you can a percentage of commuters that are coming from specifically the rural areas that are serviced by IBL and Maluti. That's the 1<sup>st</sup>  
25 part of the question. And then the 2<sup>nd</sup> part is, the provision of the subsidy by its

very nature is supposed to make the offering of those services to those commuters whether they are rural or not more affordable. And I wanted to get a sense from your KPIs that you monitor from Maluti and IBL, whether there is a specific requirement or whether you monitor that they indeed keep those  
5 services affordable and how you do that.

**MR. XABA:** Thank you Chairperson. In terms of affordability before the companies can request an increase, that has to be negotiated with the department, and the department has the strongest say on what the increases should be referring to the latest increase which was projected at a particular  
10 percentage and where the department recommended that there should be a reduction of 2% to those increase. So, yes the department has a very strong say into the increase of the fees because of the subsidy. The issue of rural, I think it's going to be – I think yourselves coming from the metro towns would consider the provinces rural. And from our perspective, what we term rural  
15 would be an area where there is no serviced roads, there is no easy access to amenities and such likes. So, what happens is there is a mix in terms of the type of communities that are serviced by these 2 systems. Hence, I specifically referred to Qwaqwa which is 90% rural, which is being serviced by Maluti bus services. And then of course of the 3 towns that are being serviced by IBL  
20 which is Bloemfontein, Botshabelo and Thaba Nchu is the town that has the greatest rural areas. But we will not have the exact percentages to give you at this point.

**MS. NONTOMBANA:** Mr. Mandiriza.

**MR MANDIRIZA:** Thank you, Chair. I just have a question, maybe Mr. Xaba is going to assist. So, there is a – you have the operating licencing board. I think myself I am much more familiar with PRE in terms of the NLTA at the moment. I just want to get a sense of how decisions are made for operating licences and  
5 what is the composition of that board and whether they are full time of part time members that are there, because there was a specific allegation. I hear that one affiliate is involved in the board. Can you just maybe clarify?

**MR XABA:** The board is – we are having the attorneys, we are having the Chairperson who is somebody dealing with transport issues, and we also have  
10 a lady wo is an employee of SANTACO, who is not a member or who is not a provincial office bearer of SANTACO. She is an employee there and she is the only person there. And then the other 5 members are independent people. The board is independent and the board does not have any other person in terms of – to say from a particular association. And the decisions are made in this  
15 following manner or does unfold. The office of the secretary will receive applications and will compile those applications and present them to the board which seats 3 times in a month and then the board will seat where they will be having all those the lady and the gentleman that I have alluded to and then discuss those applications and call in those members who have applied and  
20 also those who have objections and all those who want to raise whatever they want to raise. And thereafter the decision is made, and then that decision is then sanctioned. And of late now, we are even now publishing those decisions, which is a tedious process in terms of finances. But we then said let it happen. We are now even publishing those decisions after the board had said to say

these have been approved, these have not been approved with all those reasons and all that. I am not too sure if I have responded.

**MR MANDIRIZA:** I will make follow-up questions. So, are these employees, are these full-time employees of the department or they are external parties?

5 **MR XABA:** None of those are employees of government, none of the board, all of them except of the Secretary who is playing a secretarial role. He is not taking any decision, he is playing a secretarial role, compilation and all that, and documenting all the decisions of that. He is not taking part, he is not a member of the board.

10 **MR MANDIRIZA:** Who employs the board?

**MR XABA:** The MEC employs the board.

**MR MANDIRIZA:** So, given the submission that was made today, I think the concern that was made, I think you confirm that there is an employee of SANTACO who forms part of the board. Given the concerns, is it something that  
15 you will be able to look into given the concerns that are raised by NTA today?

**MR XABA:** Well, the employee like I said, the lady who is employed there, she is not the member of the provincial taxi council, she is an employee like any other person who was taken to the board because of her specialities. Not because of her being the member of the SANTACO. If that was the case, we  
20 would have – the department would have gone to the extent of taking people who are taking decisions in the provincial taxi council of SANTACO. But that is not the case. Thank you, very much.

**MR ?:** Maybe just to add on the issue, as Mr. Xaba indicated, the board composes of independent officials who are being appointed by the MEC and account directly to the MEC, do not account to anybody within the hierarchy of the department. Now, this specific reference to the complaint that was lodged  
5 by the NTA, it must be clarified that there in their request, they were requesting that members of the board, if the Chairperson of the board is a SANTACO member, the deputy Chairperson must be a member of the NTA. Now, members of SANTACO and members of NTA are taxi operators. For you to qualify in those spaces, you need to be a registered taxi operator with a valid  
10 licence and a valid vehicle into that. Now, the lady that you are referring to, she is not a taxi operator and like anybody who would apply, when the MEC invites nominations for members of the board to serve on the board, nominations are made and people apply. And this person was considered on the strength of her experience having worked within the taxi industry, not as a taxi operator. Now,  
15 whatever decision or role that she plays in there, she is not the – under the umbrella of SANTACO or anything. She is there in an individual capacity as a person that was considered having lodged an application to be considered as a member of the board.

**MR MANDIRIZA:** Thank you Chair.

20 **CHAIRPERSON:** Just one last question from my side. And this relates to the subsidized commuter bus service contracts and it is really a follow-up to the question which was asked by my colleague Ms. Nontombana in relation to the current coverage of the current contracts because the IBL contract covers Bloemfontein. Botshabelo and Thaba Nchu and Maluti bus service contract  
25 covers a number of routes in the Eastern Free State. So, it is quite clear that the

coverage of the subsidized commuter bus services in terms of the contracts, it's currently limited. Now, flowing from that, I just want to understand 2 things. Firstly, what underpins the current coverage, what is the rationale for the coverage and what is also the rationale for its current scope? So, that is the 1<sup>st</sup> 5 question. And I accept that you have indicated earlier Ms. Thabethe that I think Mr. Xaba also said the same thing that the design of the contract if I followed your submission correctly, is dictated by the National Department of Transport. But my question is slightly different in the sense that what they seek to understand is the need, what underpins the need of the service in these specific 10 areas, and whether such a need does not exist in other areas of the Free State such as the Northern because currently the service is confined to parts of the Central Free State and parts of the Eastern Free State. Is there no need for similar services, in the Northern, in the Western, as well as the Southern parts of the province? And if such a need has been identified, what are the plans or 15 has any motivation been made to expand the current scope of the services beyond just the current limited area of coverage. Because that expansion, of course I accept that this has budgetary implications. But such an expansion will then enable or facilitate new entry by other smaller bus operators who wish to enter the market but are currently unable to enter because currently the 20 opportunity, the contracting opportunities to provide these services are mainly limited to two biggest bus operators in the province.

**MS MATJOA-DICHABE :** Thank you, Chair. I think Ms Thabethe will just add to my response. I think Chair will remember when we read our initial presentation to say this is a historical factor, and it finds its expression in the 25 fact that Qwaqwa and Botshabelo were part of the old Mopedi regime, and

Thaba Nchu was part of the old Bophuthatswana regime. And due to the fact that these people were relocated out of their own will, there were no job opportunities and as a result the government created an artificial infrastructure whereby they could be bussed into their places of employment and bussed out when they left work. Now, this is a historical factor which has been happening from before the democratic government. And I think Chair also remembers that I did allude to the fact that we would love a situation where we would re-advertise this contract. However, the issue of the budgetary constraints like Chair has alluded to are the major factor because discussions have been held at all the levels regarding rolling out some services to other areas. Discussions have been held regarding the issue of incorporating the small bus operators, finding ingenious ways of trying to incorporate the small bus operators because of the high barriers to entry like the other gentleman has said, which have been artificially created by this contract. So, I think as a department we are planning and we are seating and we are trying to look for creative ways in which we can incorporate small bus operators. But I think the Chair should also understand that the department is also faced with another situation whereby the taxi industry is also asking for subsidies based on the fact that buses are being subsidized. So, the challenge facing the department is not just to roll out the services to other sectors of the province, but also to service the request which growing louder and louder by the day by taxi operators to say, when buses are being subsidized, where is our subsidy because we are doing the same routes and we are less – we don't have equal financial muscle as the bus companies. So, yes it is in our plans. It is continuously being discussed. But I think the competition Commission will understand that the equitable share is actually

shrinking every financial year and it becomes very difficult to plan for expansion in that financial environment.

