



# SANTACO LIMPOPO

PRESENTATION TO THE COMPETITION COMMISSION

21 AUGUST 2018

PROTEA HOTEL POLOKWANE RANCH RESORT ALONG N1 AND R101

# COMPETITION COMMISSION

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SANTACO PRESENTATION

# DEFINING SANTACO AND ITS ROLES

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- SOUTH AFRICAN NATIONAL TAXI COUNCIL
- Established framework for government engagement with taxi industry
- An apolitical institution and a unitary organization
- To advance the interests of the taxi industry
- A formal, legal, recognized body that governs the industry
- Organogram starts with operator, Association, DTC, Provincial Taxi Council
- Not a regulatory body

# MANDATES

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- To be a mouthpiece of the Taxi Industry
- To promote and facilitate restructuring
- To create a unified environment free from violence
- To lead taxi industry development
- To represent and advance the interests of the taxi industry

# MODAL CHARACTER OF INDUSTRY

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- By definition a taxi will be a licensed vehicle providing unscheduled public transport services
- Metered taxis are then included due to the nature of their services –unscheduled and demand driven; our constituency
- 4+1 Taxis are meant for ease of access; our constituency; provide services where high capacity vehicles are limited e.g route not profitable
- As for App based, we wonder how can a cellphone be a taxi? The App is in the phone which is being operated by the driver. The Car has no App and as such the car is not licensed but the phone. The issue of licensing is a problem in that you cant license a cellphone.
- Also the issue of route description for these technologically driven



# ISSUES OF UNFAIR COMPETITION- LICENSING

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- Buses carry both operational operating license as well as organized party permits;
- Taxis are denied the privilege
- Organized parties, contracted services are more prioritized than taxis
- Some District Offices like Mopani serve operators contrary to the law i.e ACT
- Accessibility to licensing services is quite often period specific
- Association membership is as prescribed in each respective Association constitution
- New routes applications should be informed by ITPs; where such are not available, demands drive applications
- The issue of moratoria is a thorny issue; we cannot afford to be emotional with it. What we know is that former MEC Masoga promised operators licenses. The problem is legislation

# PRICE REGULATION

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- Fare determination in the taxi industry is cost responsive
- Each individual Association determine its fares on the basis of environmental factors
- The impact is that Taxis are forced to keep marginal price difference as they service the same routes as subsidized buses.
- Obviously, the absence of a fare determination framework suggest inefficiencies.
- Lower capacity vehicles charge prices less than higher capacity vehicles. Defeated by economies of scale

# PRICE SETTING MECHANISMS

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- Criterion is sometimes flat or differentiated
- Differentiated ones includes: Zonal fare, distance based fare, sectional fare.
- Taxi industry does not have time-based fare in the province



# OPERATIONAL SUBSIDIES

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- Public transport users should be subsidized instead of subsidizing modes or routes
- A need to review as to whether a business can be a voluntary organization e.g Associations are made of business people who then argue they are a voluntary entity. Really?
- Factors hindering growth are things like organizational culture, lack of skills, ineffective regulations, poor enforcement of operational standards, inefficient management practices, low level of technological base etc
- Meaningful participation can be achieved by challenging the status quo e.g do away with voluntary membership and give municipalities a bigger role to play in some issues.

# INPUTS

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- Vehicles manufactures: E.g Toyota; Chinese; Mercs;VW; Iveco; Nissan
- Finance : Banks and Financiers
- Fuel : Petroleum industry
- Maintenance : e.g Tyres
- Labour : Drivers
- System capacity; Infrastructure
- Information, Operations and Management though critical, are low rated

# TRANSFORMATION

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- Its informed from a negative perspective
- The approach is, there is nothing good that can come out of the taxi industry
- It is actually not transformation but the aim is something beyond that
- Growth is hindered by conflict and instability; chaotic nature of the industry
- Low levels of professionalism affects value chain beneficiation
- Another barrier to growth is the systematic and structural deficiencies within

# THE IMPACT OF BRT

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- It is still in an infant stage
- Its approach is based on negotiating with the child in the absence of the parent
- The intention is not noble as they insist on affected parties
- Ordinarily its prospect for success is limited by numbers and unemployment
- Its success will rely heavily on subsidy more than anything
- That subsidy will be for the few Associations next to cities and never for the Taxi Industry
- The ultimate objective will reduce operators to being employees of a company in the name of directorship. It will obviously benefit a lot of other stakeholders but not Industry.



# ACCESS TO FINANCE

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- Taxi operators access finance as individuals and not as corporate bodies
- Subjected to the same finance criteria like when buying your private car
- Its about qualifying and not about purchasing an employment creating machinery
- Its not purchasing equipment but buying a car i.e Taxi
- Its considered a risky business despite its contribution to GDP
- Financial institutions regard the industry too risky and chaotic
- Those with the courage do so at exorbitant interest rates.



# ACCESS TO INFRASTRUCTURE AND TERMINALS

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- Customers are subjected to unsafe environment
- Taxi ranks have no security guards
- Ablution facilities are not working
- Government no longer erects these facilities
- Provincial Dept passes the buck to Municipalities
- Low maintenance on routes

# CONTRACTING OPERATIONS

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- This has never been presented as an option
- It's a closed opportunity for the privileged few

# COMMUTTER EXPERIENCES

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- Complains level is level
- Low level of accidents
- The truth about this can be told by the commuters themselves

# COMPETITION DYNAMICS

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- The competition between buses, trains and taxis is unfair.
- Based on subsidies, ownership, not pro-poor, perpetuates poverty, maintains the status quo.
- Modal choice is quite often determined by fare and fare structure
- Within Associations, competition is manifest by number of vehicles and their condition
- Between Associations, competition is by service quality or standards.
- Out of ignorance, the so called App based modes come with rigorous media campaign etc
- Taxi industry is always a victim of negative reporting.

# CONCLUSSION

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- SANTACO LIMPOPO appreciates the opportunity given by the Competition Commission
- We hope this information provided will assist in providing accurate and urgent interventions
- THANK YOU...



# CONTACT DETAILS

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