

**COMPETITION COMMISSION – SOUTH AFRICA**

**STATEMENT OF ISSUES**

**25 APRIL 2018**

**MARKET INQUIRY INTO PUBLIC PASSENGER  
TRANSPORT**

**METERED TAXI INDUSTRY**

## 1. ToR 1: Licencing, Route allocation and entry regulations

- 1.1.1 What are the limiting factors for the National Department of Transport (“DoT”)to delegate the responsibilities of issuing licences from the PRE to the municipalities?

The NPTR responsibilities in terms of the NLTA to issue operating licences for tourism transportation has caused a disruption in operations and confusion in terms of applications submitted. The metered taxi industry plays a pivotal role in transporting local and international Tourism. The PRE should be delegate the responsibility to also provide OL’s in respect of Tourism for local metered taxi operations.

Many Operators applies for Chartered Services licence and then migrate to Metered Taxi Operations, this scenario is particularly evident where even places of accommodation applies for Charter Licences.

We recommend that one type of licence be granted to door to door sedan (less than 9) taxi services to reflect a true demand and supply.

- 1.1.2 What resources would municipalities require if such a delegation by the DoT is to be instituted? Are municipalities reluctant to undertake such functions and if so, what are the reasons?

The City of Cape Town (TDA) is eager to take over the function of the MRE in order for them to provide better integration of all modes to maintain better accountability.

Local Planning Authorities outside of the Metropole presents a challenge as many of the Sedan Taxi services are rendered as minibus taxi type services on specific routes to facilitate for the demand.

Transport Planning in Local Authorities outside of the Metropole enjoys little or no support as other direct services to citizens are viewed as primary.

Traffic Officers are tasked to give input to applications to operating licences and then also to enforce. Many Municipal offices have their own transport vehicles rendering a public service.

- 1.1.3 How can passenger rail services be fully incorporated in the municipality’s ITP with the municipality playing a significant role in issues such as timetables to ensure complementarity with other modes of transport.

DOT needs to revisit the NLTA in order to empower Planning Authorities with the competency of Rail Services in order to create a better integration with other modes.

## 1.2 Route allocation

- 1.2.1 For existing operators who are extending their routes, what mechanisms can be put in place by the PREs to timeously deal with route amendments?

**The current operating licence provisioning system does not allow for ad-hoc amendment of routes. It rather encourages operators to apply for a new operating licence where the extended routes are incorporated, this itself is a tedious exercise and creates frustration that leads to illegal operations and conflict amongst operators.**

- 1.2.2 How can the process of route amendments be made seamless and without resulting in conflicts from different taxi associations?

**The notion that routes belongs to taxi associations must be addressed as this creates a sense of ownership of the public road by operators and hence their disregard for other users.**

- 1.2.3 Are the current measures undertaken by the municipalities to identify the public transport needs sufficient?

**No, there is no scientifically based demand and supply model employed by the planning authorities.**

- 1.2.4 Does the PRE in terms of new routes acting more reactive, in such a way that they would be obliged to approve operating licences because the minibus taxis are operating already?

**Official's located at the PRE is bias to minibus taxi operators when dealing with appeals in terms of applications from other modes.**

- 1.2.5 Is the regulatory framework between traditional metered taxis and app-based services in terms of area restrictions different, and if so, identify the differences and the impact thereof on competition?

**YES**

**Pick up and drop off points varies.**

**APP services price is governed by demand.**

**Traditional metered taxi's tariff remains fix irrespective of demand.**

**Price structure varies.**

- 1.2.6 Does the proposed amendments to the NLTA address the issues of area restrictions between traditional metered taxi operations and e-hailing services and if not, propose mechanism that would address the issues identified.

**A broader consultation needs to be conducted to address this particular issue. Peace meal proposals at this stage would not assist the industry.**

## **2. ToR2 and ToR 3: Price Regulation and Price Setting Mechanisms**

### **2.1 All transport modes**

2.2.1 Does the differences in pricing mechanism impact on competition between the different modes of public transport?

**Yes, affordability plays a role, Areas of servicing; Type of vehicle; Frequency of demand.**

2.2.2 Broad comments on the efficiency or inefficiencies of price setting mechanisms in the public transport industry (per each mode).

**Yes, affordability plays a role, Areas of servicing; Type of vehicle; Frequency of demand.**

## **3. ToR 4: Allocation of operational subsidies**

3.1 What is the impact of subsidies on competition between different modes of public transport?

## **4. ToR5: Transport Planning**

4.1 What is the current status in terms of implementation of the proposed IRPTNs?

**IRPTNs are being implemented by Planning Authorities who then label metered taxi operators as non-affected parties.**

4.2 What are challenges that have been encountered by stakeholders or by different spheres of government in the implementation of the IRPTNs and the development?

**Metered taxi operators are mostly survivalist and most times do not keep a logbook to substantiate their claims.**

4.3 What measures can be put in place to ensure that capacity is developed for the successful implementation of the IRPTNs and the development of ITPs.

**Planning Authorities must make a proper analysis of the stakeholders and not driven by threats or fear of unruly operators.**

## **5. ToR6: Transformation**

5.1 Identify the top 5 critical inputs for each mode of transport including the suppliers ((for taxis, buses and rail)

**Due to the fact that metered taxi operations are not specific route based and transport predominantly affluent clients, branding is an ideal manner for utilising them as a marketing tool.**

5.2 What are the existing bottlenecks for transformation across the value chain? How best can meaningful participation of historically disadvantaged individuals be achieved in the industry?

Metered taxi operations in Cape Town are seasonal and consistent income throughout the year cannot be guaranteed. This makes access to finance and thus recapitalisation of vehicle complex. Government should allow for metered taxis to form part of the Taxi Recapitalisation process.