**CHAIRPERSON:** Ms. Thabethe, would you like to add?

**MS. TABETHE:** On the need that has been identified in the other districts,  
5 there is a need for a scheduled services. But as we have alluded before that these contracts, they are being managed on behalf of the National Department of Transport. It has indicated that the services will not be expanded further. Meaning, going forward, the province must fund if we want to enrol the same service in other provinces.

10 **CHAIRPERSON:** All right, thank you. Just a last question from me. I said this was the last one, but I remember there is the important matter of the BRT. I am using the word BRT in inverted commas, so advisedly. We are aware that you are not the contacting authority for the rolling out of BRT services, and that is the responsibility of the Mangaung Metropolitan Municipality. But we just want  
15 to get your views as people who are engaged in transport matters within the province, as to what your views are on the project. We have received a submission that Phase 1, in Phase 1 of the project a route has been identified running from Langenhoven Park to Chief Moroka. And in Phase 2, Phase 2 involves a route that has been identified running from the CBD to I think it's  
20 Bergman (sp). Now what just broadly we – I want to understand from you is whether there is a need just from a transport planning perspective, whether there is a need within the municipality for such a service because as we understand, at least those 2 routes, we have received a submission from the taxi industry that those routes are currently efficiently serviced by the current

mini bus taxi operators who was servicing those routes. And the submission that they have made is that there is absolutely no need for a modal substitution of mini bus taxis in those routes, and that the model is inappropriate and is not responsive to commuter needs. In fact, I must also add that, that also has  
5 support from the bus industry within the province said pretty much the same thing in support of those submissions. I just want to get your high-level views as people who are engaged in transportation issues within the province, accepting of course that local transport planning is not your responsibility.

**MS MATJOA-DICHABE:** Thank you Chairperson, that is a very complex  
10 question because it has got a lot of historical elements. The major historical element being that National Department of Transport allocated funds to metros to establish BRTs. And I think also one critical historical factor that we should look at in terms of public transport in our townships is that the taxi industry emerged and evolved on its own and found a way to find expression in the  
15 public transport environment regarding – of the townships in particular. And unfortunately, in our province, metros enjoy equal powers as provinces. So, we do not have a say with regard to whether metros can implement BRTs or not. It looks like -

**CHAIRPERSON:** Please, can we allow our guests to make their submissions.  
20 You may continue.

**MS MATJOA-DICHABE :** So, it is very complex because the funds were there and metros were expected to utilize the funds. And metros are independent of the provincial in terms of decisions that are made. And I think it is clear to everyone that the transport space was functioning efficiently before the

introduction of BRT system. And I think the metro may have a reason why they have chosen to establish the BRT on existing and serviced public transport routes. But, had we been given the opportunity to advise, we would have said those funds must be utilized for the un-serviced routes. In other words, increase  
5 the delivery of public transport rather than duplicate. Because, what seems like is happening and I am speaking very cautiously – but what seems like what is taking place seems to be a duplication. And like I said, it is not their fault, money was given to say all metros here is funds for the establishment of the BRT. And what else could they do except establish BRT?

10 **CHAIRPERSON:** Thank you very much. We still have I think more questions. But we have now run out of time. But we will certainly like to have further engagements with yourselves. We think that this session has been quite helpful and you have provided quite helpful insights because we would have liked to explore a few areas in respect of transport planning more broadly. But those we  
15 will explore in the next engagement. But thank you very much for your time and for the candid and honest manner in which you have engaged with the issues. We really do appreciate it. Thank you very much. We have received a request and SANCO will have to take responsibility for this because we – they have requested us to present for 5 minutes because apparently they have to leave.  
20 Unless they have changed their minds so that we can take them after the lunch adjournment. But, we have received a request from SANCO to take them now for 5 minutes. So, if they could please come forward. Unless you have changed your minds. Oh, they have changed their minds. That's great. We will take a lunch adjournment and we will be back at 13:45. You are welcome to join us for

lunch. There are vouchers which will be distributed at the door, and you will be directed to the venue where lunch is served. Everybody is welcome to join us.

## Session 2

**CHAIRPERSON:** From the South African Civic Organisation, SANCO, thank you very much for coming and for your time, if you could please take the oath or the affirmation and please switch on the mic as we do so. There is a piece of  
5 paper in front of you. You may take the oath or the affirmation.

**MR RAMOSIE:** I Bakwena Ramosie swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth so help me God.

**CHAIRPERSON:** Thank you very much Mr Ramosie, I see you are joined by a colleague, if you could also take the oath or the affirmation.

10 **MR PHELANE:** I Mosito Phelane swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth. So help me God.

**CHAIRPERSON:** Thank you very much Mr Phelane, if you could just spell your surname just for the record?

**MR PHELANE:** P H E L A N E.

15 **CHAIRPERSON:** Thank you.

**MR THABANE:** I Tebo Thabane, I swear the evidence that I shall give shall be the truth, the whole truth and nothing but the truth, so help me God.

**CHAIRPERSON:** Thank you very much Mr Thabane. Mr Ramosie before you take us through your presentation if you could indicate what your current role is  
20 within SANCO and how long have you held your current role or position.

**MR RAMOSIE:** Thank you very much Chairperson, maybe it is important to start as you have just indicated to say again that my name is Bakwena

Ramosie, currently I am the Provincial Secretary of SANCO in the Free State. And by virtue of being the Provincial Secretary of SANCO in the province I am also a member of the National Executive Committee as far as the South African National Civic Organisation is concerned. I am now serving the second term.

5 The first term when I was elected to be the Provincial Secretary, it was in 2011 of which the term of office ended in 2015. But due to other aspects we saw our second conference after the one that was elected in 2011 taking place in February 2016 and that is where I was elected to serve the second term. And before that I was the Regional Secretary of SANCO in the then known to be  
10 Moteo District which was the Moteo Region, which was later abolished by the introductions or the introduction of the metro which is Mango Metropolitan municipality.

**CHAIRPERSON:** Thank you Mr Phelane if you could also just indicate what your current position is or role within SANCO? Followed by Mr Thabane.

15 **MR RAMOSIE:** Thank you, ja maybe I must just indicate to the House and the Table that even though they have joined me but I am the one that is, that is going to deal with the presentations and everything.

**CHAIRPERSON:** Indeed it is just for, for the record.

**MR PHELANE:** I am currently in the position of a Secretary of Butsalolo sub-  
20 region.

**CHAIRPERSON:** Thank you. Mr Thabane?

**MR THABANE:** I am Tebo Thabane, I am the Chairperson of sub-region, Butsalolo.

**CHAIRPERSON:** Thank you Mr Ramosie, you may then take us through your presentation. That will be followed by questions from evidence leaders and the panel.

**MR RAMOSIE:** Thank you very much Chairperson. Maybe it is important  
5 Chairperson to indicate that on behalf of the South African National Civic Organisation, SANCO, we are really pleased to be invited by the Commission in this important topic relating to the transport, pertaining to the country, so we feel very, very much honoured and maybe it is also very important for us as the civic movement that indeed we are going to do this presentation after several  
10 presentations has been made by different organisations particularly we just come after the presentation by the Department of Roads Transport within the province. So it places us in a very better position to say, hey, because we were able to listen even where at one stage we felt like maybe there are certain things that need some clarities, so we feel very, very, very honoured in terms of  
15 that. As we start with the presentation as the Civic Movement in the province, Chairperson, maybe we can just start from the introductions of our presentation then. Maybe, but before I can get into the details of our presentation, it is important to indicate before the House that the presentation that we are going to do or we are going to present before you is more of a summary of the  
20 challenges that needs attention of all the stakeholders, because we felt this topic is one of the most important topics that can take almost a week if we were to deal with it accordingly so. So Chairperson, it is important to place on record that the provision of safety, accessible and affordable public transport infrastructure has been a fundamental prerequisite for the socio-economic  
25 advancement of the South African population. Why we, we felt we must put this

introduction Chairperson is because if we don't know where we come from it will be really difficult for us to know where we are going. It also holds the potential to provide for decent wages and working conditions for the sector's employees as well as for those sectors that depend on the public transport industry for their

5 output. For their output, referring to products and services. It is crucial to indicate that the system of apartheid left a legacy of social exclusion and highly distorted separation of people from their places of work and the majority of social services that are required to live a productive life. Maybe one can say why are we talking about the apartheid at this particular juncture of time, after

10 almost 23 years of democracy. Hence I was saying if we don't know where we are coming from, it will be difficult for us to can even measure the success of what we have achieved so far. Therefore the post-apartheid challenges have been to restructure these geographies of exclusion and equality and provide a more effect system of public transportation. The organisation called

15 International Labour Organisation, ILO, launched an international research project in the year 2001 which was aimed at gaining insights into the organisational strategies of informal actors in the study countries of one, Bolivia, two, Columbia, three, Pakistan, four, Peru and then the fifth was South Africa. The purpose of the research was to acquire deeper insights into the nature of

20 membership based organisations in the informal economy, their strengths and weaknesses, with a view to understand the incentives and roles that shaped their gration [sp?] and functions. Why we are speaking of this Chairperson and the House is because we understand as the Civic Movement that there is a reason for any structure, or for any organisation to be in existence. There is

25 nothing that just exists for the sake of existing. There is a purpose and aim and

objective behind its existence. And the constraints that hamper their potential and effective voice institutions such as an understanding critical device regulatory and institutional environments conducive to poverty reduction and decent work. During the research the following features defined what now matters the most, the minibus taxi industry in South Africa. Number one, that the industry is part of the informal economy in the sense that a vast majority of operators do not register as tax payers and do not register their employees or adhere to any minimum standards of employment. That is the fact. Remember we said some of the things they were informed by the backgrounds where we come from. And remember when we are talking about this industry of the taxi, the minibus taxis, it is mostly owned by the Black people and if you can look and check the background how the industry was introduced, you will realise that some of the men and women, specifically men, who started the industry, some of them they were mine workers. And when they think of coming and trying to come up with something that can make things to happen in their lives, the thought the only way to do that is maybe to resign and take the whole, all the money they have from mines and buy a taxi. E20 when they were called by that time. And put it on the road. So that is the background where we come from as the Black people, because we must also understand and believe and there in our minds that indeed this is the best business that the Black man can be able to own. Even at the current particular juncture of time. Number two, the majority of combis, taxis, are not owner driven. Most owners own more than one combi but less than ten. Why we indicated this Chairperson, pertaining to the direction of the ownership as far as this mini, minibus taxis are concerned, we are saying number one, most of the owners they are not the ones that are

driving these taxis, even if you own one taxi, you don't drive it, it means you are going to hire one person, who is going to drive that car and it means there is a change that you are bringing in the house of that person that you have hired. So in other words on the other side they are also contributing towards reducing poverty and unemployment irrespective of the level of the business or the level of the recognition of the direction that they are taking. Number three, combi, taxis accounted for plus minus 66% of public transport commuter trips. Busses accounted for 21% and trains accounted for 14% and this research was compiled in terms of the percentages in 2002, of which if we can talk about it now, there is a huge differences. I am sure when it comes to the direction of the busses and the direction of the trains, they have decreased and then the direction of the mini, of the taxis have increased. Currently as we speak because am saying this 14%, 66%, 21% is related to what was done in 2002. The meter fare taxi sector was not reflected in the statics as meter fare taxi carry occasional passengers and not daily commuters. Yes, we have the meter taxis every days standing wherever they stand but at times they can even go home without even carrying one passenger, because it is something that is occasional, it is not similar to the minibus taxis. Number four, it was not known what portion of employees in the sector where women but it was estimated at no more than 2% that was in 2002. Similarly, the racial breakdown of employees was not known. Remember we are here in this roof gathered here specifically dealing with the business and the sector of business dominated by the Black people. Hence it is difficult to can even have the breakdown as far as the colour ownership is concerned. Therefore, it is estimated that 0.2% were Whites and 5% Coloured and Indians and remaining 94.8% which we can round

it off to say 95% Africans. But what is, what is sinister from this percentages Chairperson is that despite the fact that 95% ownership as far as the passenger transport is concern, is owned by Africans. The 5% of the people who owns this industry, they are at times that ones that are recognised when it comes to  
5 Government assistance. That is a concern. We are talking about an industry that is 95% owned by the Black people but when it comes to assistance in terms of Government contributions, the 5% is the one that is having more benefits and recognition, then that is really a serious challenge to our country. Maybe it is because this 5% when they come they will get money from their  
10 brothers and sisters who have run big firms then they will buy one bus or two busses and Government can start to assist them in that regard, but this Black Africans which, which is holding 95% because they will go and struggle and sell apples and be whatever, work for those 5% and at the end they are able to buy a small taxi, but they have a vision to say they want to end up owning busses,  
15 they are struggling to get recognition from Government in terms of the assistance. Indeed, there is a problem. The most remaining critical challenges facing the industry are, ensuring the inclusion of indigent women, and cater for their needs accordingly. Number two, empower informal economic actors to have a recognised voice and influence policy decisions affecting them. Number  
20 three, rescue the vulnerability of informal economy actors by easing their access to facilities, assets and public institutions. Number five, number four, finding a way to encourage dialog and partnership between different contributing institutions within an interested of improving working conditions in the informal economy. Those are the most remaining critical challenges facing  
25 the industry with even today. One other aspect of importance in the sector is to,

is to organise strategies, is to organise strategies in the minibus taxi industry to understand the following. The reason behind the establishment of these organisations and their type of legal status. When I started Chairperson, I said we are fortunate that we, we are bringing our presentation just after the  
5 Department has stepped down, and presented their presentation and as I listened to the presentation of the Department I had a bit of a concern, because their, their area of focus it looks like they are much into the issue of compliance, rather than being involved into this industry in totality. What do I mean by in totality, I mean yes compliance is important but compliance cannot supersede  
10 the fact that this Black women and men who are trying to make their ends to meet, they need Government to can assist them financially. So it won't be right for the Government to just stereotype themselves by just looking at the compliance because we might even say maybe they are looking that, the factor of the compliance because they want to ensure that they disadvantage these  
15 people so that they don't qualify to end up being like other racial community by owning bigger companies as far as busses are concerned. Number two, their structures, activities and achievements, number three, their capacity to deal with management issues and resolve conflicts among members. It is well recorded that at times you will find these organisations fighting each other,  
20 fighting over the routes, fighting about, so we think it is important and that, this is the role that Government must play. In ensuring that they empower them, not only financially but they, they must also ensure that they are much skilled in terms of how they can run the business that they enjoy, because they might, they must have the mentality to say this is what can make things to happen this  
25 is how I can survive but at the end of the day you still want to equip yourself

with the information and with the way in which you can improve the business to be at another letter, of which I doubt that Government is doing at this particular juncture of time. Number four, gender specific issues within organisational processes in the informal economy. Number five, the accountability to members legitimacy vis a vie public authorities and interaction with other stakeholders who are direct stakeholders in this case, obviously is Government, is the people who are running the industry and is community, those are the direct stakeholders that at times must ensure that everything is adhered to. Despite the organisational structure and challenges facing required recognition of the minibus, metered taxi industry by the Government the sector remains the key informative direction as far as the informal economy is concerned within South Africa. This is informed by the fact that 75% of South African population is occupied by this sector as far as employment is concerned. I don't know but I think this organisations SANTIAGO, I only know SANTACO, I normally hear about others, don't be offended, I have a reason why I know SANTACO because it is our sister organisation as the Civic Movement. They, they have statistics in terms of the number of employees that they have. And if you can check, let's say this, this sector is abolished because there are other practices that Government is taking nowadays, of which it is posing a challenge and a threat to this industry and their focus maybe it's just that the owners and all that, maybe they are saying let's introduce this B, what do you call it, BRT, you, you introduce the BRT and when you have introduced the BRT you don't take concern of the impact as far as the employment within the country is concerned. You know except the driver of the minibus taxi how many other people are automatically employed even though they are not employed by the owners?

Number one, they queue marshals already have got the job. Once there are minibus taxis. And these BRT's they don't have those queue marshals those things unless otherwise I am not informed. Number two, or number three, you go to any taxi rank, if you can spend a day and count the heads of people that go on passes through the taxi rank, I don't know you will end up making mistakes and forgetting the number where you are, or where you were. Hence you will find these hawkers sitting there and selling and doing whatever because there is no job, but hawkers are getting something that they can put on the tables because of those minibus taxis. So in other words it is not only that you are addressing unemployment as far as the drivers of those minibus taxis are concerned, but there are other phases that are also covered in terms of that. Of which I think the BRT will, will never ever get into that level, I am not against the BRT I am just trying to look at this thing how it can work Chairperson. You must just, I think you must get me correctly. Due to it being a majority contributor towards reducing triple challenges facing the country namely, unemployment, poverty and inequality our take as SANCO is that Government needs to invest more in this sector as far as Government budgets are concerned, not that Government must dismantle the sector by introducing a Government Public Passenger Transport system but the proper public private relationship informed by proper regulations can see the industry, can see the industry being a tool to abolish the ever increasing unemployment rate within the county, however the safety of the public passenger transport users is of utmost importance, therefore this can't remain the responsibility of the minibus and metered taxi only. Government must, or Government must be seen playing pivotal role in this aspect. We can ask ourselves questions, does the

Government doing that, there are many questions than answers when it comes to this one.

**CHAIRPERSON:** Thank you very much Mr Ramosie. Gentlemen I am not user who is going to start with questions? Mr Ngobeni.

5 **MR NGOBENI:** I, I only have one questions for, for SANCO and Mr Ramosie, I wanted to find out if SANCO in this province is consulted given the fact that you represent the people on the ground, when there are taxi price increases. Do association come to you know, to you to consult with you before the increases are announced to the public, given the fact that your represent those who are  
10 ultimately going to be affected by these price increases?

**CHAIRPERSON:** Can we also extend that question to the subsidised commuter bus operators as well. The same question. In other words, in answering the question can consider both subsidised commuter busses and the minibus taxi industry?

15 **MR RAMOSIE:** Thank you very much Comrade Chair, maybe I will start with the extension of your question if I can come to this one of the price hikes. Honestly speaking I will be lying, I was so surprised when I was sitting there listening the interactions between you and the Department, that there is going to be a BRT introduced by the Mangaung Metro that is going to drive between  
20 Langenhoven Park and Phase Two, it was like we were very surprised to say, these things are happening under our nose and we don't even know, and we don't even know the reasons, why they are introduced and all that, so the answer is no, at times we are not consulted of which our feeling is that those decisions are these types of decisions that are taken under or on boardrooms

with envelopes under tables. So I don't think we will be wrong by so saying because if, if it is not happening like that, maybe somebody must stand and tell us where are they taken and how do they arrive to those decisions. I listen to the department when they respond to your question. They are saying all metros  
5 are given subsidies to can introduce the BRT's but I don't think that is the proper answer and enough answer to that, to the question that we are posing, of which I think a lot needs to be done as far as that area is concerned. The issues of the price hikes by the taxis we, we are trying, we are doing our best in terms of trying to, to close the gap, that is there between the taxi owners and  
10 the community as a large. Because at times they will just decide to say no, because of other factors for example petrol's and all those, then they decide that they must up their, the, their prices. You will just see a notice within the taxi to say from this date you must know that the price is going to be at this much, so I remember the other time when there was an inter, interactions between  
15 SANCO and SANTACO and some of the things that we, we spoke about were relating to this one. But at the end of our discussions or our deliberations we found out that if we were to do it according to the way we think it was supposed to be done, it was going to be costly in terms of the status that, that they are operating under, taking into account that at times we don't see the Government  
20 playing a role when it comes to other activities pertaining to this industry. So those are the challenges that we are trying even currently so, trying to find a way of how to address that.

**MR NGOBENI:** Thank you Chair.

**CHAIRPERSON:** Miss Nontombana? Just one last question from my side, in  
25 your presentation you have indicated that the key elements of a, a viable public

transport system is safety, accessibility as well as affordability. [coughing]  
Excuse me, I would just like you to reflect on these elements that you have  
highlighted with specific reference to the two key modes of transport within,  
within, within the province being subsidised commuter busses as well a minibus  
5 taxis against this, against these elements that you have highlighted as being  
central to a well-functioning public transport system.

**MR RAMOSIE:** Thank you very much Chairperson. Indeed it cannot go  
without being recorded that these three key words are important in ensuring that  
indeed what is, what the industry is doing plays a role when it comes to the  
10 community as a whole. Number one, the safety of the of the mode of the  
transport is one of the, we take it as one of the paramount aspects when it  
comes to transporting, not only people, whatever that is being transported is  
very important and safety cannot be an issue that is addressed to the, to the  
owners or operators only, hence we are saying some of the things they need to  
15 be addressed through partnership because for example, a taxi owner just thinks  
it is important that I must have a taxi and take people from one point to another.  
The aspect of safety and other things sometimes is not, is not an issue. It is just  
things that if I can have a taxi and take these people from here to another point  
they will give me money when I come back home I will be having money. But  
20 true speaking it is also important to ensure the safety, the safety cannot also be  
addressed in terms of the, the transport only. The roads and other aspects that  
are involved as far as safety is concerned they play a role to ensure the safety  
of whatever that needs to be moved from one point to another. Even if you can  
have let me say a mini bus taxi, that is recorded to be the safest but it depends  
25 where is it going to travel, where is it going to do whatever. So the issue of

safety is one of the issues that is very important and cannot and cannot only be addressed one section, it needs a complete interrogation, a complete involvement of all stakeholders and then the affordability we, we need to be, we need to be honest to ourselves. Most of the people who are using the public passenger transport at times is because they can't afford to have their own, their own transport to take them to work or wherever, hence they will, they will decide to say no as long as there are taxis then everything is fine but the affordability is one of the concerns to say, it's there but if it is not affordable then it means there are certain things that are getting affected. So hence it is important to ensure that they are, it is affordable. To all the people and when it comes to an issue of accessibility, we know that we have different types of people in terms of some are suffering from certain issues. We have disabled people, which needs the special mode of transport, even if it is a minibus taxi but it must be designed in such a way that they are, they are, they are able to can use them so hence the issue of accessibility is important. So hence yes in a nutshell like I can just say these three aspects it's important but at one stage I think the taxi owners can attest to this, it can't be realised if it is only directed to them alone. Because some of the things they do not depend from them, but it depends from the other direction which is the Government.

20 **CHAIRPERSON:** Ja we, we take the point because currently there is, there are disparities in term of subsidy, the rolling out of operational subsidies between the two, the two modes, so we, we do note the point that you are making. I think we have come to the end of the presentation; we will now take the next presentation from Maluti Bus Service. Thank you very much  
25 Gentlemen for your time and for a very illuminating presentation. You may take

a seat. Are you flying solo ...[laughing]. Welcome afternoon, thank you very much for coming and for your time. We will just start with the formalities. There is a document reflecting the oath or the affirmation. You may take the oath or the affirmation. Please switch on the mic as you do so. You will have to switch,  
5 you have to switch on the mic. Thank you.

**MR ENGELBRECHT:** I Gerhardus Engelbrecht 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 Engelbrecht. If you could just indicate what  
10 your current role or position is within Maluti Bus Service and how long have you held your current position. And then you can take us through your presentation. That will be followed by questions from the evidence leaders as well as the panel.

**MR ENGELBRECHT:** Mr Chair, I am currently the Chief Executive Officer, the  
15 CEO of Maluti Bus Service. I have held this position since 2013. I have been with the company since December 2008, first as what has been, had been called then a Contract Manager, managing the contracts of the company and you will find later in the presentation when I actually became the CEO of the company as well.

20 **CHAIRPERSON:** You may proceed with your presentation.

**MR ENGELBRECHT:** Mr Chair and members of the Committee, all guests present it's an honour for us to be able to do this presentation. I would first want to start off by saying what the contents of the presentation would be. It is very important and I am going to spend some time on the background of Maluti

Bus Service for everybody to understand where this company came from and where this company believes it should go to. The dilemma of our time, we will get there and I think many of us will agree with the dilemma of our time is, competitors in our market and also concurrent operators which you cannot really classify as fully competitors. We, we have decided to have a look and address certain of the subject matters as per the statement of issues of the Commission, the contracting relating to bus operations, long term contracts which have not been subjected to competitive bidding for a long time, access to infrastructure and terminals as well as the transformation in the public transport sector in the sector itself and also across the value chain. That's what we will be dealing with Mr Chair.

**CHAIRPERSON:** Okay sorry Mr, can you please put your cell phones on silent or switch them because they are now, it's now interfering with the, with the presentation. You may continue Mr Englebrecht.

**MR ENGELBRECHT:** Thank you Mr Chair. Mr Chair this page here is to show our proud background, it was an extract from an annual report of the Qwa-Qwa Transport Corporation which we are still the sole bus operator but not under that name of the year 1991. This company actually started off with one bus in 1969. Next year we will be 50. As the company grew it had many facets of how it was controlled and in the end it ended up being the Qwa-Qwa Transport Corporation very much with Government assistance and Government held ownership in that point in time. The company actually in the year 2000, the Free State Department of Public Trans, of Public Works, Roads and Transport which is now called the Department of Police Roads and Transport, actually entered into an agreement with a business called Buford [Beaufort?]

Investments and also the Free State Development Corporation at that point in time, of which they were the shareholders of this company and Buford investment they were the strategic partner. They had a 60% share and the FDC, the Free State Development Corporation were entrusted with 40% of the shares that were earmarked for 30% taxi ownership and 10% employee ownership. The contracts were actually divided into two portions, namely what they called the Lion Haul and then also what they called Local Services. It was the intention of then provincial Government to actually get to the point where they would after two years transfer the so-called local services, and Mr Chair I will get back to it to show what the local services are, to the taxi industry and just the longer services, the Lion Haul services then to be kept by Maluti Bus Service at that point in time. The local services internal was the intention was to have services that were actually just operating within the area of Qwa-Qwa whereas your Lion Haul services would convey people from area and the Phuthaditjhaba area to Harrismith and to Bethlehem, where most of the people used to work in those areas.

At this point in time I want to get to the point to say who Maluti Bus is, what our vision is, what our dream is. We are and we want to remain a dynamic bus operator within the Eastern Free State who fulfils the transport needs of the community and form and integral part of the economic growth and upliftment of the region. This is a very important factor for Maluti Bus Service because Maluti Bus Service comes from Maluti, comes and comes from the people and is for the people. Our mission provides for safe, reliable, profitable yet affordable passenger transport to all our clients. We accept our responsibility towards the travelling public and our various client routes that we serve and we endeavour

to understand their transport needs and also to fulfil it. Our personnel and passengers are our most important asset. And without their loyalty, passion and commitment we will not achieve our goals. We strive to grow within the scope of our ability thereby contributing to the prosperity of those we serve.

5 Mr Chair what I am showing you now on this graph, there is a very nice history to how we got to this very fortunate situation. As I said in the year 2000, the Buford Investment Group held 60% of the shares and FDC housed 40% of the shares for the two shareholders which you now can see this cake has only got two colours on it. Indeed, the company had to comply with all the rules and  
10 regulations set by the Government for the operating of a negotiated contract and thereafter it was a five-year contract which actually expired in the year 2005. In the year 2005 the Free State Provincial Government extended this contract by two years on one condition and that is that this strategic partner at that point in time had to do away with another five, ten percent of its shares,  
15 50% shareholding to the strategic partner and 50% being held under the, under the FDC. Under the FDC in custody for the others. However in the year 2007 the status of this contract become month-to-month. There was no longer a full time contract. I think all bus operators landed in the same boat almost that time. The actual transformation process of Maluti Bus Service which had been  
20 envisaged to have taken place of which the services had to be transferred in the year 2002, only started rolling in the year 2008, 2009 when the Free State Provincial Government then started with transformation. The actually aimed at redesigning the contract to accommodate minibus taxis and also to restructured the company to accommodate the shareholding of the minibus taxis and also  
25 employees. This decision to actually integrate the services operated by busses

and minibus taxis was actually in line with policy directives at, at that time of Government being the public transport strategy and action plan of the year 2007 and also as well as the National Passenger Road Plan of, also of the year 2007. Although the Free State Provincial Government actually appointed consultants  
5 to redesign the route network and to develop, and to develop a cost model, up till today this model has not been finalised and it's not on the table. In 2010 the Free State Provincial Government initiated the ownership transformation. And they did it seriously. In November 2011, 20% of the share of the strategic partner was transferred to the FDC and then held on behalf of the taxi and  
10 employees. In October 2012 a newly trans, a newly taxi company by the name of Remmohoe Sisonke Pty Limited took ownership of 60% of the shares of Maluti Bus Service. The Maluti Employees Transport Trust actually received 10% of the shares. The strategic partner held 30% of the shares. In February 2018 the two empowered shareholders bought the last 30% shares to complete  
15 the ownership transformation. Mr Chair, I think that was a very positive thing to happen to say that Maluti Bus Service at this point in time is owned 85% by a taxi consortium and 15% of the employees. That page will actually show you that Remmoho Sisonke consists of Qwa-Qwa United Taxi Association, Bethlehem Taxi Association, Harrismith Taxi Association, Tshiame Taxi  
20 Association and a small portion thereof, the Provincial Taxi Council is actually in control of. The board of directors of Maluti Bus Service at this point in time looks like this. What is on the board. The Chair of the board is Mr M O Phumodi, Secretary of SANTACO Free State, Mr Ramohloli, treasurer of the Regional Taxi Council in the Eastern Free State. Mrs AC Msibi, who is the  
25 Chair of the Harrismith Taxi Association and also the Chair of Remmoho

Sisonke Transport Pty Limited. A Mr MC Maseko who is an independent director, he has got ties to the Education Department, a MR PS Molingane who is an independent director, he is a retired business man. It was actually Mr Molingane's father who started this business in 1969 with one bus. Mr MJ  
5 Ntshingila and independent director, the provincial, provincial manager of SEDA. Mrs N Ravele, she is an independent director, she is a Chartered Accountant, registered and Mrs Seapi who is an independent director who is actually in the top management of the FDC. That is what the board of Maluti Bus Service consists of.

10 Maluti Bus Service is a public interest company; we have already spoken about the negotiated contracts since the year 2000. We receive Government subsidies, it's a Government subsidised bus service that we operate, we run commuter services, we also have an obligatory social responsibility service that we operate plus there is funding and of the profits of the company are on annual  
15 basis transferred to a Trust which is there for the social upliftment of the people of Phuthaditjhaba, of our operational area being Harrismith, Bethlehem included. Unfortunately we don't own any of our current facilities, we operate from two depots, a main depot in Phuthaditjhaba and sub-depot in Harrismith. There are two ticket sales outlets and there are two termini. One terminus in  
20 Phuthaditjhaba, known to everyone as the Setsing Rank and then one at Harrismith, there are extensive workshop facilities and these workshop facilities are well utilised by ourselves and in part of our future plans we actually endeavour that we will use this workshop facilities to assist our shareholders also with maintenance of their vehicles. Our personnel composition, dealt into  
25 four functions. Operations, technical, human resource, administration and

finance. Naturally of the 119 employees in our company, operations and technical takes almost 90 of the 119, of the personnel, because operations and technical is what road transport is about. We have got 30 economy class commuter busses of which one of them has actually been converted into a bus  
5 for disabled passengers. People with disabilities. There is actually a hoist where one can lift up wheelchairs and there are wheelchair accommodation for people. Unfortunately, this is not the same type of vehicle that can operate in your urban areas because of the type of terrain where we operate. It has unfortunately got to be a high-rise vehicle for the type of terrain where we  
10 operate. Electronic ticketing equipment that we have installed are actually integral for multi-modal use. When we get to the point where our counterparts in the taxi industry and with integration one day are at the point where they can use multi-journey ticketing, it's a ticket, it's a card that can be used on both services. And we use contemporary and very modern business systems in our  
15 company which gives us some advantage in many respects. Mr Chair in this slide I just want to show you the progress, I don't, the first slide where we looked at the background showed you what the 1969 bus looked like but now you can see how we have fared from 1991. In 1991 those colours that you see green and orange actually, 2012 unfortunately these colours are not what our  
20 area and our people wanted. After transformation it was requested please let's go back to our roots, the green and the orange with a little bit more modern lines and our pride is the fact that we can go back to articulated vehicles in the company and be able to transport more people than rather to have people standing for long distances. We operate 17 local trips or routes and 21 external  
25 routes. 173 trips per day on a Monday to a Friday. 159 of these are subsidised

and 14 of these are not subsidised. 7369 kilometres per day, that's the subsidised kilometres, 247 non-subsidised kilometres. Two community project trips which we have mentioned, that is for people with disabilities. Operating times are very long due to the vast area that we serve and the various remote areas where people live, we have to pick them up and start operating at 4 o'clock to get people at their work in time. When we get to the dilemmas you will see this is one of the dilemmas. The longest route and we do private hire rentals as and when people require obviously with the required permits. We cannot do it without getting the required permits for that. This just shows what the fleet consists of. In 2013 we started with a total and complete recapitalisation of our fleet. The fleet was dilapidated by the time when it was taken over and transformation took place. The new board of directors who came in at that point in time knew that reliability and restoring the faith in the passengers were the most important issues to do. Mr Chair this just gives an idea of what is called local routes, these little, the red lines are local routes with the centre large spot being Phuthaditjhaba and the Setsing Rank and then your longer routes which show from which areas in and around Phuthaditjhaba and in the Qwa-Qwa area they move to Bethlehem, Kestell and Harrismith as well. The dilemma of our time Mr Chair, a special dilemma, Qwa-Qwa is a nodal point. We stick out like a finger when you start looking where metropolises are. It is a small metropole on its own. One has to understand what it is and have to understand what the dynamics of area are. To know how essential transport in that area is. The spatial dilemma of our times, it's a thing that we cannot change now. We all know that. The same situation I believe if I can only mention Bloemfontein. Many people live in Botshabelo, Thaba Nchu and have

got to work in Bloemfontein. It's, it's unfortunately its history that is with us, and we have try and make the best of it, to sort it out. Housing, housing is a very, very serious issue in our areas. People live in Phuthaditjhaba from mansions up to shacks. Everyone is a passenger; everyone has got a right to transport.

5 Everyone in this country has got a need for transport, wherever they go to, whether they go to a social grant pay-out point, whether they go to a clinic, whether they go to their daily jobs. The transport challenge basically are that remote areas and you have seen the times that we start operating from 4 o'clock in the morning but that means that a bus driver must be picked up at his

10 home by 2 o'clock in the morning to be able to start working. Time and distance factors, long distances to be covered. If you also look at Gauteng, the, that very serious road that we, you always hear in the news, the Moloto Road where you have got issues, thank heavens we don't have issues like that. But our roads also, a daily trip to, from Phuthaditjhaba, Setsing to Harrismith is 55

15 kilometres, going to Bethlehem is 80 kilometres, you don't want passengers standing because they are going to work all day and after that they have got to come home and you don't want them standing. You also get to the point the traffic congestion at this point in time is a very, very serious issue, our structure and facilities have not kept up with the times. Many things have changed, the

20 transport modes have changed, the needs of people have changed, since the time when these contracts were negotiated in the year 2000. The necessity for affordability. Most commuters are in low income categories. They are workers. And for that purpose however, one cannot charge a person a price which they cannot afford if you need to get them to work. That, this is the dilemma of our

25 times, things that we need to address Mr Chair. Our competitors in our area,

scholar transport, commuter transport services, I have just mentioned three of the bigger small bus operators if I can call it that way. Because there are small bus service operators as well. Tornado in Bethlehem, Kgatleng operating in Qwa-Qwa and also to Harrismith, Mazibuko Trans, in the Harrismith area. And many, many taxi services contracted to operate scholar services. Maluti Bus Service is not contracted to operate scholar services. Charter and private hire, all the above bus operators there, and also some of the taxis, and then you will find that you will get of the bigger bus companies flocking into the area, they hold permits which say, countrywide organised party permits and they would come into this area, somebody like Transnat from New Castle, Dun Hauser, a bus operator with so much spare capacity that they don't know what to do with it, then they will flock into other areas and come and take work from, from the people in our areas. Gauteng Coaches, also owned, same owner Transnat, and Big Sky in the Free State and Free State Coaches from Bloemfontein in a smaller extent. Mr Chair getting back to the subject matter as per the statement of the issues, contracting relating to bus operations, long terms contracts which have not been subjected to competitive bidding for a long time, our negotiated contract goes back to the year 2000. It is now on a month-to-month basis. After 2007 after the extension, it was on a month-to-month basis where after in the year 2013 another five years was granted to bus operators until 31<sup>st</sup> of March 2018. We are back to a month-to-month basis right now as we speak. The consequences for that and the most serious consequence in this regard is that if one needs to plan and need to plan to recapitalise a fleet, no financial institution will give finance for a person who comes and says I have only got a month-to-month contract. You can give me notice after 30 days. That is a

serious issue within the negotiated contract or even in the interim contract but in any contract basis services. We are in the fortunate position that our busses are only five years old and we can if you stretch it take them up to 12 even to 14 years old. But that is something that needs to be addressed. There also no  
5 room for expansion, the contract as it was negotiated in the year 2000 was negotiated under conditions where people who lived in Phuthaditjhaba would go out to Bethlehem and Harrismith on a daily basis to go and work there. The dynamics have changed, people in Bethlehem and in Harrismith in the mornings want to travel to Phuthaditjhaba to come and work there. And the bus services  
10 do not make provision for that, it becomes a difficult situation. This is why a re-design and a re-negotiation of the whole process becomes very, very important. This issue of contracting Mr Chair also affects other issues as per the statement which I can just touch on briefly, licensing and I have just mentioned a few of the keywords in the statements there. There is a permit moratorium, not only for  
15 the busses but also for the taxi industry. There is no proper channels for extension and for growth and for expansion, where the need is currently in our country and in our area to continue to look after our passengers. Price regulation, there is a body instituted by Government, yes it is promulgated by the provincial government called the Joint Route Management Committee.  
20 JRMC for short. This JRMC one of its functions of the many functions which, which it actually has is to negotiate fare increases. On this Joint Group Management Committee, you will have people with all interest in the transport service. In other words you will have the operator, you will have the provincial Government, you will have local Government inputs, you will have your local  
25 taxi associations which are part of this Joint Route Management Committee,

you will have community leaders part of it, and you will also have people who are from the representative transport, bus transport Committee, passengers, bus passengers forming part of this Committee and to decide what the fair increases should be for that year and that have to agree before it is signed off.

- 5 The background is many years ago the bus operator and only the bus transport Committee, the passenger Committee would negotiate this and they had to sign it off before the Government would say, would give a blessing and carry on and go ahead. This Joint Route Management Committee actually negotiates and signs off this agreement with this Committee and then tables it to the provincial
- 10 Government who has for the past two years amended the fair increase. It's taking away credibility from the Committee which the Government has actually instituted themselves. It also takes away credibility from the company. If I would negotiate 8 and a half percent or 7 and a half percent or even more than that and the Government would come down and say no sorry, we only give you
- 15 6. They would not take into account why you have to do that, that becomes an issue. Price regulation, the Government decides what our fares should be and what they may be. Allocation of operational subsidies, the word there DORA, Division of Revenue Act, as we all know it, this applies to all institutions where Government funds have got to be allocated and then the Passenger Transport
- 20 Operational Grant, that is what PTOG stands for. Passenger Transport Operational Grant. There is an annual grant given to transport and subsidised transport which is then divided into the provinces as per the type of services that are rendered and for obvious reasons you will know that Gauteng obviously gets the highest because there are the most people to be conveyed in Gauteng.
- 25 The Northern Cape gets the least because they are the, they are the province

that carries the least. In the Free State the grant is then divided proportionally between the two bus operators who have got contracts with the provincial government. Our portion of the grant is very, very small related to what that which IBL gets. Treasury doesn't give more money than what we need

5 sometimes or we don't get everything that we need from time to time, there are months that happen, that the money which government provides for us for services rendered as per our claim are not paid out in full. Because we may not exceed what the monthly budget is, if we do exceed the transport goes, that's at our own costs and there are numerous months per year where we land into

10 such a situation where we do not get our full grant money and where we have to say but we have got to accept we are not going to get the allocated, all the money which we have claimed for because it actually has exceeded the budget of what is provided by Treasury on behalf of these services. What this basically means Mr Chair and we will get there as well, the next issue there is transport

15 planning the implementation of IPTN's, Integrated Passenger Transport Networks. I have deliberately left out the word "integrated rapid public transport networks" for the fact that in Phuthaditjhaba area a rapid transport system BRT will not work. The infrastructure is not right for that, the passenger numbers that you require for a BRT system are not there. But that's for a bus rapid transport

20 system. For integrated passenger transport networks which includes all modes of transport operating there now, there is a serious need for that. And there is a serious need to start working on that. Mr Chair I am dealing with access to infrastructure and terminal facilities. Infrastructure in our area is aging, it's becoming very, very unpredictable, whether you are going to lose a tyre or

25 whether you are not, or whether you are going to lose a spring, I think all our

concurrent operators namely the Taxi Associations, I am not calling them competitors, I am calling them concurrent operators, have got the same problem, that our costs structures are busy going through the roof because of infrastructure which is damaging the equipment for us to convey passengers safely. It's also becoming inadequate. There is not enough, the space is not enough. We can see that in Phuthaditjhaba, wherein the main road Mampoi Road, you sometimes only have one lane to travel in because it becomes a parking rank and it's not because of ill-discipline, it's because of need. Terminal facilities are outdated and insufficient. Passengers have certainly also grown in stature over the years. From the 70's from the 80's from the 90's and from the year 2000 up until now. Their needs are still the same, if it rains they need shelter. Terminal facilities do not always provide for, for this type of, type of thing, it needs a re-look and a re-think by everybody, all modes of transport, but that cannot be done without Government's serious assistance. Mr Chair I want to get to the next point that we need to mention, transformation in the public transport sector, the assessment of transformation levels across the value chain. I am proud to say Maluti Bus Service is an example of a successfully trans, transformed business. 80%, 85% currently belonging to the Taxi Associations of the area and 15% belonging to the Trust representing the employees. What I do however want to emphasise in that and maybe in the rest of this transformation talk, is what the previous speaker had also mentioned, and that is that the participation of women in transport needs a lot of attention. At Maluti Bus Service we are currently pushing for one specific lady to become the first female diesel mechanic artisan in the company. It's good to have that but there is so much more to be done, with us, with everybody in the

process of transforming. Suppliers of service, in our case we always, our first choice is always to go local. If I can get a service delivered for me within Phuthaditjhaba I would rather take it than going somewhere else. Everybody knows that in our company and that's the way we work. The challenge is, most  
5 specialist services are located in cities in the main metropolises and with those specialist services in those metropolises you find minimal transformation. That goes together with the fact that suppliers of commodities, what type of tyre must one buy if you want the safest tyre for your bus? You do a study and you buy a tyre which had been developed either in Germany or in France or in Japan or in  
10 India or in America, the United States. They have been developed there, the specifications come from there. And yes, given tyres are manufactured in South Africa but we don't produce rubber. We import the rubber, the company Goodyear, Firestone, Dunlop, Michelin, Yokohama, etcetera, etcetera, are not South African companies. It is unfortunately the problem of our time. It is that  
15 that plus all the other equipment that we use are not South African. Development in our own infrastructure should be a priority. We all know the generalisation that we export copper and we import copper washers, because we don't manufacture it in South Africa. It's time that we all and I include myself in this "we", start looking at these things. Mr Chair in summary of, of my  
20 presentation here, contracting, expansion of services, and many more matter rest with all tiers of Government and these should be priority, it should really be a priority of Government to, to look into these matters and take along everybody with, with them. Maluti Bus Service takes cognizance of and embraces the concept of integrated transport networks. We are open, we are willing, we are  
25 ready to integrate with the other modes of transport, and willing to assist. It

might even mean a leaner Maluti Bus Service but that's fine. Infrastructure, facilities, ranks have not been, have not kept pace with the demands of the times and may seriously affect future developments. Transformation in the value chain, both, both has opportunities for us in South Africa, for every one of us, but it has also got boundaries, it's for us to grab the opportunities and it is also for us to step over those boundaries. Mr Chair I thank you.

**CHAIRPERSON:** Thank you very much Mr Engelbrecht, Mr Lesofe?

**MR LESOFE:** Thank you Chair, I think Mr Engelbrecht had me in mind when he prepared the representation because it literally responds to the list of question that I had. I just have a few follow up questions. If we could just perhaps give examples of some of the rural areas that are serviced by Maluti?

**MR ENGELBRECHT:** Okay Mr Chair can I start answering, okay in the Qwa-Qwa area we go as far as an area called Tsheseng which is right where the mountain resort and the conservation starts. On our local bus routes, that route is actually the longest from, from the centre of Phuthaditjhaba where our terminus, it's actually a 32 kilometre route to get to where our, our furthest points are. Also we go up ...[intervened].

**CHAIRPERSON:** Just a second Mr Engelbrecht, if you could display the slide with the bus routes?

**MR ENGELBRECHT:** Yes, Mr Chair that would be the easiest to actually go and have a look. Within the Phuthaditjhaba area, although the map is now really not drawn real in geographical terms, your furthest points are this Thibella, Tshirella, Petha and Tsheseng areas. Tsheseng being the furthest away from the centre spot which you see which is actually saying Setsing, that's

the area within Phuthaditjhaba where, where the ranking is as well as where taxi ranks are, they are all, all situated there. That is the central business area. You will find other areas that go out to, your Hlatseng, Maboela areas but also there is a service which I haven't indicated the word there, but the, it goes very  
5 close to the Lesotho boarder post, of good heavens why, why is out of my head now, I will get the name now. Your Thaba Bosiu area leans much more to your eastern and south eastern sides of the Qwa-Qwa area. Metsi Matsho is very, very far out, it's, it's really villages where you have to travel very far to actually get to the places. In the Tsheseng area you actually drive on gravel roads, you  
10 are far off the tarred roads already. There is another road which is now under construction, taxi owners in our area would know it as the Rietpan Road which is a thriller of a road to drive when it is wet and when it has snowed. You can't operate there when it has snowed. Yes if you, the name which I wanted to mentioned was Monontsha. Close to the Monontsha border post. That's  
15 where the services terminate. The furthest. You will also find that some of our routes, if you have a look around on the side there of, I am going to, I have got a, that area over there, in Intabazwe, is a local route that services Harrismith and Khalanyoni Tshiame. Or it is also known as Tshiame B to, to many people, those areas are also served where you would get off the main road near a dam  
20 called the Sterkfontein Dam and take a gravel road to actually join up to those areas over there. Which is Tshiame and Khalanyoni areas. The dilemma in this Mr Chair lies that there are other areas not far from us which are un-serviced. And that is what need to happen, whether it is a bus or whether it is a taxi ...[intervened].

**MR LESOFE:** Could you give just examples of, of those areas that are not serviced?

**MR ENGELBRECHT:** There is an area called Dyatalawa, it is accessible if you travel from Harrismith area, from Harrismith area via the N5 which goes to  
5 Kestell in there, halfway, no not even half way, but closer to Harrismith, there is an area where there is actually a community which is doing serious apple farming. These people have got a need for services which is a very expensive service if it's not going to be subsidised. There are indeed taxis in the area that go there, but the people of Dyatalawa are not serviced at all. We have also got  
10 many farm communities in the areas that actually we do services for them on an ad hoc basis on weekends that they can go and, go and do shopping, the farm workers. But farm worker services are services that are not, that are not, people that are not really assisted. People that need to get from your rural areas and your farms in these areas, to pension pay-out points, to clinics are  
15 not serviced.

**MR LESOFE:** Thank you and do you have local services as well? Say from Phuthaditjhaba to areas such as Bluegum ...[intervened].

**MR ENGELBRECHT:** Bluegum Bush?

**MR LESOFE:** Ma, is it Makwane? Do you have such services as well?

20 **MR ENGELBRECHT:** Mr Chair yes, in, in this presentation we split from into local services and your Long Haul services. The local services are these services that operate from specific areas such as Bluegum Bush, Lusaka, Makwane, those areas, all the names are not on, on this specific board, but those are the areas Mets Macho, Lusaka, Comet, there are industries that are

being served over there Boiketlo, Elizabeth Ross Hospital area, Masaleng, Bolata, Tseki area, there are services operating. The red marks which we show here are services that run into, into, just into the Setsing Centre where the central business centre is. Although there are industries on the eastern side of  
5 Phuthaditjhaba, of the centre of the, the business centre, many services go directly from the areas, the living areas directly to the industries. They do not necessarily run through the terminus at Setsing.

**MR LESOFE:** And in terms of time how long does it take to get to Bethlehem? I think you said it's about 80 kilometres? Am I correct? And how long does in  
10 terms of time to do that trip?

**MR ENGELBRECHT:** Mr Chair the actual time to, to take that although I schedule and hour and twenty minutes for such a trip most of the times, the reason for that being is go stop, go stop, commuter services, while you are leaving your area from your first terminus before you actually get onto the open  
15 road you are going to stop at least seven, eight times at bus stops in the, in the urban area of Phuthaditjhaba, that's why that takes at least an hour and twenty minutes to do that. Harrismith for instance the scheduled time is 55 minutes.

**MR LESOFE:** Okay and so according to the Department of Transport, they say, 17% of the subsidy goes to Maluti and 83% is allocated to IBL, so I just want to  
20 understand ...[intervened].

**CHAIRPERSON:** 17? Is it 17?

**MR ENGELBRECHT:** It's one seven.

**MR LESOFE:** One seven yes, one seven is allocated to Maluti and 83% goes to IBL. Now I am trying to understand or perhaps it's because of the geographic

location of the two operators and the size of the population. Is it because IBL gets a bigger share, is it because there is more demand where it is located and perhaps your population size? The population size that you serve, it's, it's smaller. I wonder if you could, you could give insight.

5 **MR ENGELBRECHT:** Mr Chair the allocation of subsidy is based on kilometres that have been granted in this subsidy. We are based on, on, on a kilometre basis. One must remember that IBL is almost, I am not exactly sure at this point in time how many busses they operate, I think it probably 220, 230 busses that they operate, I talk under correction, where as we operate 38 busses. Our  
10 distances are probably if you look at the Thaba Nchu to Bloemfontein trip, some of the distances are comparable. Due to the actual size of your metro, here and in and around Bloemfontein, the obvious thing is to say that they will get more because they operate more services. Also in off-peak times they will operate more services than we do. If you look at the ratio and, of, people and the ratio  
15 of movement and the types of businesses that you have in the area. This in fact is part of the actual transport dilemma that must be fixed up, is to see who does what, when, who operates a bus service when, who operates a taxi service when.

**MR LESOFE:** Thank you my second last question Chair. So in terms of I think  
20 the company has done well in terms of transformation, my question is why are the small operators not part of, of this transformation? It appears that this has, has favoured or accommodated taxi operators more than a small bus operators?

**MR ENGELBRECHT:** Mr Chair how ironic it might sound as my answer is I don't know why they have not been included. The, the process was driven by the provincial Government. It is my personal opinion that the ownership of Maluti Bus is one thing but the inclusion of other operators into a system of  
5 integrated transport is an essential thing that must happen. And we are in support thereof.

**MR LESOFE:** And you mention that after the, the transformation process, I think the company was able to, to procure new busses. How did that procurement take place, did you get external funding or you had your own  
10 funds? Because I think I am asking this question because a number of small and medium sized operators struggle with funding. So I just want to understand you know in your instance how did you manage that?

**MR ENGELBRECHT:** Mr Chair we were in a very fortunate position that one of the actual contract conditions was that when this company, Scopefull 21 trading  
15 as Maluti Bus Service would declare dividends, the dividends should be declared in both directions. In other words, towards that taxi and Maluti, and that employees Trust which was housed with FDC at that point in time. Yes, it was only 40% at that point in time but from the history which I have learned, Scopefull 21 only started paying out dividends in the year 2007 for the first time.  
20 That was after it had been split into 50/50 which meant that when the strategic partner took one Rand dividend for himself, it had to give one Rand to the FDC to be housed by the FDC. Indeed, and I am thankful to the FDC for this, they housed this money with very great diligence. By the end, or by the end of the 2021 financial year, which is February 2012 the strategic partner in Maluti Bus  
25 Service withdrew twelve point eight million Rand on his side hence obviously

there was no recapitalisation, he scraped the company but the other side of it was that fortunately the Free State provincial Government through the actual support and monitoring firm who monitors our services kept an eagles eye open to ensure that for every Rand that that strategic partner took out as a dividend, there was one Rand going into the fund held for and on behalf of the Taxi Associations. By then the well investment of this money led to the point that by the time when this transformation process took place and we had to recapitalise the interest growth actually brought that twelve and a half million to fourteen million Rand which came back and first paid into Maluti Bus Service and then we asked our shareholders officially, can we use your money to recapitalise. Can you assist us to pay deposits on busses? Fortunately just by then we had our five year extension of the contract, which gave us from, from 2013 to 2018. At that point in time we were fortunate enough that with that extension, with that amount of money which we could pay deposits, we were fortunate enough that we could go to a financial institution, get a loan and purchase the vehicles. Mr Chair one of the things that we are proud of is that by 15 August this year the first seven vehicles are ours, not belonging to the bank anymore. Finished paying them, so we are fortunate about that. Currently we are building this capital, but yes, it wasn't an easy road, we had to, to apply serious, serious financial discipline to be able to do this.

**MR LESOFE:** Thank you very much. Thank you.

**CHAIRPERSON:** Miss Nontombana?

**CHAIRPERSON:** And I assume Mr Engelbrecht that the majority shareholder appoints the majority of directors in the company, is that the case?

**MR ENGELBRECHT:** Mr Chair the majority shareholder has got the right to appoint the majority of directors and they do do so. They, the one thing that I can say about them is that they do look at what recommendations the King Commission have given and you will see that we have got more independence  
5 than people who are directly tied up and have got direct shares in the company. So only three people there are really tied up that have got shares and, and represent a shareholder in there. The first three that you saw on that list, namely Mr Phumodi, Mr Ramohloki and Mrs Msibi. The rest of the people do not hold shares in the company although appointed you know on  
10 recommendation of the majority shareholders, they are by definition, independent.

**CHAIRPERSON:** Just, just one last question. If you could just clarify how was this acquisition by the majority shareholder financed? Because as you said your model is, you say it is the best example of, of a successful business  
15 transformation. So how was the funding arrangement structured to enable the current majority shareholder to acquire its majority stake in the company?

**MR ENGELBRECHT:** Mr Chair the, when our shareholders first lent their capital, their financial capital to the company, only two of the three shareholders then were willing to participate in recapitalisation. The third shareholder, that  
20 was the 30% shareholder, the one that they bought out the other day, that shareholder refused to participate. So we could not do it like normal, I say normal, this is a generalisation, like companies would usually do, use shareholders' capital and purchase. We had to obtain a loan from the taxi shareholder, Remmoho Sisonke, and the Maluti Employees Transport Trust.  
25 We had to use their money and their money only and not the money of the third

shareholder, for that purpose we could not say but here, invest your capital but the third shareholder need not invest anything and reap the benefits. So the decision was taken that it would be in the form of a loan. They loaned their money to us. The company applied very, very strict cash control in the years  
5 from 2013 up to recently. And although we had an agreement with our shareholders that until this year 2018 October we would only pay them interest on the money which they have loaned to the company and only thereafter start repaying the capital, when they needed their money our cash reserves were big enough to say, we can clear your loans. Here are your, at that point in time it  
10 was almost eleven million Rand, which we could tell them here is your money back which we can give you. The rest of the money they financed through the coffers of Remmoho Sisonke Transport Limited and also the Maluti Employees Transport Trust with monies which they have built over the past. Many of that actually also came from dividends which the company had declared ever since  
15 2013 until 2018.

**CHAIRPERSON:** Ja that brings us to the end of this session. Thank you very much Mr Engelbrecht for you time and for your assistance we really appreciate it thank you.

**MR ENGELBRECHT:** Thank you Mr Chair.

20 **CHAIRPERSON:** That brings us to the end of the public hearings in this province. We would like to take this opportunity to convey our appreciation for all the submissions that we have received from all the stakeholders and to everybody who has taken their time to attend this public hearings. Thank you very much.

**END OF SESSION**